

CarTrawler Thought Leadership Series on Revenue and Loyalty for 2018



The 2018 CarTrawler Yearbook of Ancillary Revenue

by IdeaWorksCompany

Researched and written by Jay Sorensen

Edited by Eric Lucas



The 2018 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany

Table of Contents

Summary of the Results.....	4
Ancillary Revenue Defined.....	16
About Individual Airline Listings.....	17
A la Carte Services Sold through GDS.....	17
Ancillary Revenue Data and Graphs.....	19
Europe and Russia.....	26
The Americas.....	54
Asia and the South Pacific.....	88
Middle East and Africa.....	117
Currency Exchange Rates Used for this Yearbook.....	124

The free distribution of this report
is made possible through the sponsorship of CarTrawler.



CarTrawler is the world's leading B2B travel technology platform. Its award-winning technology platform brings opportunities to life by creating global online marketplaces for its 4,000 travel partners, 2,500 transport suppliers and one billion end customers. CarTrawler acts as a facilitator of relationships by connecting in real time to every significant transport supplier globally. These include car rental, on-demand and pre-booked taxis, shared shuttle services, bus and rail products. CarTrawler's partners include over 100 airlines, 53 of which are in the top 100 largest globally. CarTrawler is private equity-backed by BC Partners and Insight Venture Partners. For more information visit: <https://www.cartrawler.com>

Issued September 2018 by IdeaWorksCompany.com LLC
Shorewood, Wisconsin, USA
www.IdeaWorksCompany.com

About Jay Sorensen, Writer of the Yearbook

Jay Sorensen's research and reports have made him a leading authority on frequent flyer programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has testified to the US Congress on ancillary revenue issues. His published



Jay, with son Aleksei and daughter Annika, in North Cascades National Park in Washington.

works are relied upon by airline executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.

Mr. Sorensen is a veteran management professional with 34 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has enhanced the generation of airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations,

planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

About Eric Lucas, Editor of the Yearbook



Eric Lucas is an international travel, culture and natural history writer and editor whose work appears in Michelin travel guides, Alaska Airlines *Beyond* Magazine, *Westways* and numerous other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books, including the 2017 *Michelin Alaska* guide. Eric has followed and written about the travel industry for more than 25 years. He lives on San Juan Island, Washington, where he grows organic garlic, apples, corn and beans; visit him online at TrailNot4Sissies.com.

Eric, at his favorite summer retreat, Steens Mountain, Oregon.

Disclosure to Readers of this Yearbook

IdeaWorksCompany makes every effort to ensure the quality of the information in this report. Before relying on the information, you should obtain any appropriate professional advice relevant to your particular circumstances. IdeaWorksCompany cannot guarantee, and assumes no legal liability or responsibility for, the accuracy, currency or completeness of the information. The views expressed in the report are the views of the author, and do not represent the official view of CarTrawler.

Together we can launch your
ancillary revenue.

Discover CarTrawler



More than 100 airlines trust CarTrawler to offer their customers a personalised end-to-end solution for all their car rental and ground transfer needs. Why? Because we simplify the way the world travels through innovative technologies that offer unrivalled choice, relevance and value.

If you're interested in building customer loyalty and increasing your ancillary revenue opportunities across all channels such as desktop, mobile and app visit

www.cartrawler.com/ancillaryseries



cartrawler
with you all the way



Summary of the Results

“Resolute” is a word that perfectly describes the determined and unwavering force known as the ancillary revenue movement. Since IdeaWorksCompany began searching airline financial documents in 2007, ancillary revenue has grown every year. Ten years ago, the top ten airlines, as rated by total ancillary revenue, generated \$2.1 billion. For 2017, the top ten airline total has jumped to \$29.7 billion (shown in Table 1). Passenger fares may dip and climb, but ancillary revenue has grown steadily in its contribution to the industry’s bottom line. This *2018 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany* describes the very best of ancillary results on the global stage, whether measured as total revenue, a percent of revenue, or on a per passenger basis.

Table 1: Top 10 Airlines – Total Ancillary Revenue (US dollars)			
Annual Results – 2017		Approximate Sources of Revenue	
		Frequent Flyer Program	A la Carte Such As Bags Travel Retail Commissions
United	\$5,749,000,000	41%	59%
Delta	\$5,391,000,000	56%	44%
American	\$5,274,000,000	59%	41%
Southwest	\$3,084,100,000	79%	21%
Ryanair	\$2,304,748,827	None	100%
Air France/KLM *	\$1,971,662,916	20%	80%
Lufthansa Group *	\$1,947,027,128	43%	57%
Alaska Air Group	\$1,339,700,000	64%	36%
Air Canada	\$1,334,461,449	41%	59%
easyJet	\$1,284,402,695	None	100%

*2017 carrier results were based upon recent 12-month financial period disclosures.
* IdeaWorksCompany estimate based upon updated past disclosure and other sources.
Local currencies converted to US dollars at July 2017 rates of exchange.*

Ancillary revenue and a la carte revenue are terms which can be easily confused. Ancillary revenue – as defined on the next page – is not limited to fees for optional services. It also includes other ways in which passengers generate revenue for an airline. The revenue produced by frequent flyer programs represents a very meaningful 26 percent of the total revenue listed in Table 1. But not for all carriers, as Ryanair and easyJet have yet to begin offering loyalty benefits to consumers. However, their continuing new focus on business travel strongly suggests this will someday occur.

Financial documents for 146 airlines were reviewed

Every year since 2007, IdeaWorksCompany searches for disclosures of financial results which qualify as ancillary revenue for airlines all over the globe. Annual reports, investor presentations, financial press releases, and quotes attributed to senior executives all qualify as sources in the data collection process. Of the 146 airlines reviewed, 73 were found to reveal financial results related to ancillary revenue. This represents a nearly threefold increase from the 23 airlines which disclosed ancillary revenue back in 2007.

IdeaWorksCompany Offers a Definition of Ancillary Revenue

Revenue beyond the sale of tickets that is generated by direct sales to passengers, or indirectly as a part of the travel experience.

IdeaWorksCompany further defines ancillary revenue using these categories:
 1) a la carte features, 2) commission-based products, 3) frequent flyer activities,
 4) miscellaneous sources such as advertising, and
 5) the a la carte components associated with a fare or product bundle.

From this list, total airline revenue and ridership data were collected to determine the top ten airlines in overall ancillary revenue, as a percentage of company revenue, and on a per passenger basis. The results for the 73 disclosing airlines are individually listed by global region in the latter portion of this *Yearbook*.

When ranked as a percent of total revenue, low cost carriers dominate

It's a logical corollary that airlines with low average fares achieve the best "percent of total revenue" results. Table 2 identifies the leading low cost carriers in the world. This measurement demonstrates the capacity to generate a major share of ancillary revenue through a la carte activities. It's also a reliable year-over-year indicator because it removes the factor of global currency fluctuations.

Table 2: Top 10 Airlines – Ancillary Revenue as a % of Total Revenue

Annual Results – 2017		Notable Ancillary Revenue Activities
46.6%	Spirit	Began dynamic pricing of seats, bags, and bundled offerings.
43.6%	VivaAeroBus	The Viva Credit Card was introduced.
42.4%	Frontier	Per passenger bag revenue jumped 50% above 2016 rate.
41.6%	Wizz Air	Wizz Priority option guarantees space for carry-on bags.
39.8%	Allegiant	The Allegiant World MasterCard was introduced.
34.2%	Volotea	Placement of a la carte in online booking path was optimized.
28.5%	WOW air	Big seats, now called WOW Premium, added to new aircraft.
28.2%	Ryanair	50% now pay for assigned seating, up from 23% in a year.
27.7%	Volaris	Dynamic pricing for bags & assigned seats boosted revenue.
27.6%	Jet2.com	Airline employs 450+ customer helpers at resort locations.

2017 carrier results and activities based upon 12-month financial period disclosures.

Ancillary revenue as a portion of total revenue appears to have reached a ceiling of 50 percent with the top producer being Spirit at 46.6 percent. Michael O’Leary has remarked throughout his tenure as CEO of Ryanair that fares could someday be zero; consumer air travel cost would be limited to a la carte fees and other ancillary revenue. Over time, that objective eluded Ryanair, with other airlines doing much better. Spirit’s total ticket revenue was approximately \$110 per passenger for 2017. Of this amount, about \$51 (or 46.6 percent) would qualify as ancillary revenue. It’s easier for a non-global airline to achieve this high rate because the underlying passenger fares are lower for short- and medium-haul travel.

The other airlines in the top 10 list are similar in this regard, with one significant exception. WOW air is a low cost airline with global reach. During 2017 its Iceland-based route network stretched from San Francisco to Israel. For 2018 the carrier will reach even greater distance when it adds India. The privately held airline disclosed its results directly to IdeaWorksCompany for inclusion in this *Yearbook*. WOW air is obviously an ancillary revenue powerhouse with results significantly above other long-haul LCCs; AirAsia X and Scoot don’t appear in this top 10 table.

The ten airlines on this list are low fare champions. These airlines have introduced vast numbers of lower income consumers to the wonder of flight. Evidence of this stunning public service achievement abounds. VivaAeroBus and Volaris actively compete with bus lines in Mexico. Ryanair and Wizz Air provide an economical lifeline for many workers in Western Europe to visit families living in former Soviet-bloc countries. WOW air has made headlines in the US with \$99 fares to Europe which allow practically anyone to become a globe-hopping tourist. More traditional carriers would not embrace this low fare mission without a competitive push from LCCs. Ancillary revenue is the elixir that enables airlines to offer headline grabbing low fares while maintaining a predictable revenue flow from the sale of optional extras.



Screen shot from the “A Day in the Life of an Airport Customer Helper” YouTube video by Jet2.com.

The right column in Table 2 lists notable 2017 activities that contributed to each carrier’s results. The list includes the introduction of co-branded credit cards, improved bag and assigned seating results, and market-determined a la carte fees. The most novel in the group is the hiring of 450+ “customer helpers” by Jet2.com at its sun destinations.

UK-based Jet2.com obviously takes its holiday package business very seriously. Airline staff are stationed at airports and resorts to help guests in every way. Arriving flights are greeted, guests are directed to motor coaches, and concerns are addressed. At the resorts, customer satisfaction is assessed, excursions and holiday extras are recommended and booked, and on-property check-in is available for the return flight.

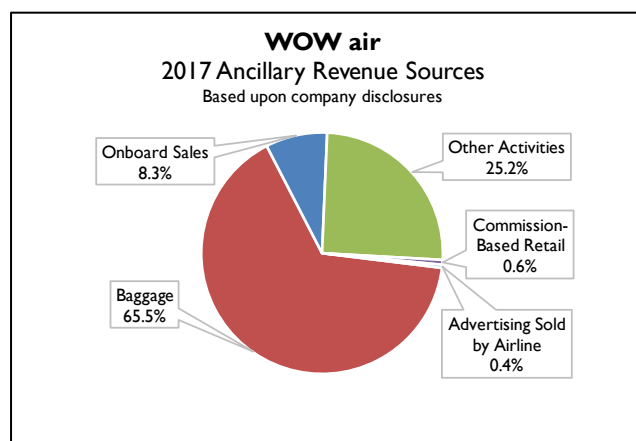
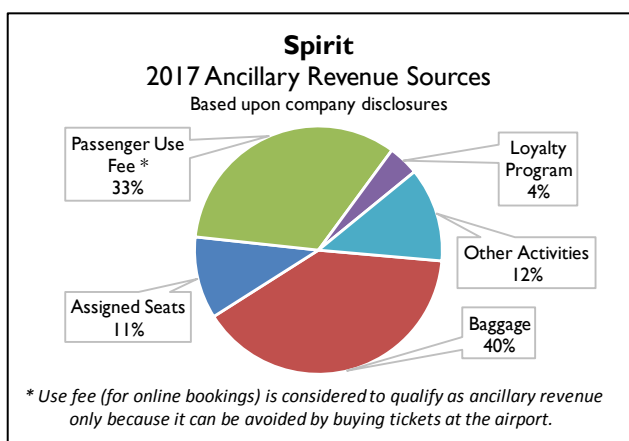
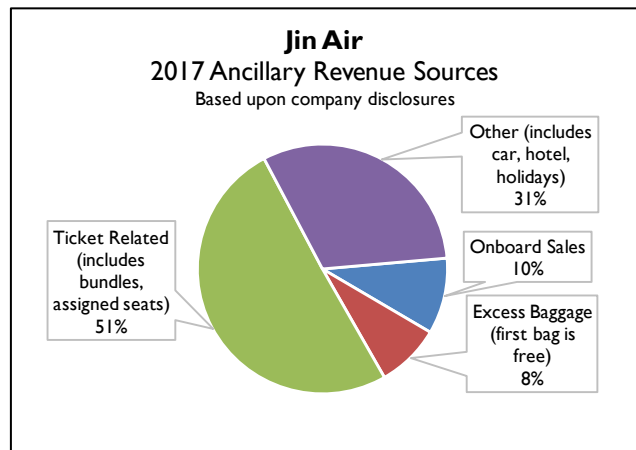
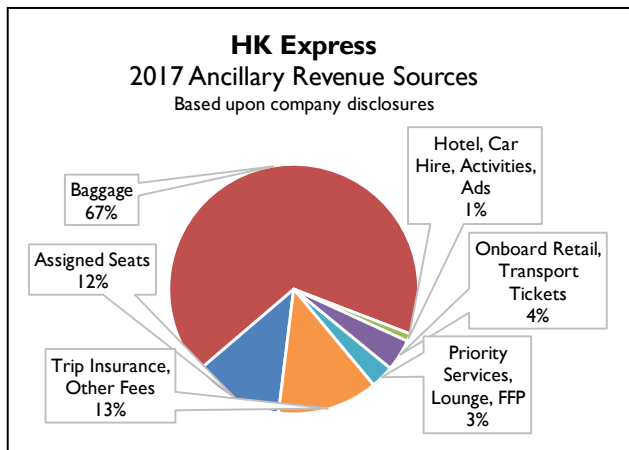
The resort check-in service was introduced in summer 2016, and was expanded to more than 180 hotels for summer 2017 — a notable achievement. This service allows Jet2holidays customers to check in baggage at their hotel, letting them enjoy their final day, bag and hassle free. Jet2.com is not only an ancillary revenue champ, it’s also a total travel retailer.

The best ancillary revenue pie includes a big slice of baggage

In the process of collecting data for this *Yearbook*, IdeaWorksCompany makes note when details regarding the sources of ancillary revenue are identified. For some airlines, such as Jin Air and Spirit, disclosures from financial filings provide a rather complete picture of their ancillary revenue. Some airlines, such as WOW air and HK Express, have chosen to directly reveal their ancillary revenue to IdeaWorksCompany for inclusion in the *Yearbook*.

IdeaWorksCompany reviews the collected data and makes a few adjustments. Throughout the results in this *Yearbook*, revenue from cargo and change fees was subtracted from results when possible. Specifically for Spirit, change fees were removed from the ancillary revenue total and not shown in the pie chart below, which presents ancillary revenue details for four low cost carriers: HK Express, Jin Air, WOW air, and Spirit. Colors assigned to pie slices vary, but red shading always designates baggage revenue.

Low Cost Carrier Examples



Red dominates three of the pie charts, which strongly indicates the importance of revenue from baggage fees. The slice of red for Jin Air is small because the carrier provides a free checked baggage allowance. WOW air with its long-haul network generates a hefty \$32 per passenger from bags, while Spirit is in excess of \$20. Designing a baggage policy that delivers maximum revenue, while balancing customer expectations and operational feasibility, is a difficult task. The challenges faced by Ryanair and Wizz Air in this regard are covered later in this section.

Assigned seating has become a major revenue producer, with HK Express and Spirit disclosing it provides 11 to 12 percent of ancillary revenue. On a per passenger basis, that's \$5.45 for Spirit and \$3.84 for HK Express. The range of products sold includes extra leg room seats in the exit row and seats in the front of the cabin. Travelers have demonstrated their desire to pay a premium for being earlier off the aircraft upon arrival. That's the perfect demonstration of the magic of ancillary revenue – it identifies those areas where consumers are willing to spend more to enjoy greater comfort and convenience. This is just one of the tools airlines use to generate a reasonable profit for their investors.

LCCs dominate the top ten list for ancillary revenue per passenger

The top performing airlines are largely low cost carriers, with a couple of global network airlines appearing, when ancillary revenue is expressed on a per passenger basis (Table 3 below). Top producers, from various ancillary revenue sources, by global region are: WOW air \$48.87 (Europe & Russia), Spirit \$50.97 (Americas), and AirAsia X \$33.12 (Asia & South Pacific). The definition of ancillary revenue includes the results produced by a carrier's frequent flyer program and this can provide a substantial benefit for global airlines such as Qantas and United. For Qantas, a perennial best performer on this list, its loyalty segment achieved revenue in excess of AUD \$1.5 billion (nearly \$1.16 billion) for fiscal year 2017. That's a stunning \$98 per member or almost \$39 per passenger.

Table 3: Top 10 Airlines – Ancillary Revenue per Passenger

Annual Results – 2017 (in US dollars)		Ancillary Source	2008 Comparison (in US dollars and % increase above 2008)	
\$50.97	Spirit	Various	\$18.61	+174%
\$48.87	WOW air	Various	<i>Airline did not operate in 2008</i>	
\$48.33*	Frontier	Various	\$3.70	+1,206%
\$48.67	Allegiant	Various	\$26.66	+83%
\$43.00	Jet2.com	Various	\$19.04	+126%
\$42.55	Qantas Airways	FFP	\$15.83	+169%
\$38.83	United	Various	\$22.86	+70%
\$33.12	AirAsia X	Various	\$21.00	+58%
\$32.52	HK Express	Various	<i>Not available</i>	
\$31.15	Wizz Air	Various	<i>Not available</i>	

*2017 and 2008 carrier results were based upon 12-month financial period disclosures.
 * IdeaWorksCompany estimate based upon past disclosure and updated for current Yearbook.
 Local currencies converted to US dollars at July 2017 and July 2008 rates of exchange.*

Low cost carriers rely upon a la carte activity by aggressively seeking revenue from checked bags, assigned seats, and extra leg room seating. The best producers focus their a la carte effort on those leisure travelers who are willing to spend more. Ryanair and easyJet have moved to capture more business travelers . . . and they don't appear on this list. These two airlines have lower ancillary revenue per passenger, but this can be easily overcome by selling more tickets to business travelers attracted by the less aggressive approach. Real revenue gains would be enjoyed by the airline that successfully entices business travelers and gets them to spend more while maintaining a vigorous a la carte approach.

The numbers suggest WOW air might be doing that. The Iceland-based carrier began to install big reclining leather covered seats in their signature purple color in early 2017. The airline originally kept the amenities to a minimum and just included baggage and items off the buy-on-board trolley. The product was re-branded in 2018 as WOW Premium and is certainly designed with the business traveler in mind.

The flexibility sought by some business travelers is now part of the package. This includes refunds in the event of an emergency and no penalty for changing flights (pay only the higher fare). Priority boarding is added systemwide and fast track is now provided in Iceland.

The airline offers 13 gateways in the US which include smaller cities like St. Louis and Cleveland. These connect with destinations in Europe, Israel, and soon New Delhi. For example, Newark flyers can choose 20 destinations in Europe along with Iceland. While WOW Premium is not a lie-flat bed, it does offer a budget friendly splurge for holiday-makers and a sensible choice for business travelers who are conscious of the bottom line.

WHAT'S INCLUDED?

- FLIGHT TICKET**
- 2 CHECKED BAGS**
20 kg/44 lbs. per bag.
- 1 CARRY-ON BAG**
max. 56x45x25 cm/22x18x10in, 12kg/26 lbs.
- 1 PERSONAL ITEM**
max. 42x32x25 cm/17x13x10in, 10kg/22 lbs.
- BIGSEAT**
Extra wide and comfortable seats with plenty of legroom. Seat pitch from 37 inches.
- CANCELLATION PROTECTION**
Ensures a refund if a guest cancels a flight reservation due to unavoidable reasons.
- FAST TRACK SECURITY AT KEF AIRPORT IN ICELAND**
Separate security lane through security control. Quicker access to the departure hall.
- PRIORITY BOARDING**
All airports. Early boarding with guaranteed overhead baggage space.
- IN-FLIGHT MEAL**
Delicious meal from our exclusive pre-order menu or food and drink from the WOW ME catalog on board.
- NO CHANGE FEE**
Only pay for possible fare difference when applicable.

WOW Premium offers a 37-inch pitch and can best be compared to premium economy on other transatlantic carriers.

The right side of Table 3 compares 2017 results to the troublesome year of 2008. The global airline industry was in tatters due to unprecedented jumps in the price of oil. In the US alone, Aloha, ATA, Frontier, and Skybus declared bankruptcy that year.¹ The Frontier Airlines that appears under the 2017 heading is a very different operation from the failed carrier in 2008. Back then, its business model only generated ancillary revenue of \$3.70 per passenger. Across the entire table, the increases demonstrate the growing importance ancillary revenue plays in the revenue mix of these carriers.

¹ "Frontier to Fly amid Bankruptcy Filing" article dated 12 April 2008 in the *Wall Street Journal*.

Ryanair and Wizz Air see bag revenue decline

Getting baggage right is a big deal for any airline today, but it's a huge issue for low cost carriers. Ryanair and Wizz Air were known for their eager enforcement of bag policies. It's an economic necessity, as LCCs offer consumers the promise of low fares . . . with the hope additional revenue can be gained from bags. Both airlines were known for their "baggage police" approach and used bag sizers at gate areas to limit the size of carry-ons. These efforts were rewarded with robust baggage revenue and actually had an influence on the size of baggage sold within Europe. Roll-on bags became smaller to accommodate LCC policies.

Let's review a little ancillary revenue history. Wizz Air introduced a controversial €10 fee for large carry-on bags back in 2012.² Around the same time, headlines were made in Europe by a Ryanair traveler who was forced to pay more than £200 because she forgot to print boarding passes before arriving at the airport.³ Low fare airlines, while delighting travelers with low fares . . . were perceived as being too aggressive with some fees.

Ryanair was first to concede with CEO Michael O'Leary admitting, "We should try to eliminate things that unnecessarily piss people off."⁴ Ryanair initiated its "Always Getting Better" program in 2014 with a promise to be a kinder and gentler airline for travelers. Baggage policies were relaxed and a Business Plus product was introduced which included fast track, priority boarding, and flexible tickets.⁵

The hope of attracting more business travelers has influenced LCC attitudes towards customer service. While leisure travelers are almost totally lured by low fares . . . business travelers expect no hassles and more convenience. Ryanair has learned the benefits of becoming more business friendly, and this has encouraged more relaxed baggage policies. If leisure travelers are more satisfied as a result, that's another happy outcome of the pursuit of business traffic.



Ryanair tries to explain a policy that many found difficult to understand.

Ryanair broke with LCC tradition in September 2017 by announcing a radical approach to baggage.⁶ The image provided on this page was designed by Ryanair to better explain the new policy after many consumers were confused by its introduction. Passengers who purchase Priority Boarding for €5 will also get the benefit of bringing a medium sized roll-on bag weighing up to 10 kg. (22 pounds) and a small hand-held item such as a purse.

² "Wizzair to extend hand-baggage fee" article dated 03 October 2012 at *BusinessTraveller.com*.

³ "Woman forced to pay £200 to print out Ryanair tickets" article in *The Telegraph* dated 22 August 2012.

⁴ "Ryanair unveils new strategy: 'Be nice to customers'" article dated 20 September 2013 at *Reuters.com*.

⁵ "Always Getting Better" page at *Ryanair.com* reviewed June 2018.

⁶ Ryanair press release dated 06 September 2017.

That's the easy-to-understand part of the policy. Passengers who don't purchase Priority Boarding can also bring the same two bags to the gate. However, the medium carry-on will be tagged and checked at the gate – free of charge. These passengers may only carry onboard a single small hand-held item as a purse or laptop. Concurrent with this, Ryanair also lowered the price of checking a full size bag at the counter from €35 to €25 and raised the weight limit to 20 kg. Twenty percent of consumers now pay the modest €5 Priority Boarding fee which includes the ability to carry on the medium-sized bag.⁷

Wizz Air dropped its carry-on bag fee in October 2017.⁸ Jozsef Varadi, CEO of Wizz Air, commented, “Charging for cabin bags was one of the critiques we had been getting from customers, now we are falling in line with the rest of the industry.”⁹ Passengers will now be allowed to bring a medium-sized bag as a carry-on with a weight limit of 10 kg. The airline said this represents a 50 percent larger bag size than the prior free-of-charge carry-on limit. Purchasing Wizz Priority allows travelers to bring a 2nd piece, which is limited to a small hand-held item. Pleasing your customers may bring more traffic, but relaxing bag fee policies naturally leads to lower baggage revenue.



Wizz Air used a word you rarely see applied to baggage policies ... "free."

Ryanair admitted “a steep decline in baggage revenue due to few travelers checking bags and bag fee declines” during its 24 July 2017 investor earnings call. This was due to the carrier’s ongoing consumer friendly initiatives. Wizz Air recently disclosed during its fiscal 2018 presentation reduced baggage revenue due to the 2017 policy change. Revenue from paid checked-in bags declined from €10.10 per passenger for FY 2017 to €8.10 for FY 2018.

Ryanair’s new policy of checking bags at the gate had a predictable outcome. Michael O’Leary added these comments on the new policy during the annual report Q&A on 21 May 2018: “During bank holidays, peak periods, there are many flights where we now have to put 100, or 120 gate bags as free charge into the hold ... But there is no doubt, both the feedback from the cabin crew and from customers is that nobody is struggling to find space on board in the overheads or under the seats when they board the aircraft, and that’s good.” The carrier’s CFO indicated the new bag policy has “actually gone very well.”

Iain Wetherall, Wizz Air’s CFO, made an almost identical comment during a 30 March 2018 Q3 FY 2018 earnings call, “People don't want to pay for bags and the challenge the industry faces across all markets is that essentially these aircraft are unable to accommodate one carry-on bag per passenger, so an A320 can probably only take about 100 carry-ons versus 180 seats.” Wizz Air hopes its new Wizz Priority product will eventually help to reduce the operational issues.

⁷ Fiscal Year 2018 Ryanair Holdings PLC Earnings Video Presentation dated 21 May 2018.

⁸ Wizz Air press release date 19 July 2017.

⁹ “Wizz Air CEO on IQ Results, Baggage Fees, Growth” transcribed from interview dated 19 July 2017 at Bloomberg.com.

Ryanair and Wizz Air deserve kudos for trying innovative solutions to their baggage issues. While the revenue they generated from earlier bag policies was certainly attractive . . . eventually consumers pushed back. Travelers love carry-on bags and there's a feeling that these should be free of charge. Both carriers disclosed a la carte revenue losses from the relaxation of bag policies – there's no surprise there. The friendlier posture has placed Ryanair and Wizz Air closer service-wise to their global network brethren, such as British Airways and Lufthansa. Perhaps these LCCs should attract more customers who were once reluctant to fly the “LCC way.” Capturing more flyers becomes even more attractive if some are higher yielding business travelers.

