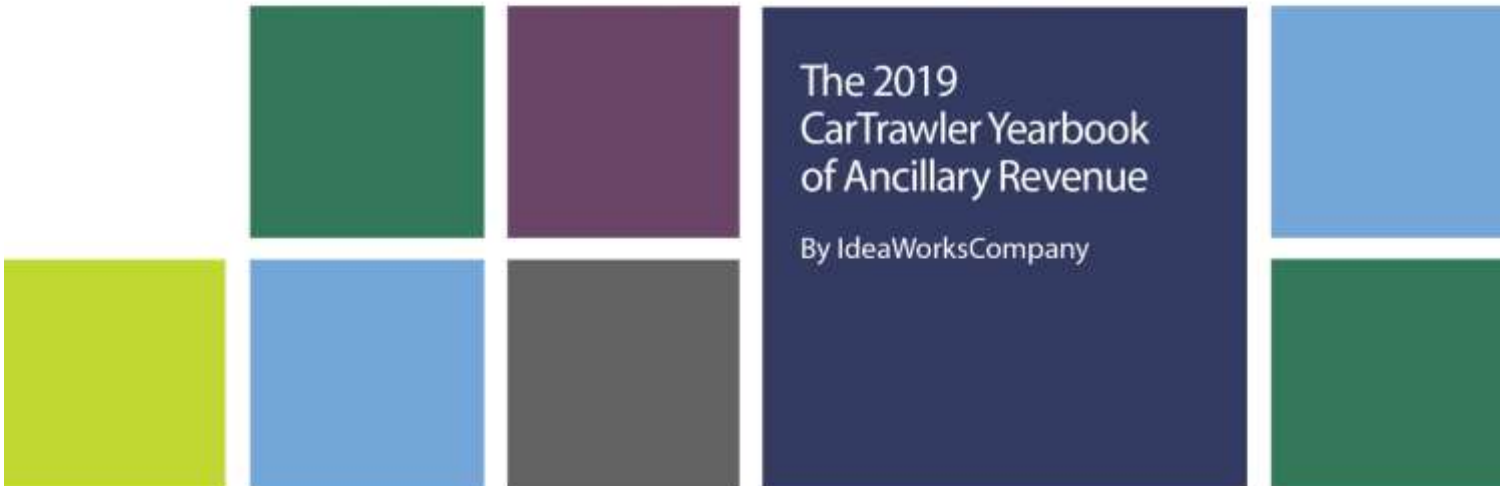




RESEARCHED AND WRITTEN
BY JAY SORENSEN
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The 2019
CarTrawler Yearbook
of Ancillary Revenue
By IdeaWorksCompany



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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.

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Summary of the Results

“Nebeneinnahmen” is practically unpronounceable for many of us. But it has become a term of endearment among German airline executives. It’s a German word for “ancillary revenue” and its increased usage demonstrates how it has remade the business models of the Lufthansa Group, the European airline industry, and the world.

Back in 2009, Lufthansa disclosed inflight sales and travel sales commissions representing ancillary revenue of 1% of revenue. Since then, Lufthansa’s ancillary world has grown to feature branded fares, seat-only fares within Europe and on transatlantic routes, and a collection of low cost carriers with 38 million passengers annually. The 2018 disclosure by Carsten Spohr, CEO of Lufthansa Group, caps all of these achievements – ancillary revenue now equals 8% of revenue.¹ This is a giant stride from 2009.

Table 1: Top 10 Airlines – Total Ancillary Revenue (US dollars)

Annual Results – 2018		Approximate Sources of Revenue	
		Frequent Flyer Program	A la Carte Such As Bags Travel Retail Commissions
American	\$7,245,000,000	77%	23%
United	\$5,802,000,000	73%	27%
Delta	\$5,570,000,000	74%	26%
Southwest	\$4,049,000,000	84%	16%
Ryanair	\$2,801,536,938	None	100%
Lufthansa Group	\$2,628,328,912	32%*	68%*
Air France/KLM Group	\$2,579,438,796*	21%*	79%*
easyJet	\$1,597,900,258	None	100%
Spirit	\$1,493,108,000	3%	97%
Air Canada	\$1,452,733,488	39%	61%

*2018 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 2018 rates of exchange.*

¹ Lufthansa Group 4th Quarter 2018 Investor Conference Call Transcript.

This top ten list has become a billionaire’s club, which of course includes Lufthansa Group and five other global players. By comparison, only three of the top ten reached a billion dollars of ancillary revenue in 2009. The group of ten represents ancillary revenue of \$35.2 billion, which is far above the 2007 result of \$2.1 billion. Table I indicates the club includes members in Canada, France, Germany, Ireland, the Netherlands, the UK and US. Total ancillary revenue is one measure of ancillary revenue prowess. This *Yearbook* describes the very best of ancillary results on the global stage, whether measured as total revenue, as percent of revenue, or on a per passenger basis.

Ancillary revenue and a la carte revenue are terms which can be easily confused. Ancillary revenue – as defined below – 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 55% of the total revenue listed in Table I. But not for all carriers, as Ryanair and easyJet don’t yet offer loyalty benefits to consumers. However, easyJet has announced plans to introduce a loyalty program, perhaps to generate co-branded revenue and attract more business travelers.

Financial documents for top ancillary revenue producers 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. Some airlines limit disclosure to a single item such as duty-free sales or excess baggage fees, and this is normally associated with traditional airlines. This *Yearbook* focuses on top performers, which provide robust description of ancillary revenue activities to catch the attention of the investment community.

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. In the process of collecting data for this *Yearbook*, we make note when details regarding the sources of ancillary revenue are identified. The collected data is reviewed and this results in a few adjustments. For example, throughout this *Yearbook*, revenue from cargo and change fees was subtracted from results when possible.

Banks boost revenue for big carriers

In Table 1, billion dollar ancillary revenue airlines are defined by two types: the world's largest low cost carriers and global network airlines with mature co-branded credit card portfolios. All sales generated from these activities qualify as ancillary revenue. The US market over the course of decades has become the land of revenue-rich card portfolios courtesy of payments made by American Express, Barclays, Bank of America, Chase, and Citi banks to airline frequent flyer programs.

Every time an airline cardholder makes a purchase, they accrue miles or points. These are paid by the bank issuer of the card and the miles or points are then deposited to the frequent flyer account of the cardholders. This is commerce on a grand scale. American Express Delta SkyMiles cardholder spending increased from \$45.4 billion in 2012 to \$94.7 billion for 2018.² That's more than double the entire revenue of \$42.6 billion produced by Delta Air Lines during 2018.³

Table 2 contains a selected sample of 2018 results from our research. The results are staggering, with the US carriers on the list representing revenue of more than \$17.5 billion. Caution is advised, because not all the revenue is generated by co-branded credit cards. Frequent flyer programs have other sources too, such as miles sold directly to members, or points sold to hotel, car hire, and retail partners. However, 90% of this revenue is typically generated by relationships with bank partners.

Airline	Program Name	FFP Revenue per Network Passenger	Total Revenue (or Billings) From Program
Qantas Group	Frequent Flyer	\$37.51	\$1,144,803,233
American	AAdvantage	\$27.34	\$5,571,000,000
United	MileagePlus	\$26.71	\$4,229,000,000
Southwest	Rapid Rewards	\$25.26	\$3,407,000,000
Delta	SkyMiles	\$21.35	\$4,110,000,000
Hawaiian Airlines	HawaiianMiles	\$18.50	\$219,000,000
Aeromexico	Club Premier	\$11.44	\$250,253,456
Air Canada	Aeroplan	\$11.22	\$571,366,391
Virgin Australia	Velocity	\$11.08	\$275,463,650
Azul	TudoAzul	\$10.95	\$253,132,391
GOL	SMILES	\$6.95	\$232,294,093

*2018 carrier results were based upon recent 12-month financial period disclosures.
Local currencies converted to US dollars at July 2018 rates of exchange.
Revenue or billing amounts benefitting the airline either as wholly/partially owned entity or as a partner.*

² American Express 2018 Annual Report.

³ Delta Air Lines Form 10-K for the year ended 31 December 2018.

Per passenger results can also be stunning. Qantas believes 35% of credit card spend in Australia is on Qantas co-branded credit cards.⁴ That type of number should catch the attention of Australia's secretary to the treasury. It's easy to see why these are popular products for airlines operating in countries where consumers eagerly use credit and merchant credit fees are lightly- or un-regulated. The latter is used by banks to fund the purchase of miles and points from airlines.

Air Canada, operating in an economy similar to the US, should be enjoying the \$20+ per passenger revenues of its US airline brethren. But Aeroplan operated during 2018 as an independently owned entity. The results listed in Table 2 represent sales of reward tickets to the program operator Aimia. The airline doesn't directly benefit from Aeroplan's co-branded credit cards beyond this ticket revenue. That's one of the reasons why the airline chose to buy back the program from Aimia during 2019.

Canadian banks are eager to continue the relationship with Air Canada and are paying huge amounts of cash to sweeten the Aeroplan deal. TD Bank and the Canadian Imperial Bank of Commerce have already made total payments of CAD 1.222 billion (\$913.4 million) linked to card marketing relationships and the pre-purchase of Aeroplan miles.⁵ In addition, more payments tied to co-branded cards will be made by Visa and American Express. It's a windfall of cash that greatly exceeds the CAD 497 million (\$371.5 million) the airline paid to Aimia to buy the Aeroplan program back.



Westjet opportunity? Banks are paying millions to ensure Air Canada and its frequent flyer program members remain loyal to their credit cards as the program changes ownership back to the airline.

The co-branded credit card business also appeals to smaller carriers. Here are some additional findings from our ancillary revenue research:

- **Allegiant** in the US has recognized approximately \$33 million in third party product revenue from its co-brand credit card program since its introduction in 2016.⁶
- **Avianca** in Colombia has a portfolio of 680,000 co-branded credit cards associated with its LifeMiles program. This cardholder base represents nearly 8% of its 8.9 million program members.⁷
- **Volaris** in Mexico has 235,000 co-branded cardholders, who generated revenue of \$13.5 million for 2018.⁸ The airline does not have a frequent flyer program; the co-branded card provides flight credit.

⁴ Qantas FY 2018 Results Presentation

⁵ "Air Canada Completes Acquisition of Aeroplan Loyalty Business" press release dated 10 January 2019 at AirCanada.com.

⁶ Allegiant Travel Company Annual Report Form 10-K for the year ended 31 December 2018.

⁷ Avianca Holdings 2018 Annual Report.

⁸ Volaris Aviation Holding Company SEC Form 20-F for 2018.

Viva Aerobus is tops for ancillary as a percent of revenue

Viva Aerobus surpassed Spirit this year with a record 47.6% of revenue. Table 3 below lists the top ten airlines for ancillary revenue as a percentage of total revenue. It's a stable collection of airlines that generally realize higher percentages year-over-year.

The big change to the 2018 list is the disappearance of WOW air which posted a 28.5% result for 2017. The airline became insolvent in early 2019 and did not share its 2018 results. Eight of the ten airlines achieved higher results when compared to 2017. Joining the top ten list for 2018 is AirAsia which had a dramatic increase from 17.3% to 29% for 2018. This was largely due to an overall 11% increase and better disclosure of the group's results.⁹

Table 3: Top 10 Airlines – Ancillary Revenue as a % of Total Revenue		
Annual Results – 2018		Notable Ancillary Revenue Activities
47.6%	Viva Aerobus	The airline improved the performance of its 3 branded fares.
44.9%	Spirit	Dynamic pricing for seat and bag fees was emphasized.
42.8%	Frontier	Frequent flyer program was relaunched with new elite tiers.
41.2%	Allegiant	Allegiant started offering a discount for roundtrip itineraries.
41.1%	Wizz Air	Fast track and lounge access added as mobile app functions.
34.8%	Volotea	Inflight entertainment via mobile app for €1.99 added.
32.3%	Volaris	Dynamic pricing for seat and bag fees was emphasized.
31.7%	Ryanair	Ryanair introduced priority boarding with carry-on bag benefit.
31.1%	Jet2.com	Airline employs 600+ customer helpers at resort locations.
29.0%	AirAsia Group	Onboard catering features more ASEAN-based SME vendors.
<i>2018 carrier results and activities based upon 12-month financial period disclosures.</i>		

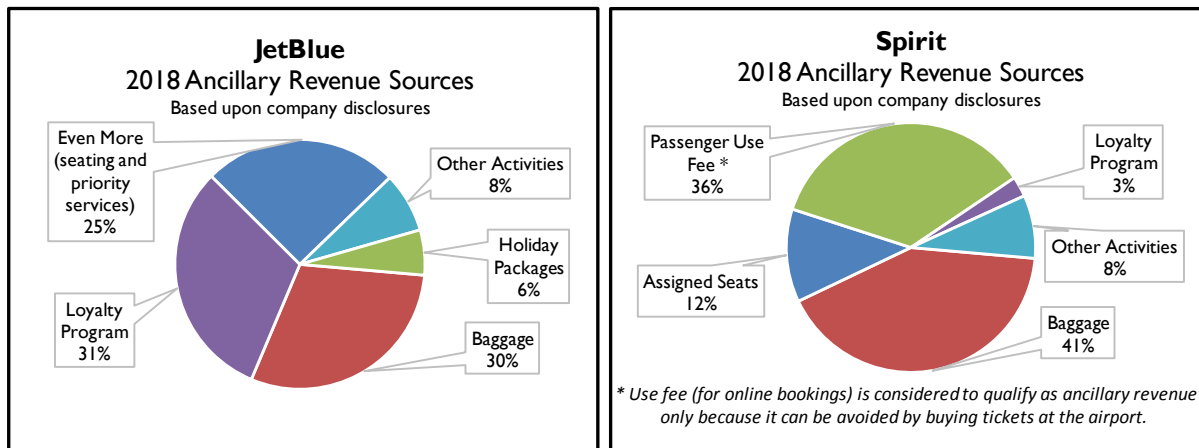
Ancillary revenue as a portion of total revenue appears to have reached a ceiling of 50%. It's easier for a non-global airline to achieve this high rate because the underlying passenger fares are lower for short- and medium-haul travel. Every year the ancillary revenue percentage for the bottom entry on the top ten list tends to nudge upward; two years ago it was 22% and last year it is 27.6%.

The right side column in Table 3 lists notable 2018 activities that contributed to each carrier's results. Dynamic pricing of a la carte services is referenced twice, for Spirit and Volaris. It's a phrase that is unreliably defined in the airline industry and we believe technical capabilities are sometimes exaggerated. Volaris did reveal its method relies upon multiple variables: season, route, customer attributes, time before purchase, type of market, time of purchase, and type of flight.¹⁰ Essentially, this applies revenue management techniques to the pricing of a la carte services. Look for more of this because it works so very well. For some airlines, such as JetBlue and Spirit, disclosures from financial filings provide a rather complete picture of their ancillary revenue. The following pie charts feature red shading for baggage revenue, purple for loyalty, and blue for seating products.