The solution these airlines may eventually identify will likely be something less exotic than the innovations they tried. Everyday sensible pricing for checked bags with attractive online booking discounts will reduce activity at departure gates. Subscription products and co-branded credit cards that include checked bag benefits encourage repeat travelers to check rather than carry. Pre-departure emails and text messaging reinforces the pre-payment discount offer and reminds travelers that big carry-on bags are no-go items. Airlines should also build new features into their baggage handling process to add value to the fees by implementing service guarantees and tracking capabilities through a carrier's mobile app.

Basic economy fares are a hedge against the unknown

Basic economy fares were developed by network airlines to compete against the bare fares offered by low cost carriers. Within Europe, these were introduced by Air France, KLM, and British Airways on intra-Europe routes in 2013.¹⁰ Air France's “New Economy Offer” was implemented February 2013 to 58 destinations on its short- and medium-haul European network. Customers could choose from an all-inclusive “Classic” product or a new “Mini” product which did not accrue Flying Blue miles, nor provide pre-assigned seating, and only allowed carry-on bags.

IdeaWorksCompany has long expected bag fees would expand beyond domestic markets in North America and Europe to the transatlantic and eventually the world. Not surprisingly, the catalyst was the entry of long-haul low cost carriers into the US-Europe market. Leading the charge has been loss-making Norwegian Air, which started US flights in 2013 and is flying approximately 60 routes to 14 US destinations for summer 2018.¹¹ Added to this onslaught are the route additions of WOW air, Primera Air, and WestJet.



KLM uses a friendly branded fares approach to presenting its Economy Light option in its online booking path.

The young low fare affiliates of Air France/KLM, British Airways, and Lufthansa Group are not yet large enough to generate a meaningful transatlantic response. Unlike their European alliance partners, US-based carriers have not developed low fare affiliates. The quick solution that evolved from this competitive struggle has global network airlines adding basic economy fares to their transatlantic repertoire.

¹⁰ “Bag Fees Sprout this Spring in Asia, Europe, and America” IdeaWorksCompany report issued 08 July 2013.

¹¹ “Ultralow-cost transatlantic carriers multiplying, but will they last?” article dated 29 April 2018 at TravelWeekly.com.

The list of carriers that offer basic economy fares on transatlantic routes as of June 2018 includes Aer Lingus, Air France/KLM, Alitalia, American, Austrian, British Airways, Brussels, Delta, Finnair, Iberia, Lufthansa, SAS Scandinavian, SWISS, TAP Portugal, and United. Of course, this is in addition to the low cost carriers that have always sold travel this way. For global network airlines, basic economy typically allows a medium size carry-on bag weighing 8 to 10 kg (18-22 pounds) with maximum dimensions of 23 x 36 x 55 cm (9 x 14 x 22 inches).

Checking a bag costs extra, and many charge for booking a seat assignment before check-in. These passengers usually receive the same economy meal as standard fare passengers, but will board the aircraft in the last group. Frequent flyer perks may be restricted and changes and cancellations are not allowed. United, at present, tosses in free advance seat assignments; management has cautioned that perk might someday disappear. The following table compares pricing and features for four primary competitors between New York and London.

Table 4: Basic Economy Fares Revenue Comparison				
New York – London, travel on 01-08 October 2018, roundtrip travel				
Airline	American	Norwegian	United	Virgin Atlantic
City Pair	JFK-LHR	JFK-Gatwick	Newark-LHR	JFK-LHR
Basic Fare	\$334	\$239	\$334	\$412
Regular Fare *	\$424	\$419	\$424	\$492
% Savings Off Regular Fare	21.2%	43%	21.2%	16.3%
Selected a la Carte Optional Extras				
Assumes traveler requires a medium bag, assigned seat, and food/drink for roundtrip travel				
1 st Bag Fee	No charge for medium carry-on bag ** + small hand bag	No charge for 10 kg. medium carry-on bag **	No charge for medium carry-on bag ** + small hand bag	No charge for 10 kg. medium carry-on bag **
Carry-On				
Seat Assignment <i>lowest fee choice</i>	\$24	\$90	No charge	\$80
Meal	Included	\$56 †	Included	Included
Revenue Summary				
Total Revenue <i>fare + a la carte items</i>	\$358	\$385	\$334	\$492
Fare %	93.3%	62.1%	100%	83.7%
a la Carte %	6.7%	37.9%	n/a	16.3%
* Regular transatlantic fare includes checked bag, regular seat assignment, and medium size carry-on. ** Medium carry-on bag is typically limited to 23 x 36 x 55cm (9 x 14 x 22 inches) and 22 pounds. † Sandwich, salad, wine, and coffee from a la carte menu. Queries performed June 2018. Fares do not include taxes, but include carrier imposed charges (CICs).				

Table 4 displays the travel expectations of a typical budget-oriented consumer with certain assumptions. They are not traveling with a large bag, but can survive on the contents of a medium size roll-on. They want the certainty of early seat assignment to prevent being stuck in a middle seat at time of check-in. The 7-hour flight between New York and London is a bit long on an empty tummy, so food is desired. This requires pulling the credit card out on Norwegian to buy snacks. The other airlines still include some type of edibles on a tray. Under this single October 2018 itinerary scenario, Norwegian doesn't offer the best deal. American and United deliver an overall lower price, which includes carrier surcharges but is net of taxes and government fees.

The "revenue summary" area of the table details the not-so-obvious value of the basic economy method. You can visit a movie theatre and walk pass the snack bar . . . but most patrons don't. You can order a cheese pizza and skip the extra toppings . . . but most people don't. Likewise when buying an airline ticket – it's hard to skip the extras. The basic economy fare is an oh-so-inviting offer which places a traditional airline on par with a LCC. Next comes the role of effective merchandising which hopes to upgrade a consumer's initial modest spending intentions. As consumers work their way through the booking path, they are encouraged to add an assigned seat, a checked bag, early boarding, pre-ordered meal, and maybe book a car and hotel. All this activity delivers revenue beyond the low base fare.

Airline fares are a competitive tool; they can be moved up or down. Predictable and high-yield revenue in a market can be quickly replaced by pricing mayhem when an LCC announces new service. Average fares will certainly decrease when a new carrier enters a market. But the portion of revenue generated through a la carte activity will likely remain stable. Ancillary revenue acts as a hedge against the unpredictability of airline fares. More ancillary revenue – on a per passenger basis or as a percent of revenue – protects against market volatility.

The top ten performers in this *Yearbook*, such as Spirit, VivaAeroBus, Frontier, and Wizz Air, protect more than 40 percent of operating revenue from fare fluctuations. American, Delta, United, and Qantas also benefit from non-fare revenue due to the billions generated by frequent flyer programs. Rather than being reliant upon the travel business, their frequent flyer programs are more connected to consumer spending and the banking industry. That's an amazing distribution of risk.

Ancillary revenue originally provided a nice revenue boost that often tilted airlines to profitability during difficult times. As it has grown, it has become a core component of a carrier's fiscal health. Ancillary revenue is something investors now expect from airline management teams. This goes hand-in-hand with a la carte, which has also emerged as an expectation . . . but on behalf of consumers. That's because it allows consumers to book travel that fits their individual needs.

Specific ancillary services identified in this Yearbook

Airlines are increasingly more revealing about their approach to ancillary revenue. During the course of its global review of ancillary revenue activities, IdeaWorksCompany uncovered the following examples for 2017:

- **Aeroflot** provided a robust disclosure of the composition of online travel retail sales for 9 months of 2017: trip and flight insurance: 90.4%, hotel bookings 4.3%, rail bookings 1.9%, car hire 1.7%, cruises 1%, and other 0.7%.
- **Air Canada** announced during 2017 it would launch its own loyalty program in 2020 upon the expiry of its commercial agreement with Aimia Canada. During 2017, the airline purchased C\$263 million (\$203 million) of Aeroplan Miles from Aimia. In 2018 the airline announced it would purchase the program from Aimia Canada.
- **Air China** has 51.9 million members in the Phoenix Miles program and their activity represented 43.8% of the carrier's revenue.
- **AirAsia** revealed the distribution of other revenue sources for 2018: baggage 40%, onboard retail sales (Big Duty Free) 15%, cargo 15%, Big Pay digital wallet 8%, FlyThru connections and Woki onboard Wifi 8%, onboard café 7%, and seat selection 7%.
- **Allegiant** has adapted its "buy-on-board" technology into a golf course management program, and at the end of 2017 was providing these services to approximately 220 golf courses in the US.
- **American** realizes a 50% upsell rate to more expensive branded fare products, with the current basic economy and premium economy project having revenue potential of \$1 billion.
- **Delta** will continue its card relationship with American Express through 2022. Spending by cardholders was estimated at \$80.9 billion for 2017.
- **EasyJet's** invitation only Flight Club recognition program has more than 50% of members flying 20 or more times a year, with just under 40% representing business or commuter customers.
- **GOL** claims the SMILES loyalty program was responsible for issuing approximately 54% of total miles accrued in Brazil, which is up substantially from 29% at the end of 2013.
- **Jeju Air** had onboard sales of KRW 8.6 billion (\$7.7 million) during 2017 which was about \$0.75 per passenger.
- **JetBlue's** Even More Space product, which provides extra leg room seating and early boarding, generated \$6 per customer in 2017.
- **Lufthansa**, with 10 million active Miles & More members, disclosed 1 out of every 3 miles is accrued through partner activities, notably co-branded credit card purchases.
- **Ryanair** noted big increases for the number of customers paying for allocated seating (23% in FY 2017 to 50% in FY 2018) and priority boarding (4% in FY 2017 to 20% in FY 2018).

Currency exchange based upon rates in effect when financial information was reviewed for each annual period.

Ancillary Revenue Defined

The definition of ancillary revenue offered by IdeaWorksCompany in 2008 has been adopted all over the world and has become accepted as the industry standard. In 2015 the definition was broadened to recognize the growing importance of fare bundles by adding a fifth category to include ancillary revenue generated by “the a la carte components associated with a fare or product bundle.”

Ancillary Revenue Defined

Revenue beyond the sale of tickets that is generated by direct sales to passengers, or indirectly as a part of the travel experience.

IdeaWorksCompany further defines ancillary revenue using these categories: 1) frequent flyer activities, 2) a la carte features, 3) commission-based products, 4) advertising sold by the airline, and 5) the a la carte components associated with a fare or product bundle.

To add more clarity to this declaration, IdeaWorksCompany offers these explanations:

- **Frequent Flyer Programs:** The frequent flyer category largely consists of the sale of miles or points to program partners such as hotel chains and car rental companies, co-branded credit cards, online malls, retailers, and communication services. Miles or points sold directly to program members also qualify.
- **A la Carte Features:** These represent the items on the ancillary revenue menu and consist of the amenities consumers can add to their air travel experience. The list continues to grow and the following are typical activities: 1) onboard sales of food and beverages, 2) checking of baggage and excess baggage, 3) assigned seats or better seats such as exit rows, 4) call center support for reservations, 5) fees charged for purchases made with credit or debit cards, 6) priority check-in and screening, 7) early boarding benefits, 8) onboard entertainment systems, and 9) wireless internet access.
- **Commission-Based Products:** Ancillary revenue activities also include the commissions earned by airlines on the sale of hotel accommodations, car rentals and travel insurance. The commission-based category primarily involves the airline’s website, but it can include the sale of duty-free and consumer products onboard aircraft.
- **Advertising Sold by the Airline.** This category includes any advertising initiative linked to passenger travel. The following are typical activities: 1) revenue generated from the inflight magazine, 2) advertising messages sold in or on aircraft, loading bridges, gate areas, and airport lounges, and 3) fee-based placement of consumer products and samples.

- **Fare or Product Bundles.** Airlines may allocate a portion of the price associated with a fare bundle or product bundle as ancillary revenue. This is determined by assigning a revenue value to the services included in the bundle, such as checked baggage, early boarding, and extra leg room seating.

The list is not intended to be exhaustive or complete; human imagination, including in business, is infinite. However, caution is advised when considering revenue sources not linked to the passenger travel experience. This includes air cargo, mail revenue, ground handling, and inflight kitchen operations. Some carriers consider this ancillary revenue, but they are best included in the category of other revenue.

About Individual Airline Listings

The individual airline listings are intended to clarify the type of ancillary revenue activity attributed to each airline in this report. Some airlines are vague in their descriptions and merely provide an “ancillary revenue” line on the income statement without further details. Some of the carriers don’t specifically list ancillary revenue, but describe qualifying activities such as “revenue from the sale of frequent flyer miles to partners” or “onboard retail including food and merchandise.” Other airlines provide extensive details and seem very proud of their ancillary revenue accomplishments. Airlines sometimes choose to provide additional information in the presentations made to investment analysts.

The total revenue and passenger numbers for each airline are intended to reflect the activities associated with the generation of ancillary revenue. Financial figures have been converted to dollars with the exception of information provided in the notes from financial reports box for each listed. The exchange rates used are listed at the end of this report. Group results may apply for some airline listings. For example, activity reported for the Alaska Air Group includes Alaska Airlines and Horizon Air.

The explanatory material provided for each reporting airline is an edited version of company-generated information found in sources such as financial statements, annual reports, analyst research, and investor relations presentations. The greater length of some listings, such as Allegiant Air, indicates the company dedicated more space in its reports to the topic of ancillary revenue. Interpretation by IdeaWorksCompany provides added context regarding the unique qualities of a carrier’s a la carte activity.

Carriers are invited to contact IdeaWorksCompany directly to provide feedback on the statistics provided in this report. Airlines also may directly disclose their ancillary revenue activities to IdeaWorksCompany for inclusion in next year’s report. Please send your comments to Jay “at” IdeaWorksCompany.com.

A la Carte Services Sold through GDS

This 2018 edition of the *CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany* includes a list of items sold through Amadeus, Sabre, and Travelport for each of the 73 disclosing airlines. The information for these entries was collected from GDS websites or materials provided by the GDS; IdeaWorksCompany is not responsible for the accuracy or veracity of the claims made by these vendors.

Listings for individual airlines display a la carte capabilities enabled by GDS. However, these might not reflect services which an airline is actively selling through a GDS. For example, some may be planned for future introduction, or have been withheld from GDS display. Smaller airlines within a group, such as Hop! for Air France/KLM, are not included in the services listed.

The following provides additional details for the listings associated with each of the three GDS companies:

- **Amadeus** data was retrieved from its airline merchandising website during August 2018. Amadeus advises the website has regular updates. The following provides additional detail for some of the a la carte items: 1) Bundled fares may refer to the branded fare or fare family method. Typically these provide 2 or 3 choices (each offering a defined list of services) for a seat booked on a flight. 2) Meals are pre-ordered meals for a fee. 3) Paid seats may include seat assignments, extra leg room seats, and preferred seating.
- **Sabre** data was retrieved from its air merchandising website during August 2018. Sabre advises the website has regular updates. The following provides additional detail for some of the a la carte items: 1) Bundled fares may refer to the branded fare or fare family method. Typically these provide 2 or 3 choices (each offering a defined list of services) for a seat booked on a flight. 2) Meals are pre-ordered meals for a fee. 3) Paid seats may include seat assignments, extra leg room seats, and preferred seating.
- **Travelport** includes their GDS brands Apollo, Galileo, and Worldspan. The inclusion of a la carte services varies by brand for individual airline and country. Data was gathered by IdeaWorksCompany during August 2018 at the Travelport website. Travelport provided the following disclosure at the website: “These services may not be available to book in every country or on every platform.” The following provides additional detail for some of the a la carte items: 1) Meals may include pre-order meals (paid) and special meal requests (non-paid). 2) Paid seats may include seat assignments, extra leg room seats, and preferred seating.

“Medical assistance” can include inflight oxygen provided by the airline, for example Ryanair allows passengers to book access to therapeutic oxygen for a fee of €55 or £55 per flight (was €55 or £55 during 2017). Sometimes a GDS will list medical assistance as an a la carte capability for an airline client, but the airline does not charge a fee for the service.

Ancillary Revenue Data and Graphs

Airlines Posting Ancillary Revenue Results For most recent 2017 full-year period, listed in alphabetical order.				
Carriers <i>See bottom for icon legend</i>	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Region
Aer Lingus *	\$263,229,427	12.4%	\$23.33	Europe and Russia
Aeroflot	\$242,462,316	2.8%	\$5.33	Europe and Russia
Aeromexico	\$317,951,244	9.4%	\$15.39	The Americas
Air Arabia	\$123,987,183	12.2%	\$14.54	Middle East and Africa
Air Astana +	\$6,668,000	0.9%	\$1.59	Asia / South Pacific
Air Canada	\$1,334,461,449	10.6%	\$27.73	The Americas
Air China +	\$39,828,142	0.2%	\$0.39	Asia / South Pacific
Air France/KLM *	\$1,971,662,916	6.7%	\$19.97	Europe and Russia
Air Greenland	\$10,158,816	5.1%	\$24.25	Europe and Russia
Air India Express +	\$9,647,957	1.9%	\$2.82	Asia / South Pacific
AirAsia Group	\$616,732,336	17.3%	\$9.73	Asia / South Pacific
AirAsia X	\$193,360,021	18.2%	\$33.12	Asia / South Pacific
Alaska Air Group	\$1,339,700,000	16.9%	\$30.42	The Americas
Allegiant	\$599,183,000	39.8%	\$48.67	The Americas
American	\$5,274,000,000	12.5%	\$26.42	The Americas
ANA All Nippon	\$72,950,332	0.4%	\$1.35	Asia / South Pacific
Avianca (FF)	\$284,000,000	6.4%	\$9.64	The Americas
Azul (FF)	\$224,147,128	9.5%	\$10.18	The Americas
British Airways *	\$802,035,233	5.0%	\$17.74	Europe and Russia
Cebu Pacific	\$176,068,599	13.1%	\$8.92	Asia / South Pacific
China Eastern	\$342,522,020	2.3%	\$3.09	Asia / South Pacific
China Southern	\$80,688,865	0.4%	\$0.64	Asia / South Pacific
Copa +	\$20,000,000	0.8%	\$1.41	The Americas
Croatia Airlines +	\$1,611,153	0.7%	\$0.76	Europe and Russia
Delta	\$5,391,000,000	13.2%	\$28.92	The Americas
easyJet	\$1,284,402,695	19.5%	\$16.01	Europe and Russia
Emirates	\$117,842,525	0.5%	\$2.01	Middle East and Africa
Finnair	\$165,228,895	5.6%	\$13.88	Europe and Russia
flydubai	\$178,124,556	11.9%	\$16.34	Middle East and Africa
Frontier	\$811,960,000	42.4%	\$48.33	The Americas
Garuda Indonesia	\$83,372,600	2.0%	\$2.30	Asia / South Pacific
Go Air +	\$2,580,793	0.5%	\$0.30	Asia / South Pacific
GOL	\$316,067,102	9.9%	\$9.76	The Americas
Hawaiian	\$257,450,493	9.6%	\$22.38	The Americas
HK Express	\$123,152,884	25.0%	\$32.52	Asia / South Pacific
Indigo	\$239,326,769	6.5%	\$4.59	Asia / South Pacific

— Table continued on next page —

Carriers <i>See bottom for icon legend</i>	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Region
Japan Airlines (FF)	\$172,171,679	1.5%	\$4.04	Asia / South Pacific
Jazeera Airways	\$14,275,445	7.7%	\$10.20	Middle East and Africa
Jejuair	\$68,854,121	7.9%	\$6.58	Asia / South Pacific
Jet Airways	\$305,025,588	8.7%	\$11.24	Asia / South Pacific
Jet2.com	\$305,300,958	27.6%	\$43.00	Europe and Russia
JetBlue	\$1,081,026,000	15.4%	\$27.00	The Americas
Jetstar	\$643,328,496	23.2%	\$26.92	Asia / South Pacific
Jin Air +	\$33,685,286	4.3%	\$3.89	Asia / South Pacific
LATAM Airlines (FF)	\$813,329,000	8.5%	\$12.11	The Americas
Lufthansa Group *	\$1,947,027,128	6.0%	\$14.97	Europe and Russia
Nok Air	\$64,399,668	10.7%	\$7.33	Asia / South Pacific
Norwegian	\$611,507,592	16.5%	\$18.47	Europe and Russia
Pegasus	\$327,849,327	21.6%	\$11.79	Europe and Russia
Philippine Airlines +	\$199,412,111	7.8%	\$13.78	Asia / South Pacific
Pobeda +	\$30,729,979	8.8%	\$6.68	Europe and Russia
Qantas Airways (FF)	\$1,157,452,942	12.1%	\$38.91	Asia / South Pacific
Rex Regional Express	\$2,000,356	0.9%	\$1.68	Asia / South Pacific
Royal Jordanian	\$6,182,187	0.7%	\$1.97	Middle East and Africa
Ryanair	\$2,304,748,827	28.2%	\$17.69	Europe and Russia
SAS Scandinavian	\$175,449,283	3.5%	\$5.84	Europe and Russia
Scoot +	\$215,481,931	20.0%	\$22.34	Asia / South Pacific
South African (FF)	\$62,139,836	3.0%	\$9.08	Middle East and Africa
Southwest (FF)	\$3,084,100,000	14.6%	\$23.68	The Americas
SpiceJet	\$82,804,618	6.7%	\$4.57	Asia / South Pacific
Spirit	\$1,232,666,000	46.6%	\$50.97	The Americas
Spring Airlines	\$116,534,193	7.2%	\$6.79	Asia / South Pacific
Sun Country	\$66,074,800	11.2%	\$27.07	The Americas
Thomas Cook Group Airline +	\$403,818,292	9.7%	\$21.80	Europe and Russia
United	\$5,749,000,000	15.2%	\$38.83	The Americas
Vietjet	\$204,017,303	10.9%	\$11.92	Asia / South Pacific
Virgin Australia (FF)	\$285,325,609	7.4%	\$11.79	Asia / South Pacific
VivaAeroBus +	\$184,512,519	43.6%	\$22.51	The Americas
Volaris	\$379,562,268	27.7%	\$23.11	The Americas
Volotea +	\$120,093,754	34.2%	\$25.02	Europe and Russia
Westjet	\$339,241,333	9.8%	\$14.05	The Americas
Wizz Air	\$921,899,531	41.6%	\$31.15	Europe and Russia
WOW air +	\$137,779,766	28.5%	\$48.87	Europe and Russia

2017 carrier results were based upon recent 12-month financial period disclosures.

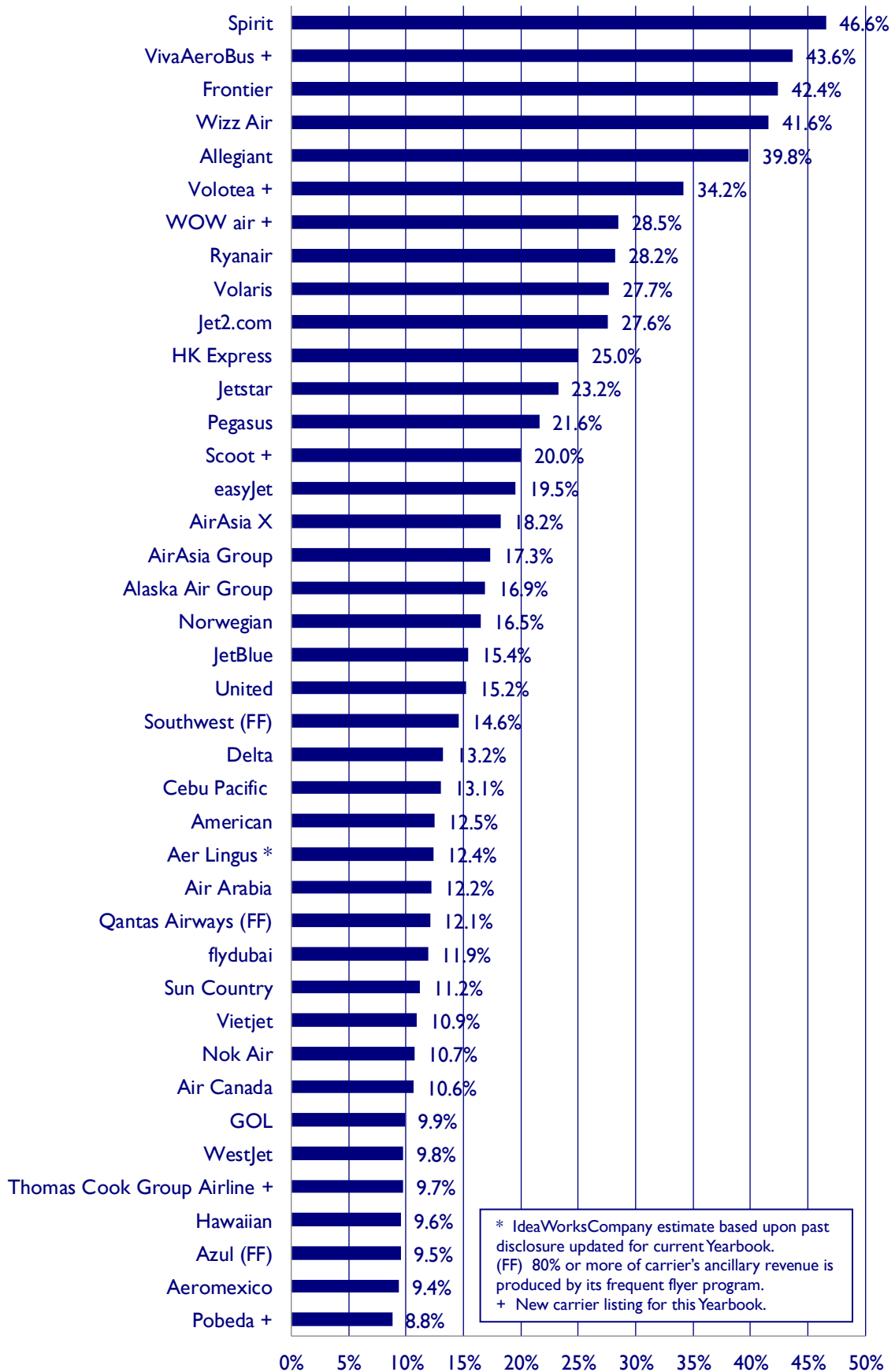
** IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.*

(FF) 80% or more of carrier's ancillary revenue is produced by its frequent flyer program.

Please refer to individual carrier listings for details. + New carrier listing for this Yearbook.

Ancillary Revenue as a % of Total Revenue - 2017

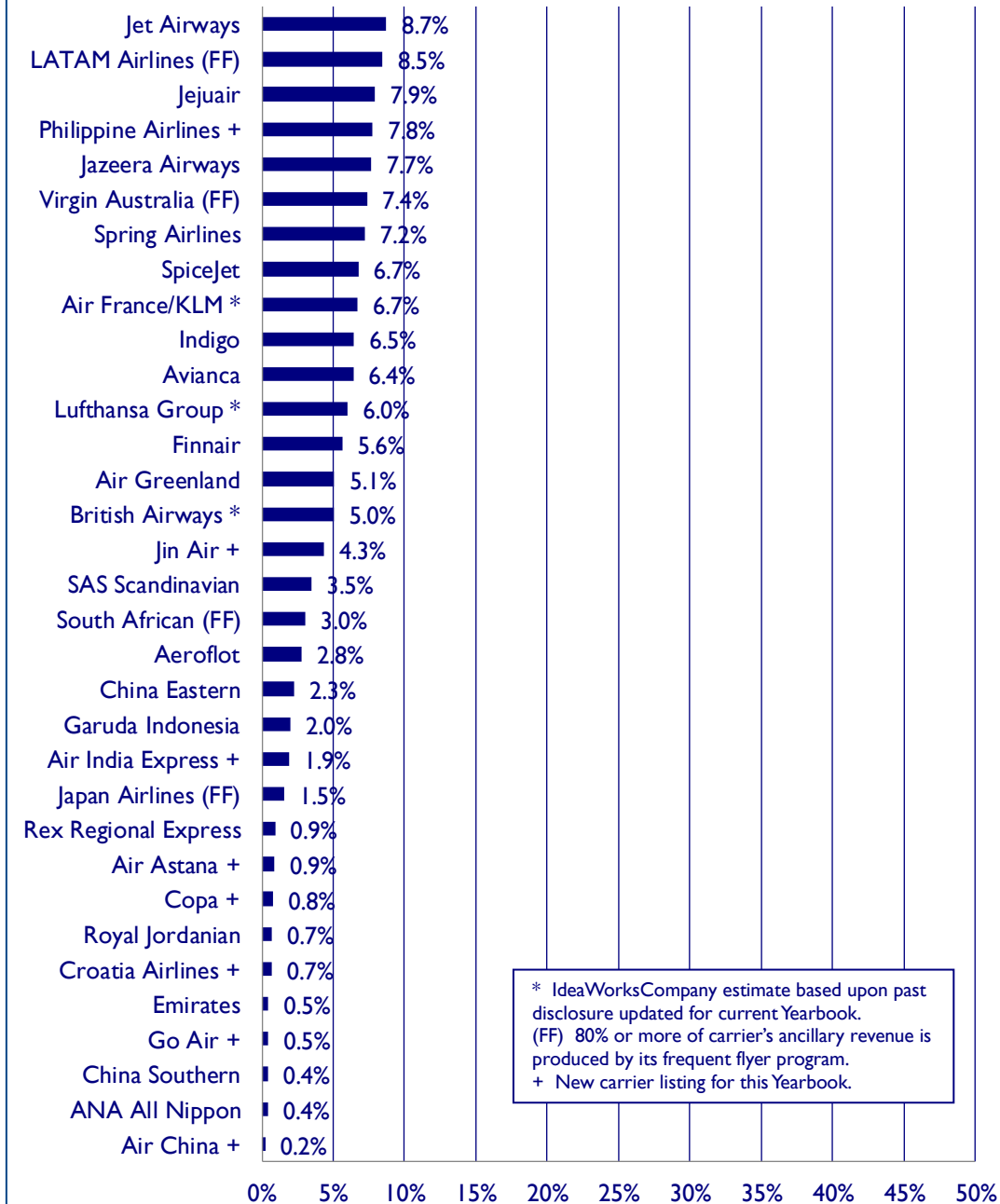
Airlines ranked 1 through 40



* IdeaWorksCompany estimate based upon past disclosure updated for current Yearbook.
 (FF) 80% or more of carrier's ancillary revenue is produced by its frequent flyer program.
 + New carrier listing for this Yearbook.

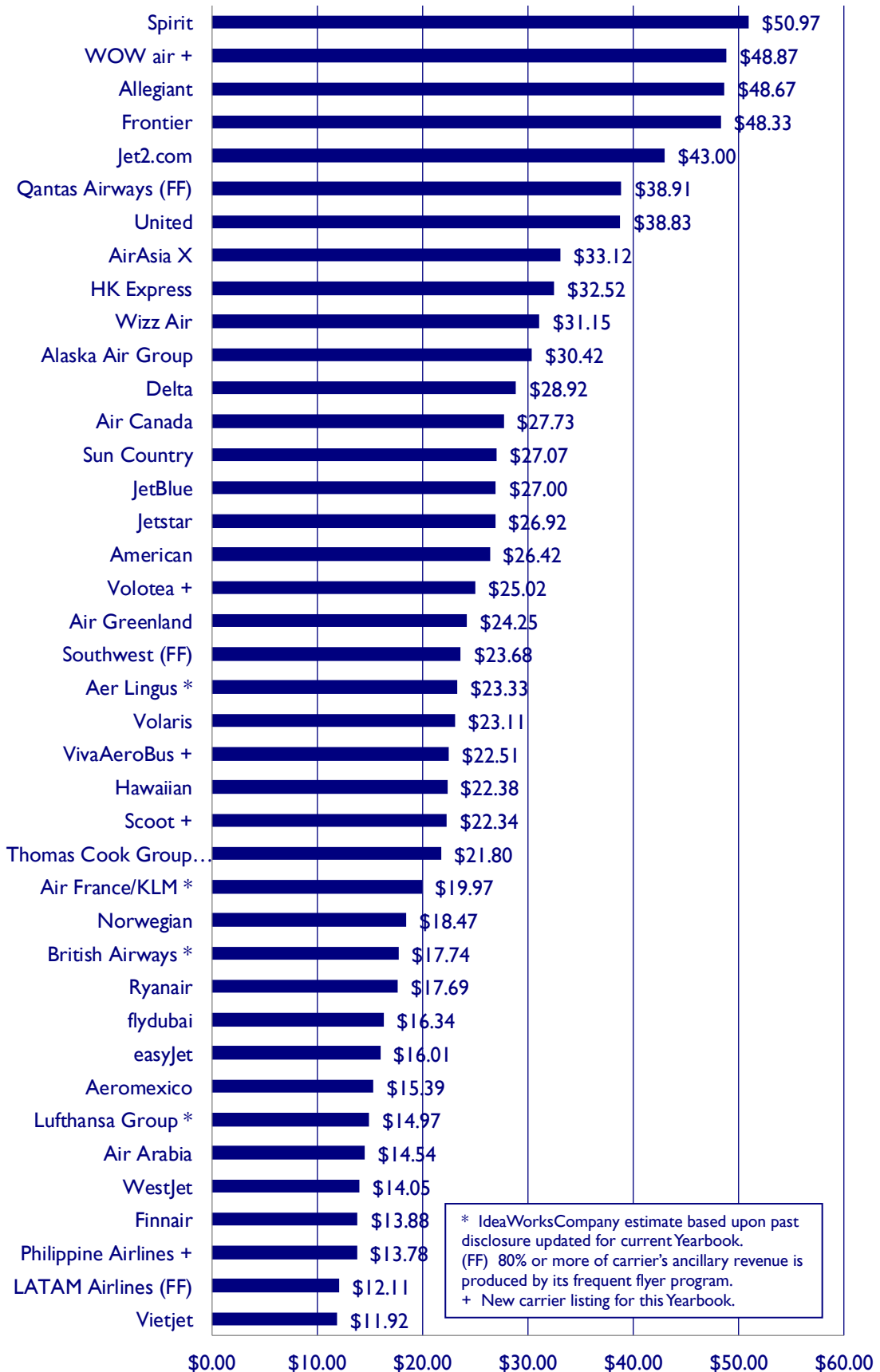
Ancillary Revenue as a % of Total Revenue - 2017

Airlines ranked 41 through 73



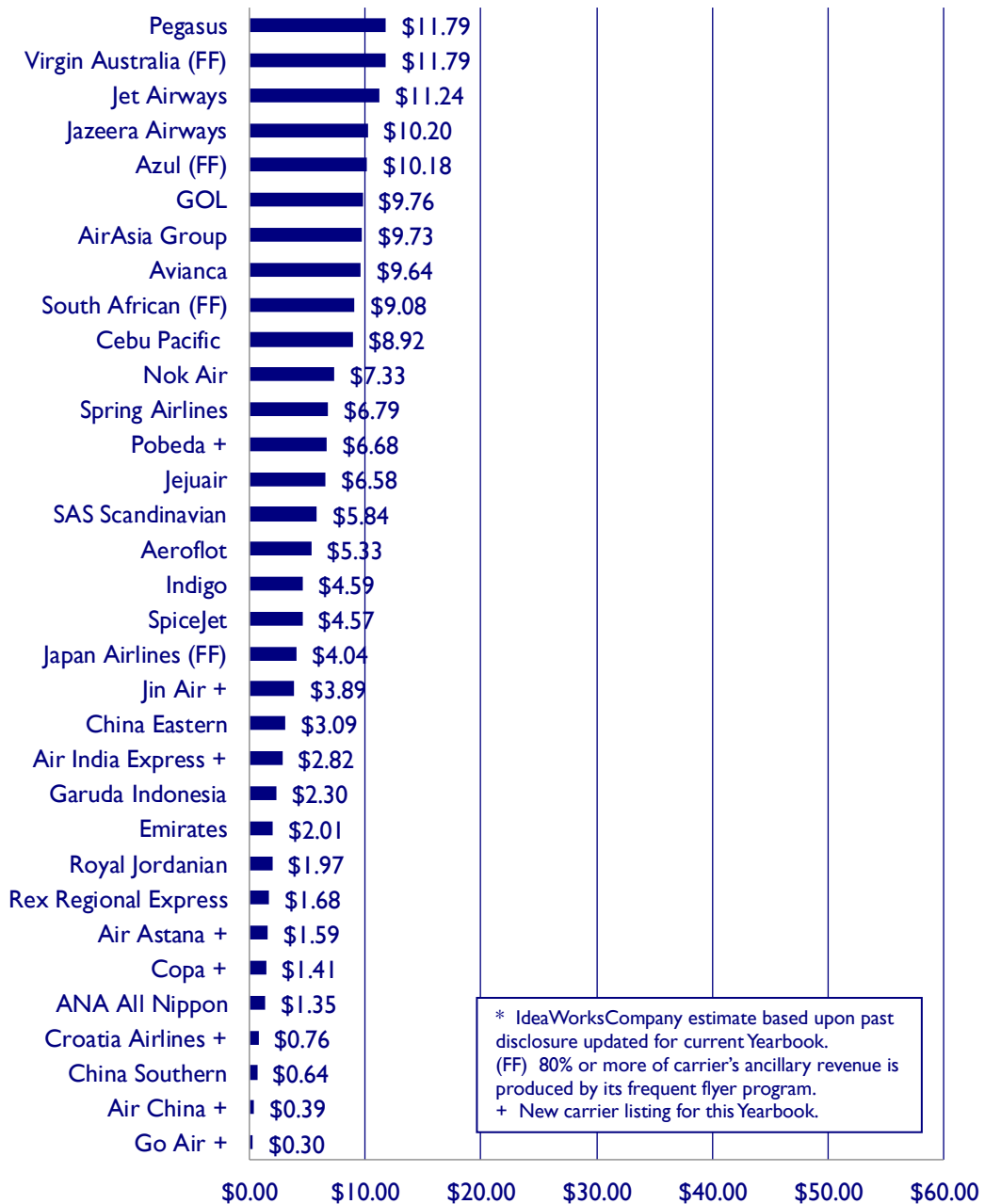
Ancillary Revenue in US\$ per Passenger - 2017

Airlines ranked 1 through 40



Ancillary Revenue in US\$ per Passenger - 2017

Airlines ranked 41 through 73



Alaska



Rapid Revenue Learning

"IdeaWorksCompany helped us sharpen our game, and offer choice to our guests.

"Alaska Airlines leads the way in offering technology that takes the hassle out of air travel and delighting our guests. One way we do that is by offering choice. Our ancillary revenue management was good, but the acquisition of Virgin America required us to be better. Jay Sorensen worked with our cross-functional team from marketing, product, finance, customer service, pricing, and planning to understand benchmark methods used by the best airlines around the globe. With Jay's help, we've sharpened our game."

Toni Freeberg, Director of Distribution & Ancillary Strategy, Alaska Airlines

Airlines everywhere choose IdeaWorksCompany for a revenue boost.

IdeaWorksCompany is a leading consulting resource for ancillary revenue and loyalty marketing. Our client list spans the globe – Europe, Middle East, Americas, South Pacific, and Asia – and every type of carrier.

Reach Jay Sorensen direct at
Jay@IdeaWorksCompany.com



Europe and Russia

Aer Lingus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$263,229,427 (estimate based upon disclosure of past performance)
As a % of Revenue	12.4%
Dollars per Passenger	\$23.33
Financial Period	Calendar year 2017
Total Revenue	\$2,124,208,264
Passengers	11,281,348
Information Source	IAG Full Year Results Announcement for the Year Ended 31 December 2017, Aer Lingus First Half Results dated 29 July 2015, and IAG Full Year Results Presentation on 23 February 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in euros. • Aer Lingus is owned by IAG International Airlines Group (as of 18 August 2015). IAG only discloses traffic for certain airlines in the group and not for Aer Lingus. IdeaWorksCompany did calculate 2017 traffic to be 11,281,348 passengers, based upon IAG's disclosure of 21,412,000,000 km flown by passengers divided by an average sector length of 1,898 km. This same method of calculation generated a result for British Airways which largely matched IAG's disclosure for BA. • IAG did not make ancillary revenue disclosure for 2017, but hinted it would make a disclosure in 2018. For the first six months of 2015 Aer Lingus disclosed retail revenue (ancillary revenue) was €20.42 per passenger. • The above per passenger statistic was used to calculate an annual ancillary revenue result of <u>€230,365,126</u> for 2017 (€20.42 x 11,281,348 passengers). • In prior years, the airline has defined the following as representing retail revenue: <ul style="list-style-type: none"> – Checked baggage. – Pre-order meals. – Buy-onboard food and beverage. – Assigned seating. – Sale of commissionable items. – Inflight Wifi. • Aer Lingus revenue for 2017: €1,859,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	

Amadeus	None
Sabre	None
Travelport	None

Aeroflot

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$242,462,316
As a % of Revenue	2.8%
Dollars per Passenger	\$5.33
Financial Period	Calendar year 2017
Total Revenue	\$8,686,254,852
Passengers	45,500,000
Information Source	Consolidated Financial Statements for the year ended 31 December 2017 and 9 months ended 30 September 2017, 12 Months 2017 Financial Results Presentation, and Capital Markets Day – 21 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Russian rubles (RUB). • Figures include the operations of Aeroflot Airlines and principal airline subsidiaries such as Donavia and Rossiya. Results from its LCC unit Pobeda are listed separately in this Yearbook. • Aeroflot disclosed RUB 12.5 billion (9 months of 2017) from these ancillary revenue activities: <ul style="list-style-type: none"> – Frequent flyer program partner revenue. – Baggage fees. – Seat upgrades (extra leg room and business). – Third-party refueling services, ground handling and MRO. – Catering services onboard and Duty Free sales. – Hotel revenue. – Other partnerships – Europcar and DreamLines cruise operator. <p>The list includes refueling services which IdeaWorksCompany does not qualify as ancillary revenue. Separately, the airline disclosed refueling revenue as RUB 199 million. Removing this amount provides net ancillary revenue of RUB 12.3 billion for 9 months of 2017. From this amount, Pobeda’s RUB 1.3 billion is subtracted to provide a result of RUB 11 billion for Aeroflot’s non LCC operations.</p> • Ancillary revenue of RUB 11 billion represents 2.8% of Aeroflot’s RUB 388.8 billion operating revenue (9 months of 2017). This statistic was multiplied by Aeroflot’s full year operating revenue of RUB 512.3

	<p>billion to generate 2017 ancillary revenue of <u>RUB 14,300,000,000</u>.</p> <ul style="list-style-type: none"> • Aeroflot provided a robust disclosure of <u>online</u> ancillary revenue results by product category (9 months of 2017): <ul style="list-style-type: none"> – Flight insurance: RUB 875 million (84.1%). – Medical/trip insurance: RUB 65 million (6.3%). – Hotel bookings: RUB 45 million (4.3%). – Aeroexpress rail bookings: RUB 20 million (1.9%). – Europcar bookings: RUB 18 million (1.7%). – Cruise bookings: RUB 10 million (1.0%). – Other: RUB 7 million (0.7%). <p>The total is RUB 1.04 billion.</p> • For 2018, Aeroflot plans to introduce these ancillary revenue services: Excess baggage fees, a la carte menu for economy passengers, seat selection, and trip insurance sold outside Russia. • Aeroflot revenue for the year ended 31 December 2017 was RUB 512,300,000,000 (RUB 532.9 billion less RUB 20.6 billion for LCC Pobeda).
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	Bundled fares

Air France/KLM Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,971,662,916
As a % of Revenue	6.7%
Dollars per Passenger	\$19.97
Financial Period	Calendar year 2017
Total Revenue	\$29,458,963,564
Passengers	98,721,000
Information Source	Full Year 2017 Results Presentation 16 February 2018, Registration Document 2017, and company guidance.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Air France/KLM made meaningful ancillary revenue disclosures in its 2017 financial documents. In addition, while not confirming the exact level of ancillary revenue for 2017, the company provided guidance to IdeaWorksCompany for the calculations described below.

- Air France/KLM disclosed ancillary revenue (paid options) was up 13% amounting to €575 million for 2017. Examples of paid options include: various seating options in the economy cabin, upgrades paid just before departure, additional allowance for checked bags (in advance or at the airport), lounge access, a la carte meals, personalized services at the airport, UM (unaccompanied minor) option for teens, travel insurance, car rentals, hotel bookings, city transfers, "time to think" option to hold a fare, and city tours.
- The company also disclosed other network sales in its 2017 Registration Document of €919 million. Air France/KLM advised IdeaWorksCompany a large portion of this activity largely qualifies as ancillary revenue. Based upon company guidance, IdeaWorksCompany estimates the qualifying component is approximately 70%. Accordingly, the €919 million amount is reduced to €643 million.
- According to a 06 November 2017 press release, the Flying Blue program has 15 million active members (out of total membership of nearly 30 million). Air France/KLM does not disclose revenue produced by the program, notably from the sale of miles to partners, such as card-issuing banks. SAS Eurobonus, as a Europe-based program, was found to generate revenue of €23 per member. Applying this statistic to Flying Blue's active membership base of 15 million generates a conservative sales revenue estimate of €345 million.
- Transavia is the group's low cost carrier within Europe. The airline carried 14,774,000 passengers during 2017. Aggressive LCCs in Europe generate ancillary around €15 per passenger. Applying a conservative estimate of €11 per passenger for Transavia generates a result of €162,514,000.
- The airline disclosed this mobile app activity for 2017:
 - Air France App: 1.6 million new downloads and nearly 3.7 million users to date.
 - KLM App: 1.5 million new downloads and nearly 2 million users to date.
- Total ancillary revenue for the group is estimated to be €1,725,500,000 and is based upon the following items:
 - €575 million disclosure of paid options activity.
 - €643 million adjusted other network sales.
 - €345 million estimated Flying Blue sales.
 - €162.5 million estimated Transavia ancillary revenue.
- Core ancillary revenue is actually up for 2017, while the Flying Blue estimate has been reduced to better align with actual results (2016 was overestimated).

	<ul style="list-style-type: none"> Air France/KLM revenue for 2017 was: €25,781,000,000 (including Transavia).
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, baggage, bundled fares, paid seats, sports equipment
Sabre	Baggage, bundled fares, paid seats
Travelport	Animal transport, baggage, paid seats, sports equipment

Air Greenland

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$10,158,816
As a % of Revenue	5.1%
Dollars per Passenger	\$24.25
Financial Period	Calendar year 2017
Total Revenue	\$199,825,485
Passengers	419,000
Information Source	Annual Report 2017 for Air Greenland
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in Danish kroner (DKK). Air Greenland is the principal airline of Greenland and generates ancillary revenue from hotel and tour operations. Air Greenland disclosed ancillary revenue of <u>DKK 66,334,000</u> from the following ancillary revenue activities: <ul style="list-style-type: none"> DKK 8,500,000 income (before taxes) for tour operations by Greenland Travel (100% owned by Air Greenland). DKK 57,384,000 from hotel operations, principally from Hotel Arctic (100% owned by Air Greenland). The airline is the primary method of transportation to the country, which suggests its passengers are the principal customers of Greenland Travel and Hotel Arctic. Air Greenland revenue for 2017: DKK 1,304,800,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

British Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$802,035,233 (estimate based upon disclosure of past performance)
As a % of Revenue	5.0%
Dollars per Passenger	\$17.74
Financial Period	Calendar year 2017
Total Revenue	\$15,926,072,367
Passengers	45,200,000
Information Source	2017 Annual Report and Accounts for IAG, British Airways Plc. Annual Report and Accounts 2017, British Airways Holidays Ltd. Annual Report 2016, and Avios Group Ltd. Annual Report 2016
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Great Britain pounds (£). Some results are extrapolated for 2017 from 2016, 2015, and 2013 disclosures. • The airline realizes ancillary revenue from BA Holidays. Financial filings made for 2016 with Companies House (UK Government) indicate a gross profit of £52.4 million (or £1.16 per passenger based upon 44.3 million passengers for 2016). Total 2016 turnover was £725.7 million which consists of gross package sales. The appropriate result to record as ancillary revenue is gross profit. • Revenue which benefitted British Airways, and was associated with the Avios frequent flyer program, was disclosed as being £265 million for 2015 (or £6.11 per passenger). This result was calculated using the pre-reorganization and post-reorganization revenue presented in the “Avios investor seminar/teach-in” dated 08 April 2016. Applying the £6.11 rate to 2017 traffic generates a result of £276.2 million. The Avios frequent flyer program had sales of £406 million to program partners and 7.8 million active members (£52 per member) during 2016. • Estimated ancillary revenue (based upon the assumptions noted) for British Airways consists of the following activities: <ul style="list-style-type: none"> – £52.4 million from BA Holidays (see above). – £276.2 million from Avios (see above). – £90.4 million from seat assignment fees, £2 assumed as average rate for 2017; based upon £1 disclosure in 2013 multiplied by 45.2 million passengers for 2017. – £135.6 million from checked baggage, £2.50 assumed as average rate based upon 2015 results (£62 million UK CAA disclosure for 2015 for 43.3 million passengers or £1.43 per passenger).

	<ul style="list-style-type: none"> – £61.1 million from other activities, based upon estimate of 0.5% (0.005) share of total revenue. <p>Total 2017 estimated ancillary revenue: £615,700,000.</p> <ul style="list-style-type: none"> • The estimate was provided to British Airways management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • 2017 revenue for British Airways was £12,226,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	Bundled fares, paid seats

Croatia Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,611,153
As a % of Revenue	0.7%
Dollars per Passenger	\$0.76
Financial Period	Calendar year 2017
Total Revenue	\$236,792,660
Passengers	2,125,000
Information Source	Consolidated and Separate Annual Report for the Year Ended 31 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Croatia disclosed ancillary revenue of €1,410,000 from the following ancillary revenue activities: <ul style="list-style-type: none"> – Mileage related revenue (frequent flyer): €351,000. – Revenue from advertising services: €1,059,000. • Croatia revenue for 2017: €207,229,000
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, baggage, bundled fares, medical equipment, sports equipment, unaccompanied minor
Sabre	Animal transport, baggage, medical assistance, unaccompanied minor
Travelport	None

easyJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,284,402,695
As a % of Revenue	19.5%
Dollars per Passenger	\$16.01
Financial Period	Fiscal year ended 30 September 2017
Total Revenue	\$6,574,422,316
Passengers	80,200,000
Information Source	EasyJet Results for the Year Ended 30 September 2017 and Capital Markets Day Presentation 27 September 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Great Britain pounds (£). • EasyJet reintroduced disclosure of ancillary revenue during the 2017 fiscal year. The following definition was offered by EasyJet and largely aligns with that used for this Yearbook: <i>“Ancillary revenue primarily arises from the discretionary purchase of additional goods and/or services in addition to passenger revenue. This includes but is not limited to the provision of checked baggage, allocated seating, speedy (priority) boarding services, sports equipment and change fees, and commissions earned from goods and/or services sold on behalf of partners.”</i> Change fees are not included in the IdeaWorksCompany definition. However, a separate amount was not disclosed and easyJet’s total could not be adjusted. • Ancillary revenue for fiscal year was <u>£986,000,000</u>. • EasyJet disclosed the following revenue-related activities for fiscal year 2017: <ul style="list-style-type: none"> – 23 million mobile app downloads. – 24% of customers using mobile boarding passes. – 15.6 million personalized push notifications sent. – Mobile app is opened over 600,000 times each day. – Assigned seating conversation rate up 6 percentage points since launch of new website. – 420,000+ hands free bags sold since May 2017 (see text below for more details). The revenue associated with this activity could be in excess of £2 million, assuming £5 per bag. – Increased easyJet Plus membership by 58.3%. – The Customer Relationship Management (CRM) database of marketable customers increased by 5.6% during the year to 27.7 million. – EasyJet’s invitation-only benefits scheme Flight Club is producing demonstrable benefits, driving higher retention and higher satisfaction than non-members. Over 50% of Flight Club members fly 20 or more times

	<p>a year, with just under 40% representing business or commuter customers.</p> <ul style="list-style-type: none"> - Pre-order inflight retail introduced. • Hands Free Baggage: EasyJet invites passengers to check cabin bags at bag drop desks when arriving at the airport. These will be checked for a lower price of £5 and tagged for priority delivery to the bag belt. The following conditions apply: <ul style="list-style-type: none"> - Maximum bag size (length + width + height) = 56cm x 45cm x 25 cm, including handles and wheels (22 inches x 17 inches x 10 inches). - Prices: £5 per person each way/ £12 for a family bundle each way. Card payments accepted at bag drop desks; cash payments are processed at customer service desks. Family Bundle consists of one cabin bag per person where all persons are on a single booking. The maximum number of passengers is 6. - Passengers may also carry a small under-the-seat laptop or hand bag on board. - At the boarding gate there is no rush to board to find a space for your cabin bag, however you can board first after Speedy Boarding by presenting your Hands Free tag to our ground crew. - At arrivals your bag will be among the first to be delivered to the baggage belt. • The airline is introducing a digital entertainment system in partnership with Rakuten to tap into its captive onboard audience for flights which have a minimum average elapsed on board time of 110 minutes. • Worldwide by easyJet is a booking tool which offers single pricing and connections with other airlines. Launch airlines were Norwegian, Loganair, and WestJet. New airline partners are Aurigny, Corsair, Neos, and LaCompagnie. Ancillary revenue is generated by the fee charged for this service. • Revenue for the fiscal year ended 30 September 2017 was £5,047,000,000.
--	---

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage, medical assistance, paid seats, sports equipment
Sabre	Baggage, medical assistance, paid seats
Travelport	Baggage, bundled fares, paid seats, sports equipment

Finnair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$165,228,895
As a % of Revenue	5.6%
Dollars per Passenger	\$13.88
Financial Period	Calendar year 2017
Total Revenue	\$2,934,812,537
Passengers	11,905,000
Information Source	Annual Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Regarding its ancillary revenue results: <ul style="list-style-type: none"> – The direct sales channels will be the most important for enabling sales of various ancillary services in the future. – Ancillary services enable custom-tailored service according to customers' needs. – Ancillary and retail business is the fastest growing revenue line and the growth is expected to continue. – Finnair aims to almost double ancillary sales by 2020 as compared to 2016, and increase ancillary sales per passenger by 46% (from €10.2 to €14.9) by 2018. • Finnair's total ancillary revenue for 2017 was <u>€144,600,000</u>. Growth was particularly strong in advance seat reservations and retail sales. • The carrier generates ancillary revenue from these activities: <ul style="list-style-type: none"> – Extra baggage fees. – Advance seat selection. – Upgrade options. – Economy comfort product in long-haul. – Sky Bistro in short-haul economy. • Finnair revenue for 2017: €2,568,400,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, baggage, bundled fares, meals, medical assistance, paid seats, sports equipment
Sabre	Baggage, bundled fares, paid seats
Travelport	Baggage, bundled fares, lounge access, meals, paid seats, unaccompanied minor, Wifi access

Jet2.com

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$305,300,958
As a % of Revenue	27.6%
Dollars per Passenger	\$43.00
Financial Period	12-month period ended 31 March 2017
Total Revenue	\$1,106,704,410
Passengers	7,100,000
Information Source	Dart Group Plc. Annual Report & Accounts 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Great Britain pounds (£). • Jet2.com is a UK-based airline owned by the Dart Group Plc. The company now reports airline and holiday package operations under a single leisure travel category. However, some information about airline operations continues to be provided. • The following elements describe how Jet2.com focuses its efforts on leisure travel more than other airlines: <ul style="list-style-type: none"> – Over 41% of its package holidays were sold on an all-inclusive basis offering a “defined price” for the whole holiday experience, including flights, transfers, meals, alcohol for the adults, and lollipops for the kids. – Over the last 10 years the company has developed relationships with over 2,900 hotels. – During 2017, Jet2.com launched Jet2Villas, so its customers can book a villa holiday (cottages and holiday homes) with flights, accommodations, and car hire in one package. – During summer 2017 more than 450 “customer helpers” were employed at holiday resorts to look after package customers. – 24-hour helplines instantly provide assistance to travelers. – Resort flight check-in service, introduced at many hotels in summer 2016, has proven to be extremely popular and was expanded to over 180 hotels for summer 2017. This service allows Jet2holidays customers to check in their baggage for their return flight at their hotel, letting them enjoy their final day, bag and hassle free. • Non-ticket retail revenue per passenger increased by 3% to £33.01 (2016: £31.98) for ancillary revenue of <u>£234,371,000</u>. This revenue stream is optimized through pre-departure sales (principally checked bags and advanced seat assignment) and in-flight sales (pre-ordered meals, drinks, snacks, cosmetics and perfumes) and ancillary products (car hire and travel insurance).