⁹ AirAsia 2018 Annual Report.

¹⁰ Volaris Investor Day Presentation, 13 September 2017,

Low Cost Carrier Examples



Red dominates the two pie charts, which indicates the importance of revenue from baggage fees. Spirit generates a strong \$21.15 per passenger from baggage fees.¹¹ The carrier has an assertive baggage policy which includes fees for medium-sized carry-on bags. JetBlue disclosed average baggage revenue of \$7.70 which demonstrates the results of a more relaxed carry-on policy.¹² Assigned seating has earned a strong 2nd or 3rd place in ancillary revenue pies, and this holds true for both LCCs and traditional airlines.

Ryanair is finding its baggage groove

But boy oh boy, it's a complicated story. Let's begin with a little history on the subject. Ryanair may have labeled 2018 as "annus horribilis," borrowing a phrase used by Queen Elizabeth to describe a horrible year during her reign. Ryanair made more than one attempt to create a bag policy balancing smooth airport operations, satisfied customers, and attractive revenue. The need for change was identified by Ryanair in 2013, when its CEO Michael O'Leary confessed, "We should try to eliminate things that unnecessarily piss people off."¹³ Baggage was one of the problem areas.

Ryanair finally implemented a policy in November 2018 that found the balance identified above. The policy is best explained by an article from CNN Travel, "Under the new policy, non-priority boarding passengers are still allowed to bring a personal bag into the cabin free of charge, but there will be a fee of €8 (\$9) to check in a small suitcase weighing up to 10 kilograms (22 pounds). Passengers who purchase priority boarding will still be allowed to bring a personal bag and a small suitcase onto the plane."¹⁴ Michael O'Leary's desire to eliminate the expense of handling customer bags has always eluded him. But with this policy, he has lightened the load by encouraging travelers to carry their own ... and in an orderly manner.

I watched the "Priority & 2 Cabin Bags" policy in action during travels to Dublin earlier this year. I observed a number of flights, counted bags and passengers, and had impromptu conversations with ramp staff and gate agents on the concourse. Of course this being

¹¹ Spirit Airlines 2018 Form 10-K.

¹² JetBlue Investor Day 2018 Presentation dated 02 October 2018.

¹³ "Ryanair unveils new strategy: be nice to customers" article dated 20 September 2013 at *Reuters.com*.

¹⁴ "Ryanair changes hand luggage rules – again" article dated 01 November 2018 at *CNN.com*.

Dublin (the primary hub of Ryanair) passengers are well practiced in the carrier’s passenger processes. This may have influenced the overall result – which was found to be exceptionally smooth and orderly. Gone were the public displays of agony that can accompany the boarding of Ryanair flights.

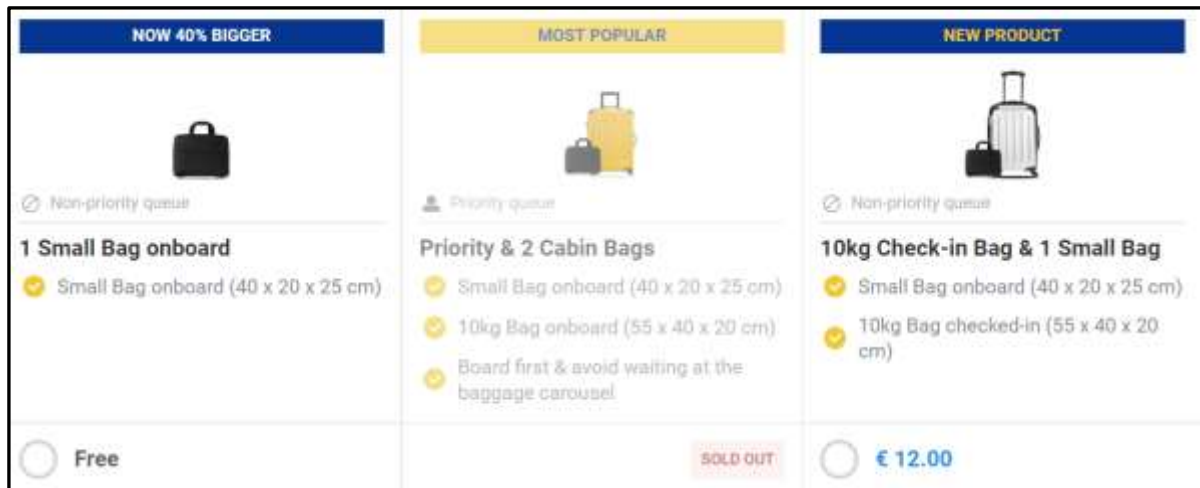
Operational staff had the following to say about the Priority & 2 Cabin Bags process: “It’s better than the policies we had during 2018 in terms of delays. Generally the boarding process is smooth, though families can cause issues. This occurs when a parent buys priority boarding for some family members (likely the parents) and not for the kids. They are upset when the kids are not allowed to board with the parents. Often gate staff will allow kids to board with the parents. Out of Dublin, we see shorter haul flights with about 10 to 15 bags in the hold, with the rest carried by passengers into the cabin. For longer haul flights, 60 checked bags is a good average quantity. The priority boarding is capped at 80 passengers.”

Observations and conversations from the Dublin airport visit are reflected in the Table 4 data and calculations. Ryanair does use variable pricing for a la carte services, such as priority boarding. Assumptions were made on the distribution of Priority & 2 Cabin Bags pricing for the Birmingham and Alicante flights; this information was not gathered from airport staff. Based upon a review of the booking path for the two city pairs, Ryanair appears to offer Priority & 2 Cabin Bags at €6, €9, and €12 per passenger. Prices increase as a flight books up with passengers.

Table 4: Comparing Typical Ryanair Bag Activity		
City pair	Dublin - Birmingham	Dublin – Alicante
Flight duration	About 1 hour	About 3 hours
Aircraft capacity	189 economy seats	189 economy seats
Priority & 2 Cabin Bags sales <i>(includes 10 kg cabin bag)</i>	30 passengers @ €6 = €180 50 passengers @ €12 = €600	30 passengers @ €9 = €270 50 passengers @ €12 = €600
Bags checked at counter <i>(assume basic 20 kg bag)</i>	15 bags @ €15 = €225	60 bags @ €25 = €1,500
Bag exceptions handled at the gate with fee applied	2 bags @ €25 each = €50	3 bags @ €25 each = €75
Total ancillary revenue	€1,055 (\$1,184)	€2,445 (\$2,744)
<i>Baggage activity is based upon observations and discussions with operations staff at Dublin Airport during early 2019. Assumes standard fares, with “Priority & 2 Cabin Bags” prices increasing as a flight fills.</i>		

This policy is a stroke of genius because it combines two things passengers adore: early boarding and the certainty of stowing a roll-on bag. Ryanair obviously did the math and found its overhead bins comfortably fill up with the carry-on bags of the first 80 passengers. It’s an intuitive offer for consumers. Plus non-priority passengers spend many minutes at the gate observing the benefit of the Priority & 2 Cabin Bags option. Then these non-priority passengers board afterwards and are checked by gate agents for non-compliant carry-on bags. These passengers are pulled aside and their bag is checked for a €25 fee.

Ryanair appears to be using Priority & 2 Cabin Bags as a revenue platform upon which to test new services and refine how baggage is merchandised. The carrier’s booking path is complex and uses every opportunity (and screen space) to sell baggage services and assigned seating. At times the distinction between early boarding, baggage, and seating becomes a blur of pop-up boxes and interruptions. It all has the feeling of being unstructured and experimental – which probably reflects the involvement of the Ryanair Labs group.



It’s true, it’s true! Ryanair’s former small bag limit was 35 x 20 x 20 cm. And yes, Priority is the most popular product, and yes it does sell out as indicated by the shaded imaging and text in the center.

After selecting a flight, the consumer chooses from three branded fares: Standard, Plus, and Flexi Plus. Standard does not include a checked bag, while Plus includes a checked 20 kg bag, but the higher-priced Flexi Plus does not (but it does offer change flexibility). Seat assignment is promoted next courtesy of a pop-up display in the website booking path. Baggage choices are offered later on; the baggage retail presentation varies according to the fare purchased.

Standard fare passengers can consider a new “10 kg Check-in Bag & 1 Small Bag” which removes the priority boarding benefit and restricts travelers to the smaller carry-on. The added sales almost don’t matter, as the carrier has found a strong revenue base with the Priority & 2 Cabin Bags offer. We imagine this service is the de facto choice for most consumers and sells out for almost every flight. It’s the no-hassle way to fly Ryanair and doesn’t cost more than €12 extra. We anticipate the top end of this fee will increase.

Finding the operational, customer service, and revenue balance is difficult for airlines. Wizz Air continued in 2018 to see declining revenue from years of baggage policy changes. For FY 2019 it was €5.30 per passenger, which represents a decline from €8.10 for FY 2018, and €10.10 for FY 2017.¹⁵ Fortunately for investors, the airline has increased ancillary revenue from other areas. As of November 2018, Wizz Air has a baggage policy similar to Ryanair. The first carry-on bag is free for all passengers; buying the Wizz Priority option adds a medium-size carry-on bag. Wizz Air management says the new policy has created more efficient operations and improved on-time performance. During a recent investor call, Iain Wetherall, Wizz Air CFO, said Priority was generating average revenue of more than €1 per passenger.¹⁶ On an annual basis, that would be more than €34 million.

¹⁵ Wizz Air FY 2019 and FY 2018 Results Presentations.

¹⁶ Wizz Air FY 2019 3rd Quarter Investor Call.

The top ten list for ancillary revenue per passenger is a mix of airlines

The top performing airlines in this list were once dominated by low cost carriers, but traditional airlines are now more numerous (Table 5 below). The definition of ancillary revenue includes the results produced by a carrier's frequent flyer program and provides a substantial per-passenger revenue boost for global airlines such as Qantas and United.

Table 5: Top 10 Airlines – Ancillary Revenue per Passenger				
Annual Results – 2018 (in US dollars)		Ancillary Source	2008 Comparison (in US dollars and % increase above 2008)	
\$50.94	Spirit	Various	\$18.61	174%
\$50.01	Allegiant	Various	\$26.66	88%
\$47.62*	Frontier	Various	\$3.70	1187%
\$43.91	Jet2.com	Various	\$19.04	131%
\$41.15	Qantas Airways	FFP	\$15.83	160%
\$36.64	United	Various	\$22.86	60%
\$35.56	American	Various	\$19.67	81%
\$34.74	Virgin Australia	Various	Not available	
\$34.28	AirAsia X	Various	Not available	
\$32.70	Hawaiian Airlines	Various	Not available	

2018 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 2018 and July 2008 rates of exchange.

Hawaiian Airlines appears on this top ten list for the first time. The ancillary revenue identified for the carrier includes the sale of frequent flyer miles, baggage fees, and its Extra Comfort seating zone. The service provides more leg room, fast track screening (7 airports), early boarding, at-seat power, and on select flights, expanded IFE choices, and an amenity kit. Traditional airlines, like Hawaiian, have quickly moved to expand revenue opportunities associated with seating. Extra leg room seats, premium economy, and the basic element of assigned seating have become surprisingly routine for this airline category.

The arrival of basic economy fares has opened the door for traditional airlines to experiment with an ever-expanding list of a la carte fees. These are indeed interesting times with unexpected outcomes. It's true, these fares allow carriers like Delta, British Airways, and Air France to compete with low cost carriers like Frontier, Norwegian, and easyJet. One can forgive consumers who are confused by the dizzying array of choices, and also confused by how this relates to the inherent promise of a global airline brand.



British Airways with "Seats for two" borrowed an idea from KLM which is called "Seats in a row of 2."

Image: From BA.com booking path

We took the opportunity to further examine seat-related fees. The highly competitive New York – London market is a good choice, notably because low cost Norwegian has a significant presence. In this unscientific exercise, the lowest priced departure was chosen and we looked at the assigned seating options available to consumers booking a basic economy fare. The comparison in Table 6 simply displays fees for assigned seating and doesn't consider how the price of fares might make one airline a solid choice over another for best value. A date 6 months in advance was chosen to reduce the influence heavily booked flights might have on the pricing of fees.

Table 6: Assigned Seating Comparison						
New York – London, travel on 01 October 2019, one way						
Airline	American	British Airways	Delta	Norwegian	United	Virgin Atlantic
City pair	JFK-LHR	JFK-LHR	JFK-LHR	JFK-Gatwick	Newark-LHR	JFK-LHR
Fare type	Basic Economy	Basic Economy	Economy Light *	Economy Low Fare	Basic Economy *	Economy Light *
Flight example	AA #100 6:15 p.m.	BA #112 6:30 p.m.	DL #1 7:30 p.m.	DI #7018 10:10 p.m.	UA #110 6:00 p.m.	VS #4 6:00 p.m.
Free advance assignment?	No	No	No	No	No	No
Seat Assignment Options – Lowest Fees Found						
Standard	\$11	\$32	Seat assignment only allowed after check-in	\$45	\$20	\$25
Preferred – front of cabin	\$75	\$60		\$45	\$49	\$25
Extra leg room	\$103	\$91		\$45 <i>Seats not noted in map</i>	Not sold to Basic Economy	\$62
Joint venture	AA/BA	AA/BA		DL/VS	None	None on route
<i>*Airline requires roundtrip booking to qualify for basic economy fare. VS fees are approximate due to £ conversion.</i>						

The results are surprising because of the price variance in the economy cabin, between airlines, and within joint ventures such as American and British Airways. Assigned seating fees for the American flight ranged from \$11 to \$103. Surprisingly every seat on Norwegian has the same \$45 fee, and this includes extra leg room seats. These are unmarked in Norwegian's booking path; consumers must rely upon another source such as SeatGuru.com to find these hidden values. Delta and Virgin Atlantic, partners in a joint venture, indicate free seat assignments for basic economy fares are only available at the time of check-in. However, Virgin Atlantic sells assigned seating later in the booking path, while Delta does not offer any seat assignment in the booking path for basic economy.

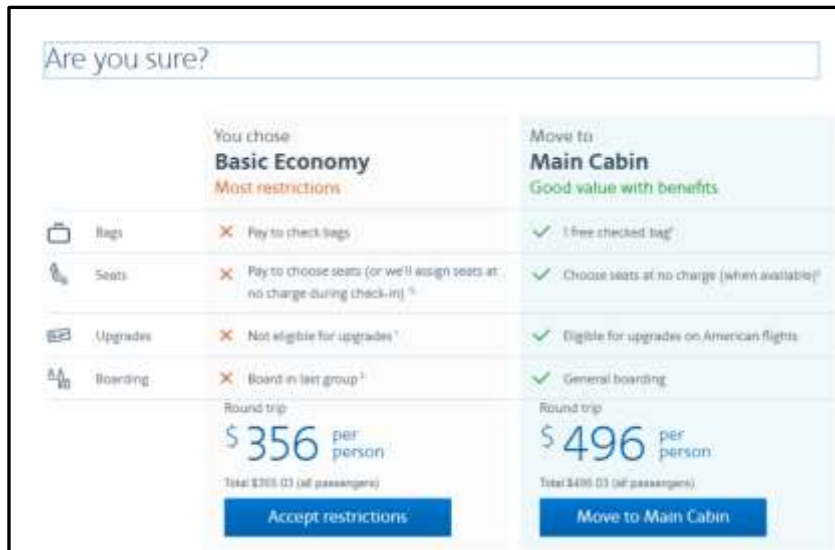
There's no economic need for airlines to strive for consistency when setting prices for assigned seats and extra leg room seating. Quite to the contrary, the trend for all a la carte fees points to more variation as airlines apply revenue management concepts to create variable prices. Whether intentional or not, this complexity certainly provides challenges for distribution intermediaries, such as Expedia and Google Flights. The outcome at present is truly baffling for many consumers. But this is an unfortunate though expected effect when companies are reworking how products are sold and priced in the marketplace.

Too much chocolate is not a good thing

The ancillary revenue revolution is now in its 12th year. The marching orders given by top airline executives to ancillary revenue managers have been “onward and upward.” The numbers tallied by IdeaWorksCompany since 2007 have been ever-increasing and each new year provides record results. When measured by financial outcomes, ancillary revenue has become one of the most solid and durable successes of the modern airline industry. But will this revolution eventually fail due to this success?

During my high school years I made pizzas at a chain restaurant called Pizza Inn. One of the many managers who passed through the place cautioned me on adding too many ingredients to the pizzas. He was not only worried about food cost, he was also concerned about taste. He told me, “Jay, if you keep adding chocolate powder to a milkshake, at some extreme point it becomes inedible.” This was another way of saying, too much of a good thing, is not a good thing.

The pop-up box displayed on this page is from American’s booking path. This box appears when a consumer selects a basic economy fare. The question posed at the top — Are you sure? — reminds me of the lesson



The need to ensure consumers understand their choice is completely understandable. But is the desire to promote or dissuade?

learned at the Pizza Inn. Too much eagerness to build ancillary revenue can be a bad thing. If an airline feels compelled to make this effort to warn a customer against buying a product . . . then they should really reexamine what their brand means to the customer.

American Airlines is merely an example among many, and is not unique in this regard. All revolutions involve actions which are someday regretted, and the ancillary revenue revolution is not immune to this. Traditional airlines are copying LCCs in almost every regard, and LCCs can be accused of stretching too far to woo high flying business travelers.

The question to ask is, “What is your brand and does it matter?” Almost every airline is branded by behavior, and not through rigorous intention. Ancillary revenue is best when it aligns with and supports the brand of an airline. Adding chocolate can be good up to a point, but the best results occur when you have a recipe.

Specific Ancillary Activities 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 2018:

- **Aeroflot:** Traditional airlines within the Aeroflot Group introduced hand-baggage-only fares on selected routes starting from 02 April 2019.
- **Air Astana:** In November 2018, the airline announced the launch of FlyArystan, a low cost carrier that will operate alongside Air Astana's existing operations.
- **Air Canada:** At the beginning of 2019, Air Canada completed the CAD \$497 million purchase of Aimia Canada Inc., which was the owner and operator of the Aeroplan loyalty business.
- **Air France/KLM:** Accrual in the Flying Blue program now includes miles for the purchase of paid options such as premium meals, seat assignment, and baggage.
- **AirAsia Group:** Baggage sales represented 48% of ancillary revenue. The airline will open a Santan café which will feature inflight food.
- **Allegiant:** Allegiant is developing a 500-room hotel resort in Florida. IdeaWorksCompany estimates the resort will add \$6+ per passenger of ancillary revenue systemwide.
- **American:** The medium-size carry-on bag restriction associated with the Basic Economy fare was discontinued during September 2018. The number of consumers upgrading to a higher fare has held steady at 60%. The airline expected this to drop to 50% when carry-on bags were allowed for the lower-price Basic Economy fare.
- **China Eastern:** The airline is introducing basic economy fares.
- **Delta:** Active SkyMiles members represent approximately 60% of passenger revenue, and about 60% book travel directly with Delta. During 2018, the company set a new record with over one million new credit cardholders.
- **EasyJet:** Among 20 million existing customers who fly to easyJet's top 29 destinations (by market share), 500,000 book a hotel through easyJet.
- **Emirates:** 175,000 Skywards frequent flyer members have flown and accrued more than 550 million Skywards Miles on flydubai.
- **Finnair:** SkyBistro pre-order meals on European flights were introduced during 2018.
- **Icelandair:** Has abundant tourism booking opportunities with 25% of passengers making a stopover in Iceland, and 36% of passengers flying to Iceland as their tourism destination.
- **Jazeera Airways:** The carrier inaugurated its dedicated Terminal 5 (T5) at Kuwait during 2018. The facility is fully operated by the airline. Jazeera realizes revenue from activities in the new terminal, such as lease rental and even a share of retailer revenue.

- Jeju Air: Jeju offers local destination-based Travel Lounges to promote the sale of travel-related services. In some destinations, these are physical offices, such as Danang, Guam, Hong Kong, Kota Kinabalu, Saipan and Vladivostok.
- Jet2.com: Package holiday passengers represented 48.3% of all passengers.
- JetBlue: The business unit JetBlue Travel Products was launched to identify and leverage new business opportunities to include ancillary revenue activities. Among all customers buying air travel direct from JetBlue, approximately 1.4% book a JetBlue Vacation, while consumers who book JetBlue through OTAs (online travel agents) add a vacation element 14% of the time.
- Jetstar: The airline introduced the option for travelers to add 3 kg to their carry-on allowance for a fee. Senior management directly disclosed this during June 2019 to IdeaWorksCompany, “The +3 kg Carry-on top up has proven popular with more than 500,000 customers purchasing the upgrade.”
- LATAM Airlines: 2,800 total passengers per day visit the carrier’s VIP lounges at Bogota, Buenos Aires, Sao Paulo Guarulhos, Miami, and Santiago. LATAM Airlines Brazil announced a tender to buy all outstanding common stock in the Multiplus loyalty program.
- Pobeda: 30% of passengers pay for checked baggage.
- Ryanair: The pricing of Priority Boarding can now vary by timing of sale. The capacity remains capped at 50% of seating. Distinct price levels can occur for the first 20%, the second 20%, and the final 10% of aircraft capacity.
- SAS Scandinavian: The business unit SAS Growth was launched to identify and leverage new business opportunities to include ancillary revenue activities.
- Southwest: During 2018, the company implemented a variable pricing model for EarlyBird Check-In based on the length of the flight and the historical popularity of EarlyBird Check-In on the route. Price points went from a fixed \$15 fee to \$15, \$20 and \$25.
- Thomas Cook Group Airline: For 2019, the company will introduce HotelShop, which will allow it to offer more personalized services together with partner hotels, like espresso machines or Champagne on arrival.
- United: 60% - 70% of passengers select the standard product over Economy Basic when given a clear choice.
- Volaris: As of 31 December 2018, the airline had approximately 790,000 members in its V-Club subscription benefits program and 235,000 co-branded credit cardholders.
- Westjet: The percentage of guests choosing to buy a higher fare (rather than the lowest available) continues to accelerate from 6% in the first quarter of 2017 to 36% after the fourth quarter of 2018 (Canada and transborder markets).
- Wizz Air: Passengers making a purchase at Heinemann Duty Free at Vienna Airport (minimum value of €50 or €75) receive a €4.50 or €7.50 voucher (respectively) that can be used on a Wizz Air flight for sandwiches, snacks and drinks.

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 is 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 *Yearbook*. 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 *Yearbook*. 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.

Sprinkled throughout the airline listings are jargon which might be unknown to some readers. Every industry has its share of acronyms, and the airline industry is not immune to this practice. While not an exhaustive list, the following are brief definitions of the more notable examples:

- **Branded Fares:** Usually offered as two or three fare choices based upon a “good, better, and best” quality hierarchy. The base fare provides minimal amenities and consumers may select higher-priced fares that offer more perks. Each fare type is always available and has a fixed (predictable) price premium. For example, the lowest priced fare doesn’t sell out as a flight fills up.
- **Continuous Pricing:** Distribution systems have a limit of 26 inventory classes for managing fares in any specific city pair. Yes, that’s the number of letters in the English alphabet. Continuous pricing uses calculations performed when a pricing query is made and is not limited to 26 possible outcomes. Fares are not set in advance, but rather an algorithm determines the range of possible outcomes.

- **Dynamic Pricing:** Prices are determined at the time a consumer requests the product. The airline performs an evaluation of demand and supply using a combination of factors unique to each booking request, which may include the consumer's purchase history with the airline.
- **Fare Families:** Similar to branded fares, this method offers two or more fare choices. Amenities are linked to existing fare categories, with higher fares providing more perks. However, the lower dynamically priced fares sell out as demand increases, which limits the choices presented to consumers. The price difference between fares can be very large, especially as a flight fills up.
- **NDC or New Distribution Capability:** The New Distribution Capability (NDC), also known as IATA Resolution 787, describes a framework to enable merchandising a la carte services through a global distribution system (GDS) or online travel agency. This is a major change because it takes the pricing function out of the GDS and makes it the responsibility of the airline through its own passenger service system (PSS), pricing and merchandising engines. The GDS becomes a conduit for the pricing actions of the airline and actually identifies the consumer to the airline. This provides airlines the capability to offer dynamic pricing, which can include a bundle of amenities, tailored for individual consumers.

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

A la Carte Services Sold through GDS

This 2019 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 76 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 Group 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 2019. 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.

Website link: www.merchandising.amadeus.com

- **Sabre** data was retrieved from its air merchandising website during August 2019. 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. Availability of features may vary by region.
Website link: www.sabretravelnetwork.com/airmerchandising

- **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 2019 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.
Website link: www.travelport.com/travelport-smartpoint-branded-fares

“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. 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.

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Ancillary Revenue Data and Graphs

Airlines Posting Ancillary Revenue Results				
For most recent 2018 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
Aegean +	\$146,033,211	10.5%	\$10.45	Europe and Russia
Aer Lingus *	\$377,840,402	16.0%	\$32.15	Europe and Russia
Aeroflot	\$535,761,460	5.8%	\$11.05	Europe and Russia
Aeromexico	\$266,017,410	7.5%	\$12.16	The Americas
Air Arabia	\$139,107,379	12.4%	\$15.99	Middle East and Africa
Air Astana	\$6,160,000	0.7%	\$1.43	Asia / South Pacific
Air Canada	\$1,452,733,488	10.6%	\$28.54	The Americas
Air China Group	\$138,602,255	0.7%	\$1.26	Asia / South Pacific
Air France/KLM Group *	\$2,579,438,796	8.3%	\$25.43	Europe and Russia
Air Greenland	\$10,241,519	4.8%	\$23.78	Europe and Russia
Air India	\$34,903,952	1.0%	\$1.69	Asia / South Pacific
Air India Express	\$9,822,710	1.9%	\$2.53	Asia / South Pacific
Air New Zealand +	\$67,665,647	1.8%	\$3.99	Asia / South Pacific
AirAsia Group	\$764,756,815	29.0%	\$17.21	Asia / South Pacific
AirAsia X	\$211,409,473	18.7%	\$34.28	Asia / South Pacific
Alaska Air Group	\$1,388,000,000	16.8%	\$30.30	The Americas
Allegiant	\$687,600,000	41.2%	\$50.01	The Americas
American	\$7,245,000,000	16.3%	\$35.56	The Americas
ANA All Nippon	\$38,956,798	0.2%	\$0.72	Asia / South Pacific
Avianca (FF)	\$360,700,000	7.4%	\$11.83	The Americas
Azul	\$492,269,554	20.8%	\$21.29	The Americas
British Airways *	\$1,235,137,282	7.2%	\$26.39	Europe and Russia
Cebu Pacific	\$171,318,581	12.3%	\$8.45	Asia / South Pacific
China Eastern	\$328,443,511	1.9%	\$2.71	Asia / South Pacific
China Southern	\$102,175,708	0.5%	\$0.73	Asia / South Pacific
Copa Airlines	\$93,716,945	3.5%	\$6.18	The Americas
Croatia Airlines	\$3,494,322	1.4%	\$1.61	Europe and Russia
Czech Airlines +	\$50,854,138	10.6%	\$17.54	Europe and Russia
Delta	\$5,570,000,000	13.1%	\$28.94	The Americas
easyJet	\$1,597,900,258	20.5%	\$18.69	Europe and Russia
Emirates	\$120,898,570	0.5%	\$2.06	Middle East and Africa
fastjet +	\$1,965,000	5.1%	\$7.71	Middle East and Africa
Finnair	\$319,036,651	9.6%	\$24.02	Europe and Russia
flydubai	\$158,692,988	9.4%	\$14.43	Middle East and Africa
Frontier	\$922,058,000	42.8%	\$47.62	The Americas
Garuda Indonesia	\$107,520,534	2.5%	\$2.80	Asia / South Pacific
Go Air	\$4,276,744	0.6%	\$0.39	Asia / South Pacific
GOL (FF)	\$232,294,093	7.9%	\$6.95	The Americas