	<ul style="list-style-type: none"> • Passengers carried: <ul style="list-style-type: none"> – Flight only passenger segments: 3.64 million. – Package customers: 1.73 million. – Total passenger segments: 7.1 million. • Operating revenue disclosed for the airline (ticket plus non-ticket revenue): <ul style="list-style-type: none"> – Net ticket yield per passenger sector (excl. taxes) £86.65 – Non-ticket revenue per passenger was £33.01. <p>Total operating revenue per passenger was £119.66, or £849,586,000 for the fiscal period.</p>
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	Airport check-in, baggage, meals, paid seats, sports equipment

Lufthansa Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,947,027,128 (estimate based upon disclosure of past performance)
As a % of Revenue	6.0%
Dollars per Passenger	\$14.97
Financial Period	Calendar year 2017
Total Revenue	\$32,450,452,126
Passengers	130,040,000
Information Source	Lufthansa Group Annual Report 2017 and “Airlines setzen auf Zusatzgebühren” article in <i>20 Minuten</i> dated 07 April 2014
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Lufthansa Group includes network and point-to-point airlines. Lufthansa network airlines include Lufthansa passenger airlines (Lufthansa brand and regional airlines CityLine and Air Dolomiti), SWISS, and Austrian. Lufthansa point-to-point includes Brussels Airlines, Eurowings, and an equity investment in SunExpress. • Results for Eurowings (the group’s global low cost carrier) were listed separately in the 2017 Yearbook, but due to a lack of disclosure, a separate listing has not been made for this 2018 Yearbook. • The ancillary revenue listed for Lufthansa Group is based upon a disclosure made by a press spokesperson for

	<p>SWISS airlines in the <i>20 Minuten</i> article referenced above. In the article, the representative states European airlines move in a bandwidth of 3% to 8% of sales being related to ancillary revenue. SWISS was disclosed as being within this range.</p> <ul style="list-style-type: none"> • Logic would suggest Lufthansa – as a component of the group – is in the same “3% to 8%” range. The assumption was pegged at 5.5% for 2015 and 2016 in recognition of various activities which included conversion to branded fares. Because these results now include Eurowings, a higher rate of 6% was applied for 2017. • According to the “Eine Punktlandung?” article published in <i>W&V</i> (News from Marketing, Advertising, and Media) in 2015, the Miles & More program has approximately 28 million members worldwide, with about 10% active in the program. Eight million members reside in Germany. The program generated revenue of €700 million for 2013 (€25 per member). • The company portrait at the miles-and-more.com website offers these statistics: <ul style="list-style-type: none"> – The program has 10 million active members and 1.4 million credit cardholders in Germany and throughout the world. IdeaWorksCompany believes total membership is 29 million (which indicates possible revenue of €725 million). – 975,000 flight and upgrade rewards were redeemed by members in 2017. – 1 out of every 3 miles is accrued through partner activities, notably co-branded credit purchases. – 1 out of every 3 miles was redeemed for non-airline rewards, such as merchandise. – Miles & More operates nine WorldShops at the airports in Frankfurt, Munich, Berlin-Tegel, Hamburg and Dusseldorf with more than 700 square meters of retail space. • Ancillary revenue activity for 2017 is estimated to be <u>€1,703,940,000</u> for Lufthansa Group (6% x €28,399,000,000). • Lufthansa Group traffic revenue for 2017 was: €28,399,000,000.
--	---

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Austrian, Lufthansa: Baggage, bundled fares, medical assistance, paid seats, unaccompanied minor. Swiss: Baggage, bundled fares, paid seats.
---------	--

Sabre	Austrian, Lufthansa: Baggage, bundled fares, medical assistance, paid seats, unaccompanied minor. Swiss: Baggage, bundled fares, paid seats.
Travelport	Austrian: Animal transport, baggage, bundled fares, medical assistance, paid seats, sports equipment, unaccompanied minor. Lufthansa: Baggage, bundled fares, medical assistance, paid seats, unaccompanied minor. SWISS: Baggage, bundled fares, paid seats.

Norwegian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$611,507,592
As a % of Revenue	16.5%
Dollars per Passenger	\$18.47
Financial Period	Calendar year 2017
Total Revenue	\$3,706,910,621
Passengers	33,100,000
Information Source	Norwegian Air Shuttle Annual Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Norway kroner (NOK). • Results for Norwegian Air Shuttle ASA (the group) consist of Norwegian Air Shuttle ASA and its subsidiaries. • Ancillary revenue disclosed for 2017 was NOK 4,823,516,000 which is 23% above 2016 results. • The parent company owns 16.4% (down from 20% in 2016) of the shares in the online bank, Bank Norwegian AS, through the associated company Norwegian Finans Holding ASA. The airline's loyalty program, Norwegian Rewards, with its more than 6.8 million members, is run in cooperation with the bank. The bank issues the Bank Norwegian Visa card which accrues points in the carrier's frequent flyer program. IdeaWorksCompany does not believe this activity is included in the company's ancillary revenue disclosure. The bank paid commissions to the airline for activity and brand licensing associated with the Visa credit card for 2017: NOK 281,840,000. • Adding commissions from the bank to the disclosed ancillary revenue brings total ancillary revenue to <u>NOK 5,105,356,000</u>. • The group operates the Norwegian Rewards customer loyalty program. Members earn CashPoints for the following activities: <ul style="list-style-type: none"> – All members accrue 2% on low fare tickets and 20% on flex tickets.

	<ul style="list-style-type: none"> - Bank Norwegian co-branded credit cardholders earn 1% for all purchases. Using the card to purchase a low fare accrues a 5% point bonus. - The airline also operates a Corporate Reward program which provides 4% on low fares and 12% on flex tickets. - Members earn CashPoints with 50+ merchant partners in the Norwegian Reward program. • Norwegian defines ancillary revenue as “ticket-related products and services” such as revenue from baggage sales and seating. • “Other revenue” consists of sales that are not directly related to an airline ticket, such as cargo and sales of third party products such as onboard Wifi. • Total revenue was NOK 30,948,264,000 for 2017.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, fast track, sports equipment, unaccompanied minor
Sabre	None
Travelport	Bundled fares

Pegasus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$327,849,327
As a % of Revenue	21.6%
Dollars per Passenger	\$11.79
Financial Period	Calendar year 2017
Total Revenue	\$1,518,757,892
Passengers	27,800,000
Information Source	Consolidated Financial Statements for the period of January 1 – December 31, 2017 and 4 th Quarter 2017 Results Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Turkish lira (TRY). • Ancillary revenue disclosed by Pegasus was <u>TRY 1,154,579,146</u> for 2016. • Pegasus offers a number of services ancillary to core air passenger services and generates revenue through the provision of these services, including: <ul style="list-style-type: none"> - Pre-order and inflight sales of beverages and food. - Sales of duty-free items on international flights. - Excess baggage.

	<ul style="list-style-type: none"> - Reservation change and cancellation fees (not considered ancillary revenue by IdeaWorksCompany). - Airport check-in. - Assigned seating fees. • Total revenue from Pegasus operations was TRY 5,348,573,409 for 2017. • All figures include scheduled and charter operations for the airline.
--	---

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage, meals, paid seats
Sabre	Baggage, meals, paid seats
Travelport	Baggage, bundled fares, meals, paid seats

Pobeda

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$30,729,979
As a % of Revenue	8.8%
Dollars per Passenger	\$6.68
Financial Period	Calendar year 2017
Total Revenue	\$349,840,906
Passengers	4,600,000
Information Source	Consolidated Financial Statements for the year ended 31 December 2017 and 9 months ended 30 September 2017, 12 Months 2017 Financial Results Presentation, and Capital Markets Day – 21 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Russian rubles (RUB). • Pobeda is a low cost carrier within the Aeroflot Group. The airline has a primary hub at Moscow’s Vnukovo Airport and at the end of 2017 operated 47 routes and 16 aircraft. • Through the 3rd quarter of 2017, Pobeda disclosed it had ancillary revenue of RUB 1.3 billion and carried 3.3 million passengers. This provides a per passenger ancillary revenue result of RUB 394. When multiplied by 2017 traffic of 4.6 million, total annual ancillary revenue is RUB <u>1,812,400,000</u>. • Pobeda revenue for the year ended 31 December 2017 was RUB 20,633,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	None

Ryanair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,304,748,827
As a % of Revenue	28.2%
Dollars per Passenger	\$17.69
Financial Period	Fiscal year ended 31 March 2018
Total Revenue	\$8,171,174,448
Passengers	130,300,000
Information Source	Ryanair Results for Ryanair Holdings Plc. for the period ended 31 March 2018 and Fiscal Year 2018 Ryanair Holdings PLC earnings video presentation (21 May 2018)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Ryanair disclosed these ancillary revenue related activities for fiscal year 2018: <ul style="list-style-type: none"> – Ryanair Labs continues to deliver improvements in customer service, mobile & digital platforms, and ancillary sales conversions. Labs has established three development offices in Dublin, Wroclaw, and Madrid, and employs nearly 600 digital professionals. – “MyRyanair” membership has grown to 43 million, while the website & app have more than 1 billion visits annually. – Improved mobile and digital platforms delivered a 13% increase in ancillary revenues (+4% per guest) to over €2 billion. – Ancillaries now deliver 28% of revenue and the company is on track to achieve the 5 year goal of 30%. – More guests are choosing the carrier’s Plus fares, reserved seating, priority boarding, and car hire. – Ryanair Rooms (hotel bookings) penetration is rising steadily, albeit from a low base, as guests recognize the offer’s combination of low hotel prices and travel credits. – In the area of improving customer service, the airline has lowered checked bag fees while increasing the bag allowance (to 20kg). – The amended 2 cabin-bag policy (one of which goes in the belly free of charge for non-priority guests) has improved punctuality and the boarding process.

- To further prove the value of the investment made in Ryanair Labs, the company disclosed “before” and “after” sales rates for various products. The statistics reflect the percentage of all passengers buying as of March 2017 and March 2018:
 - Plus products (see below): 3% (2017) to 10% (2018).
 - Allocated seating: 23% (2017) to 50% (2018).
 - Priority boarding: 4% (2017) to 20% (2018).
- The Plus product category consists of the following fare products:
 - Plus: includes 20 kg checked bag, priority boarding and 2 cabin bags, and regular assigned seat.
 - Flexi Plus: 1 day change allowed, assigned front of cabin seats, priority boarding, 2 cabin bags, and 20 kg checked bag.
 - Family Plus: 2 checked bags at 20 kg each, no fee for assigned seats for kids, and priority boarding and 2 cabin bags for all family members.
- Ryanair’s new checked baggage policy was implemented during 2017:
 - The checked bag weight limit was increased from 15 kg to 20 kg. The price starts at €25 when purchased during booking.
 - However, the carry-on limit was reduced to a small hand held item, such as a purse. If the passenger has a second bag (under 10 kg) it will be tagged at the gate and placed in the hold at no charge.
 - To qualify for two carry-ons (small hand held item + medium roll on) the customer must purchase Priority Boarding.
- Neil Sorahan, Ryanair CFO, commented on the new two-bag policy during the annual report Q&A: *“This has actually gone very well. It’s been very well received by our guests. Something they actually wanted. It has improved the boarding process and is having a positive impact on our on-time performance, which is something we are very focused on this year.”*
- Michael O’Leary, CEO of Ryanair, added these comments on the new bag policy during the annual report Q&A: *“During bank holiday, peak periods, there are many flights where we now have to put 100, or 120 gate bags into free charge into the hold . . . But there is no doubt, both the feedback from the cabin crew and from customers is that nobody is struggling to find space on board in the overheads or under the seats when they board the aircraft, and that’s good.”*
- Earlier in the year, during the 1st quarter 2018 investor call, O’Leary remarked, *“ . . . First half traffic which is growing strongly on the back of these lower fares, but yes they are also being affected by a steep decline in baggage revenue, both the*

	<p><i>penetration of check-in bags and the rates being paid by customers for checked-in bags are declining.”</i></p> <ul style="list-style-type: none"> • My Ryanair, online account enrollment, increased from 20 million (March 2017) to 43 million (March 2018). • Ryanair is developing and investing in new airline platforms with Ryanair Sun, a Poland-based airline flying to sun destinations, and Laudamotion, which hopes to become Austria’s #1 low fare airline. • During the annual report Q&A, O’Leary commented on the Ryanair Rooms product, <i>“Conversions have jumped appreciably in the last 6 months as we have launched two things. One, we have more hotel inventory on the website. We are retailing more aggressively across the website and mobile app. The key bit is the travel credit. We are giving customers back essentially all the commission. So you book a hotel on Ryanair Rooms, whether you are a Ryanair customer or not, we are giving you back 10% commission in the form of travel credits, which you can use to travel again on Ryanair in the next 6 months. So we would expect that hotels will grow strongly, but you won’t see it in the revenue or yield at the moment. It’s about conversion first, and then we will begin to monetize it when we build the platform.”</i> • For fiscal year 2018, ancillary revenue was <u>€2,017,000,000</u> and was 13% higher than FY 2017. The better results were led by 9% traffic growth and the higher uptake of reserved seating, priority boarding and car hire; this was offset by lower travel insurance and hotels revenue. • Ryanair FY 2018 revenue was €7,151,000,000.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	Animal transport, baggage, medical assistance, paid seats
Travelport	Baggage, baby/infant equipment, bundled fares, paid seats, priority boarding, musical instruments, sports equipment

SAS Scandinavian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$175,449,283
As a % of Revenue	3.5%
Dollars per Passenger	\$5.84
Financial Period	For the fiscal period ending 31 October 2017
Total Revenue	\$5,056,495,766
Passengers	30,065,000

Information Source	SAS Annual Report, Fiscal 2016/2017 and SAS Q4 2016/2017 presentation dated 12 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Swedish kroner (SEK). • Inflight sales during fiscal 2016/2017 were SEK 269 million. Other references to a la carte revenue were made, however these were combined with non-qualifying activity such as ground handling services, maintenance for hire, and reservation change fees. • The airline referenced these ancillary revenue initiatives for fiscal 2016/2017: <ul style="list-style-type: none"> – The airline introduced SAS Go Light to meet customer demands for a simpler, baggage-free concept. Besides providing customers with an expanded range of options, SAS Go Light also strengthens the carrier’s competitiveness with LCCs. – Travelers in SAS GO were given the opportunity to pre-order food for their journey, with several alternatives adapted to diet and lifestyle. – During the fiscal year, SAS also added the possibility of packaging travel and hotels in a booking via its website. – Eurobonus will build revenue by linking more credit cards to point accrual, and add more partners in areas such as package holidays and business conferences. • The Eurobonus frequent flyer program had 5.1 million members at the end of 31 October 2017, which is up 500,000 members for the year. • Separate disclosures were made regarding Eurobonus revenue produced by the sale of points. The annual report says point sales, led by credit card partners, increased by SEK 250 million for fiscal 2016/2017. SAS has formed a new organization tasked with growing the Eurobonus program. In a 4th quarter presentation, the airline also disclosed Eurobonus point sale revenue was up 26% for the fiscal year. Calculations indicate a base of SEK 961 million and a post-increase amount of SEK 1.211 billion (which equates to €23 per member). • Total ancillary revenue for fiscal 2016/2017 was calculated to be <u>SEK 1,480,000,000</u> from these sources: <ul style="list-style-type: none"> – Inflight sales: SEK 269 million. – Eurobonus sales: SEK 1.211 billion. • Total group fiscal 2016/2017 operating revenue was SEK 42,654,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, baggage, bundled fares, meals, paid seats
Sabre	Animal transport, baggage, bundled fares, meals, paid seats
Travelport	Animal transport, baggage, bundled fares, meals, paid seats

Thomas Cook Group Airline

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$403,818,292
As a % of Revenue	9.7%
Dollars per Passenger	\$21.80
Financial Period	Calendar year 2017
Total Revenue	\$4,148,907,287
Passengers	18,528,000
Information Source	Annual Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Great Britain pounds £. • Thomas Cook has created Europe’s third-largest airline to sun & beach destinations which competes “wing-to-wing” with low-cost carriers, and Europe’s sixth-largest long-haul carrier with an expanding range of destinations and a compelling customer offer. Thomas Cook Group Airline flies under the brands Thomas Cook Airlines and Condor. • Sales of ancillary services, such as seat reservations, extra luggage, meals on board, travel insurance and in-resort transfers and excursions, grew by 10%, which represents an increase of 20% in the two years since the carrier created the Group Ancillaries Team in 2015. • Thomas Cook Group disclosed ancillary revenue which was attributed to its airline operations. Ancillary revenues grew partly as a result of the increase in long-haul flying, which attracts higher ancillary sales than short- and medium-haul flights. In addition, the airline experienced growing demand for seat reservations, as well as pre-packaged duty free products sold under the “Airshoppen” brand. As a result, ancillary revenue per passenger increased by 4% over 2016. Total ancillary revenue for 2017 was <u>£310,000,000</u>. • Thomas Cook Group Airline revenue for 2017: <u>£3,185,000,000</u>.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, baggage, meals, paid seats, sports equipment
Sabre	Animal transport, baggage, meals, paid seats, unaccompanied minor
Travelport	Bundled fares

Volotea

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$120,093,754
As a % of Revenue	34.2%
Dollars per Passenger	\$25.02
Financial Period	Calendar year 2017
Total Revenue	\$351,368,500
Passengers	4,800,000
Information Source	“Volotea Rises Operating Profit to €8.3 million in 2017” press release dated 29 June 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in euros. • Total ancillary revenue for 2017 was <u>€105,100,000</u>. • Management indicates Volotea’s ancillary revenue aligns with the definition offered by IdeaWorksCompany. The company offers these ancillary revenue products: <ul style="list-style-type: none"> – “Change your flight or destination” flexibility option. – Administrative fee of 2.8% to 4.5% for bookings made through travel agencies. – Airport check-in (rather than online for free). – Baggage insurance. – Checked baggage, and premium fee for boarding gate baggage. – Flex and Combo bundles. – Megavolotea subscription plan (effective 2018). – Missed flight insurance. – Onboard café and pre-order snacks. – Onboard entertainment via mobile phone. – Pet on board. – Pre-assigned seats: front rows, front cabin, back cabin, and extra leg room. • Year-on-year ancillary revenue increase was achieved through Volotea’s continued improvement in customer profiling through big data analysis with enhanced product pricing and smarter a la carte placement in the booking process. This yielded higher take rates, broader array of a la carte services sold, such as the ongoing success of the SuperVolotea subscription program. • 4.8+ million passengers were carried in 2017 which represents a 40% increase above 2016. • Total passenger airline revenue for 2017 was €307,500,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None

Sabre	None
Travelport	None

Wizz Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$921,899,531
As a % of Revenue	41.6%
Dollars per Passenger	\$31.15
Financial Period	12 month period ended 31 March 2018 (FY 2018)
Total Revenue	\$2,215,621,208
Passengers	29,600,000
Information Source	Annual Report and Accounts 2018 and Wizz Air FY 2018 Results Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Wizz Air's unbundled pricing model offers customers a selection of add-on options that produce ancillary revenue from these activities: <ul style="list-style-type: none"> – Airport check-in (avoided by printing boarding pass prior to arrival at airport). – Airport transfers and airport parking. – Assigned seating. – Baggage fees for low and high seasons. – Buy on board food and beverage. – Call center bookings. – Car rentals, hotel accommodations, and trip insurance. – Confirmation by SMS message service. – Extra leg room seating. – Fare lock. – Fast track security (Budapest). – Flexible travel partner (book now, specify travel partner names before check-in). – On time arrival guarantee. – Paid lounge access (Budapest and Katowice). – Priority boarding. – Wizz co-branded credit card (Hungary, Romania, and Poland). – Wizz Discount Club (€29.99 standard fee). – Wizz Flex (ability to make reservation changes and pay only fare difference). – Wizz Plus branded fare. – Wizz Privilege Pass (subscription program offering flight-related benefits). • Ancillary revenue grew by 24.4% to <u>€806,800,000</u> for FY 2018.

- The Wizz Discount Club had 1.1 million members (FY 2017: 1,024,000 members).
- The company continued expanding its ancillary service offering by introducing these new services:
 - Wizz Priority: an option which includes priority boarding, an additional small cabin bag and guarantees that hand luggage will be placed in the cabin.
 - Fare Lock: a new product helping customers lock in Wizz Air’s low fares for 48 hours and complete their purchase later.
 - Flexible Travel Partner: a service allowing customers to create a new reservation without including all passengers’ names at the time of booking.
 - Trip Planner: a new website search tool which allows passengers to discover new and exciting destinations by offering a choice of search conditions such as date, holiday type, duration, and budget.
- Wizz Air changed its cabin baggage policy in October 2017 allowing passengers to bring a large item of hand baggage on all Wizz Air flights for free. Prior to this, the airline charged for large cabin bags. The pressures which compelled the company to do this were tied to customer reluctance to pay. Jozsef Varadi, CEO of Wizz Air, commented, “*Charging for cabin bags was one of the critiques we had been getting from customers, now we are falling in line with the rest of the industry*” (transcribed from interview dated 19 July 2017 at Bloomberg.com).
- Revenue from paid checked in bags declined; per passenger revenue from baggage was €8.10 for FY 2018, whereas in FY 2017 it was €10.10. Unfortunately, the airline feels the new bag policy is negatively affecting operations. At more than 90% load factor, baggage volume is very high. The airline will revise the policy during 2018. Management hopes Wizz Priority, which ensures the passenger keeps their bag onboard, will help the baggage issue.
- The take rate for assigned seating is 30%.
- Wizz revealed the following distribution statistics and developments for FY 2018:
 - By the end of FY 2018, 64% of Wizz Air's digital interactions originated from mobile devices.
 - Wizz Air launched new mobile applications for iOS and Android.
 - Mobile applications are now offered in 14 languages, with 27 languages at the website.
 - Wizz Air served close to 300 million sessions from more than 7.4 million users.

	<ul style="list-style-type: none"> - Wizz Air remains among the top 10 most visited airline websites in the world with the highest share of mobile visitors. - The mobile app user base doubled again to 7.4 million users in FY 2018. • Revenue FY 2018: €1,939,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

WOW air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$137,779,766
As a % of Revenue	28.5%
Dollars per Passenger	\$48.87
Financial Period	Calendar year 2017
Total Revenue	\$483,582,312
Passengers	2,819,114
Information Source	Information directly disclosed by WOW air to IdeaWorksCompany for 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Total ancillary revenue for 2017 was <u>\$137,779,766</u>. • The airline further disclosed ancillary revenue was generated by these activities: <ul style="list-style-type: none"> - Baggage: \$90,213,839. - Onboard sales: \$11,377,857. - Other activities: \$34,732,914. - Commission-based products: \$889,948. - Advertising sold by the airline: \$565,208. • The company offers these ancillary revenue products: <ul style="list-style-type: none"> - Assigned seating. - Attraction and airport transfer tickets (sold online and onboard). - Cancellation protection (per segment, per passenger). - Checked baggage. - Extra leg room seats. - Hotel and car hire bookings. - Large carry-on bag. - Onboard café, with hot entrees. - Onboard duty free.

	<ul style="list-style-type: none"> - Unaccompanied minor. • Big Seats, rebranded as WOW Premium in 2018, were added to aircraft in 2017. • Total passenger airline revenue for 2017 was \$483,582,312.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Non-Reporting Carriers for Europe and Russia

The following airlines did not reveal ancillary revenue activity for the most recent full year period (additional search notes are also provided):

Adria Airways (2013 available during research time), Aegean Airlines, Air Europa-Globalia (2015 available during research time,) Air Malta, Air Moldova, Air Serbia, Alitalia, Atlantic Airways (no disclosure since 2014), Austrian (included in results from Lufthansa Network), Brussels Airlines (does not issue reports separate from Lufthansa Group), Czech Airlines, Flybe, Iberia Airways (subsidiary of International Airlines Group), Loganair (report at Companies House), LOT Polish, Luxair, Meridiana Fly – now Air Italy, (owned by Qatar and Alisarda), Nordwind Airlines, S7 Airlines (Russian only), SATA International (2016 available during research time - only in Portuguese), SmartWings (2016 report from Travel Service available during research time), SWISS (included in results from Lufthansa Network), TAP Air Portugal, TUI Group (airline brands: Arkefly, Corsair, Jetairfly, Thomson Airways, TUIfly, and TUIfly Nordic), Turkish Airlines, UTair (2016 available during research time), Virgin Atlantic, Vueling, and Wideroe (no disclosure since 2014).