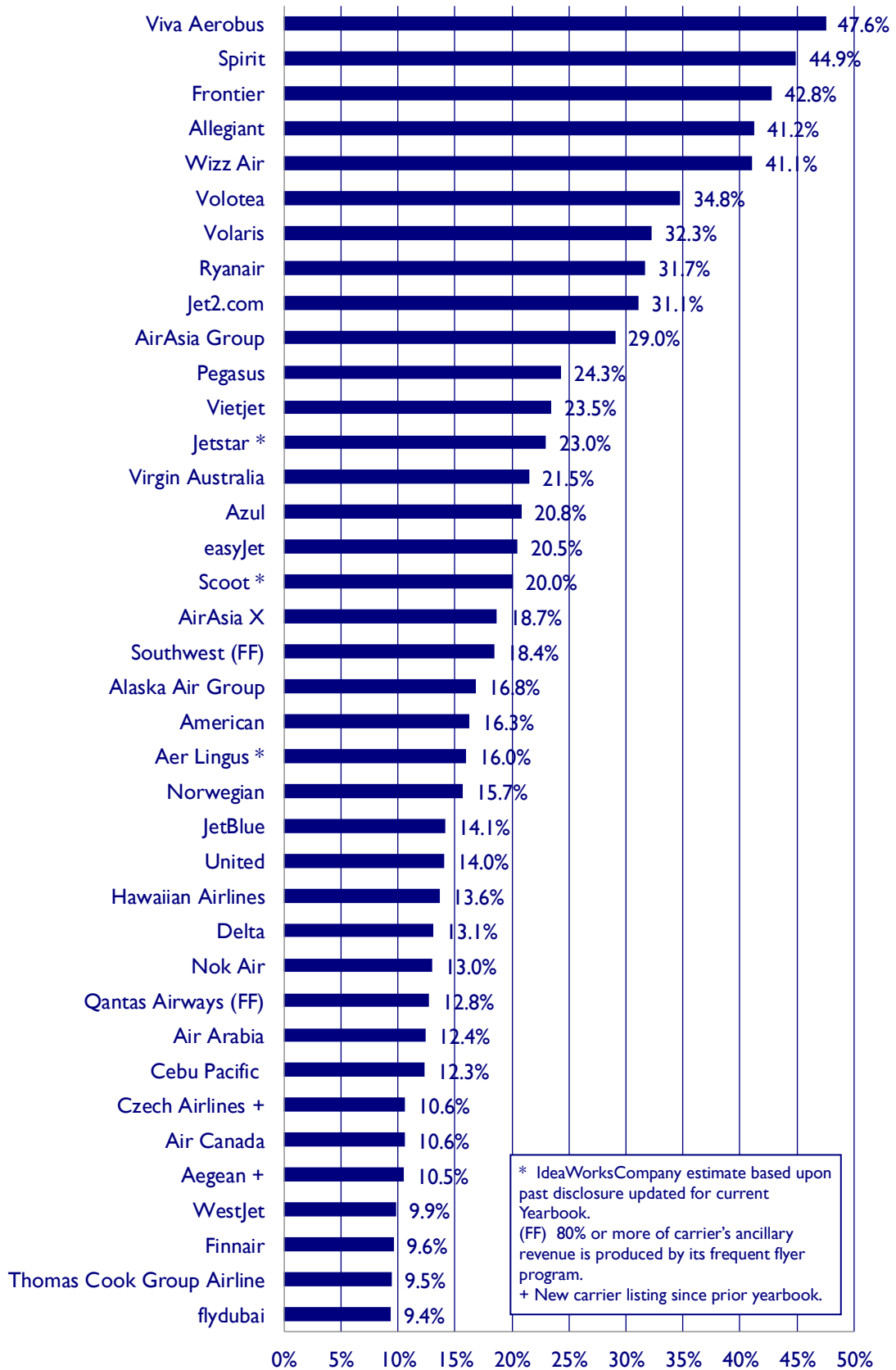
— Table continued on next page —

Carriers <i>See bottom for icon legend</i>	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Region
Hawaiian Airlines	\$387,183,000	13.6%	\$32.70	The Americas
Icelandair +	\$87,462,000	8.0%	\$21.12	Europe and Russia
IndiGo	\$309,840,106	7.1%	\$4.79	Asia / South Pacific
Jazeera Airways	\$19,829,319	7.3%	\$9.98	Middle East and Africa
Jeju Air	\$88,696,584	7.9%	\$7.39	Asia / South Pacific
Jet2.com	\$455,777,938	31.1%	\$43.91	Europe and Russia
JetBlue	\$1,083,255,000	14.1%	\$25.70	The Americas
Jetstar *	\$641,530,404	23.0%	\$25.92	Asia / South Pacific
Jin Air	\$48,567,664	5.4%	\$5.45	Asia / South Pacific
Kenya Airways +	\$82,718,101	7.3%	\$17.09	Middle East and Africa
LATAM Airlines	\$298,466,000	3.0%	\$4.34	The Americas
Lufthansa Group	\$2,628,328,912	8.0%	\$18.47	Europe and Russia
Nok Air	\$77,497,168	13.0%	\$8.75	Asia / South Pacific
Norwegian	\$776,339,545	15.7%	\$20.81	Europe and Russia
Pegasus	\$439,564,373	24.3%	\$14.65	Europe and Russia
Philippine Airlines	\$216,823,125	7.7%	\$13.60	Asia / South Pacific
Pobeda *	\$49,783,540	8.8%	\$6.93	Europe and Russia
Qantas Airways (FF)	\$1,255,877,286	12.8%	\$41.15	Asia / South Pacific
Rex Regional Express	\$1,926,024	0.9%	\$1.57	Asia / South Pacific
Royal Jordanian	\$8,716,502	0.9%	\$2.67	Middle East and Africa
Ryanair	\$2,801,536,938	31.7%	\$20.14	Europe and Russia
SAS Scandinavian	\$188,746,492	3.8%	\$6.27	Europe and Russia
Scoot *	\$245,850,027	20.0%	\$23.52	Asia / South Pacific
Southwest (FF)	\$4,049,000,000	18.4%	\$30.02	The Americas
SpiceJet	\$85,438,486	6.3%	\$4.29	Asia / South Pacific
Spirit	\$1,493,108,000	44.9%	\$50.94	The Americas
Spring Airlines	\$92,199,973	4.7%	\$4.72	Asia / South Pacific
SriLankan Airlines	\$20,659,610	2.0%	\$3.54	Asia / South Pacific
Thomas Cook Group Airline	\$439,752,716	9.5%	\$21.81	Europe and Russia
T'way Air +	\$53,864,322	8.2%	\$7.47	Asia / South Pacific
United	\$5,802,000,000	14.0%	\$36.64	The Americas
Vietjet	\$338,240,952	23.5%	\$14.67	Asia / South Pacific
Virgin Australia	\$863,267,535	21.5%	\$34.74	Asia / South Pacific
Viva Aerobus	\$239,682,841	47.6%	\$23.93	The Americas
Volaris	\$442,275,728	32.3%	\$24.04	The Americas
Volotea	\$160,979,651	34.8%	\$24.50	Europe and Russia
WestJet	\$355,034,913	9.9%	\$13.93	The Americas
Wizz Air	\$1,114,114,798	41.1%	\$32.20	Europe and Russia

2018 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 since prior Yearbook.

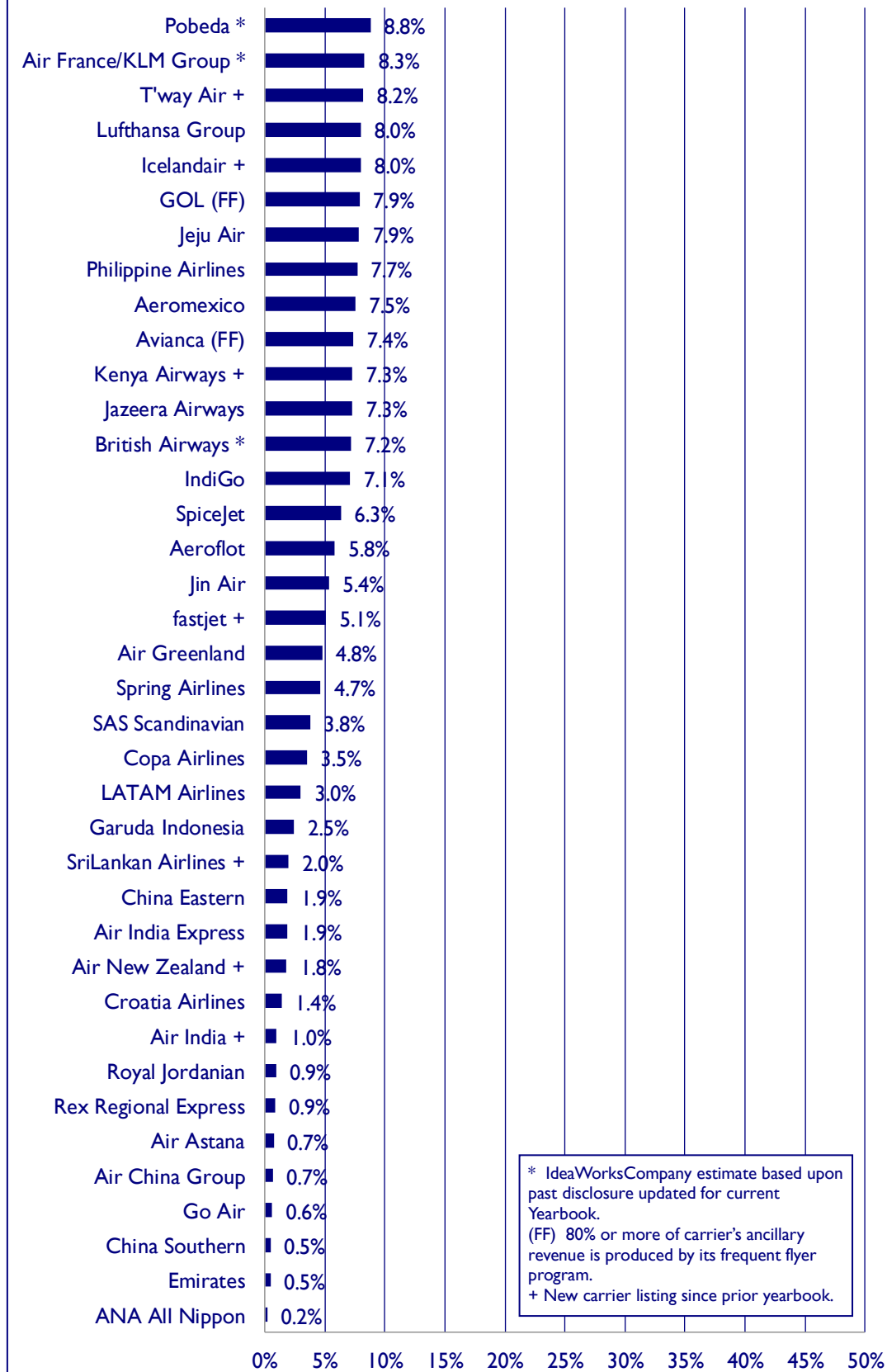
Ancillary Revenue as a % of Total Revenue - 2018

Airlines ranked I through 38

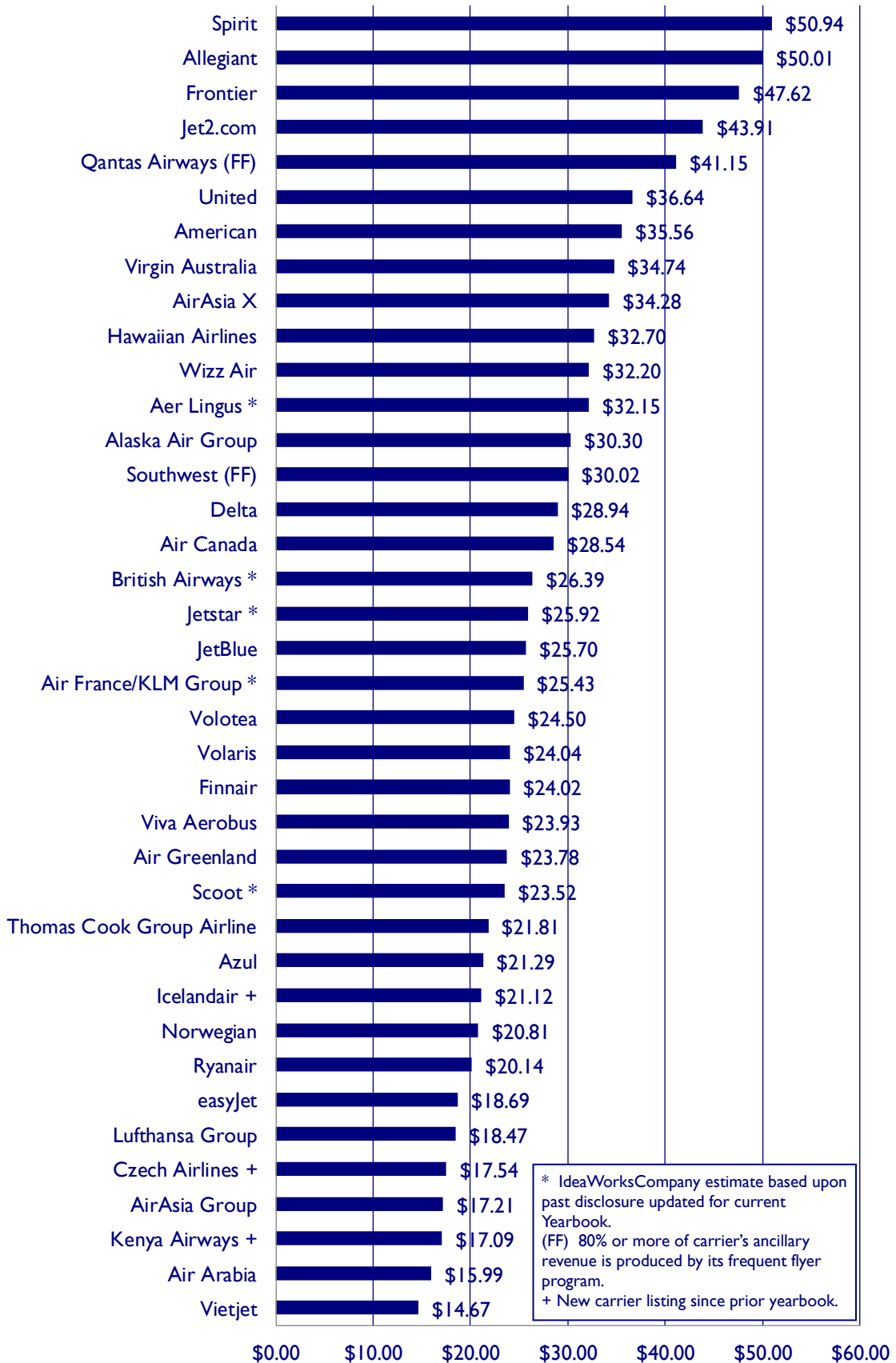


Ancillary Revenue as a % of Total Revenue - 2018

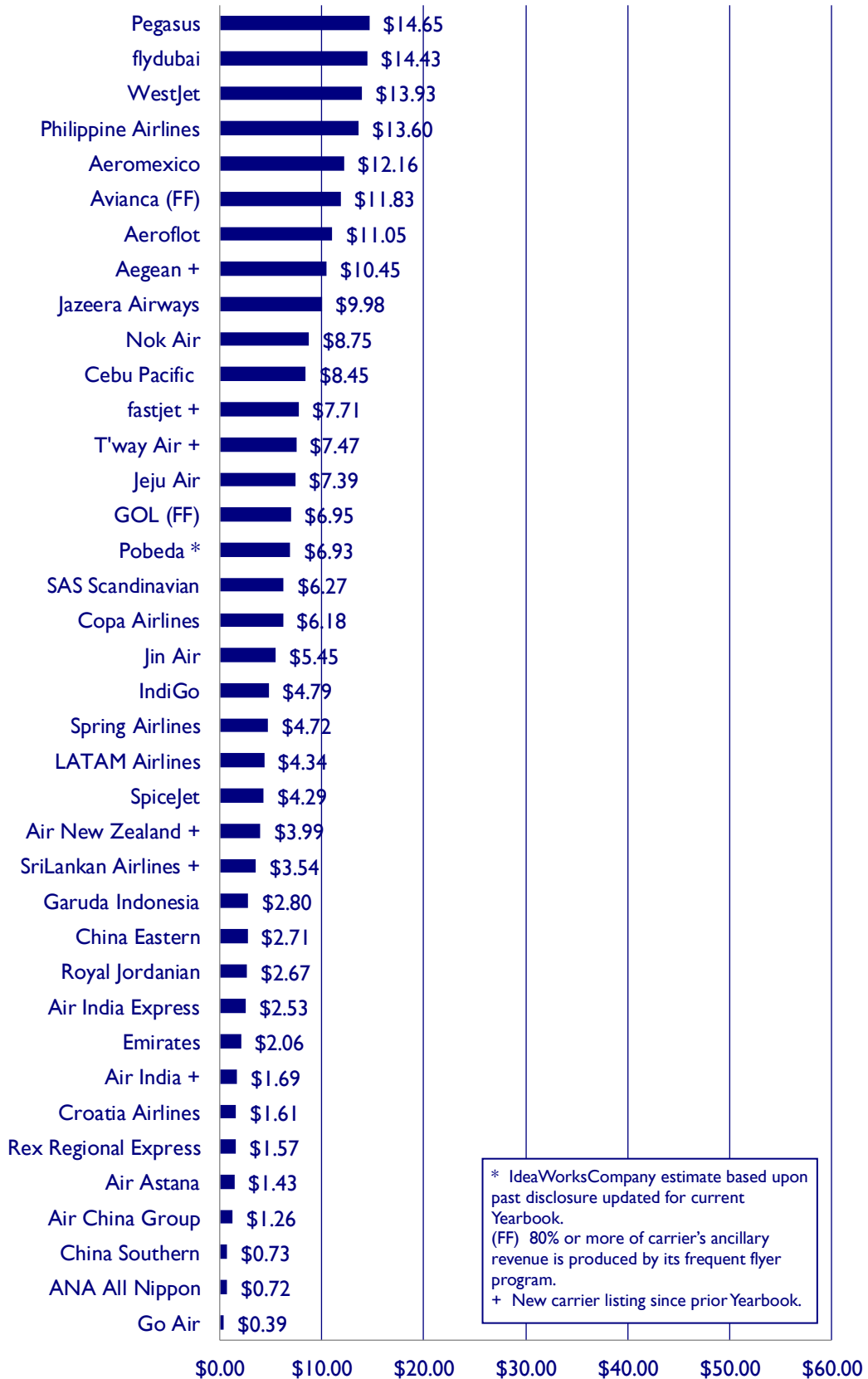
Airlines ranked 39 through 76



Ancillary Revenue in US\$ per Passenger - 2018
Airlines ranked 1 through 36



Ancillary Revenue in US\$ per Passenger - 2018
Airlines ranked 39 through 76



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 Business Transformation, 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 Aegean

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$146,033,211
As a % of Revenue	10.5%
Dollars per Passenger	\$10.45
Financial Period	Calendar year 2018
Total Revenue	\$1,388,142,614
Passengers	13,971,420
Information Source	2018 Annual Report and Corporate Presentation May 2019
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in euros. • Revenue for Aegean was €1,187,400,000 for 2018 and is distributed as follows: <ul style="list-style-type: none"> – International flights: 76% or €902,424,000. – Domestic flights: 24% or €284,976,000. • Aegean disclosed ancillary revenue as a percent of revenue by geographic area: <ul style="list-style-type: none"> – International flights: 11% or €99,267,000. – Domestic flights: 9% or €25,648,000. <p>Total ancillary revenue for Aegean is <u>€124,915,000</u>.</p> <ul style="list-style-type: none"> • The airline has these ancillary revenue activities: <ul style="list-style-type: none"> – Booking for care hire, hotel, airport parking, airport transfers, and tours/activities. – Checked baggage. – Co-branded credit cards. – Extra leg room seat assignment. – Front of cabin seat assignment. – Onboard merchandise catalog. • Aegean revenue for 2018: €1,187,400,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, bundled fares, paid seats, unaccompanied minor
Sabre	Baggage, paid seats, unaccompanied minor
Travelport	Animal transport, baggage, bundled fares, paid seats, unaccompanied minor

Aer Lingus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$377,840,402 (estimate based upon disclosure of past performance)
As a % of Revenue	16.0%
Dollars per Passenger	\$32.15
Financial Period	Calendar year 2018
Total Revenue	\$2,361,502,510
Passengers	11,752,000
Information Source	IAG Full Year Results Announcement for the Year Ended 31 December 2018 and IAG results presentation Full Year 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 makes minimal disclosure of results for its operating carriers. IdeaWorksCompany did calculate 2018 traffic to be 11,752,124 passengers, based upon IAG's disclosure of 23,516,000,000 km flown by passengers divided by an average sector length of 2,001 km. This method was used to generate a result for IAG's five operating carriers which approximated the total passenger traffic disclosed for the group. • IAG did not make ancillary revenue disclosures for 2018. For the first six months of 2015 Aer Lingus disclosed retail revenue (ancillary revenue) was €20.42 per passenger. For 2017 IdeaWorksCompany estimated ancillary revenue per passenger was €20.42, or 12.4% of operating revenue. The carrier's peer airlines are higher than this, such as 15.7% for Norwegian, 20.5% for easyJet and 24.3% for Pegasus. • Based upon the above, IdeaWorksCompany will use a 16% rate for Aer Lingus, which equals ancillary revenue of €27.50 per passenger. • The above per passenger statistic was used to calculate an annual ancillary revenue result of <u>€323,200,000</u> for 2018 (16% x €2,020,000,000). The carrier's flight network is more closely compared to Norwegian, which also operates long-haul flights. • 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.

	<ul style="list-style-type: none"> - Sale of commissionable items. - Inflight Wifi. • According to a 06 December 2018 article in <i>The Independent</i>, Datalex, the Dublin-based travel software firm, announced a new five-year digital commerce agreement with Aer Lingus to support their future retail strategy, which includes a la carte activity. • The estimate was provided to Aer Lingus management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • Aer Lingus revenue for 2018: €2,020,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Aeroflot

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$535,761,460
As a % of Revenue	5.8%
Dollars per Passenger	\$11.05
Financial Period	Calendar year 2018
Total Revenue	\$9,190,049,711
Passengers	48,500,000
Information Source	Consolidated Financial Statements for the year ended 31 December 2018, Aeroflot Group Q4 and 12M 2018 Financial Results, and “Aeroflot targets ancillary revenue to counterbalance surging costs” article dated 19 March 2019 in <i>Russian Aviation Insider</i>
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. • The following ancillary revenue disclosure by management appeared in a 19 March 2019 article at <i>Russian Aviation Insider</i> website: <ul style="list-style-type: none"> - “All global trends indicate that aviation will soon not be able to remain profitable by flying alone. We need to boost our ancillary revenues,” said Vitaliy Saveliev, general director of Aeroflot.

- Currently, such revenues account for just 6% of Aeroflot’s income. “In my view, we need to bring that up to 20%,” added Saveliev. Among those ancillary products and service revenue opportunities, he cites baggage delivery to the passenger’s home, and on-board birthday greetings as typical examples. In all there are some 20 potential options which may soon be added to the existing set, comprising a loyalty program, baggage fees, assigned seats, upgrades of cabin class – and partnership revenues such as travel insurances, hotels, car rentals, express rail travel to the airport, on-board shopping, a la carte menus, taxi services and advertisements.
- For 2018, given its total revenues of 611.6 billion rubles, the airline have made 36.7 billion rubles on these ancillary services.
- Aeroflot Group introduced hand-baggage-only fares (Economy Lite) on selected routes starting from 02 April 2019. These include a number of medium-haul routes operated by Rossiya Airlines and specific Aeroflot flights to Germany and Italy.
- In 2017, Aeroflot’s ancillary definition included refueling services which IdeaWorksCompany does not qualify as ancillary revenue. Separately, the airline disclosed refueling revenue as RUB 24 million. Removing this amount provides net ancillary revenue of RUB 36,676,000,000 for 2019. From this amount, Pobeda’s RUB 3,024,824,000 (see Pobeda listing) is subtracted to provide a 2018 ancillary revenue result of RUB 33,651,176,000 for Aeroflot’s non-LCC operations.
- Aeroflot listed the following examples of ancillary revenue categories and results for 2018:
 - Loyalty program: RUB 12.704 billion.
 - Sales of goods onboard: RUB 1.667 billion.
- For 2018, the Aeroflot Group carried 55.7 million passengers. Subtracting 7.2 million Pobeda passengers yields non-LCC traffic of 48.5 million.
- Aeroflot revenue for the year ended 31 December 2018 was RUB 577,227,000,000 (RUB 611.6 billion less RUB 34.373 billion for LCC Pobeda).

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	Bundled fares

Air France/KLM Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,579,438,796 (estimate based upon company guidance)
As a % of Revenue	8.3%
Dollars per Passenger	\$25.43
Financial Period	Calendar year 2018
Total Revenue	\$30,997,643,095
Passengers	101,447,000
Information Source	Registration Document 2018 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 2018, the company provided guidance to IdeaWorksCompany for the calculations described below. • Air France/KLM disclosed ancillary revenue (paid options) was up 10.8% amounting to €650 million for 2018. 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. This revenue amount was repeated for 2018. • The company disclosed other network sales in its 2018 Registration Document of €1.211 billion. 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 €1.211 billion amount is reduced to €848 million. • Flying Blue, the loyalty program of Air France/KLM added 2.7 million members during 2018, which represents a 14% increase from 2017. This disclosure indicates total Flying Blue membership is 19.3 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 SEK 255 per member (€24.40 per member). Applying this statistic to Flying Blue's active membership base of 19.3 million generates a conservative sales revenue estimate of €471 million.

- Transavia is the group's low cost carrier within Europe. The airline carried 15,828,000 passengers during 2018. Moderately revenue-aggressive LCCs in Europe generate ancillary around €17 to €20 per passenger. Applying a conservative estimate of €15 per passenger for Transavia generates a result of €237,420,000.
- The Flying Blue FFP was relaunched 01 April 2018 with revenue-based accrual, and variable pricing of rewards. Program members now earn miles for every euro spent and can book reward tickets until the last seat is available for sale.
- The following 2018 activities were tied to ancillary revenue:
 - Accrual in the Flying Blue program now includes the purchase of Paid Options such as premium meals, seat assignment, and paid baggage.
 - Light fares (do not include a checked bag) were expanded to transatlantic markets.
 - Paid options (a la carte services) may now be sold on partner airlines such as Kenya Airways; this capability remains a challenge for other airlines.
 - Initial sales of assigned seating and checked baggage using NDC functionality.
 - Development of bundles (packages of various a la carte items).
- Total ancillary revenue for the group is estimated to be €2,206,420,000 and is based upon the following items:
 - €650 million 2018 disclosure of paid options activity.
 - €848 million adjusted other network sales.
 - €471 million estimated Flying Blue sales.
 - €237.42 million estimated Transavia ancillary revenue.
- The Air France/KLM network carried 85,619,000 passengers; adding Transavia's traffic of 15,828,000 generates total traffic of 101,447,000 passengers. Operating revenue for Transavia was €1.611 billion.
- Air France/KLM revenue for 2018 was: €26,515,000,000 (including Transavia).

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Animal transport, baggage, bundled fares, paid seats, sports equipment
Sabre	Baggage, bundled fares, paid seats
Travelport	Animal transport, baggage, bundled fares, paid seats, sports equipment

Air Greenland

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$10,241,519
As a % of Revenue	4.8%
Dollars per Passenger	\$23.78
Financial Period	Calendar year 2018
Total Revenue	\$214,877,120
Passengers	430,738
Information Source	Annual Report 2018 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. • The airline introduced Club Timmisa as its first frequent flyer program during 2018. • Air Greenland disclosed ancillary revenue of <u>DKK 65,302,000</u> from the following ancillary revenue activities: <ul style="list-style-type: none"> – DKK 9,200,000 income (before taxes) for tour operations by Greenland Travel (100% owned by Air Greenland). – DKK 56,102,000 from hotel operations, principally from Hotel Arctic (100% owned by Air Greenland). <p>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.</p> • Air Greenland revenue for 2018: DKK 1,370,100,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

British Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,235,137,282 (estimate based upon disclosure of past performance)
As a % of Revenue	7.2%
Dollars per Passenger	\$26.39
Financial Period	Calendar year 2018
Total Revenue	\$17,195,255,585

Passengers	46,800,000
Information Source	British Airways Plc. Annual Report and Accounts 2018 and British Airways Holidays Ltd. 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 (£). Some results are extrapolated for 2018 from 2016, 2015, and 2013 disclosures. The estimate for British Airways is built upon a variety of sources contributing to the carrier’s ancillary revenue. • Ancillary revenue from BA Holidays was estimated for 2018 using the following procedure. The airline realizes ancillary revenue from BA Holidays. Financial filings made for 2017 with Companies House (UK Government) indicate a gross profit of £55.8 million (or £1.23 per passenger based upon 45.2 million passengers for 2019). Total 2017 turnover was £749.6 million which consists of gross package sales. The appropriate result to record as ancillary revenue is gross profit. This was assumed to increase by 10% to £61.4 million for 2018. • Ancillary revenue from the Avios frequent flyer program was estimated for 2018 using the following procedure. Revenue which benefited British Airways, and associated with Avios, was disclosed as being £265 million for 2015 (or £6.11 per passenger). This result was calculated using the revenue data presented in the “Avios investor seminar/teach-in” dated 08 April 2016. The original rate was assumed to increase to £8 per passenger for 2018, or a total of £374.4 million. • Estimated ancillary revenue (based upon the assumptions noted) for British Airways consists of the following activities: <ul style="list-style-type: none"> – £61.4 million from BA Holidays (see above). – £374.4 million from Avios (see above). – £140.4 million from seat assignment fees, £3 assumed as average rate for 2018 (based upon £1 disclosure in 2013) multiplied by 46.8 million passengers for 2018. – £163.8 million from checked baggage, £4 assumed as average rate based upon prior results (UK CAA disclosure for 2015 of £1.43 per passenger) increased to reflect the carrier’s systemwide implementation of basic fares. – £195.3 million from other activities, based upon estimate of 1.5% (0.015) share of total revenue. <p>Total 2018 estimated ancillary revenue: <u>£935,300,000.</u></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. • 2018 revenue for British Airways was £13,021,000,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	Bundled fares, paid seats

Croatia Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$3,494,322
As a % of Revenue	1.4%
Dollars per Passenger	\$1.61
Financial Period	Calendar year 2018
Total Revenue	\$252,581,398
Passengers	2,169,000
Information Source	Consolidated and Separate Annual Report for the Year Ended 31 December 2018
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 <u>€2,989,000</u> from the following ancillary revenue activities: <ul style="list-style-type: none"> – Mileage related revenue (frequent flyer): €1,710,000. – Revenue from advertising services: €1,279,000. • Croatia revenue for 2018: €216,055,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Animal transport, baggage, bundled fares, medical equipment, sports equipment, unaccompanied minor
Sabre	Animal transport, baggage, bundled fares, medical assistance, unaccompanied minor
Travelport	None

Czech Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$50,854,138
As a % of Revenue	10.6%
Dollars per Passenger	\$17.54
Financial Period	Calendar year 2018
Total Revenue	\$478,734,197
Passengers	2,900,000

Information Source	SkyTeam Facts and Figures web page reviewed Jun 2019 and Czech Airlines Case Study: Exploiting Ancillary Revenues by Dr. Josef Adam, CFO & CITO, Czech Airlines presented at Ancillary Revenue Conference, 9 – 11 April 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in US dollars. Czech Airlines is 97.7% owned by Smartwings. The carrier undertook the following activities to strengthen the role of ancillary revenue: <ul style="list-style-type: none"> Gradual unbundling of almost all nonessential services from the basic fare. Conversion of Czech Airlines' product and pricing from the fare family concept to the branded fares concept to attract price-sensitive passengers. New baggage policy. Introduction of new services: seating, premium meals, and buy-on-board. The following ancillary revenue results were disclosed: <ul style="list-style-type: none"> 2015: €1 per passenger. 2016: €3 per passenger. 2017: €11 per passenger. 2018: €15 per passenger (expected). Based upon the above, ancillary revenue for 2018 is estimated to total €43,500,000. Czech Airlines revenue for 2018: CZK 9,100,000,000 or €409,503,303 (CZK to USD conversion rate of 0.045000363).