Carriers are invited to contact IdeaWorksCompany directly to provide feedback on the statistics provided in this report. Airlines also may directly disclose their ancillary revenue activities to IdeaWorksCompany for inclusion in next year's report. Please send your comments to Jay "at" IdeaWorksCompany.com.

Together we can launch your
ancillary revenue.

Discover CarTrawler



More than 100 airlines trust CarTrawler to offer their customers a personalised end-to-end solution for all their car rental and ground transfer needs. Why? Because we simplify the way the world travels through innovative technologies that offer unrivalled choice, relevance and value.

If you're interested in building customer loyalty and increasing your ancillary revenue opportunities across all channels such as desktop, mobile and app visit

www.cartrawler.com/ancillaryseries



cartrawler
with you all the way

The Americas

Aeromexico

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$317,951,244
As a % of Revenue	9.4%
Dollars per Passenger	\$15.39
Financial Period	Calendar year 2017
Total Revenue	\$3,390,321,027
Passengers	20,666,000
Information Source	4 th Quarter Report of 2017 and Aeromexico Investor Day presentation 26 September 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Mexican pesos (MXP) unless otherwise noted. • Ancillary revenue for 2017 was described as “+200% per passenger 2017 versus 2014.” In the corporate presentation for December 2107 ancillary revenue was described as US\$7.70 per passenger (through quarter 3 of 2017). Accordingly, this amount was doubled to US\$15.40 (MXP 279) to reflect per passenger ancillary revenue for 2017. Applying the 2017 rate to full-year passenger traffic yields total ancillary revenue of <u>MXP 5,765,814,000</u>. The airline also disclosed its 2017 ancillary revenue from online sources was 185% higher on a monthly basis compared to 2016. • The airline has described the following ancillary revenue activities: <ul style="list-style-type: none"> – Aeromexico Plus preferred seating in the first rows of the cabin and the exit rows. – Concierge services. – Cross Border Xpress (Tijuana-San Diego) offers a walking option from San Diego to the Tijuana Airport for \$16. – Excess checked baggage. – Ground transportation. – Preferred seating. – Sale of discount passes. <p>Upgrades were also listed, which is not included in the ancillary revenue definition used for this report. However, information about this activity was not separately disclosed and the revenue was not removed from the ancillary revenue total for Aeromexico.</p> • Club Premier is the frequent flyer program associated with Aeromexico. The airline owns 51% of the program with Aimia (Canada) as a co-owner. The program has 5.5

	<p>million members (2016: 3.8 million) and had gross billings of CAD 290.2 million for 2017 (2016: CAD 241 million) according to Aimia financial documents. A portion of this activity is assumed to be included in the ancillary revenue disclosure described above. For 2017, Club Premier had adjusted EBITDA of US\$77.4 million and a margin of 34.6%.</p> <ul style="list-style-type: none"> Revenue for 2017 was 61,481,000,000 Mexican pesos.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Baggage, bundled fares, meals, paid seats, sports equipment, unaccompanied minor
Sabre	Animal transport, baggage, bundled fares, inflight entertainment, paid seats, unaccompanied minor
Travelport	Baggage, bundled fares, paid seats, sports equipment, unaccompanied minor (and unique to this airline: Cross Border Express).

Air Canada

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,334,461,449
As a % of Revenue	10.6%
Dollars per Passenger	\$27.73
Financial Period	Calendar year 2017
Total Revenue	\$12,535,839,924
Passengers	48,126,000
Information Source	Air Canada 2017 Annual Report and Aimia Management's Discussion & Analysis of Financial Condition and Results of Operations for the year ended 31 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Canadian dollars (CAD). The 2017 Annual Report included this highlighted quote, "Our record revenue results during the year were driven by our ability to attract larger volumes of higher-yielding local traffic, the performance of our premium products, an improvement in our overall fare mix and an increase in ancillary revenues which, for the first time, exceeded \$1 billion." Air Canada made a disclosure for 2017 that meets the definition for ancillary revenue: "Other operating revenues are principally derived from customers located in Canada and consist primarily of revenues from the sale

of the ground portion of vacation packages, buy on board and related passenger ancillary services and charges, and other airline-related services.” Other revenue for 2017 was CAD 1,017,000,000 (this does not include a frequent flyer component).

- Air Canada continues to increase its ancillary revenue through a la carte services, such as those related to baggage, ticket changes, seat selection, preferred seating and upgrades. Air Canada generates revenues from its onboard offerings, including food, beverage, duty-free shopping and onboard Wifi internet. To better develop its ancillary offerings and increase related revenues, Air Canada intends to further develop its merchandising capabilities to “customize, differentiate and combine” its a la carte services.
- Air Canada also realized incremental revenue through investments in digital channels. It invests in web and mobile platforms and saw a significant acceleration in direct channel share and core ancillary revenue sales in 2017.
- In May 2017, Air Canada announced its decision to launch its own loyalty program in 2020 upon the expiry of its commercial agreement with Aimia Canada Inc. In 2018 the airline announced it would purchase the program from Aimia Canada.
- During 2017, Air Canada purchased \$263 million of Aeroplan Miles from Aimia.
- Aeroplan is the frequent flyer program associated with Air Canada. The program is owned and operated by Aimia, which is a public corporation. Air Canada is Aimia’s largest redemption partner. According to Aimia, for the year ended 31 December 2017, Aimia spent 71% of its “rewards and direct costs” with Air Canada, in connection with rewards purchased from Air Canada and other airlines (Star Alliance partners). The tickets purchased by Aimia are recorded as passenger revenue and do not fall under the other operating revenue category described above. IdeaWorksCompany calculated the 71% share to equal CAD 713,053,000 (71% x CAD 1,004,300,000).
- Ancillary revenue for Air Canada is estimated to equal CAD 1,730,053,000 for 2017 and is composed of other operating revenue and the sale of reward tickets to Aeroplan/Aimia.
- Air Canada operating revenue for 2017 was CAD 16,252,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	Bundled fares, paid seats

Alaska Air Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,339,700,000
As a % of Revenue	16.9%
Dollars per Passenger	\$30.42
Financial Period	Calendar year 2017
Total Revenue	\$7,933,000,000
Passengers	44,034,000 (Combined total of Alaska Airlines mainline and Horizon Air)
Information Source	2017 Annual Report on Form 10-K and Q3 2017 Alaska Air Group Earnings Call
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Alaska Air Group operated Alaska, Virgin America and Horizon Air. during 2017. The group completed the acquisition of Virgin America on 14 December 2016, at which time Virgin America became a wholly-owned subsidiary. • Other revenue consists of freight and mail, certain frequent flyer and ancillary revenue. While some of Alaska's product features are included in base pricing, the carrier has unbundled certain ancillary features. Major ancillary revenue products include checked bag fees, change fees and lounge memberships. • Alaska also promotes and sells products in-flight to enhance the guest experience, including premium meals, snacks, alcoholic beverages, in-flight entertainment and Wi-Fi. • Total other revenue, excluding frequent flyer program revenue, represents about 7% (\$555.3 million) of \$7.933 billion of total revenues. From this, cargo revenue of \$77.6 million was deducted to approximate the definition of ancillary revenue (based upon 2017 DOT Schedule P-1.2 filings) to yield a net value of \$477.7 million. • Mileage Plan and Virgin Elevate revenues represent approximately 11% of the group's total revenues during 2017. Program revenue increased \$100 million, or 30%, due to increased miles sold and improved compensation terms with the Mileage Plan affinity credit card partner as a result of a contract extension effective January 1, 2016.

Additionally, Mileage Plan revenue earned from partner airlines increased as compared to the prior year.

- 30% of members have a Mileage Plan credit card and cash flow from the co-branded card programs were approximately \$1 billion for 2017 (2018 investor presentation).
- For 2016, IdeaWorksCompany estimated Mileage Plan membership was 4.5 million. During 2017, management disclosed during a 3rd quarter conference call that program membership increased by 17%. Accordingly, the estimate was raised to 5.3 million members.
- Alaska maintained two frequent flyer plans: during 2017 the Alaska Airlines Mileage Plan and Virgin America Elevate. To provide consistency and clarity to guests, the group merged the two programs throughout the year, and Elevate was officially ended in December 2017.
- Starting in 2018, to comply with new financial reporting regulations, ancillary revenues related to passenger travel, which were historically presented as “other revenue,” will be reclassified to passenger revenue.
- IdeaWorksCompany estimates Alaska’s 2017 ancillary revenue was \$1,339,700,000 based upon revenue from these sources:
 - Other revenue of \$477.7 million (reflects the calculation described above).
 - Mileage Plan co-branded revenue: \$862 million.
- Operating revenue for 2017 was \$7,933,000,000 for the group.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	Bundled fares

Allegiant

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$599,183,000
As a % of Revenue	39.8%
Dollars per Passenger	\$48.67
Financial Period	Calendar year 2017
Total Revenue	\$1,503,778,000
Passengers	12,310,122
Information Source	Annual Report Form 10-K for

	the year ended 31 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Allegiant provides unbundled air-related services and products in conjunction with air transportation for an additional cost to customers. These optional air-related services and products include: <ul style="list-style-type: none"> – Advance seat assignment. – Baggage fees – Call center support. – Change fees. – Customer convenience fee (fee charged all customers except those booking through an airport ticket office). – Food and beverage purchases on board. – Priority boarding. – Proprietary travel protection product. • Allegiant also offers third party travel products such as: <ul style="list-style-type: none"> – Attractions (show and tour tickets). – Ground transportation (rental cars and hotel shuttle products). – Hotel rooms. – Revenue related to the co-branded credit card is also accounted for in this category. • The airline offers this ancillary revenue philosophy in its annual report: “By unbundling our air-related services and products such as baggage fees, advance seat assignments, travel protection, change fees, priority boarding, and food and beverage purchases, which have typically been bundled by many traditional airlines, we are able to significantly lower our airfares and target leisure travelers who are more concerned with price and the ability to customize their experience with us by only purchasing the additional conveniences they value. This strategy allows us to generate significant additional ancillary revenues.” • Allegiant’s third party product offerings give customers the opportunity to book hotel rooms, rental cars, airport shuttle service, show tickets, and other attractions. These are available to customers based on agreements with various travel and leisure companies. For example, the airline has an exclusive agreement with Enterprise Holdings Inc. for rental cars packaged with air travel, which generated approximately 55% of third party products ancillary revenue in 2017. The pricing of each product and margin can be adjusted based on customer demand because customers purchase travel through Allegiant’s online booking engine without any intermediaries. Third party ancillary revenue, for 2017 was \$52,707,000.

- The airline is pursuing the construction of a hotel-condo resort in Southwest Florida, which represents a new and unique ancillary revenue platform. It has purchased approximately 22 acres on the harbor in Port Charlotte, Florida for the construction of its first Sunseeker Resort. Land acquired for the resort at closings held through December 2017 was purchased for a total cost of approximately \$21 million, with approximately \$9 million paid at closings held after year-end. Current plans (which remain subject to change) include the construction of a 277-room hotel, up to ten condo towers offering an estimated 842 one-, two- and three- bedroom units, a 1,000 foot pool, 12 or more bar and restaurant options, a marina and other amenities. The airline intends to break ground on the project in mid-2018 with completion of the hotel and initial condo tower(s) in late 2019 or early 2020. The company intends to build the project in two or more phases and intends to finance a significant portion of the project. Upon completion, Allegiant expects it will continue to own the hotel and all food and beverage options on the property. Condo unit owners will have the opportunity to participate in an optional rental program. Depending on the level of participation in the program, it may increase the number of rooms the hotel may offer at any time. This location was particularly attractive because of the number of flights Allegiant operates to the Punta Gorda airport which is a short drive from the resort site. During 2017, Allegiant operated over 7,000 flights to Punta Gorda from small and medium-sized cities and carried over 1 million passengers. The resort is also within driving distance of the nearby airports in Fort Myers, Sarasota and St. Petersburg.
- The company introduced the Allegiant World MasterCard which is issued by Bank of America. The agreement with the card issuer has a 7-year duration.
- Allegiant has adapted its “buy-on-board” technology into a golf course management program. As of December 31, 2017, the airline was providing these services to approximately 220 golf courses in 48 states around the country. To date, the financial results have not been significant.
- Ancillary revenue is recognized net of amounts paid to wholesale providers, travel agent commissions and payment processing fees.
- Allegiant does not sell through Expedia, Travelocity, Orbitz or any other online travel agencies, nor are its flights displayed and sold through the global distribution systems which include Sabre, Galileo, Worldspan and Amadeus. This distribution strategy results in reduced expenses by

	<p>avoiding the fees associated with the use of GDS distribution points and permits the airline to closely manage ancillary product offerings and pricing while developing and maintaining a direct relationship with consumers. 94% of scheduled service revenue was purchased directly through the website in 2017.</p> <ul style="list-style-type: none"> • Ancillary revenue increased to <u>\$599,183,000</u> for 2017, up from \$544.5 million in 2016. • Package sale details from 2017: <ul style="list-style-type: none"> – Hotel room nights sold: 396,986 (2016: 439,942). – Car rental days sold: 1,415,981 (2016: 1,502,326). • Per passenger revenue statistics (scheduled services) for 2017: <ul style="list-style-type: none"> – Air fare, scheduled service: \$67.41. – Ancillary revenue, air related: \$45.02. – Ancillary revenue, third party: \$4.34. – Average fare total: \$116.77. <p>The annual passenger volume of 12,310,122 includes scheduled and non-scheduled operations and is used to calculate the per passenger averages used in this report.</p> <ul style="list-style-type: none"> • Operating revenue for 2017 was \$1,503,778,000.
--	---

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	None

American

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,274,000,000
As a % of Revenue	12.5%
Dollars per Passenger	\$26.42
Financial Period	Calendar year 2017
Total Revenue	\$42,207,000,000
Passengers	199,640,000
Information Source	Form 10-K Annual Report of American Airlines Group for 2017, American Airlines Group Inc. Media and Investor Day 2017, and American Airlines Group Reports Fourth-Quarter and Full Year 2017 Profit
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in US dollars. • “Other revenues” were defined in the 2016 annual report to primarily include revenue associated with the

Notes from Financial Reports

- AAdvantage loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services.
- Other revenues for 2017 were \$5,274,000,000 and increased \$373 million in 2017 from 2016 driven by an increase in loyalty program revenue. This amount includes ticket change fee revenue, which IdeaWorksCompany estimates is \$900 million for 2017. That amount should be deducted as it's not considered ancillary revenue. However, IdeaWorksCompany also believes the transportation component of frequent flyer mileage sales is also approximately \$900 million (which should be added to the amount). This estimate is based upon disclosures made in the annual report (a change of 10% in the selling price of the transportation component would have an \$87 million effect). Thus the other revenue amount is believed to reflect American's total ancillary revenue.
 - Based upon American's disclosures, and IdeaWorksCompany estimates, AAdvantage program revenue for 2017 was likely \$3.1 billion (\$2.2 billion marketing component disclosure + \$900 million transportation component).
 - American hopes to expand its ability to distribute and collect revenues for ancillary products (e.g., fees for selective seating) through third-party distribution channels such as GDSs (e.g., Amadeus, Sabre and Travelport), conventional travel agents and online travel agents (e.g., Expedia, including its booking sites Orbitz and Travelocity, and Priceline). These distribution channels are more expensive and at present have less functionality in respect to ancillary product offerings than those American operates, such as the aa.com website.
 - American realizes a 50% upsell rate to more expensive branded fare products. The current basic economy and premium economy project has a \$1 billion potential, and the co-branded program represents potential of \$550 million through 2021.
 - In 2017 and 2016 other revenues associated with the sale of AAdvantage mileage credits were \$2.1 billion. According to Oneworld in 2016, the AAdvantage program had 100 million members.
 - The airline stopped reporting mileage accrual activity as of 2016. However, for 2015 American disclosed approximately 58% of issued miles were sold to program participants and partners.
 - The number of AAdvantage reward redemptions was 11 million for 2017 (and 2016), which includes travel redemptions for flights and upgrades on American and other air carriers, as well as redemption of car and hotel awards, club memberships and merchandise. Air travel

	<p>rewards represented approximately 6.1% (2016: 6.3%) of total mainline and regional RPMs during that period.</p> <ul style="list-style-type: none"> Operating revenue for 2017 was \$42,207,000,000.
<p>A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)</p>	
Amadeus	Bundled fares
Sabre	Bundled fares, paid seats
Travelport	Bundled fares, paid seats

Avianca

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$284,000,000
As a % of Revenue	6.4%
Dollars per Passenger	\$9.64
Financial Period	Calendar year 2017
Total Revenue	\$4,441,684,000
Passengers	29,459,435
Information Source	Avianca Holdings 2017 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US\$. The company disclosed two sources of ancillary revenue for 2017: <ul style="list-style-type: none"> LifeMiles contributed \$178.8 million or 52.5% of “other operating revenue.” Other services contributed \$105.2 million or 30.9% of “other operating revenue.” This amount includes airport lounge access, duty-free, and holiday packages. It also includes interline revenue, which may be significant. However this is mitigated by the lack of inclusion of baggage revenue from any of the disclosures. <p>The total from these two activities is <u>\$284,000,000</u> and represents Avianca’s 2017 ancillary revenue.</p> The LifeMiles program has 7.8 million members and 657,000 active co-branded credit cards (8.4% of members). Avianca owns 70% of LifeMiles (LifeMiles BV incorporated in Curacao). LifeMiles launched a partnership with Colombia’s largest fuel distribution company, allowing members to accumulate and eventually redeem miles at Terpel’s service stations and Altoque stores. Operating revenue for 2017 was \$4,441,684,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Animal transport, baggage, bundled fares, paid seats, sports equipment, unaccompanied minor
Sabre	Animal transport, baggage, bundled fares, paid seats, unaccompanied minor
Travelport	Animal transport, baggage, bundled fares, paid seats, sports equipment, unaccompanied minor

Azul

Source and Type	Partner activities associated with the frequent flyer program
Ancillary Revenue	\$224,147,128
As a % of Revenue	9.5%
Dollars per Passenger	\$10.18
Financial Period	Calendar year 2017
Total Revenue	\$2,354,995,117
Passengers	22,014,009
Information Source	Azul SEC Form 20-F for 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Brazilian reais (R\$). • The airline disclosed ancillary revenue in its financial filings, but the definition includes significant cargo and cabin upgrade activity which does not align with the definition used by IdeaWorksCompany. • The airline wholly owns its TudoAzul loyalty program which has been designated as a strategic revenue-generating asset; the program had approximately 9 million members as of December 31, 2017. • Azul sells TudoAzul points to the program's business partners, including credit card issuers and other companies, as well as directly to TudoAzul members. Gross billings for the sale of points were <u>R\$741,400,000</u> for 2017, with 36.5 billion points sold (2016: 27.4 billion), which represents a valid ancillary revenue disclosure. • On 14 March 2017, ANAC's (the civil aviation administrator for Brazil) Resolution 400 (General Conditions of Air Transport) became effective which allows airlines to charge fees for checked baggage. The applicability of the resolution was suspended until 29 April 2017. The airline believes this will become a significant source of revenue going forward. However, the risk exists the resolution will be overturned at a future date. • Operating revenue for 2017 was 7,789,497,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	None

Copa Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$20,000,000
As a % of Revenue	0.8%
Dollars per Passenger	\$1.41
Financial Period	Calendar year 2017
Total Revenue	\$2,527,556,000
Passengers	14,201,000
Information Source	Copa Holdings, S.A. SEC Form 20-F for 2017 and June 2017 Investor Day Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Jose Montero, CFO, commented during the 4th quarter 2017 conference call that ancillary revenue results were “around <u>\$20,000,000.</u>” Recent activities included introducing seat assignment fees and changes to the checked baggage policies. During the next 2-3 years, the total is expected to increase to \$30 million; loyalty program revenues will play a larger role in the future. • Ancillary revenue products to pursue, which are believed to be consistent with the Copa brand include: <ul style="list-style-type: none"> – Airport lounges. – Checked bags. – Fare lock. – Frequent flyer mileage sales. – Hotel and car rental bookings. – Premium seating. – Trip insurance. • Revenue for 2017 was \$2,527,556,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Delta

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,391,000,000
As a % of Revenue	13.2%
Dollars per Passenger	\$28.92
Financial Period	Calendar year 2017
Total Revenue	\$40,742,000,000
Passengers	186,389,862
Information Source	Form 10-K for the year ended 31 December 2017, Delta Air Lines Management Discusses Q4 2017 Results, Investor Day 2017 Presentation, 03 January 2018 Financial and Traffic Press Release, and US Bureau of Transportation Statistics, Schedule P-1.2
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Delta generates ancillary revenue with the following products and services: <ul style="list-style-type: none"> – Ascend Package providing lounge pass and priority boarding. – Checked bags. – Economy Comfort+ upgrades. – Hotels, car rentals, and trip insurance. – Inflight Wifi. – Mileage booster. – Preferred seats. – Priority boarding. – SkyClub passes. • The carrier offers four branded fare products: Delta One/First Class, Delta Comfort+, Main Cabin, and Basic Economy. Revenue provided by branded fare activity is estimated to be \$1.8 billion for 2017. Premium cabins produce 5 – 8 point higher average margin than the main cabin. For 2018, Delta expects \$350 million in incremental branded fare contribution, up to \$2.2 billion annually, driven by a 5% growth in premium seats from new aircraft deliveries and expanding basic economy. • Per its 2017 investor day presentation, the relationship with American Express was headlined “Growing Loyalty Enables a Durable, Increasing Revenue Stream.” During 2017 the relationship added about 1 million new card accounts. The co-branded card revenue contribution is \$3 billion for 2017 which is up 50% since 2014 and is set to grow another \$1 billion through 2021. Spending by cardholders is estimated at \$80.9 billion for 2017. The relationship with Amex extends through 2022.

- During 2017, program members redeemed more than 345 billion miles in the SkyMiles program for 14.9 million award redemptions (2016: 13.4 million). During this period, 7.9% of revenue miles flown on Delta were from award travel (2016: 7.9%). Based upon disclosures made in the 2017 investor presentation, IdeaWorksCompany estimates 2017 SkyMiles membership was 117 million.
- Administrative fees, club and onboard sales primarily relate to travel-related services such as ticket changes and unaccompanied minors and also include amounts collected for onboard sales and Sky Club lounge memberships. This activity totaled \$1.25 billion for 2017. Separately, Delta reported to the US DOT change fees were \$831 million for 2017. This activity does not qualify as ancillary revenue and has been deducted, yielding a net amount of \$419 million.
- Total ancillary revenue for Delta is estimated to be \$5,391,000,000 using the following data:
 - Co-branded revenue from SkyMiles was \$3.0 billion (2017 investor presentation).
 - Club and onboard sales of \$419 million (2017 Form 10-K).
 - Branded fare revenue (which includes the contribution of Delta Comfort+) was \$1.8 billion (2017 investor presentation). This amount likely includes a significant portion of bag fee revenue, which was \$907,626,000 for 2017 (US DOT).
 - Miscellaneous activities of \$172 million (2017 Form 10-K).
- Airline operating revenue for 2017 was \$40,742,000,000 (does not include refinery operations).

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Bundled fares, paid seats
Sabre	Bundled fares
Travelport	Bundled fares, paid seats

Frontier Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$811,960,000
As a % of Revenue	42.4%
Dollars per Passenger	\$48.33
Financial Period	Calendar year 2017
Total Revenue	\$1,915,000,000

Passengers	16,799,968
Information Source	Form S-1 Registration Statement of Frontier Group Holdings, Inc. Dated 31 March 2017, Carrier Snapshot at US Bureau of Transportation Statistics, and passenger traffic: T100 USDOT database
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • On 31 March 2017 privately-held Frontier filed for a public offering of shares, but the share offering was not completed during 2017. • Non-ticket revenue (ancillary revenue) for 2016 was <u>\$726,000,000</u>. Passenger revenue as a percent of revenue was 42.4% for 2016 and the same level is assumed to hold for 2017. Applying this statistic to 2017 operating revenue generates ancillary revenue of <u>\$811,960,000</u>. It's very likely Frontier achieved better results for 2017. • Non-ticket revenue consists primarily of revenue generated from air travel-related services such as baggage fees, seat selection fees, itinerary service fees, booking fees and onboard sales. Frontier also includes services not directly related to air transportation such as the advertising, marketing and brand elements resulting from the Early Returns affinity credit card program and revenue associated with the Discount Den membership program. These activities are consistent with the definition of ancillary revenue. • Baggage revenue listed on the USDOT website was \$364,142,000 for 2017 or \$22.80 per passenger. Per passenger bag revenue jumped 50% above the 2016 rate of \$15.22. • Frontier does sell air travel via GDS and online travel agencies, and endeavors to generate ancillary revenue through these channels. • The airline currently offers a la carte services through both unbundled and bundled service options. In 2015, Frontier introduced The Works, a convenient option that includes guaranteed seat assignment, carry-on and checked baggage, ticket refundability and changes, and priority boarding, all for a single price and only available at the website (not GDS). In 2016, the airline expanded its bundled product offering with The Perks, which enables customers to book the same amenities included in The Works, excluding refunds and ticket changes, through GDS channels. • Operating revenue for 2017 was \$1,915,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	

Amadeus	None
Sabre	Baggage
Travelport	None

GOL

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$316,067,102
As a % of Revenue	9.9%
Dollars per Passenger	\$9.76
Financial Period	Calendar year 2017
Total Revenue	\$3,197,437,313
Passengers	32,380,000
Information Source	Gol Linhas Aereas Inteligentes S.A Form 20-F filing for 2017 and 2017 GOL and SMILES Public Meeting Presentation (Dec. 2017)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Brazilian reais (R\$). • Ancillary revenues (as defined by GOL) include the following sources: <ul style="list-style-type: none"> – Commissions from travel insurance, hotels, and car rentals. – Excess baggage. – GOL share of SMILES revenue producing activity. – GOL+ Conforto extra leg room seating. – Gollog cargo and logistics services. – In-cabin pets. – Onboard purchase of food and beverages. – Ticket change and cancellation fees. • For the year ended December 31, 2017, GOL had total ancillary revenues of R\$1.4 billion (13.1% of total operating revenue) from the above activities. • IdeaWorksCompany does not include cargo as ancillary revenue activity. For 2017 the airline also separately disclosed cargo revenue as R\$354,561,000. Accordingly, the amount was deducted, which generated a more accurate 2017 ancillary revenue result of <u>R\$1,045,439,000</u>. • As of December 31, 2017, 82 of 119 aircraft were Wifi equipped, and this provides an additional and increasing source of revenue. During 2017 ANAC (the civil aviation administrator for Brazil) approved new rules to allow airlines to charge for checked bags and in June 2017 GOL implemented a new class of tickets called “light fare,” which allows passengers traveling without luggage to pay a reduced fare. • The Smiles frequent flyer program was incorporated as a separate wholly-owned subsidiary on 21 December 2012.

On 26 April 2013 Smiles offered shares through an initial public offering (IPO); the airline currently owns 52.7% of Smiles.

- GOL provides this disclosure regarding its frequent flyer program: *“Smiles plays an important role for GOL, as it brings consistency to our core business by means of the following: (i) miles usage increases load factor with low yield impacts, (ii) the Smiles brand strengthens value perception, (iii) Smiles presents strong potential for ancillary revenue growth through diversified products and services and (iv) Smiles is an important part of our cash generation capacity and liquidity.”*
- The following was disclosed regarding the carrier’s relationship with the Smiles frequent flyer program for 2017:
 - SMILES, as its own entity, realizes total revenue of R\$1.8 billion.
 - The program had 13.7 million members at the end of 2017.
 - The company claims on December 31, 2017, SMILES’ share of all miles issued in the domestic Brazil market was roughly 54%, up from 29% at the end of 2013.
 - SMILES has commercial partnership agreements with all significant Brazilian commercial banks, including more than 80% of the largest Brazilian commercial banks in terms of total assets as of December 31, 2016, according to the Central Bank. The total portfolio size is 400,000+ co-branded credit cards, and these generate 12+ million transactions annually.
 - In 2017, SMILES’ members accumulated 85.2 billion miles, an increase of 59.1% over 2016.
 - In 2017, 68.0 billion miles were redeemed, an increase of 56.2% when compared to 2016. The burn/earn ratio reached 79.7%. This is the ratio between the number of miles redeemed and accrued.
- Operating revenue for 2017 was R\$10,576,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	Bundled fares

Hawaiian Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$257,450,493
As a % of Revenue	9.6%
Dollars per Passenger	\$22.38
Financial Period	Calendar year 2017
Total Revenue	\$2,695,628,000
Passengers	11,505,358
Information Source	Annual Report 2017 for Hawaiian Holdings, Inc., and 2017 Quarterly Conference Call Transcripts
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Hawaiian made disclosures about its “ancillary revenue” during 2016, which was \$23.37 per passenger. For 2017, the carrier has changed the name for this activity to “value-added” revenue and made the following disclosures during its quarterly conference calls: <ul style="list-style-type: none"> – 1st quarter: \$24.02 per passenger. – 2nd quarter: \$24.34 per passenger. – 3rd quarter: \$24.31 per passenger. – 4th quarter: \$24.74 per passenger. • Hawaiian attributes HawaiianMiles program revenue and Extra Comfort seat sales as primary drivers for the growth of value-added revenue. • Quarterly per passenger revenue was multiplied by passenger traffic to generate total value-added revenue: <ul style="list-style-type: none"> – 1st quarter: 2,704,102 × \$24.02 = \$64,952,530. – 2nd quarter: 2,886,219 × \$24.34 = \$70,250,570. – 3rd quarter: 3,001,446 × \$24.31 = \$72,965,152. – 4th quarter: 2,913,591 × \$24.74 = \$72,082,241. The 2017 total is: \$280,250,493. • This “value-added” term has a tradition with the carrier of including reservation change fees. IdeaWorksCompany does not include ticket change fees as ancillary revenue. Data from the US DOT Bureau of Transportation Statistics website lists Hawaiian’s revenue from ticket and change fee as \$22.8 million for 2017. Accordingly, this was deducted from the carrier’s ancillary revenue disclosure to generate a 2017 adjusted result of \$257,450,493. The Hawaiian disclosure may include first class upgrades. This activity is not included as ancillary revenue per the definition offered by IdeaWorksCompany. This activity may remain as a component in the adjusted result. • Regarding the HawaiianMiles frequent flyer program, the number of free travel awards used for travel on Hawaiian was approximately 612,000 in 107 (585,000 in 2016). The

	<p>amount of free travel awards as a percentage of total revenue passengers was approximately 5%.</p> <ul style="list-style-type: none"> Operating revenue for 2017 was \$2,695,628,000.
<p>A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)</p>	
Amadeus	Paid seats
Sabre	Paid seats
Travelport	Paid seats

JetBlue

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,081,026,000
As a % of Revenue	15.4%
Dollars per Passenger	\$27.00
Financial Period	Calendar year 2017
Total Revenue	\$7,015,000,000
Passengers	40,038,000
Information Source	Form 10-K for the year ended 31 December 2017 and 4 th Quarter 2017 Conference Call Transcript
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US dollars. JetBlue disclosed the following in its annual report, <i>“In 2017 our ancillary revenue performance exceeded our expectations, as we reached a per customer annual growth rate of 8%. Our ancillary portfolio today comprises Fare Options, Even More products and our co-branded JetBlue Card. We see immense opportunities to leverage the power of our brand by enabling our customers to buy high-margin, non-air travel products from us rather than third parties. This year we created JetBlue Travel Products to drive the next leg of high margin ancillary revenue growth, which includes our JetBlue Vacations brand, with a limited investment. This separate organization will develop and exploit the untapped potential of the non-air and ancillary travel ribbon.”</i> During the 4th quarter conference call, Marty St. George, EVP Commercial and Planning, offered the following commentary on JetBlue’s ancillary revenue activities: <ul style="list-style-type: none"> <i>“Finally, I’d like to update you on our progress in ancillary revenue. 2017 proved to be an outstanding year. With upside from our co-branded card and fare options that helped grow our ancillary revenue per customer by approximately 8% during the year. Since 2008, we’ve</i>

grown ancillary per customer at a compounded 5% rate to \$27 in 2017.

- "...We generated \$6 per customer in 2017 from our Even More Space product.
- "We've created a separate organizational structure for our JetBlue Travel products group, which includes our JetBlue Vacations brands.
- "We also expect to introduce a new booking flow on our website in order to better merchandise the travel products as the share of leisure customers booking through jetblue.com recently reached the highest level of the past four years.
- "On the normal ebb and flow of the ancillary business, we expect 2018 ancillary per customer to grow more slowly than 2017 as our existing offering matures."
- Multiplying the referenced \$27 rate by 2017 passenger traffic generates total ancillary revenue of \$1,081,026,000. The airline did not specifically define the activities included as ancillary revenue. The following additional ancillary revenue disclosures were made for 2017:
 - The largest ancillary product remains the EvenMore Space seats, generating approximately \$246 million in revenue, an increase of over 3% compared to 2016.
 - The portfolio of co-branded credit cards has more than doubled in size since it was relaunched with Barclays.
 - JetBlue has a co-branded credit card issued by Barclays, and also allows American Express and Citi ThankYou Rewards cardholders to transfer points to the TrueBlue program (this generates revenue for the airline).
 - Revenue from bag fees disclosed to the US DOT for 2017 was \$289.8 million (2016: \$231.6 million).
- There were over 2 million TrueBlue one-way redemption awards flown during 2017, representing approximately 5% of the carrier's total revenue passenger miles.
- Operating revenue for 2017 was \$7,015,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Bundled fares
Sabre	None
Travelport	Bundled fares

LATAM Airlines

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$813,329,000
As a % of Revenue	8.5%
Dollars per Passenger	\$12.11
Financial Period	Calendar year 2017
Total Revenue	\$9,613,900,000
Passengers	67,146,000
Information Source	Annual Report 2017 of LATAM Airlines Group
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Total ancillary revenue for LAN and TAM Airlines for 2017 was \$813,329,000 and consists of these items: <ul style="list-style-type: none"> – Duty-free income: \$8,038,000. – Tours package income: \$109,463,000. – Multiplus income (loyalty program): \$454,876,000. – Multiplus other income (loyalty program): \$240,952,000. <p>The above figures represent income, and if reported as revenue, would be much higher.</p> • The group does report ancillary revenue (also described as “Other Operating Income”) which includes activities such as tours, duty free, inflight sales, aircraft leasing, maintenance, customs and warehousing operations, and other miscellaneous items. For 2017, LATAM generated other revenues of \$549.9 million from these activities. The commingling of cargo revenue and aircraft leasing prevents its inclusion as ancillary revenue. • The airline has included ancillary revenue as a key element of its new business model. This includes the offer of additional services, such as charging for each checked bag and for excess baggage (including sport gear and musical instruments). Furthermore, in 2017, the group also kicked off “Mercado LATAM” — a new, onboard food & beverage selling service — and announced the implementation of onboard Wifi for domestic and regional flights, beginning with LATAM Airlines Brazil (where it was in operation as of the first quarter of 2018). • During 2017 the group introduced branded fares on domestic flights which offer Promo, Lite, Plus, and Top choices. • LATAM Pass had 14.6 million (2016: 13 million) members and LATAM Fidelidade had 15.1 million (2016: 13.2 million) members at the end of 2017. Members redeemed 3.2 million reward tickets during 2017.

	<ul style="list-style-type: none"> • Multiplus is a publicly traded company in Brazil, and LATAM Airlines Group owns 72.4% of the ordinary shares of Multiplus, which has 19.4 million members. The company operates a coalition loyalty program. • Total operating revenue for 2017 was \$9,613,900,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	LATAM Group Airlines: Bundled fares
Sabre	LATAM Group Airlines: Baggage, bundled fares, inflight entertainment, paid seats, unaccompanied minor
Travelport	LATAM Argentina: Baggage, bundled fares, paid seats, unaccompanied minor. LATAM Brazil: Animal transport, bundled fares, paid seats, unaccompanied minor. LATAM Chile, Ecuador: Baggage, bundled fares, paid seats, unaccompanied minor. LATAM Colombia, Peru: Bundled fares.

Southwest

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$3,084,100,000
As a % of Revenue	14.6%
Dollars per Passenger	\$23.68
Financial Period	Calendar year 2017
Total Revenue	\$21,171,000,000
Passengers	130,256,190 <i>The 2018 Yearbook uses passengers carried instead of enplaned.</i>
Information Source	2017 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Southwest offers the following a la carte services: <ul style="list-style-type: none"> – EarlyBird Check-In which provides a better boarding position. – Transportation of pets and unaccompanied minors. – When available, the airline also sells Upgraded Boarding at the airport for boarding positions A1-15. – Satellite-based Wifi internet and premium movie service (for a fee) on all of its 737-700 and 737-800 aircraft. • Other revenues for 2017 increased by \$197 million, or 11.9 percent, compared with 2016. Approximately 70% of the increase (\$138 million) was due to an increase in revenue associated with cardholder spend on the co-branded Chase Visa credit card. IdeaWorksCompany estimated 2016 Rapid Rewards revenue was \$2.3 billion.

	<p>Accordingly, the \$138 million was added to this amount to generate a 2017 estimate of \$2.44 billion.</p> <ul style="list-style-type: none"> • The remainder of the other revenues increase was due to higher ancillary revenues primarily as a result of EarlyBird Check-In revenues of \$358 million in 2017, an increase of \$29 million, or 8.7% compared with 2016. • Upgraded Boarding positions sold at the airport, Business Select, inflight Wifi, and pet carriage were estimated to be \$229 million for 2016, or \$1.84 per passenger carried. This rate was multiplied by 2017 traffic to generate a revenue result of \$240 million. • All told, these ancillary revenue activities contributed \$598 million for 2017 (\$358 + \$240). • Customers of Southwest redeemed approximately 9.6 million (2016: 8.3 million) flight rewards, accounting for approximately 13.8% (2016: 12.7%) of revenue passenger miles flown. • For the year ended December 31, 2017, approximately 80% of Southwest’s passenger revenues originated from its websites (including revenues from Swabiz.com). The remaining activity is likely derived from traditional travel agency bookings through GDS. • IdeaWorksCompany believes total ancillary revenue for Southwest was <u>\$3,084,100,000</u> for 2017 and was produced by these activities: <ul style="list-style-type: none"> – Southwest bag revenue: \$46.1 million (third checked bag or any bag in excess of 50 pounds). – EarlyBird check-in revenue: \$358 million. – Upgraded Boarding positions sold at the airport, Business Select, inflight Wifi: \$240 million. – Rapid Rewards estimate by IdeaWorksCompany: \$2.44 billion. • Operating revenue for 2017 was \$21,171,000,000.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Spirit Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,232,666,000
As a % of Revenue	46.6%
Dollars per Passenger	\$50.97

Financial Period	Calendar year 2017
Total Revenue	\$2,647,666,000
Passengers	24,183,000 (described as passenger flight segments)
Information Source	2017 Form 10-K
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • During 2017 Spirit generated non-ticket revenues of \$1,281,600,000. Non-ticket revenues are derived from charges for, among other things, baggage, bookings through certain distribution channels, advance seat selection, itinerary changes and loyalty programs. • Spirit implemented dynamic pricing of seats, bags, and bundled offerings in 2017. • Summary of the primary components of non-ticket revenue: <ul style="list-style-type: none"> – Baggage: \$488,434,000. – Passenger usage fee: \$411,742,000 (per passenger fee charged for all bookings except those made at the airport). – Advance seat selection: \$131,821,000. – Cancellation and change fees: \$48,934,000. – Other: \$200,701,000. <p>Free Spirit loyalty program revenue is included in the other category. IdeaWorksCompany does not consider reservation change fees to be ancillary revenue. The airline reported reservation change revenue of \$48,934,000 during 2017 and this amount should not be included. This adjustment generates total ancillary revenue of <u>\$1,232,666,000</u>.</p> • Spirit has grown average per-passenger non-ticket revenue from \$5 in 2006 through the following activities: <ul style="list-style-type: none"> – Charging for checked and carry-on baggage. – Passing through all distribution-related expenses. – Charging for premium seats and advance seat selection. – Generating subscription revenue from the \$9 Fare Club ultra low-fare subscription service. – Deriving brand-based revenues from proprietary services, such as the Free Spirit affinity credit card. – Offering third-party travel products (travel packages), such as hotel rooms, ground transportation (rentals and hotel shuttles) and attractions (show or theme park tickets) packaged with air travel. – Selling third-party travel insurance through the website. – Selling inflight products and onboard advertising. • Per passenger segment revenue statistics for 2017: <ul style="list-style-type: none"> – Average ticket: \$56.49 (\$55.54 for 2016). – Average non-ticket: \$53.00 (\$51.87 for 2016).

	<ul style="list-style-type: none"> - Average fare total: \$109.49 (\$107.41 for 2016). The increase in non-ticket revenue was primarily attributable to higher bag, passenger usage fee and seat revenue, as compared to the prior year. • Cash proceeds from the sale of Free Spirit mileage credits to non-airline third parties: <ul style="list-style-type: none"> - 2017: \$49,453,000. - 2016: \$48,882,000. - 2015: \$58,005,000. - 2014: \$33,819,000. - 2013: \$28,496,000. - 2012: \$24,938,000. - 2011: \$20,954,000. - 2010: \$20,748,000. - 2009: \$12,008,000. <p>This activity is included under non-ticket revenue.</p> <ul style="list-style-type: none"> • Operating revenue for 2017 was \$2,647,666,000.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	Baggage
Travelport	None

Sun Country

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$66,074,000
As a % of Revenue	11.2%
Dollars per Passenger	\$27.07
Financial Period	Calendar year 2017
Total Revenue	\$589,000,000
Passengers	2,440,911
Information Source	USDOT, Bureau of Transportation Statistics, Form 41; Schedule P-1.2 and Carrier Snapshots, and passenger traffic: T100 USDOT database
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Sun Country is privately held but is required to report revenue and traffic data to the US Department of Transportation. • The carrier offers these a la carte services: checked baggage, extra leg room and preferred seating, buy-onboard food and beverage, and inflight entertainment devices.

	<ul style="list-style-type: none"> Total ancillary revenue for Sun Country is estimated to be \$66,074,800: <ul style="list-style-type: none"> Revenue from baggage fees was \$20,056,000 for 2017. Revenue from passenger transport related activities was \$45,719,000 million for 2017; for Sun Country this would largely consist of onboard sales (food, beverage, and entertainment). Revenue from miscellaneous operating revenue (includes pet transportation and sale of frequent flyer miles/points) was \$299,800 for 2017. <p>The above results are from the US DOT Bureau of Transportation statistics website.</p> Based upon data available at the US DOT Bureau of Transportation statistics website, operating revenue for 2017 was \$589,000,000.
--	--

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

United

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,749,000,000
As a % of Revenue	15.2%
Dollars per Passenger	\$38.83
Financial Period	Calendar year 2017
Total Revenue	\$37,736,000,000
Passengers	148,067,000
Information Source	United Continental Holdings Form 10-K for 2017 and Investor Presentation 13 June 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US dollars. Jeff Smisek, former chairman, president and chief executive officer, disclosed the following during the 2nd quarter 2015 conference call: <i>“Ancillary revenue continued to perform well over the second quarter, growing 7% per passenger versus the second quarter of last year. We are now generating more than \$23 per passenger in ancillary revenue and remain on track to achieve \$3.2 billion of ancillary revenue this year.”</i> While references to ancillary revenue activity were made by United executives during 2017, a comparable ancillary revenue disclosure could not be found for 2016 and 2017.

The \$23 per passenger rate was applied to 2017 traffic to generate a result of \$3.406 billion; the amount is likely more.

- United announced its Basic Economy product during November 2016 for implementation during 2017. The fare has the following features:
 - United’s lowest price.
 - No onboard service differentiation.
 - Seat assignment only at time of check-in.
 - No flight changes permitted.
 - Overhead (large) carry-on bags not permitted.
 - Boarding in last group.
 - FFP miles accrued, but no status.
- United indicates the offer to upgrade above Basic is doing well. 60% - 70% of passengers select the standard product over Basic when given a clear choice. Activity for bags checked at the gate has dropped 15 points since the Basic fare was introduced. This reflects the number of flights with at least one bag tagged and placed in the hold by gate staff.
- Oscar Munoz, CEO of United, commented on branded fares pricing during the 3rd quarter conference call, “... *Basic economy is a great tool and we have been experimenting with the difference of price between basic economy and standard economy. It's not really the new yield management system yet, but it will be, and we have got some really cool stuff going on that we are experimenting with, that will roll into the new yield management system, that can be particularly targeted in these markets.*”
- The airline is actively promoting credit card sign-ups. United seeks to promote its standing in connecting markets with better schedules because this will generate more airline revenue and also make the card more attractive.
- During the 3rd quarter conference call, Munoz was asked, “*If you are given the chance to renegotiate one contract from scratch, but you were given a choice between the current Chase credit card agreement or the existing alliance contract with Air Canada and Lufthansa. Which would you pick?*” Munoz answered, “... *The larger opportunity is absolutely with our credit card partner, Chase.*”
- MileagePlus activity for 2017: Approximately 5.4 million (2016: 5.2 million) flight awards were used, which was 7.5% (2016: 7.7%) of United’s total revenue passenger miles. Total miles redeemed for flights on United, including class-of-service upgrades, represented approximately 85% of the total miles redeemed. In addition, 2.3 million other rewards (United Club memberships, car and hotel rewards, merchandise and flights on other air carriers)

	<p>were redeemed in 2017. The MileagePlus database is carried as an asset with a valuation of \$1.177 billion.</p> <ul style="list-style-type: none"> • United disclosed mileage sales of \$2.343 billion for 2017 (2016: \$3.022 billion). The 2017 result is down significantly from 2016 due to the timing of payments made by Chase (issuer of United’s co-branded credit cards). Miles which were prepaid by Chase in earlier years allowed the bank to purchase fewer miles from United during 2017. The airline is believed to have 90+ million members. • Total ancillary revenue for 2017 was <u>\$5,749,000,000</u> comprising \$3.406 billion (described above as ancillary revenue) and \$2.343 billion from the sale of miles. • This data was provided to United management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • United revenue for 2017 was \$37,736,000,000.
--	--

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	Bundled fares, paid seats

VivaAerobus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$379,562,268
As a % of Revenue	27.7%
Dollars per Passenger	\$23.11
Financial Period	Calendar year 2017
Total Revenue	\$1,370,078,517
Passengers	8,196,000
Information Source	2017 VivaAerobus Results Release dated 22 February 2018 and 4 th Quarter 2017 Earnings Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Mexican pesos (MXP). • Ancillary revenue reached MXP <u>3,346,000,000</u> for 2017 which is an increase of 31% compared to 2016. The increase is largely attributed to the carrier’s unbundling strategy (emphasis on a la carte). • According to an interview in <i>Flight Airline Business</i> (November 2017) Juan Carlos Zuazua, CEO of VivaAerobus, said ancillary revenue “covers everything from hold luggage through tickets for tourist attractions.”

	<ul style="list-style-type: none"> Revenue for 2017 was MXP 7,666,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Volaris

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$184,512,519
As a % of Revenue	43.6%
Dollars per Passenger	\$22.51
Financial Period	Calendar year 2017
Total Revenue	\$422,735,495
Passengers	16,427,000
Information Source	Volaris Aviation Holding Company SEC Form 20-F for 2017 and Volaris Investor Day Presentation - September 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are Mexican pesos (MXP) unless otherwise stated. Volaris is a self-described “ultra low cost carrier” based in Mexico. The carrier refers to ancillary revenue as “non-ticket revenue.” Ancillary revenue was <u>MXP 6,883,085,000</u> for 2017 from these two qualified sources: <ul style="list-style-type: none"> Air travel-related services: MXP 6,293,747,000 (a la carte activities). Non-air travel related services: MXP 589,338,000 (commission-based travel sales, V-Club memberships). The airline grow non-ticket revenue by allowing passengers to choose additional products and services using its “tú decides” (“you decide”) strategy: <ul style="list-style-type: none"> Charging for excess baggage (over the 25 kg limit of free checked luggage required by Mexican regulations on domestic flights) and starting March 1, 2017, charging for the first checked bag on routes to/from the United States. Passing through all distribution-related expenses to the customer. Charging for advance seat selection, extra leg room, and carriage of sports equipment. Generating subscription fees from the ultra-low-fare subscription service, V-Club.

- Deriving brand-based fees from proprietary services, such as the Volaris affinity credit card program.
- Selling itinerary attachments, such as hotel and car rental reservations and airport parking, and making available trip interruption insurance commercialized by third parties, through the website.
- Selling onboard advertising.
- Volaris credits its emphasis on dynamic pricing for assigned seats and baggage as increasing per passenger revenue from these activities. Dynamic pricing relies upon multiple variables: season, route, customer attributes, time before purchase, type of market, time of purchase, and type of flight.
- Volaris divides ancillary revenue into two categories:
 - Air travel-related services include, but are not limited to, fees charged for excess baggage, bookings through the call center or third-party agencies, advance seat selection, itinerary changes, charters and passenger charges for no-show tickets. They are recognized as revenue when the related service is provided.
 - Non-air-travel-related services include commissions charged to third parties for the sale of hotel rooms, trip insurance and rental cars. They are recognized as revenue at the time the service is provided. Additionally, services not directly related to air transportation include Volaris' sale of VClub membership and the sale of advertising spaces to third parties. VClub membership fees are recognized as revenues over the life of the membership. Revenue from the sale of advertising space is recognized over the period in which the space is provided.
- V-Club subscriptions accounted for approximately 2.1% of non-ticket revenues in 2017 (MXP 148,135,218). Members of the V-Club have exclusive access to the lowest fares and promotions through the Volaris website. The airline also generate revenues from its affinity credit card from multiple revenue streams including electronic credit redemptions earned through credit card purchases. Revenue from the Volaris affinity credit card accounted for approximately 2% of non-ticket revenues (MXP 141,081,160) as of December 31, 2017. As of December 31, 2017, the airline had approximately 730,000 V-Club members and 200,000 affinity credit card holders.
- The airline will increase revenue through these ongoing activities:
 - Credit card pre-approval online with immediate use (2018).
 - Personalized ancillary offering and pricing depending on customer profile.

	<ul style="list-style-type: none"> - Continuous re-optimization based on product conversions (take rates). - Constant A/B testing (multivariate). - Increased conversion (sales success) on multiple payment services. - Expanded commissionable product portfolio on mobile channels (Cross Border Xpress, VIP lounge, parking, cars, etc.) - Chatbot on Facebook messenger as a new distribution channel - Selling space in emails and on the website as advertising opportunities. <ul style="list-style-type: none"> • Revenue for 2017 was MXP 24,845,375,000.
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	None

Westjet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$339,241,333
As a % of Revenue	9.8%
Dollars per Passenger	\$14.05
Financial Period	Calendar year 2017
Total Revenue	\$3,472,825,671
Passengers	24,137,463 (described in the annual report as “Segment Guests”)
Information Source	Westjet 2017 Annual Report and 4th Quarter 2017 Earnings Call Transcript
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Canadian dollars (CAD). • Ancillary revenue includes service fees, onboard sales and Westjet RBC MasterCard program revenue. For the year ended December 31, 2017, ancillary revenue was <u>CAD 439,807,000</u>, which is an increase of 12.8% from 2016. This increase is mainly attributable to more passengers flown, higher a la carte fees, and the continued success of the Westjet RBC MasterCard program. • Ancillary revenue includes the following activities: <ul style="list-style-type: none"> - Breakage revenue (unredeemed points) associated with the Westjet Rewards Program. - Buy-onboard sales.

	<ul style="list-style-type: none"> - Change and cancellation fees. - Excess baggage charges. - Plus seating zone upgrades. - Pre-assigned seating. <ul style="list-style-type: none"> • Westjet described the success of its Westjet Rewards and co-branded credit card portfolio in its 4th quarter earnings call: <i>“Specifically, in terms of fourth quarter year-over-year growth, our Westjet RBC cardholders are up 34%, our rewards members are up 19% and our managed corporate business revenues were up 14%.”</i> • Westjet’s wholly owned subsidiary Swoop began selling tickets for travel dates starting in June 2018. Swoop claims to be the first true ultra-low cost carrier or ULCC that will compete in the price sensitive leisure segment and bring unbundled air fares to Canadian travelers that are approximately 40% lower than those available in the market today, while giving travelers the option to purchase additional services such as carry-on baggage, extra leg room or contact center support for a modest fee. • Revenue for 2017 was CAD 4,502,320,000.
--	---

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, Paid seats
Travelport	Bundled fares, paid seats

Non-Reporting Carriers for the Americas

The following airlines did not reveal ancillary revenue activity for the most recent full year period (additional search notes are also provided):

Aerolineas Argentinas, Air Transat (no disclosure of air revenues), Flair Airlines (Canada), Flybondi (Argentina), Great Lakes Airways, Interjet, JetSmart (Chile), Porter (privately held), and Sunwing (owned by Tui).

Carriers are invited to contact IdeaWorksCompany directly to provide feedback on the statistics provided in this report. Airlines also may directly disclose their ancillary revenue activities to IdeaWorksCompany for inclusion in next year's report. Please send your comments to Jay "at" IdeaWorksCompany.com.



Excel at Ancillary Revenue

"IdeaWorksCompany helps us excel at ancillary revenue."

"As a long-haul LCC WOW Air aims to master the art of ancillary revenue generation, Jay Sorensen's annual surveys have been a great motivator for us to become one of the leaders in the field. The benchmarking reports include a wealth of information that we use extensively to improve and develop our ancillary product offerings. The Master Class session sharpened our vision and goals and helped us to simplify our ancillary strategy."

Ragnhildur Geirsdóttir
Chief Operating Officer, WOW Air

Airlines everywhere choose IdeaWorksCompany for a revenue boost.