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Animal transport, baggage, bundled fares, meals, lounge access, medical equipment, paid seats, sports equipment, unaccompanied minor
Sabre	Animal transport, baggage, meals, bundled fares, medical assistance, paid seats, unaccompanied minor
Travelport	Animal transport, baggage, bundled fares, meals, medical assistance, paid seats, sports equipment, unaccompanied minor

easyJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,597,900,258
As a % of Revenue	20.5%
Dollars per Passenger	\$18.69
Financial Period	Fiscal year ended 30 September 2018
Total Revenue	\$7,788,773,323

Passengers	85,500,000
Information Source	EasyJet Results for the Year Ended 30 September 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Great Britain pounds (£). • Ancillary revenue for fiscal year 2018 was <u>£1,210,000,000</u> which represents a 22.7% increase over 2017. • EasyJet disclosed the following revenue-related activities for fiscal year 2018: <ul style="list-style-type: none"> – Bag pricing algorithms were improved to better reflect demand. – Pricing improvements for assigned seating are creating more demand and higher conversion rates. – The website was enhanced to make it easier for customers to add ancillary products. – More baggage options were offered to customers, with the introduction of 15 kg and 23 kg options, the continued enhancement of the Hands Free service (£7 fee to check a smaller carry-on size bag) and home pick-up services in partnership with AirPortr. – Conducted multi-variant testing of digital merchandising of ancillary products, leading to a 6% increase in assigned seating take rates. – New partnerships, including a new insurance partnership with Collinson and a two-year brand partnership with Three Mobile (sponsors Hands Free baggage service at no charge for their UK customers). – Trial of inflight entertainment platform, accessed through customers' own devices, which led to 22% improvement in customer satisfaction for customers using the platform versus easyJet's network average. The trial was supported by Rakuten, American Express and other brand partners. – Expanded the Worldwide by easyJet platform, which now offers booking capabilities to more than 10 partner airlines across 11 airports. Check baggage activity for these bookings is approximately 20% higher than easyJet's network average and the missed connection rate is below 0.5%. Ancillary revenue is generated by the fee charged for this service. – Grew the inflight retail business, with inflight vouchers available in the booking path, with the average transaction increasing 4% from last year. – Increased easyJet Plus membership by 52% over prior year. • Flight Club, easyJet's invitation only recognition program (for those who fly more than 20 times a year with easyJet), is producing revenue benefits, with Flight Club members increasing 45% in 2018, with more than 9% of all bookings being made by Flight Club customers.

	<ul style="list-style-type: none"> • EasyJet is introducing a loyalty program during 2019. With just under half of travelers flying easyJet once a year, the company believes this represents a major opportunity to improve loyalty across leisure and business travel. The program will encourage members to spend on a la carte services, and include accrual partners and membership tiers. • EasyJet anticipates a big change to its holidays program. Currently there are 20 million customers a year who fly to easyJet's top 29 destinations (by market share) of which only 500,000 book a hotel through easyJet. The holiday program is an opportunity for easyJet to extend its reach through more travel suppliers through the offer of accommodation and other services, with investment taking place in 2019 and 2020. • Revenue for the fiscal year ended 30 September 2018 was £5,898,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, medical assistance, paid seats, sports equipment
Sabre	Baggage, bundled fares, medical assistance, paid seats
Travelport	Baggage, bundled fares, paid seats, sports equipment

Finnair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$319,036,651
As a % of Revenue	9.6%
Dollars per Passenger	\$24.02
Financial Period	Calendar year 2018
Total Revenue	\$3,313,819,314
Passengers	13,281,000
Information Source	Finnair Group Financial Statements Release January–31 December 2018 Financial Statements 2018 Presentation, and Financial Information 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • New ancillary services launched in 2018 include: <ul style="list-style-type: none"> – New SkyBistro pre-order meal concepts Fresh & Tasty (on shorter European flights) and Hot Meals (on longer European flights). – Seat & Meal ancillary package. – Seat & Meal Junior ancillary package.

- Finnair’s own trip cancellation cover.
- AirPortr baggage and check-in collection for London-based customers.
- New Travel Comfort product selection on long-haul flights.
- Electronic newspapers in inflight entertainment system (partly complimentary).
- Narrow-body Wifi.
- Light economy class fare, which includes hand baggage only, on its Helsinki–New York route.
- In addition to the above, the carrier generates ancillary revenue from these activities:
 - Extra baggage fees.
 - Advance seat selection.
 - Upgrade options.
 - Economy comfort product in long-haul.
 - Sky Bistro in short-haul economy.
- Finnair’s disclosed ancillary revenue for 2018 was €160,800,000. Growth was particularly strong in advance seat reservations, travel class upgrades, extra luggage and inflight sales. The largest ancillary revenue source was advance seat reservations.
- The airline also operates a tour business (Aurinkomatkat and Finnair Holidays) which generates ancillary revenue. Revenue from tour operations was €225,500,000 and expenses were €113,400,000 for 2018. This yields net income of €112,100,000, which qualifies as ancillary revenue.
- Total ancillary revenue for Finnair for 2018 was €272,900,000 and consisted of these components:
 - Disclosed ancillary revenue: €160,800,000.
 - Tour income: €112,100,000.
- The airline also provided these disclosures regarding distribution:
 - Ticket sales through direct channel: 23.9%.
 - Ancillary revenue sales through direct channel: 55.1%.
 - Average number of monthly visitors at finnair.com: 1.9 million.
 - Active users for Finnair mobile app: 265,500.
 Direct channel includes the carrier’s website, mobile application, call center, and ticket counters.
- Finnair revenue for 2018: €2,834,600,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

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
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Icelandair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$87,462,000
As a % of Revenue	8.0%
Dollars per Passenger	\$21.12
Financial Period	Calendar year 2018
Total Revenue	\$1,093,314,000
Passengers	4,142,000
Information Source	Icelandair Group Annual Report 2018

Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in US dollars. • Icelandair has chosen to emphasize ancillary revenue. To reflect this, a new division, the Customer Experience department, was established in July 2018. This division became responsible for on-board and frontline services, the customer loyalty program, ancillary revenue, and product development. At the same time, digitization and data processing became a part of the division, as well as strategic planning and business development. • After introducing a new Economy Light option in 2017, Icelandair introduced three new cabin options in 2018; Economy Flex, Saga Premium and Saga Premium Flex. • Icelandair’s disclosed ancillary revenue for 2018 was <u>\$87,462,000</u>. • Icelandair Group also owns hotel and tourism related companies which also contribute to ancillary revenue, but these are likely not included in the disclosure. The airline disclosed that 25% of passengers make a stopover in Iceland, and that 36% of passengers fly to Iceland as their tourism destination. • Icelandair revenue for 2018: \$1,093,314,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)

Amadeus	Baggage, bundled fares, sports equipment
Sabre	Animal transport, baggage, bundled fares, paid seats, meals, medical assistance, unaccompanied minor
Travelport	Animal transport, baggage, bundled fares, meals, paid seats, sports equipment, unaccompanied minor

Jet2.com

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$455,777,938
As a % of Revenue	31.1%
Dollars per Passenger	\$43.91
Financial Period	12-month period ended 31 March 2018
Total Revenue	\$1,465,343,207
Passengers	10,380,000
Information Source	Dart Group Plc. Annual Report & Accounts 2018
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. Non-ticket revenue is equivalent to ancillary revenue. • The following elements describe how Jet2.com focuses its efforts on leisure travel more than other airlines: <ul style="list-style-type: none"> – 41% of its package holidays were sold on an all-inclusive basis offering a “defined price” for the whole holiday experience, including flights, transfers, and meals. – Package holiday passengers represented 48.3% of all passengers. – The company has developed relationships with over 3,400 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. For 2018, the program offered more than 1,600 villas in 30 beach destinations. – During summer 2018 more than 600 “customer helpers” (2017: 450) were employed at holiday resorts to look after package customers. – Resort flight check-in service, introduced at many hotels in summer 2016, has proven to be extremely popular and expanded to more than 250 hotels for summer 2018 (2017: 180 hotels). 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 1% to £33.25 (2017: £31.01) for ancillary revenue of <u>£345,135,000</u> ($£33.25 \times 10,380,000$). This revenue stream includes pre-departure sales (principally checked bags and advance seat assignment), in-flight sales (pre-ordered

	<p>meals, drinks, snacks, cosmetics and perfumes), and ancillary products (car hire and travel insurance).</p> <ul style="list-style-type: none"> • Passengers carried: <ul style="list-style-type: none"> – Flight-only passenger segments: 5.37 million. – Package customers: 2.5 million. – Total leisure passenger segments: 10.38 million. • Operating revenue results disclosed for the airline (ticket plus non-ticket revenue): <ul style="list-style-type: none"> – Average price of a Jet2holidays package: £633. – Net ticket yield per passenger segment (excl. taxes) £73.65 – Non-ticket revenue per passenger was £33.25. <p>Total operating revenue per passenger was £106.90, or £1,109,622,000 for the fiscal period.</p>
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
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	\$2,628,328,912
As a % of Revenue	8.0%
Dollars per Passenger	\$18.47
Financial Period	Calendar year 2018
Total Revenue	\$32,854,111,405
Passengers	142,335,000
Information Source	Lufthansa Group Annual Report 2018 and 4 th Quarter 2018 investor conference call transcript
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • Lufthansa Group includes the Network and Eurowings Segments. Lufthansa Network airlines include Lufthansa passenger airlines (Lufthansa brand and regional airlines CityLine and Air Dolomiti), SWISS, and Austrian. The Eurowings Segment includes Eurowings, Germanwings, Brussels Airlines, and the 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 2019 Yearbook.

- Carsten Spohr, CEO of Lufthansa Group, made the following disclosure during the 4th Quarter 2018 investor conference call, “NDC allows us to offer customers greater choice and a more personalized offer. For example, NDCs allow us to understand whether a customer travels on his own or with his family, so we could give him the choice of products that will make his life easier, be it lounge access and free Wifi for a business trip or extra baggage on pre-booked seats for a holiday trip. We expect this to grow our ancillary revenues, which currently account for around 8% of traffic revenues.” IdeaWorksCompany believes the reference includes Eurowings.
- He also added the following regarding distribution: “In the full year of 2018, direct distribution accounted for around 45% of total bookings, up from the 30% in 2015. In 2019, we will further capitalize on this development by further rolling out continuous pricing. Over the past 12 months, continuous pricing in certain NDC based distribution channels and on certain routes yielded some very positive effects on RASK.” Direct distribution includes the carrier’s websites, call centers, and direct travel agency channels.
- Miles & More, the loyalty program of Lufthansa Group, was disclosed as having 30 million members for 2017 (company presentation at MEGA Event, 08 November 2018). Lufthansa Group does not disclose revenue produced by the program, notably from the sale of miles to partners, such as card-issuing banks. SAS Eurobonus, another Europe-based program, was found to generate revenue of SEK 255 per member (€24.40 per member). Applying this statistic to the Miles & More membership base of 30 million generates a conservative sales revenue estimate of €732 million.
- Ancillary revenue activity for 2018 is €2,248,240,000 for Lufthansa Group (8% x €28,103,000,000).
- The estimate was provided to Lufthansa management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate.
- Lufthansa Group traffic revenue for 2018 was €28,103,000,000 which includes the following components:
 - Network airlines (Lufthansa, SWISS, and Austrian): €20,877,000,000.
 - Eurowings Segment (includes Brussels): €4,118,000,000 (total revenue: €4,230,000,000 and 38,491,000 passengers).

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Austrian: 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.
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	\$776,339,545
As a % of Revenue	16.5%
Dollars per Passenger	\$20.81
Financial Period	Calendar year 2018
Total Revenue	\$4,941,463,790
Passengers	37,300,000
Information Source	Norwegian Air Shuttle Annual Report 2018
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 2018 was NOK 6,267,000,000 which is 30% above 2017 results. Please refer to notes below for the adjustments made by IdeaWorksCompany. Other business areas for the company are defined as: cargo, holiday, reward, and brand. Norwegian Brand Ltd., based at Dublin, Ireland, has the responsibility of developing and maintaining the Norwegian Group's brand across all business areas. The parent company owns 16.4% (down from 20% in 2016) of 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 8.7 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 shared its profits with the airline for activity and brand licensing associated with the Visa credit card for 2018: NOK 59,000,000.

- Adding commissions from the bank to the disclosed ancillary revenue brings total ancillary revenue to NOK 6,326,000,000.
- Norwegian Reward, Norwegian’s loyalty program, is a separate business unit with its own management. Reward is growing rapidly – it surpassed 8.7 million members in 2018 (2017: was 6.8 million) which represents a dramatic year-over-year increase of nearly 28%.
- The group operates the Norwegian Rewards customer loyalty program. Members earn CashPoints for the following activities:
 - All members accrue 2% on low fare tickets and 10% on flex tickets (the latter has dropped from 20%).
 - Bank Norwegian co-branded credit cardholders earn 0.5% to 1% for all purchases (the prior rate was a flat 1%). Using the card to purchase a low fare accrues a 5% point bonus. The rate increases to 10% for Flex ticket purchases (new feature).
 - The airline also operates a corporate reward program which provides 4% on low fares and 10% on flex tickets (the latter has dropped from 12%).
 - 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, seating, and premium upgrades.
- “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 40,265,500,000 for 2018.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Animal transport, fast track, sports equipment, unaccompanied minor
Sabre	Animal transport, baggage, unaccompanied minor
Travelport	Bundled fares, fast track, sports equipment, unaccompanied minor

Pegasus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$439,564,373
As a % of Revenue	24.3%
Dollars per Passenger	\$14.65
Financial Period	Calendar year 2018
Total Revenue	\$1,808,276,853
Passengers	30,000,000
Information Source	Consolidated Financial Statements for the period of January 1 – December 31, 2018 and 4 th Quarter 2018 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 (also called service revenue) disclosed by Pegasus was <u>TRY 2,016,809,298</u> for 2018. • 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"> – Airport check-in. – Airport transfer. – Assigned seating fees. – Branded fares. – Car hire. – Excess baggage. – Hotel bookings and Airbnb. – Parking at airport. – Pegasus Flex product which allows unlimited reservation changes (qualifies as ancillary revenue). – Pre-order and inflight sales of beverages and food. – Reservation change and cancellation fees (not considered ancillary revenue by IdeaWorksCompany). – Sales of duty-free items on international flights. • Total revenue from Pegasus operations was TRY <u>8,296,736,033</u> for 2018. • 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 20)	
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	\$49,783,540 (estimate based upon disclosure of past performance)
As a % of Revenue	8.8%
Dollars per Passenger	\$6.93
Financial Period	Calendar year 2018
Total Revenue	\$565,722,041
Passengers	7,184,000
Information Source	Aeroflot Annual Report 2018 and Summary of 2018 Results press release dated 19 February 2019 at Pobeda.aero. (translated from Russian)
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 2018 operated 103 routes and 24 aircraft. • The airline introduced an airport check-in fee of €25 at foreign airports (non-Russian) during 2018 (08 August 2018 press release). • Plane + bus services are provided to link Pobeda flights to cities via a motor coach connection. This is offered to/from the following cities: <ul style="list-style-type: none"> – Izhevsk/Begishevo (via Moscow Vnukovo airport flights). – Yerevan (via Gyumri airport flights). – Milan (via Bergamo airport flights). – Florence (via Pisa airport flights). • 30% of passengers pay for checked baggage. • Through the 3rd quarter of 2017, Pobeda disclosed it had ancillary revenue of RUB 1.3 billion and carried 3.3 million passengers. This result represented 8.8% of company revenue. A similar disclosure for 2018 could not be identified. Applying the 2017 rate to 2018 revenue generates estimated ancillary revenue of <u>RUB 3,126,904,000</u>. • Pobeda revenue for the year ended 31 December 2018 was RUB 35,533,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Ryanair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$2,801,536,938
As a % of Revenue	31.7%
Dollars per Passenger	\$20.14
Financial Period	Fiscal year ended 31 March 2019
Total Revenue	\$8,840,436,624
Passengers	139,100,000
Information Source	Ryanair Results for Ryanair Holdings Plc. for the period ended 31 March 2019, Fiscal Year 2019 Ryanair Holdings PLC earnings video, and 3 rd Quarter investor call (04 February 2019)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures are in euros. • For FY 2019, ancillary revenue was <u>€2,396,400,000</u>. • Ryanair disclosed these ancillary revenue related activities for fiscal year 2019: <ul style="list-style-type: none"> – Ryanair Labs continues to stimulate ancillary sales growth spending per guess—up 11% with continuing enhancements to the website and mobile app. – Priority boarding and reserved seating grew strongly during FY 2019. – The pricing of priority boarding can now vary by timing of sale. The capacity remains capped at 50% of seating. Distinct price levels can occur for the first 20%, the second 20%, and the final 10% of aircraft capacity. – Ryanair will work to increase ancillary sales at its new Laudamotion airline subsidiary, which are currently below Ryanair levels. – Ryanair Labs continues to create improvements in car hire, airport fast track and airport car park. Labs has three development offices in Dublin, Wroclaw, and Madrid. – Ryanair Rooms (hotel bookings) remains a work in progress with few commissions from bookings because the majority of this revenue is returned to the customer as a travel rebate. – The new baggage policy has dramatically improved airport operations by reducing carry-on issues, and has effected a small positive impact on overall bag revenue. – Laudamotion is rolling out a la carte products across its network, with oversight provided by Ryanair. For example, the carrier just began to generate revenue from the onboard environment. • Ryanair’s latest checked baggage policy was implemented during FY 2019:

	<ul style="list-style-type: none"> - Checked bag fees have been decreased overall and the weight allowance changed from 15 kg to 20 kg. - The new policy allows travelers to bring a 10 kg bag, however this must be dropped at the check-in desk, and it will be delivered as a checked bag at the destination. The charge for this starts at £8. - Priority boarding provides multiple benefits, including boarding in the first group; which can represent 50% of passengers on a flight. These passengers may bring two bags into the cabin: one which fits under the seat, and the other (max. 10 kg) which can be stored in the overhead locker. The charge for this starts at £6. • Ryanair completed the purchase of Laudamotion, an LCC based in Austria, in January 2019. Ryanair Sun, the subsidiary based in Poland, was renamed Buzz. • Ryanair FY 2019 revenue was €7,562,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
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	\$188,746,492
As a % of Revenue	3.8%
Dollars per Passenger	\$6.27
Financial Period	For the fiscal period ending 31 October 2018
Total Revenue	\$5,003,180,573
Passengers	30,082,000
Information Source	SAS Annual Report, Fiscal Year 2018 Ended 31 October 2018
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 2018 were SEK 261 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 2018:

	<ul style="list-style-type: none"> - Airport lounges were upgraded, which are an important component of the carrier’s branded fare offer. - Fast track was redesigned with a new service point added to Copenhagen airport. More airports were added to the fast track program. - High-speed Wifi installation continued on the short-haul fleet with 39 aircraft installations complete by end of Fiscal 2018. - SAS for Business was introduced as a new loyalty program for small- and medium-sized enterprises. - Personalization of digital communications was improved. - SAS Go travelers gained the option to pre-order meals, seat assignment, and lounge access during booking. - The business unit SAS Growth was launched to identify and leverage new business opportunities, to include ancillary revenue activities. • The Eurobonus frequent flyer program had 5.6 million members at the end of 31 October 2018, which is up 500,000 members for the year. • Prior Scandinavian disclosures, and calculations performed by IdeaWorksCompany, indicate fiscal 2017 Eurobonus revenue from the sale of points was SEK 1.211 billion. The airline disclosed these sales increased SEK 215 million during fiscal 2018. This brings the fiscal 2018 total to SEK 1.426 billion, or SEK 255 per member. • Total ancillary revenue for fiscal 2018 was calculated to be <u>SEK 1,687,000,000</u> from these sources: <ul style="list-style-type: none"> - Inflight sales: SEK 261 million. - Eurobonus sales: SEK 1.426 billion. • Total group fiscal 2018 operating revenue was SEK 44,718,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
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	\$439,752,716
As a % of Revenue	9.5%
Dollars per Passenger	\$21.81

Financial Period	Calendar year 2018
Total Revenue	\$4,647,116,535
Passengers	20,163,000
Information Source	Annual Report 2018 and Full Year Results Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in Great Britain pounds £. Thomas Cook Group Airline flies under the brands Thomas Cook Airlines and Condor with a fleet of 100 aircraft. For 2018, 55% of seats were sold to air-only and 3rd party tour operators. The remaining 45% of seats were sold through the company's tour operation. Thomas Cook described these activities as contributing to ancillary revenue growth for 2018: <ul style="list-style-type: none"> MyAccount was relaunched, which is the company's single hub for customers to access all their holiday information. In the UK, 72% of online customers now log in and use MyAccount, helping to improve ancillary sales conversion by 12%. The web platform in Belgium and the UK was changed to optimize a number of key areas, and this has improved ancillary sales for pre- and post-booking. The Companion app (named the Travel Guide in Germany) has been downloaded 3.1 million times. Two new Holiday Extras features were added during 2018: Choose your Room and Choose Your Favourite Sunbed. Both are showing good results as customers recognize these hassle-free add-ons as a means of improving their holiday experience. The price of late check-out for accommodations now fluctuates according to demand. The UK market saw the introduction of a new pre-paid cash passport (Lyk) and travel insurance product (Roam). <p>For 2019, the company is introducing HotelShop, which enables more personalized services at partner hotels, like espresso machines or Champagne on arrival.</p> Ancillary revenue increased by 11% over 2017. Total ancillary revenue for 2018 was £333,000,000. Thomas Cook Group Airline revenue for 2018: £3,519,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Animal transport (Thomas Cook Airlines Belgium only), 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	\$160,979,651
As a % of Revenue	34.8%
Dollars per Passenger	\$24.50
Financial Period	Calendar year 2018
Total Revenue	\$463,064,923
Passengers	6,570,000
Information Source	“Volotea Rises Operating Profit to €13.6 million in 2018 Up 63%” press release dated 23 May 2019
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 2018 was <u>€137,700,000</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"> – Administrative fee of 2.8% to 4.5% for bookings made through travel agencies. – Airport check-in (rather than online for free). – Baggage insurance. – Car, hotel, and airport transfer booking. – Checked baggage, and premium fee for boarding gate baggage. – Flex and Combo bundles. – Megavolotea and Megavolotea Plus subscription plans. – Missed-flight insurance. – Onboard café and pre-order snacks. – Onboard entertainment via mobile phone (starting at €1.99) was added during 2018. – Pet on board. – Pre-assigned seats: front rows, front cabin, back cabin, and extra leg room. – Priority boarding (fixed at €5). – Travel insurance. • Total passenger airline revenue for 2018 was €396,100,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Wizz Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,114,114,798
As a % of Revenue	41.1%
Dollars per Passenger	\$32.20
Financial Period	12 month period ended 31 March 2019 (FY 2019)
Total Revenue	\$2,711,168,550
Passengers	34,600,000
Information Source	Annual Report and Accounts Fiscal Year 2019, Wizz Air FY 2019 Results Presentation, and FY 2019 3 rd quarter investor call
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. – Attraction tickets (GetYourGuide). – 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 (8 airports). – Flexible travel partner (book now, specify travel partner names before check-in). – On time arrival guarantee. – Paid lounge access (6 airports). – Wizz co-branded credit card (Bulgaria, Hungary, Macedonia, and Poland). – Wizz Discount Club (€29.99 standard fee). – Wizz Go branded fare (larger carry-on, checked bag, seat assignment, early boarding, and more). – Wizz Plus branded fare (all benefits plus reservation flexibility). – Wizz Priority (early boarding and medium size carry-on bag). – Wizz Privilege Pass (subscription program offering flight-related benefits). This provides annual access to these services: seat selection, priority boarding, and a medium-size carry-on bag; for €199. • Ancillary revenue grew by 18.1% to <u>€953,000,000</u> for FY 2019.

- The Wizz Discount Club had 1.3 million members (FY 2018: 1.1 million members).
- The company noted the following events during FY 2019 which affected ancillary revenue:
 - Introduction of a new and improved baggage policy which allows priority boarding customers two pieces of hand-luggage on board and enables more efficient operations, resulting in improved on-time performance.
 - New app functionalities with fast track and lounge access sales during and post booking, as well as last minute sales for Wizz Priority up to 40 minutes before departure.
 - Redesign of the check-in and booking flow on the website and the mobile app to provide users a more seamless experience and a better understanding of products and services.
 - Increased coverage of parking and transfer services via the mobile app by 10% network-wide.
 - New cooperation with our partners including Heinemann in Budapest to offer further benefits to our customers.
 - The Wizz Go branded fare generated more than €1 per passenger on average (FY 2019 3rd quarter investor call).
 - Wizz Priority (early boarding and medium size carry-on bag) generated more than €1 per passenger on average (FY 2019 3rd quarter investor call).
 - The mobile app recorded close to 138 million sessions from more than 26 million users in FY 2019.

The relationship with Heinemann airport retail is innovative. Passengers making a purchase at Heinemann Duty Free at Vienna Airport (minimum value of €50 or €75) receive a €4.50 or €7.50 voucher that can be used on a Wizz Air flight for sandwiches, snacks and drinks.
- Revenue from paid checked in bags continues its decline for FY 2019 to €5.30 per passenger, from €8.10 for FY 2018, and €10.10 for FY 2017. However, this was offset by strong growth from other ancillary revenue activities, so overall revenue per passenger increased for FY 2019. The following summarizes the new bag policy:
 - Maximum 10 kg carry-on handbag is free of charge (max. size 40 x 30 x 20 cm).
 - Wizz Priority provides special check-in counter access, earlier boarding, and a medium size (max. 55 x 40 x 23 cm) roll-on bag (max. 10 kg). Bag is in addition to the handbag. The fee ranges from €5 to €30.
 - Checked bag fee price points are at 10 kg, 20 kg, and 32 kg.
- Revenue FY 2019: €2,319,100,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

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, Air Europa-Globalia, Air Malta, Air Moldova (no disclosure since 2016, now owned by Blue Air), Air Serbia, Alitalia, Atlantic Airways (reports under Organization – Danish), Austrian (included in results from Lufthansa Network), Blue Air Bucharest, Brussels Airlines (does not issue reports separate from Lufthansa Group), Flybe, Iberia Airways (subsidiary of International Airlines Group), Loganair (report at Companies House), LOT Polish, Luxair, Air Italy, (owned by Qatar and Alisarda), Nordwind Airlines, S7 Airlines (Russian only), SATA International/Azores Airlines (2017 available during research time - only in Portuguese), SmartWings (2017 report from Travel Service available during research time), SWISS (included in results from Lufthansa Network), TAP Air Portugal, Tarom, TUI Group – Markets & Airlines (airline brands: Arkefly, Corsair, Jetairfly, Thomson Airways, TUIfly, and TUIfly Nordic), Turkish Airlines, UTair (2018 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.

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The Americas Aeromexico

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$266,017,410
As a % of Revenue	7.5%
Dollars per Passenger	\$12.16
Financial Period	Calendar year 2018
Total Revenue	\$3,526,688,173
Passengers	21,878,000
Information Source	4 th Quarter Report of 2018
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 2018 was disclosed as <u>MXP 5,300,000,000</u>. This specific-style disclosure did not occur for 2017. The 2017 disclosure referred to a percentage increase in the per passenger amount from 2014. • The airline has described the following ancillary revenue activities in prior years: <ul style="list-style-type: none"> – AM Plus preferred seating in the first rows of the cabin and the exit rows. – Airport lounge access. – 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> • As of January 2019, more than one million customers downloaded the carrier’s mobile app. In addition, there are 273,000 active users per month within iOS and Android platforms. • Club Premier is the frequent flyer program associated with Aeromexico. The airline (through the PLM entity) owns 51% of the program with Aimia (Canada) as a co-owner. As of 31 December 2018, Club Premier had approximately 6.1 million members (2017: 5.5 million) and had gross billings of CAD 328.8 million for 2018 (2017: CAD 290.2 million) according to Aimia financial documents. A portion of this activity is assumed to be

	<p>included in the ancillary revenue disclosure described above. For 2018, PLM had a net loss of CAD 1 million (2017: CAD 59.4 million profit). Recently, Club Premier renewed its co-branded card association with American Express.</p> <ul style="list-style-type: none"> Revenue for 2018 was 70,264,000,000 Mexican pesos.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, bundled fares, 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	\$1,452,733,488
As a % of Revenue	10.6%
Dollars per Passenger	\$28.54
Financial Period	Calendar year 2018
Total Revenue	\$13,749,478,946
Passengers	50,904,000
Information Source	Air Canada 2018 Consolidated Financial Statements and Notes
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Canadian dollars (CAD). The 2018 Annual Report included this highlighted quote, “Air Canada continues to increase its ancillary revenue from its à la carte services, such as those related to baggage, ticket changes, seat selection, preferred seating and upgrades, and from its onboard offerings, including food, beverage, duty-free shopping and onboard Wifi internet. Air Canada is also realizing incremental revenue through investments in web and mobile platforms and, in 2018, saw a significant acceleration in direct channel share and core ancillary revenue sales.” Air Canada made a disclosure for 2018 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 2018 was CAD 1,158,000,000 (this does not describe a frequent flyer component).