IdeaWorksCompany is a leading consulting resource for ancillary revenue and loyalty marketing. Our client list spans the globe – Europe, Middle East, Americas, South Pacific, and Asia – and every type of carrier. WOW Air benefited from our expertise in the areas of ancillary revenue, a la carte services, and customer relationship management.

Reach Jay Sorensen direct at
Jay@IdeaWorksCompany.com



Asia and the South Pacific

Air Astana

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$6,668,000
As a % of Revenue	0.9%
Dollars per Passenger	\$1.59
Financial Period	Calendar Year 2017
Total Revenue	\$737,844,000
Passengers	4,200,000
Information Source	Financial Statements for the year ended 31 December 2017 and “Air Astana profit rebounds in 2017” press release dated 01 February 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Ancillary revenue for 2017 was represented by baggage charges and advertising sales: <ul style="list-style-type: none"> – Revenue from excess baggage charges: \$4,656,000. – Revenue from the sale of advertising: \$2,012,000. Ancillary revenue for 2017 was <u>\$6,668,000</u>. • The airline has announced plans for an IPO during 2018. • Revenue for 2017 was \$737,844,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 12)	
Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	Bundled fares

Air China

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$39,828,142
As a % of Revenue	0.2%
Dollars per Passenger	\$0.39
Financial Period	Calendar Year 2017
Total Revenue	\$18,295,308,051
Passengers	101,576,660
Information Source	Air China 2017 Annual Report
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures are in China yuan (CNY).

Notes from Financial Reports	<ul style="list-style-type: none"> The airline disclosed sales revenue from “ancillary products” reached <u>CNY 270,000,000</u> which represented an annual increase of 32%. Air China describes its ancillary service revenue as deriving from assigned seating, prepaid baggage, and upgrades sold at the boarding gate. The Phoenix Miles program has 51.9 million members, and members represented 43.75 of revenue. Revenue generated by the mobile application platform was CNY 5.02 billion, or 4% of total revenue. Total revenue for 2017 was CNY 124,026,202,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Baggage, paid seats
Sabre	Baggage, paid seats
Travelport	Bundled fares

Air India Express

Source and Type	Checked baggage fees
Ancillary Revenue	\$9,647,957
As a % of Revenue	1.9%
Dollars per Passenger	\$2.82
Financial Period	Fiscal Year ended 31 March 2017 (FY 2016-17)
Total Revenue	\$511,876,296
Passengers	3,420,000 (described as “carriage”)
Information Source	Annual Report of Air India Express Limited for Fiscal 2016-17 and India Open Government Platform (data.India.gov)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in India rupees (INR). Ancillary revenue disclosed for FY 2016-17 was represented by baggage charges: <u>INR 623,560,000</u>. Passengers have been given the option to buy the meal of their choice on-line from a variety of vegetarian and non-vegetarian menus for breakfast, dinner and bar snacks. Also available are a choice of fruit meals. An online pre-order option was implemented in June 2016 and is currently available only on select sectors. The airline continues to serve complimentary inflight meals to those passengers who do not opt for the paid meals. The airline disclosed passenger traffic of 3.42 million for FY 2016-17, which represents a 22% increase above prior fiscal year results. Total revenue for FY 2016-17 was INR 33,083,230,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

AirAsia Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$616,732,336
As a % of Revenue	17.3%
Dollars per Passenger	\$9.73
Financial Period	Calendar year 2017
Total Revenue	\$3,557,370,919
Passengers	63,353,154
Information Source	AirAsia Berhad Fourth Quarter Report for the period ended 31 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • AirAsia Group (Malaysia, Indonesia, Philippines) and associates (India AirAsia and Thai AirAsia) discloses figures in local currencies, which are Malaysian ringgit (MYR), Thai baht (THB), and Indonesian rupiah (IDR). These were converted to Malaysian ringgit for the ancillary revenue total by IdeaWorksCompany. The results exclude AirAsia Japan. AirAsia Express is not part of the group. • AirAsia Group ancillary revenue for 2017 grew 16% year-over-year. The airline disclosed this revenue mix from the 4th quarter: <ul style="list-style-type: none"> - Checked baggage: 48%. - Cargo: 10% (not a qualifying ancillary revenue activity). - Food and beverage: 7%. - FlyThru flight connections: 6% (built into connecting fare, service allows passenger to check bags through to final destination for connecting flights, and provides rebooking for missed connection). - Seat selection: 6%. • During 2017, AirAsia Group noted the following activities related to its ancillary revenue initiatives: <ul style="list-style-type: none"> - Per passenger revenue growth occurred with checked baggage and the Fly-Thru connection service. - Baggage revenue was MYR 925 million, up 25%. - FlyThru revenue was MYR 112 million, up 42% with 1.6 million passengers.

- For 2018 the AirAsia Group seeks to boost ancillary revenue to MYR 55 per passenger, for an overall revenue contribution of 20%. The following describes the anticipated revenue sources for 2018:
 - Baggage fees: 40%.
 - Duty-free onboard sales (Big Duty Free): 15%.
 - Red Cargo and Red Box: 15% (not a qualifying ancillary revenue activity).
 - Big Pay (digital wallet): 8%.
 - FlyThru and Woki onboard Wifi: 8%.
 - Onboard café (Santan F&B brand): 7%.
 - Seat selection: 7%.
- The group provided additional details for the above activity:
 - Online365 (formerly known as Big Duty Free) will introduce a new e-commerce website during 2018. Passengers can shop online and enjoy delivery of goods to their home.
 - Santan is AirAsia’s in-house brand for its buy onboard café. The take rate (% of passengers buying) is expected to increase by 34% for 2018.
 - BigPay will launch during 2018 as a multi-currency foreign exchange digital wallet.
 - The group will consolidate digital businesses under RedBeat Ventures. This will include Travel360 as an online magazine and travel portal, Rokki for onboard Wifi services, RedTix for event ticketing, and Big Loyalty as a consumer loyalty program.
 - AirAsia started tailoring a la carte pricing to individual customers at the end of 2017. Tony Fernandes, CEO of AirAsia Group, said (Reuters 16 November 2017), “We begin to know what your tolerance level is for a certain ticket to a certain destination,” he said. “We will charge you differently for baggage. We are testing it.” The airline separately disclosed its personalization methods improved the a la carte take rate (% of passengers buying) by 6.66% with estimated revenue generation of USD1.7 million per month.
- AirAsia Group discloses statistics for its operating units, and these have been combined to yield the overall numbers.
- AirAsia Group (Berhad) Malaysia, Indonesia, and Philippines
 - Revenue: MYR 9,709,721,000.
 - Ancillary revenue per passenger: MYR 49.
 - Passengers: 39,092,972.
 - Ancillary revenue: MYR 1,728,555,628 (MYR 1,915,555,628 less cargo disclosure of MYR 187,000,000).

	<ul style="list-style-type: none"> • AirAsia Thailand <ul style="list-style-type: none"> – Revenue: THB 35,945,659,000 (MYR 4,548,077,747). – Ancillary revenue per passenger: THB 319. – Passengers: 19,819,034. – Ancillary revenue (calculated): THB 6,322,271,846 (MYR 799,934,809). • AirAsia India (currency: INR) <ul style="list-style-type: none"> – Revenue: INR 15,368,970,000 (MYR 1,021,343,178). – Ancillary revenue per passenger: INR 408. – Passengers: 4,441,148. – Ancillary revenue (calculated): INR 1,811,988,384 (MYR 120,415,484). • AirAsia Group results do not include AirAsia X (which follows this listing in the Yearbook). • Group totals <ul style="list-style-type: none"> – Ancillary Revenue: <u>MYR 2,648,905,921</u> – Total Revenue: MYR 15,279,141,925.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Baggage, meals, paid seats, sports equipment
Sabre	None
Travelport	Baggage, bundled fares, cabin comfort kit, meals, paid seats, sports equipment

AirAsia X

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$193,360,021
As a % of Revenue	18.2%
Dollars per Passenger	\$33.12
Financial Period	Calendar year 2017
Total Revenue	\$1,062,150,217
Passengers	5,837,530
Information Source	AirAsia X Annual Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in Malaysian ringgit (MYR). • Passenger ancillary revenue for 2017 was <u>MYR 830,494,000</u> which represents a 30% increase above 2016. • The following summarizes activities in various ancillary revenue areas for 2017: <ul style="list-style-type: none"> – The airline earned a commission of 25% on the sale of travel insurance (AirAsia Insure) provided by Tune Insurance which is a related party. The commission

earned was MYR 2,266,057. It is believed this amount is included in the ancillary revenue total.

- The largest increases in terms of individual ancillary services were produced by the most recent offerings, namely Xcite Inflight Entertainment (launched January 2017 and now on more flights) and the AirAsia Premium Red Lounge at the Kuala Lumpur hub (opened September 2016). Revenue from both more than doubled.
- In terms of total contributions, baggage fees and seat selection continued to dominate, with further increases seen during the year from more emphasis on dynamic pricing. To further promote seat selection, staff at check-in counters remind guests of the possibility of seating upgrades. AirAsia X also increased the take-up of travel insurance by bundling it in value packs and including it in Premium Flex and Premium Flatbed offerings.
- AirAsia Duty Free & Merchandise (formerly known as Big Duty Free) was another area of focus. During the year, the airline promoted the pre-purchase of items online, with delivery to guests either inflight or at designated areas in the airport. Alipay shoppers in China were offered a 10% discount – which helped to increase traffic 7X and sales 5X.
- Revenue produced by Big Loyalty on the purchase of reward travel on AirAsia X during 2017 was MYR 973,302. AirAsia X spent MYR 4,192,743 on the purchase of loyalty points from Big Loyalty for travel booked by customers.
- Operating revenue for 2017 was MYR 4,562,005,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage, meals, paid seats, sports equipment
Sabre	None
Travelport	Baggage, bundled fares, cabin comfort kit, meals, paid seats, sports equipment

ANA All Nippon

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$72,950,332
As a % of Revenue	0.4%
Dollars per Passenger	\$1.35
Financial Period	Fiscal year 2017
Total Revenue	\$17,541,876,934

Passengers	53,891,280
Information Source	ANA Holdings Financial Results for the period ended 31 March 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Japan yen (JPY). Results include low cost operations of Vanilla Air and Peach Aviation. The airline disclosed two areas of ancillary revenue activity for fiscal year 2017: <ul style="list-style-type: none"> Travel Services includes the operations of ANA Sky Holiday and ANA Hallo Tour. Operating income (not sales) for 2017 was JPY 3.7 billion. Trade and retail includes ANA Duty Free Shops and ANA Festa retail outlets. Operating income (not sales) for 2017 was JPY 4.5 billion. <p>Total ancillary revenue disclosed for fiscal year 2017 was <u>JPY 8,200,000,000</u>.</p> <ul style="list-style-type: none"> Total revenue for fiscal year 2017 was JPY 1,971,799,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Lounge access
Sabre	Lounge access
Travelport	Lounge access

Cebu Pacific

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$176,068,599
As a % of Revenue	13.1%
Dollars per Passenger	\$8.92
Financial Period	Calendar year 2017
Total Revenue	\$1,347,219,156
Passengers	19,745,008
Information Source	Securities and Exchange Commission SEC form 17-A for the fiscal year ended December 31, 2017 and December 2017 Operating Stats
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in Philippine pesos (PHP). Results include CEBGO (formerly Tiger Airways Philippines). The company offers ancillary services such as inflight merchandising (sale of duty-free products on international flights), and travel-related products and services. The definition also includes cancellation fees which IdeaWorksCompany does not consider ancillary revenue.

	<p>However, the airline separately disclosed this item as PHP 4,603,543,430.</p> <ul style="list-style-type: none"> The company disclosed ancillary revenue of PHP 13,494,297,261 for 2017. Deducting the cancellation fee revenue noted above provides an adjusted result of <u>PHP 8,890,753,831</u>. Within this amount, the following activity was disclosed: <ul style="list-style-type: none"> Excess baggage charges: PHP 6,503,929,372. Inflight sales, advance seat selection fee, reservation booking fees and others: PHP 2,117,690,355. Total revenue for 2017 was PHP 68,029,131,426.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

China Eastern

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$342,522,020
As a % of Revenue	2.3%
Dollars per Passenger	\$3.09
Financial Period	Calendar Year 2017
Total Revenue	\$15,116,254,971
Passengers	110,811,400
Information Source	China Eastern Airlines SEC Form 20-F for the year ended 31 December 2017 and 2017 Annual Results Presentation (under IFRIS)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in China yuan (CNY). Income produced by tour operations and other travel related services: <u>CNY 2,322,000,000</u>. China United Airlines is the company’s low-cost airline. The carrier has increased its a la carte emphasis and switched to a buy-on-board food program, introducing baggage charges, inflight sales, and paid lounge access. The airline disclosed these year over year increases to its “Value Added” product category: <ul style="list-style-type: none"> Multimodal transport sales: +34% Upgraded cabin products: +41% Preferred seats: +52% Package ticket products: +158%

	<ul style="list-style-type: none"> The Eastern Miles frequent flyer program had 33.4 million members at the end of 2017 and members account for 37.4% of passenger revenue. Revenue from the Eastern Miles Mall increased by 149%. Revenue for 2017 was CNY 102,475,000,000.
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	Bundled fares

China Southern

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$80,688,865
As a % of Revenue	0.4%
Dollars per Passenger	\$0.64
Financial Period	Calendar year 2017
Total Revenue	\$18,852,872,240
Passengers	126,299,000
Information Source	China Southern Airlines SEC Form 20-F for the period ended 31 December 2017 and 2017 Annual Results Announcement Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in China yuan (CNY). Frequent flyer membership (Sky Pearl Club) increased by 14.7% for the year to 34.52 million members. Income produced by hotel and travel services income: <u>CNY 547,000,000</u>. Total revenue for 2017: CNY 127,806,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage
Sabre	Baggage
Travelport	Bundled fares

Garuda Indonesia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$83,372,600
As a % of Revenue	2.0%
Dollars per Passenger	\$2.30
Financial Period	Calendar year 2017
Total Revenue	\$4,177,325,781
Passengers	36,237,704
Information Source	Garuda Indonesia Annual Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • The airline made an initial disclosure of ancillary revenue activity in its 2016 annual report, and this was expanded for 2017. Ancillary revenue received by the company includes “<i>a la carte features, commission-based products, frequent flyer programs, and advertisements sold by the company.</i>” • Ancillary revenue disclosed for 2017 was \$83,372,600. • The airline offers this commentary on its ancillary revenue initiatives: <ul style="list-style-type: none"> – The company considers ancillary products and loyalty program as a game changer beyond the core passenger ticket. – In order to maximize the management of ancillary revenues, the company has established an organization that focuses on managing ancillary products and the loyalty program supervised by a vice president. – The company plans to change the status of its frequent flyer program into a strategic business unit (SBU) in 2018 for it to become more focused and grow more rapidly. • Garuda Indonesia described specific ancillary revenue projects for 2018 which will focus on these three pillars: <ul style="list-style-type: none"> – Fixing the basics: Development of systems and technologies supporting loyalty and ancillary products. – Product development: Creating new products that provide additional benefits to Garuda Indonesia members and passengers. – Communication: Communicating intensively to passengers related to the products provided by the company. • The following describes some of the specific activities the airline plans to undertake for 2018: <ul style="list-style-type: none"> – Enhance sales on board in all aircraft and sales channels.

	<ul style="list-style-type: none"> - Advertising in the inflight entertainment and Wifi systems. - Zone-based pricing for excess baggage. - Prepaid excess baggage on the website and mobile apps. - Enhance hotel, car rental, and trip insurance partnerships. - Implement fees for contact center sales and unaccompanied minors. • Total passenger airline revenue for 2017 was \$4,177,325,781.
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage, paid seats, unaccompanied minor
Sabre	Medical assistance, paid seats
Travelport	None

Go Air

Source and Type	Checked baggage fees
Ancillary Revenue	\$2,580,793
As a % of Revenue	0.5%
Dollars per Passenger	\$0.30
Financial Period	Year ended 31 March 2017 (FY 2016-17)
Total Revenue	\$560,177,507
Passengers	8,646,000
Information Source	India Open Government Platform
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in India rupees (INR). • Ancillary revenue for FY 2016-17 found at the data.India.gov India Open Government Platform was represented by baggage charges: <u>INR 166,800,000</u>. • Total revenue for FY 2016-17 was INR 36,205,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	None

HK Express

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$123,152,884
As a % of Revenue	25.0%
Dollars per Passenger	\$32.52
Financial Period	Calendar year 2017
Total Revenue	\$492,611,537
Passengers	3,787,000
Information Source	Information directly disclosed by HK Express to IdeaWorksCompany for 2017 and 01 January 2018 HK Express press release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Hong Kong dollars (HKD). • Total ancillary revenue for 2017 was <u>HKD 961,455,250</u>. • The airline further disclosed ancillary revenue was generated by these activities: <ul style="list-style-type: none"> – Baggage: 67.1% – Seat assignments: 11.8% – Trip insurance & fees: 13% – Onboard sales, transport tickets: 4.1% – Priority check-in/boarding, lounge, FFP, others: 3.0% – Hotel, rental car, activity bookings, advertising: 1.0% • The U-Biz fare was enhanced with lounge access and priority boarding during 2017. • Total passenger airline revenue for 2017 was HKD 3,845,821,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

IndiGo

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$239,326,769
As a % of Revenue	6.5%
Dollars per Passenger	\$4.59
Financial Period	Fiscal year ended 31 March 2018
Total Revenue	\$3,708,380,202
Passengers	52,141,844

Information Source	IndiGo's Quarterly (1 through 4) Financial Results for fiscal year 2018 and operational statistics from the website
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in India rupees (INR). IndiGo disclosed quarterly ancillary revenue throughout FY 2018: <ul style="list-style-type: none"> Quarter 1: INR 5.89 billion. Quarter 2: INR 6.23 billion. Quarter 3: INR 7.00 billion. Quarter 4: INR 6.66 billion. The above activity totals INR 25.78 billion. The activity includes cargo and ticket change fees, which IdeaWorksCompany does not consider ancillary revenue. For fiscal 2017, Indigo disclosed cargo revenue separately and it equaled approximately 40% of ancillary revenue. Accordingly, the quarterly disclosure totals are reduced by 40% to yield adjusted ancillary revenue of <u>INR 15,468,000,000</u>. Total passenger airline revenue for FY 2018 was INR 239,677,430,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	Baggage, bundled fares, fast track, lounge access, meals, paid seats

Japan Airlines

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$172,171,679
As a % of Revenue	1.5%
Dollars per Passenger	\$4.04
Financial Period	Fiscal year ended 31 March 2018
Total Revenue	\$11,184,531,325
Passengers	42,618,874 (international and domestic)
Information Source	Consolidated Financial Results for the year ended 31 March 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Japan yen (JPY). JAL Card Co. Ltd. offers co-branded credit cards such as the JAL Card and the JAL American Express card. The cards had 3,426,000 members as of March 2018 (March 2016: 3,272,000). Operating revenue from the JAL Card

	<p>program was JPY 18.3 billion (FY 2016: JPY 20.4 billion). The annual report actually misstates the fiscal 2017 result as 183 billion; research on prior years concluded this is an error. IdeaWorksCompany believes this result represents net revenue for the company and does not include cardholder charge volumes. According to a joint JAL/Hawaiian Airlines press release, the JAL Mileage Bank had 31 million members as of September 2017.</p> <ul style="list-style-type: none"> • The airline disclosed revenue of JPY 1,053,000,000 from luggage operations for domestic and international markets. • Total ancillary revenue calculated for Japan Airlines and JAL Group was <u>JPY 19,353,000,000</u> for fiscal year 2017 (representing JAL Card and luggage items). • JALPAK Co. Ltd. provides vacation packages within JAL Group and reported operating revenue of JPY 1,751 billion. IdeaWorksCompany believes this amount represents gross sales (including the price of lodging) and is not restricted to the commission received on package sales. Accordingly, it is not included as a qualifying ancillary revenue disclosure. • Air transportation segment revenue for fiscal year 2017: JPY 1,257,200,000,000.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Jejuair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$68,854,121
As a % of Revenue	7.9%
Dollars per Passenger	\$6.58
Financial Period	Calendar year ended 31 December 2017
Total Revenue	\$869,446,900
Passengers	10,470,000
Information Source	Jejuair 2017 Earnings Release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Korean won (KRW). • Ancillary revenue and other revenue disclosed for the group was <u>KRW 78,900,000,000</u> for 2017, which represents a 56% increase above 2016.

	<ul style="list-style-type: none"> • Jejuair provided additional sales detail for these ancillary revenue categories: <ul style="list-style-type: none"> – Additional baggage: KRW 13.9 billion. – Other a la carte services including advance seat assignment: KRW 11.3 billion. – Air café: KRW 5.5 billion. – Other inflight sales: KRW 3.1 billion. • One checked bag is allowed per passenger. • Operating revenue disclosed for 2017: KRW 996,300,000,000.
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
Sabre	None
Travelport	Bundled fares

Jet Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$305,025,588
As a % of Revenue	8.7%
Dollars per Passenger	\$11.24
Financial Period	Fiscal year ended 31 March 2017 (most recent)
Total Revenue	\$3,493,126,445
Passengers	27,147,736
Information Source	Jet Airways (India) Limited Annual Report 2017

Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Indian rupees (INR). • Ancillary revenue disclosed for 2017 was <u>INR 19,714,200,000</u> (originally expressed in lakhs, which was multiplied by 100,000) and represents a 4.2% increase from FY 2016. • Excess baggage revenue found at the data.India.gov India Open Government Platform was INR 1,648,500,000 for the same period. • The company offers these carte products: checked baggage, priority check-in, assigned seating, and fare lock. • Operating revenue disclosed for FY 2017: INR 225,765,300,000.
--	---

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Paid seats
---------	------------

Sabre	Paid seats
Travelport	Baggage, paid seats

Jetstar

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$643,328,495
As a % of Revenue	23.2%
Dollars per Passenger	\$26.92
Financial Period	Fiscal year ended 30 June 2017
Total Revenue	\$2,768,658,200
Passengers	23,900,000 Jetstar Domestic, International, and Asia
Information Source	Qantas Airways Limited Annual Report for the year ended 30 June 2017, Qantas Data Book 2017 and Qantas Presentation and Supplementary Presentation 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Australian dollars (AUD). Jetstar is the Qantas Group's low cost airline brand. It is a value-based, low fares network of airlines operating primarily in leisure market segments. Jetstar consists of Jetstar Domestic and Jetstar International (including New Zealand based domestic operations). Jetstar also has holdings in Singapore-based Jetstar Asia, Vietnam based Jetstar Pacific, and in Jetstar Japan. Jetstar Group has made various references which can be pieced together to form a rather accurate summary of its ancillary revenue activity. Ancillary revenue for Jetstar Group was AUD 31.80 per passenger during FY 2014. For FY 2016 IdeaWorksCompany estimated per passenger ancillary revenue to be AUD 33.71 based upon executive interviews in which growth rates were referenced. For FY 2017, the rate is estimated to be AUD 35 per passenger. The AUD 35 estimate ranks Jetstar comparably to Volaris, HK Express, and Pegasus in terms of ancillary revenue as a percent of total revenue. The estimate was provided to Jetstar management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. Multiplying the AUD 35 rate by passenger traffic generates total ancillary revenue of <u>AUD 836,500,000</u>. The following disclosures for Jetstar, related to its ancillary revenue activities, were found in Qantas Group financial documents for FY 2017:

	<ul style="list-style-type: none"> - Jetstar boosted ancillary revenue through revised product offers related to holiday packages, catering, and dynamic seat and bag pricing. - FlexiBiz was introduced, which provides a larger carry-on limit of 10 kg. but economically does not include a checked bag. There's no charge for same day flight changes and onboard food/drink are included. - Max Airport service was introduced at Singapore by Jetstar Asia. Airport Customer Experience teams use iPads on the concourse to assist with documentation checks and to add a la carte services such as checked baggage. - Airbnb was added as an accommodation vendor at the Jetstar website. • Sources of ancillary revenue include: <ul style="list-style-type: none"> - Activity and day tour bookings. - Call center booking fee. - Car hire bookings. - Catering. - Checked baggage. - Club Jetstar (savings subscription). - Comfort packs. - Duty free purchases. - Extra leg room seating and seat assignment. - Faxed itinerary, mailed itinerary. - Hotel bookings. - Inflight entertainment. - Jetstar MasterCard (Australia). - Prepaid extra baggage. - Pricing bundles. • Jetstar Group had total revenue of AUD 3,600,000,000 for FY 2017.
--	--

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Jin Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$33,685,286
As a % of Revenue	4.3%
Dollars per Passenger	\$3.89
Financial Period	Calendar year ended 31 December 2017

Total Revenue	\$775,285,181
Passengers	8,670,000
Information Source	Jin Air 2017 Earnings Release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Korean won (KRW). Financial reports for Jin Air are published in Korean and were translated via Google Translate. The company started releasing English versions in 2018 which allowed a comparison of reporting format. The following sources of revenue were disclosed for 2017: <ul style="list-style-type: none"> Onboard sales: KRW 3,800,000,000. Excess baggage: KRW 3,200,000,000. Ticket related (includes bundles, assigned seats): KRW 19,500,000,000. Other ancillary (includes car, hotel, and holidays): KRW 12,100,000,000. <p>Total ancillary for 2017 is <u>KRW 38,600,000,000</u>. One checked bag is allowed per passenger.</p> <ul style="list-style-type: none"> The airline offers the following onboard and ticket-related services: <ul style="list-style-type: none"> Fare bundles (Basic, Smart, and Smart Plus). Buy on board café with hot entrees. Paid seat assignment (first row, front section, exit row, back section). Pre-order kids meals. Inflight app for movies and Wifi. Duty free goods. Birthday and honeymoon gift pre-order. The airline offers these ancillary revenue services: <ul style="list-style-type: none"> Hotel and car hire booking. Trip insurance. Holiday packages. Frequent flyer program. Co-branded credit card. Online shopping mall. Jin Air operates a point based frequent flyer program called Nabi. Operating revenue disclosed for 2017: KRW 888,400,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Nok Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$64,399,668
As a % of Revenue	10.7%
Dollars per Passenger	\$7.33
Financial Period	Calendar year ended 31 December 2017
Total Revenue	\$600,177,059
Passengers	8,780,000
Information Source	Nok Airlines Public Company Limited, Annual Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Thai baht (THB). • Nok has positioned itself as a premium low cost carrier and includes 15kg checked baggage, seat selection, and basic catering in the price of its tickets. • “Choose your Nok” was introduced as the carrier’s new branded fare initiative during 2017. This features three fares: Nok Lite, Nok X-tra, and Nok Max. Nok Lite as the base level includes the amenities described above. • Ancillary revenues (“service revenues”) include revenue from travel changes, excess baggage, ticket booking and payment fee and sales from snacks, drinks and souvenirs. The amount associated with travel changes was disclosed, but not believed to represent a meaningful percent of ancillary revenue. • The airline disclosed 71% of tickets were sold through the website and mobile devices during 2017. • Ancillary revenue disclosed for 2017 was <u>THB 2,186,110,000</u> • Total consolidated revenue for 2017 was THB 20,373,600,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Philippine Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$199,412,111
As a % of Revenue	7.8%
Dollars per Passenger	\$13.78

Financial Period	Calendar year ended 31 December 2017
Total Revenue	\$2,564,744,586
Passengers	14,466,729
Information Source	SEC Form 17-A for PAL Holdings, Inc.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Philippine peso (PHP). • Philippine Airlines disclosed “ancillary” revenue of <u>PHP 10,069,507,000</u> for 2017. The reference was not further defined, however cargo was disclosed as a separate item. • Philippine Airlines lists the following a la carte activities at its website: <ul style="list-style-type: none"> – Buy-on-board boutique. – Choice Seats, which offer seat assignments in the front of the cabin and extra leg room seats. – Excess baggage. – Global Wifi access. – Inflight oxygen. – Paid lounge access. – Premium economy seating. – Ticket office service fee. – Travel insurance. – Unaccompanied minor travel. • Revenue for 2017 was PHP 129,509,253,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Baggage, sports equipment
Sabre	Baggage, bundled fares, inflight entertainment, paid seats
Travelport	Baggage, sports equipment

Qantas Airways

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$1,157,452,942
As a % of Revenue	12.1%
Dollars per Passenger	\$38.91
Financial Period	Fiscal year ended 30 June 2017 (FY 2017)
Total Revenue	\$9,580,326,445
Passengers	29,750,000 (excludes Jetstar)
Information Source	Qantas Airways Limited Annual Report for the year ended 30 June 2017, Qantas Data Book 2017 and Qantas Presentation and Supplementary Presentation 2017
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in Australian dollars (AUD).

Notes from Financial Reports

- These results include Qantas Domestic, Qantas International, and Qantas Loyalty. Jetstar is the low fare affiliate of Qantas; please see the separate listing.
 - Qantas disclosed the following traffic for FY 2017:
 - 22,199,000 Australia domestic passengers.
 - 7,551,000 international passengers.
- Total passengers for period: 29,750,000.
- The results listed below are for the Qantas Group which includes Qantas and the Jetstar (in relation to its participation in the Qantas Frequent Flyer program).
 - The group disclosed the following activities which qualify as ancillary revenue:
 - AUD 141 million from retail, advertising and other property revenue. Included in this category is revenue from ongoing long term leases with retail stores at Qantas owned domestic terminals. Qantas generates revenue from utilizing digital advertising assets within the terminals through joint revenue share agreements with media agencies.
 - Freight terminal fees are also included in this category, which IdeaWorksCompany would not qualify as ancillary revenue. However, Qantas Club membership fee revenue is also not included. It is believed these two items might represent equivalent values (2012 Qantas Club revenue was a substantial AUD 85 million.
 - Qantas Loyalty (operator of the Qantas Frequent Flyer program) had revenue (essentially billings) of AUD 1.505 billion for FY 2017. The program had 11.8 million members as of June 2017, compared to 11.4 million as of June 2016 (an increase of 4%). Qantas Loyalty was founded in 1987 and was established as a separate segment in 2007.
 - Qantas Loyalty highlights for the fiscal period include:
 - Based upon Qantas internal analysis, 35% of credit card spend in Australia is on Qantas co-branded credit cards.
 - In June 2017, the program launched the Qantas Premier credit card, which offers a high rate of points earn as well as a number of travel benefits.
 - The program added 22 coalition partners, 12 of which are in the business to business category.
 - “Aquire” is Qantas Loyalty’s Australian business rewards program launched in March 2014 and membership has grown 27% since launch.
 - IdeaWorksCompany estimates FY 2017 ancillary revenue was AUD 1,646,000,000 represented by this activity:
 - AUD 1.505 billion Qantas Loyalty revenue.
 - AUD 141 million from ancillary revenue detailed above.

	<ul style="list-style-type: none"> The group did not specifically disclose ancillary revenue activity for FY 2017, which includes checked baggage, assigned seating, extra leg room seating, duty-free merchandise, commissions on travel services such as hotel and car rental bookings, and advertising revenue. More than 91% of disclosed ancillary revenue is affiliated with Qantas Loyalty. Total Group revenue for FY 2017 was AUD 16,057,000,000; excluding Jetstar revenue of AUD 3,600,000,000 yields net Qantas Airways revenue of AUD 12,457,000,000.
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage, paid seats, sports equipment
Sabre	Baggage, bundled fares, paid seats
Travelport	Baggage, bundled fares, paid seats, unaccompanied minor

Rex Regional Express

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,000,356
As a % of Revenue	0.9%
Dollars per Passenger	\$1.68
Financial Period	Fiscal year ended June 30, 2017
Total Revenue	\$216,083,775
Passengers	1,192,000
Information Source	Annual Report for the financial year ended June 30, 2017 and fiscal year 2017 Financial Results Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Australian dollars (AUD). Results include Rex Regional Express, Air Link, and Pel-Air Aviation. Rex sells hotel accommodations, car rentals, and travel insurance at its website. The carrier sells annual memberships for its airport lounge in Sydney. Service fees are charged for payment made by credit card. The carrier disclosed revenue of <u>AUD 2,601,000</u> from “other passenger services and amenities.” Revenue for 2017 was AUD 280,967,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	None
---------	------

Sabre	None
Travelport	Bundled fares

Scoot

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$215,481,931
As a % of Revenue	20.0%
Dollars per Passenger	\$22.34
Financial Period	Fiscal year ended 31 March 2018 (FY 2018)
Total Revenue	\$1,077,409,656
Passengers	9,647,000
Information Source	Singapore Airlines Group News Release for the Financial Results for the Fiscal Year ended 31 March 2018 and “Interview: Lee Lik Hsin, chief executive, Scoot” dated 11 September 2017 at <i>FlightGlobal.com</i>
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Singapore dollars (SGD). • Scoot is a low cost carrier wholly owned by Singapore Airlines. • Lee Lik Hsin, CEO of Scoot, commented in a <i>Flight Airline Business</i> article that ancillary revenue currently accounts for 20% of its total revenue, and the carrier has dedicated teams exploring new opportunities and ways to improve the take-up rates of existing products. Applying this 20% rate to FY 2018 revenue (see note below) generates an ancillary revenue result of <u>SGD 296,800,000</u>. • Scoot lists the following a la carte activities at its website: <ul style="list-style-type: none"> – Assigned seating fees. – Buy-on-board café. – Call center bookings. – Checked baggage. – Duty-free merchandise. – Economy fare bundles: Fly, FlyBag, and FlyBagEat. – Extra leg room seating. – MaxYourSpace allows passengers to block 1 or 2 adjacent seats for more room. – PlusPerks bundle which allows KrisFlyer mileage accrual. – Pre-order meals on long-haul flights (Singapore to Athens or Berlin). – Scoot-in-Style Package includes Singapore Airport lounge access and early boarding. – ScooTV onboard movies via mobile app. – Wifi access.

	<ul style="list-style-type: none"> • Operating profit for Scoot was SGD 77 million for the year. • Revenue for FY 2018 was SGD 1,484,000,000. This amount was generated by multiplying revenue passenger kilometers flown by revenue per seat kilometer as provided in the 2017 annual report.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

SpiceJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$82,804,618
As a % of Revenue	6.7%
Dollars per Passenger	\$4.57
Financial Period	Fiscal year ended 31 March 2018
Total Revenue	\$1,227,331,047
Passengers	18,100,000
Information Source	SpiceJet FY 2018 Q4 Investor Presentation and Annual Report 2016/2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in India rupees (INR). • Ancillary revenue was disclosed by the airline in its 4th qtr. FY 2018 investor presentations: INR 7,766,000,000. The carrier's revenue disclosure is composed of ancillary revenue and air cargo. IdeaWorksCompany does not define air cargo as ancillary revenue and believes ancillary revenue is overstated due to the inclusion of air cargo revenues. Accordingly, this amount was reduced by INR 2,414,230,000 (representing the latest cargo disclosure, which is from the prior year). Net ancillary revenue for FY 2018 is <u>INR 5,351,770,000</u>. SpiceJet's 2017 result is lower because the cargo adjustment was not made for 2016 (cargo revenue was not available when research was completed). • SpiceJet views its ancillary revenue products as serving customers in the following ways: <ul style="list-style-type: none"> – Hand baggage only: for light travelers. – Excess baggage: serves customers with loads of baggage.

	<ul style="list-style-type: none"> - Carry more on board: meets the need of the travelers who happened to carry more at the last minute. - SpiceMax: provides customers a better experience through offerings like priority check-in, preferred boarding, more leg room, hot meals and priority baggage delivery at arrivals etc. - MyFlexiPlan: allows customers to change/cancel tickets to suit their travel plan. - Fly for Sure: aims to give greater customer ease in case of flight disruptions. - SpiceVacations.com: another one-stop offering for hotel booking and customized holiday packages suiting specific travel needs at competitive prices. • Total revenue for the fiscal year ended 31 March 2018 was INR 79,324,000,000.
--	--

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Spring Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$116,534,193
As a % of Revenue	7.2%
Dollars per Passenger	\$6.79
Financial Period	Calendar year ended 31 December 2017
Total Revenue	\$1,618,289,671
Passengers	17,169,100
Information Source	Spring Airlines Annual Report for 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in China yuan (CNY). The company's listing number on the Shanghai stock exchange is 601201. • The document was published in Chinese. The following translations may be helpful for finding information: <ul style="list-style-type: none"> - Revenue: 收入 - Ancillary Revenue: 辅助收入 - Also called Auxiliary Business Income: 公司辅助业务收入 - Passenger Traffic: 旅客运输量

	<ul style="list-style-type: none"> • Ancillary revenue for 2017 was <u>CNY 790,000,000</u> which represents an 11.8% increase from 2016. • The company offers a number of products to enhance ancillary revenue: <ul style="list-style-type: none"> – Assigned seating (regional and international routes). – Attraction tickets, such as Shanghai Disney. – Excess baggage (and handbag only fares on domestic flights). – Holiday packages. – Hotel and car hire bookings. – Pre-order meals. – VIP lounge. – Wifi access cards for travel outside China. • Total revenue for 2017: CNY 10,970,589,893.
--	---

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Vietjet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$204,017,303
As a % of Revenue	10.9%
Dollars per Passenger	\$11.92
Financial Period	Calendar year ended 31 December 2017
Total Revenue	\$1,863,650,204
Passengers	17,110,000
Information Source	Vietjet Aviation Joint Stock Company Key Highlights for First Half of 2017 and Quarter 4 of 2017, Consolidated Financial Statements for 2017, and Investor Relations News January/February 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • Figures below are in Vietnamese dong (VND) and US dollars. • Vietjet disclosed ancillary revenue for quarters 1-3 (in US\$): <ul style="list-style-type: none"> – Qtr. 1-2: \$13.60 per passenger (8.27 million passengers) for \$112,472,000 total. – Qtr. 3: \$14.60 per passenger (4.36 million passengers) for \$63,656,000 total. • Total “ancillary revenue” disclosed for 2017 is VND 5,477,049,982,320.

	<ul style="list-style-type: none"> • Vietjet’s “ancillary revenue” disclosure includes the sale of inflight and duty free merchandise, advertising revenue, commissions, revenue from related passenger services (including change fees), and cargo. Cargo, as a percentage of total revenue, was approximately 2% during 2016 (Viet Capital Securities Pre-Listing Report, February 2017). This would equal \$37,273,000 or VND 846,060,773,042. Accordingly, this was deducted from the ancillary revenue noted above to provide net 2017 ancillary revenue of <u>VND 4,630,989,200,000</u>. • A review of the carrier’s website displays the following ancillary revenue activities: <ul style="list-style-type: none"> – Extensive onboard catalog of souvenirs, Vietjet branded items, entrees, snacks, beverages, and duty free goods. – Baggage fees, including the first bag (pre-paid and at airport). – Travel insurance. – Seat assignment including extra leg room. – Flat fee for credit card payment. • Operating revenue disclosed for 2017: VND 42,303,000,000,000.
--	--

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Virgin Australia

Source and Type	Partner activities associated with the frequent flyer program
Ancillary Revenue	\$285,325,609
As a % of Revenue	7.4%
Dollars per Passenger	\$11.79
Financial Period	Fiscal year ended 30 June 2017
Total Revenue	\$3,881,504,982
Passengers	24,200,000
Information Source	Virgin Australia Group Annual Report 2017 and Annual Financial Report 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Australia dollars (AUD). • Virgin Australia results include the operations of Tigerair Australia. The LCC is a redemption only partner in the Velocity frequent flyer program.

- Virgin Australia does not own 100% of the Velocity Frequent Flyer Program. Virgin Australia completed the sale of a 35% share of Velocity on 22 October 2014 to “Affinity” (non-controlling interests) for AUD 336 million.
- Reportable segment revenue for the Velocity Frequent Flyer program was AUD 371,000,000 for FY 2017 and represents the only qualifying ancillary revenue activity disclosed by the airline. The EBIT margin for the program is 38.5%. The airline does disclose “Other ancillary revenue” but the amount is compromised because it includes cargo, reservation change, and charter revenue.
- The Velocity program grew its membership base to 8 million members (6.3 million at end of 2016) which is the equivalent of 1 in 3 Australians. The average daily membership gain rate for 4,689 during FY217.
- During the year, Virgin Australia brought a number of innovations to the market, including launching the extra leg room seating product Economy X, which is unique to the Australian aviation market, and trialing inflight wireless internet connectivity. Economy X offers up to 40% more leg room, priority screening, allocated overhead bins, priority boarding, and more features on international flights.
- Annual revenue for the airline was AUD 5,047,000,000 for FY 2017.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Animal transport, baggage, paid seats, unaccompanied minor
Sabre	Animal transport, bundled fares, baggage, paid seats, unaccompanied minor
Travelport	Animal transport, baggage, bundled fares, paid seats, unaccompanied minor

Non-Reporting Carriers for Asia and the South Pacific

The following airlines did not reveal ancillary revenue activity for the most recent full year period (additional search notes are also provided):

Air Do (Japanese only), Air India (unable to determine if results include Air India Express), Air New Zealand, Asiana (only 2016 report during research time), Bangkok Air, Cathay Pacific Airways, EVA Airways, Fiji Airways, Hainan Airlines (only 2016 report during research time), Hong Kong Airlines (owned by HNA), Juneyao Airlines (documents only in Chinese), Korean Air, Lion Air, (privately held), Malaysia Airlines (no recent annual reports), Peach Aviation (owned by ANA), PIA Pakistan (only 2016 report during research time) Singapore, Solaseed Air (documents only in Japanese), Starflyer (documents only in Japanese, no report since 2013), and Thai Airways.

Carriers are invited to contact IdeaWorksCompany directly to provide feedback on the statistics provided in this report. Airlines also may directly disclose their ancillary revenue activities to IdeaWorksCompany for inclusion in next year's report. Please send your comments to Jay "at" IdeaWorksCompany.com.

Middle East and Africa

Air Arabia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$123,987,183
As a % of Revenue	12.2%
Dollars per Passenger	\$14.54
Financial Period	Calendar year 2017
Total Revenue	\$1,017,545,985
Passengers	8,530,000
Information Source	Air Arabia Consolidated Financial Statements 31 December 2017, Q4 and Full Year 2017, Commentary, and Air Arabia Research Update dated May 2017 by KAMCO Investment Company (Kuwait)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All revenue below is stated in UAE dirhams (AED). • The holding company owns 100% of Air Arabia (UAE), 40% of Air Arabia (Morocco), 50% of Air Arabia (Egypt), and 49% of Air Arabia (Jordan). In addition, the company holds shares in catering, travel companies, and hotels in the UAE. • The carrier last disclosed in 2012 it had accomplished a level of ancillary revenue equaling “6% of revenue.” The airline has not disclosed activity since then, but the array of activities and the efforts made suggest the rate for 2017 should be much higher. • IdeaWorksCompany identified the following statistic in a 2016 research report issued by Kuwait-based KAMCO Investment Company, “Ancillary revenues, i.e. baggage and cargo revenue, are expected to remain stable at around 14-15% of total revenues.” KAMCO’s status as a Middle East research firm suggests reliable intelligence. In addition, the rate is very similar to flydubai, which could be considered a peer airline. The 15% rate will be assumed as the research is from more than a year ago. • Applying the 15% rate to 2017 revenue yields an ancillary revenue result of AED 560,829,900. Air Arabia disclosed cargo revenue of 105,252,000, deducting this activity generates an ancillary revenue result of <u>AED 455,577,900</u>. • The airline separately disclosed baggage revenue of AED 45,170,000. • The estimate was provided to Air Arabia management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate.

	<ul style="list-style-type: none"> Revenue for 2017 was AED 3,738,866,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Emirates

Source and Type	Checked baggage fees
Ancillary Revenue	\$117,842,525
As a % of Revenue	0.5%
Dollars per Passenger	\$2.01
Financial Period	Fiscal year ended 31 March 2018 (2017-18)
Total Revenue	\$25,125,768,204
Passengers	58,485,000
Information Source	Annual Report 2017-18 of The Emirates Group for the period ended March 31, 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in UAE dirhams (AED). Emirates did not specifically disclose ancillary revenue, but it did list FY 2017-18 revenue from excess baggage charges: <u>AED 433,000,000</u>. The group has holdings in a diverse array of businesses worldwide: restaurants (such as Hudson's Coffee outlets in Australia), hotels (such as Premier Inn locations in the UAE), and airline catering kitchens. These have not been included as contributing to ancillary revenue because these are general consumer activities and are not primarily directed to Emirates' passengers. Revenue for FY 2017-18 was AED 92,322,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Bundled fares, paid seats
Sabre	Baggage, bundled fares, lounge access, meals, paid seats
Travelport	Bundled fares, paid seats

flydubai

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$178,124,556
As a % of Revenue	11.9%
Dollars per Passenger	\$16.34
Financial Period	Calendar Year 2017
Total Revenue	\$1,496,845,011
Passengers	10,900,000
Information Source	“Flydubai sees strong growth in revenues, record passengers and sustained profit” press release dated 21 February 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in UAE dirhams (AED). • FlyDubai entered into a codeshare relationship with Emirates in October 2017. During the first six months, 400,000 passengers connected between the airlines and the codeshare network has grown to 141 destinations as of April 2018. • The airline disclosed a hefty aircraft order backlog of 295 aircraft on order; the airline has a current fleet of 61 aircraft. • Ancillary revenue disclosed for 2017 was 11.9% (2016: 13.8%) of revenues or <u>AED 654,500,000</u>. Ancillary revenue items include: inflight entertainment, Wifi, onboard sales, pre-order meals, extra leg room seating, checked baggage allowance, car rental, hotel bookings, travel insurance, and visa facilitation services. Unfortunately, the definition also includes cargo, which IdeaWorksCompany does not consider a qualifying source. However, flydubai’s narrow body aircraft limit the quantity of cargo carried; the amount is not believed to be meaningful. • Revenue for 2017 was AED 5,500,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	None

Jazeera Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$14,275,445
As a % of Revenue	7.7%
Dollars per Passenger	\$10.20
Financial Period	Calendar Year 2017
Total Revenue	\$186,593,863
Passengers	1,400,000
Information Source	Jazeera Airways Group Consolidated Annual Financial Statements dated 31 December 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Kuwait dinars (KWD). • Ancillary revenue disclosed for 2017 was <u>KWD 4,331,078</u>. IdeaWorksCompany believes this activity consists of call center reservation booking fees, and commissions on hotel reservations and car rentals made through the airline. • The airline called 2017 the “Year of the Brand” and announced 2018 will be the “Year of Ancillary” with initiatives involving buy on board and baggage. • Revenue for 2016 was KWD 56,611,376.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Royal Jordanian

Source and Type	Checked baggage fees
Ancillary Revenue	\$6,182,187
As a % of Revenue	0.7%
Dollars per Passenger	\$1.97
Financial Period	Calendar Year 2017
Total Revenue	\$880,998,348
Passengers	3,140,000
Information Source	Alia - The Royal Jordanian Airlines Company Annual Report 2017 and Consolidated Financial Statements 31 December 2017
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in Jordanian dinars (JOD).

Notes from Financial Reports	<ul style="list-style-type: none"> Royal Jordanian did not specifically disclose ancillary revenue, but it did list 2017 revenue from excess baggage charges: <u>JOD 4,374,000</u>. Revenue for 2017 was JOD 623,321,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 17)	
Amadeus	Baggage, bundled fares, lounge access, paid seats
Sabre	Baggage, lounge access, paid seats
Travelport	Baggage, bundled fares, lounge access

South African Airways

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$62,139,836
As a % of Revenue	3.0%
Dollars per Passenger	\$9.08
Financial Period	Fiscal Year Ended 31 March 2017
Total Revenue	\$2,047,557,269
Passengers	6,840,523
Information Source	South African Airways Integrated Annual Report for year ended 31 March 2017
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in South African rand (ZAR). South African Airways (SAA) did not specifically disclose ancillary revenue, but it did disclose revenue generated by its Voyager frequent flyer program: <u>ZAR 813,000,000</u>. This equals revenue of ZAR 301 per member. The airline disclosed the following about its Voyager program: <ul style="list-style-type: none"> The Voyager program became revenue based during February 2015 mileage accrual. For every 1.3 miles issued, 1 mile is redeemed. Miles redeemed on SAA have an implied economic value of 8 cents. The program had 2.7 million members at the end of the fiscal year (2.5 million for prior year). Voyager members represent 30% of airline revenue. 68.7% of redemption activity occurred on SAA. 198.2 million miles were redeemed for rewards. Income was ZAR 36.2 million for the fiscal year. In a unique disclosure among the world's airlines, SAA revealed the beneficiaries of charity donations by members (miles donated, value of donation): <ul style="list-style-type: none"> Wings and Wishes: 3,649,821 miles, ZAR 291,986.

	<ul style="list-style-type: none"> - Reach for a Dream: 8,394,284 miles, ZAR 671,543. - World Wildlife Fund: 5,467,823 miles, ZAR 437,426. <p>Total miles: 17,511,928, Total Value: ZAR 1,400,954.</p> <ul style="list-style-type: none"> • Ancillary revenue was highlighted as a key commercial activity during the year, which included blocking an empty seat next to you and payment of excess baggage prior to departure. The airline plans to introduce fee-based food and entertainment choices in the future. • Revenue for fiscal 2017 was ZAR 26,789,000,000.
--	--

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 17)

Amadeus	Baggage, paid seats
Sabre	Baggage, paid seats
Travelport	Baggage, bundled fares, medical assistance, paid seats

Non-Reporting Carriers for the Middle East and Africa

The following airlines did not reveal ancillary revenue activity for the most recent full year period (additional search notes are also provided):

Air Mauritius, Comair, Egyptair (only 2015/2016 report was available during research time), El Al, Etihad Aviation Group (only 2015 report was available during research time), Ethiopian (only 2015/2016 report was available during research time), Fastjet (only 2016 report was available during research time), flyadeal (owned by Saudi Arabian Airlines), flynas (privately held), Jambojet (owned by Kenya Airways), Kenya Airways, Middle Eastern Airlines (only 2015 report was available during research time), Oman Air, Qatar Airways, and Saudi Arabian Airlines (government owned).

Carriers are invited to contact IdeaWorksCompany directly to provide feedback on the statistics provided in this report. Airlines also may directly disclose their ancillary revenue activities to IdeaWorksCompany for inclusion in next year's report. Please send your comments to Jay "at" IdeaWorksCompany.com.

Currency Exchange Rates Used for this Yearbook

Airlines usually disclose revenue in local currency. The overall reporting currency for this guide is the US dollar. The following exchange rates were used to convert amounts from local currencies to the US dollar.

Australian dollar (AUD)	= 0.7691
Brazil reais (BRL)	= 0.3023
Canada dollar (CAD)	= 0.7713
China yuan (CNY)	= 0.1475
Colombian peso (COP)	= 0.0003
Danish kroner (DKK)	= 0.1531
euro (€)	= 1.1427
Ethiopian birr (ETB)	= 0.0432
Great Britain pound (GBP)	= 1.3026
Hong Kong dollar (HKD)	= 0.1281
India rupees (INR)	= 0.0155
Japan yen (JPY)	= 0.0089
Jordanian dinars (JOD)	= 1.4134
Korean won (KRW)	= 0.0009
Kuwait dinars (KWD)	= 3.2960
Malaysia ringgit (MYR)	= 0.2328
Mexican peso (MXP)	= 0.0551
Norway kroner (NOK)	= 0.1198
Pakistan rupee (PKR)	= 0.0095
Philippine piso (PHP)	= 0.0198
Russian ruble (RUB)	= 0.0170
South African rand (ZAR)	= 0.0764
Swedish kroner (SEK)	= 0.1185
Singapore dollars (SGD)	= 0.7260
Thai baht (THB)	= 0.0295
Turkish lira (TRY)	= 0.2840
UAE dirham (AED)	= 0.2722
Vietnamese dong (VND)	= 0.000044

Currency exchange rates are from XE.com, the Universal Exchange Converter.
As effective on 01 July 2017

The IdeaWorksCompany presents...

Boost Your Carrier's Revenue IQ

Illuminate and innovate with on-site Master Class Workshops by IdeaWorksCompany.

Enjoy the convenience and savings of private, transformational seminars held at your headquarters with an agenda chosen by you.

Create your own agenda from a library of presentations provided by global airline consultant and analyst Jay Sorensen. You may choose a 1 or 2 day format, and may wish to include time for one-on-one consulting as well. Simply add coffee breaks and lunch to the schedule. It's a convenient, cost-effective, and customized method to educate airline managers on crucial marketing issues.

You can fill the room with general staff or limit attendance to senior leaders. The presentation style is designed to encourage debate and discussion in a confidential environment.

The following is a sample of the presentations available in the Master Class workshop curriculum:

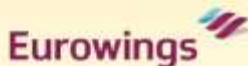
Ancillary Revenue and a la Carte Pricing

- Top Merchandising Innovations to Delight Air Travelers and Boost Profits
- Delivering the a la Carte Offer – Boosting Revenue by Booking Path, Digital and Email
- The Airline CEO Guide to Merchandising
- Moving to Merchandising Methods in the Cabin

Frequent Flyer and Loyalty Marketing

- Revenue-Based Accrual as the New World Order
- Loyalty by the Billions
- Learning about Loyalty and FFP Trends

Join the airlines that have boosted ancillary revenue awareness through the Master Class experience:



The workshop experience delivers these benefits:

- Jump start your strategic and practical knowledge of ancillary revenue.
- Determine what's best – a la carte, bundled alternatives, or a hybrid approach.
- Create a blueprint for success based upon lessons from all over the globe.
- Generate consumer preference and trust by avoiding the "fee trap."
- Build employee support and prevent media and regulatory backlash.

Create your own on-site learning experience.

Contact Jay Sorensen, President, IdeaWorks Company
Jay "at" IdeaWorksCompany.com ■ IdeaWorksCompany.com