- On 10 January 2019, Air Canada completed its purchase of Aimia Canada Inc., owner and operator of the Aeroplan loyalty business. The aggregate purchase price for the acquisition consisted of CAD 450 million in cash plus CAD 47 million in cash for pre-closing adjustments. The new Air Canada owned entity was named Aeroplan, Inc. Payments to Air Canada were made by the program’s co-branded credit card banks after the acquisition (source CBC.com article dated 26 November 2018):

- Toronto-Dominion Bank ("TD") and Canadian Imperial Bank of Commerce ("CIBC") in the aggregate amount of CAD 822 million.
- Visa Canada and American Express Canada will also make payments to the airline.
- TD and CIBC also made payments to Aeroplan, Inc. of CAD 400 million for the pre-purchase of miles.

The above pre-payments from bank partners total CAD 1.222 billion (this one-time revenue windfall was not recorded as ancillary revenue). The payments include marketing fees charged by Air Canada to the banks, as well as advance payment for miles provided by the program to cardholders.

- Air Canada increased system yield by 3.7% for 2018 by attracting a greater share of business and premium customers as well as through an effective ancillary fee strategy.
- Aeroplan is the frequent flyer program associated with Air Canada. The program was owned and operated by Aimia, which remains a public corporation. Air Canada is Aimia’s largest redemption partner. According to Aimia, for the 9 months ended 30 September 2018, Aimia spent 86% of its “rewards and direct costs” with Air Canada, in connection with rewards purchased from Air Canada and other airlines (Star Alliance partners). A similar disclosure could not be found for the 12-month period ended 31 December 2018. 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 86% share to equal CAD 750,700,000 (86% x CAD 872,900,000) for 2018.
- Ancillary revenue for Air Canada is estimated to equal CAD 1,908,700,000 for 2018 and is composed of two items:
 - Other operating revenue: CAD 1,158,000,000.
 - Sale of reward tickets to Aeroplan/Aimia: CAD 750,700,000.

	<ul style="list-style-type: none"> Air Canada operating revenue for 2018 was CAD 18,065,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	Baggage, bundled fares, paid seats, sports equipment, unaccompanied minor

Alaska Air Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,388,000,000
As a % of Revenue	16.8%
Dollars per Passenger	\$30.30
Financial Period	Calendar year 2018
Total Revenue	\$8,264,000,000
Passengers	45,802,000 (Combined total of Alaska Airlines mainline and Horizon Air)
Information Source	2018 Annual Report on Form 10-K and Investor Day Presentation 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US dollars. The airline disclosed ancillary revenues, such as checked-bag fees, ticket change fees, and on-board food and beverage sales. All of these are provided at the time of flight. These were \$530 million for 2018. From this total, \$195 million was deducted as change fee revenue (which does not qualify as ancillary revenue under the Yearbook's definition) to generate a \$335 million net result. The airline believes there is a \$100 million additional revenue opportunity, and plans to accelerate ancillary revenue growth through these activities: <ul style="list-style-type: none"> Demand-based premium class fares. Upgraded food and beverage platform. Exit row seating sales. Higher bag fees (from \$25 to \$30 first bag/\$40 second bag) Tighter (more restrictive) change fee policy. Mileage Plan membership has increased by 38% from January 2017 to January 2019. For the same period, the co-branded credit cardholder base has grown by 17%. For 2017, IdeaWorksCompany estimated Mileage Plan

	<p>enrollment was 5.3 million; this was increased by 38% for 2018 to 7.3 million members.</p> <ul style="list-style-type: none"> • Revenue from Mileage Plan was \$1.053 billion for 2018 and has increased by an average annual rate of 18% since 2013. • The breakage rate (estimated to remain unused by members) for 2018 on Mileage Plan accrued miles was 17.4%. • The airline disclosed sales by channel for 2018: <ul style="list-style-type: none"> – Direct to customer (mobile, web, counters): 63% – Traditional agencies: 22% – Online travel agencies: 11% – Reservation call centers: 4% • IdeaWorksCompany estimates Alaska’s 2018 ancillary revenue was <u>\$1,388,000,000</u> based upon revenue from these sources: <ul style="list-style-type: none"> – Other revenue of \$335 million (reflects the calculation described above). – Mileage Plan co-branded revenue: \$1.053 billion. • Operating revenue for 2018 was \$8,264,000,000 for the group.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	Bundled fares

Allegiant

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$687,600,000
As a % of Revenue	41.2%
Dollars per Passenger	\$50.01
Financial Period	Calendar year 2018
Total Revenue	\$1,667,447,000
Passengers	13,750,199
Information Source	Allegiant Travel Company Annual Report Form 10-K for the year ended 31 December 2018
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. Air-related ancillary revenue

was \$628.9 million for 2018. These optional air-related services and products include:

- 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:
 - 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 has realized approximately \$33 million in third party product revenue from its co-brand credit card program since its introduction in 2016.
- Allegiant’s third party product offerings 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 64% of third party products ancillary revenue in 2018. Third party ancillary revenue, for 2017 was \$58,713,349.
- The airline is among the very few which offers its ancillary revenue philosophy in its annual report, and very likely the first to do so: “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, we are able to 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 additional passenger revenues from these ancillary charges.”
- Allegiant is developing a hotel resort in Southwest Florida. The company has purchased approximately 24 acres on the harbor in Port Charlotte, Florida for the construction of Sunseeker Resort - Charlotte Harbor. Allegiant has also purchased a nearby golf course which will be marketed with the resort. Current plans include the construction of a 500-room hotel and two towers offering an estimated 180 one, two and three bedroom suites, bar and restaurant options, and other amenities. The resort

is within driving distance of the nearby airports in Fort Myers, Sarasota and St. Petersburg.

- IdeaWorksCompany estimates at today's annual traffic, the resort would add \$6+ per passenger of ancillary revenue systemwide ("Allegiant Flies Its Own Route to Revenue Success" report dated 19 March 2019). Room rental will generate 65% of the amount with the remaining 35% from food and beverage, retail, meeting, and marina activities.
- Allegiant opened its first family entertainment center January 2019 in Clearfield, UT, near the Ogden, UT airport. It features games, attractions, and food. The airline plans to expand family entertainment center offerings to locations near airports it serves. Plans for future locations of entertainment centers include Warren, MI (near the Flint, MI airport), and Fort Wayne, IN (near the Fort Wayne, IN airport). The business was recently branded as "Allegiant Nonstop."
- Ancillary revenue is expressed 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 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. 93.8% of scheduled service revenue was purchased directly through the website in 2018.
- Ancillary revenue increased to \$687,600,000 for 2018, up from \$599.2 million in 2017, and consists of the carrier's disclosed air-related ancillary revenue and third party ancillary revenue.
- Package sale details from 2018:
 - Hotel room nights sold: 409,164 (2017: 396,986).
 - Car rental days sold: 1,823,451 (2017: 1,415,981).
- Per passenger revenue statistics (scheduled services) for 2018:
 - Air fare, scheduled service: \$67.01.
 - Ancillary revenue, air related: \$45.71.
 - Ancillary revenue, third party: \$4.27.
 - Average fare total: \$116.99.The annual passenger volume of 13,750,199 includes scheduled and non-scheduled operations and was used to calculate the per passenger averages.
- Operating revenue for 2018 was \$1,667,447,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

American

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$7,245,000,000
As a % of Revenue	16.3%
Dollars per Passenger	\$35.56
Financial Period	Calendar year 2018
Total Revenue	\$44,541,000,000
Passengers	203,745,000
Information Source	Form 10-K Annual Report of American Airlines Group for 2018, Q3 2018 American Airlines Group Inc. Earnings Call, Investor Presentation dated 05 March 2019, and American Airlines Group Reports Fourth-Quarter and Full-Year 2018 Profit
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in US dollars. “Other revenues” for 2018 were \$2.852 billion and increased \$251 million in 2018 from 2017 driven by an increase in loyalty program revenue. This amount includes airport club revenue, advertising, vacation related services, and a \$2.4 billion loyalty component. The loyalty component should be deducted as it’s reported elsewhere. Adjusted Other revenues would be \$452 million. American did not disclose baggage revenue in its annual report. Data provided by the US DOT indicates American’s baggage revenue was \$1.222 billion for 2018. American offered more accounting disclosure for loyalty program revenue for 2018, and this reflects much larger revenue than disclosed for 2017: <ul style="list-style-type: none"> Loyalty revenue (travel component): \$3.219 billion. Loyalty revenue (marketing): \$2.352 billion. Total for 2018: \$5.571 billion. Disclosures for 2017 totaled \$3.1 billion. The airline disclosed 2018-2021 revenue opportunities during an investor presentation. The entire list is expected to improve revenue by \$3.2 billion for the period. Some of these include ancillary revenue activities: Basic Economy, Premium Economy (long haul), Main Cabin Extra relaunch, and pre-paid bags.

- The medium-size carry-on bag restriction associated with the Basic Economy fare was discontinued during September 2018. Surprisingly, the number of consumers upgrading to a higher fare has held steady at 60%. The airline expected this to drop to 50% when carry-on bags were allowed for the lower Basic Economy fare (Q3 conference call).
- The AAdvantage co-brand portfolio continues to see very strong acquisition growth year-over-year, with lower-than-expected attrition and continued growth, and in card spend. The program introduced a new no-fee, co-brand card: the AAdvantage MileUp card.
- According to Oneworld in 2016, the AAdvantage program had 100 million members. The total for 2018 would be above that amount.
- During 2018, AAdvantage members redeemed approximately 13 million awards including travel redemptions for flights and upgrades on American and other air carriers, as well as redemption of car and hotel awards, airport club memberships and merchandise. Approximately 7.6% of 2018 total revenue passenger miles flown were from award travel (6.1% for 2019).
- Ancillary revenue for 2018 is \$7,245,000,000 and consists of these components:
 - Other revenue: \$452 million.
 - Baggage revenue: \$1.222 billion.
 - Loyalty program revenue (all): \$5.571 billion.
- Operating revenue for 2018 was \$44,541,000,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

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

Avianca

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$360,700,000
As a % of Revenue	7.4%
Dollars per Passenger	\$11.83
Financial Period	Calendar year 2018
Total Revenue	\$4,890,830,000
Passengers	30,502,536
Information Source	Avianca Holdings 2018 Annual Report and

Q4 2018 Earnings Presentation	
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 2018: <ul style="list-style-type: none"> LifeMiles contributed \$315.7 million of total operating revenue for 2018. Other services contributed \$45 million of “other operating revenue.” This amount includes airport lounge access, penalties, 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>\$360,700,000</u> and represents Avianca’s disclosed 2018 ancillary revenue.</p> The LifeMiles program has 8.9 million members (2017: 7.8 million) and 680,000 active co-branded credit cards (7.6% of members). Avianca owns 70% of LifeMiles (LifeMiles BV incorporated in Bermuda). The LifeMiles partnership with Colombia’s largest fuel distribution company (Terpel) contributed to significant revenue growth during 2018. Operating revenue for 2018 was \$4,890,830,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
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	Primarily partner activities associated with the FFP
Ancillary Revenue	\$492,269,554
As a % of Revenue	20.8%
Dollars per Passenger	\$21.29
Financial Period	Calendar year 2018
Total Revenue	\$2,363,573,542
Passengers	23,122,000
Information Source	Azul SEC Form 20-F for 2018 and Consolidated Financial Statements for 2018

Ancillary Revenue Definitions and Other Notes from Financial Reports

- All figures below are in Brazilian reais (R\$).
- Ancillary revenue (such as baggage fees, administrative charges, upgrades and other travel related charges) that were previously classified in other revenue, now are considered passenger revenue. These were R\$926,101,000 for the year ended 31 December 2018. These ancillary fees are directly related to passenger travel and are no longer considered distinct performance obligations separate from the passenger travel component. In this context, such ancillary revenues, which were previously recognized when sold, are now recognized when transportation is provided.
- The airline wholly owns its TudoAzul loyalty program; the program had approximately 10.8 million members as of 31 December 2018.
- Gross billings for TudoAzul (beyond Azul airline accrual) grew 29.3% in 2018 compared to 2017, with the majority of this increase coming from sales to banking partners and direct sales to members, further increasing Azul’s share of the Brazilian loyalty market.
- 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 (outside of Azul airline accrual) were R\$980,300,000 for 2018, with 44.9 billion points sold (2017: 36.5 billion).
- IdeaWorksCompany estimates Azul’s 2018 ancillary revenue was R\$1,906,401,000 based upon revenue from these sources:
 - Other revenue of: R\$926,101,000.
 - TudoAzul revenue: R\$980,300,000.
- Operating revenue for 2018 was R\$9,153,357,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Bundled fares
Sabre	Bundled fares
Travelport	None

Copa Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$93,716,945
As a % of Revenue	3.5%
Dollars per Passenger	\$6.18
Financial Period	Calendar year 2018

Total Revenue	\$2,677,627,000
Passengers	15,168,000
Information Source	Copa Holdings, S.A. SEC Form 20-F for 2018 and 20 September 2018 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. • Copa disclosed ancillary revenue growth of \$30 million for 2018 from these activities: <ul style="list-style-type: none"> – Seats and upgrades: \$10 million. – Bags: \$5 million. – Others: \$15 million. <p>The total amount of \$30 million is in addition to a base of 2016 ancillary revenue (2 years prior). All figures are approximate.</p> • The airline made a more specific disclosure during its 1st quarter 2019 investor conference call. Jose Montero, CEO of the airline, said “ancillaries for us represents about 3% to 4% of total revenue and that is, I think, encased in seats, in upgrades, our baggage program and loyalty, and that includes the net effect of loyalty, including the non-air part and the net effect of the air miles.” • Accordingly, a rate of 3.5% will be assumed for 2018. When applied to total operating revenue of \$2,677,627,000, the result is ancillary revenue of <u>\$93,716,945</u>. • Copa described these ancillary revenue activities: <ul style="list-style-type: none"> – The airline implemented a new merchandising engine during 2018 which will allow for more ancillary revenue to be sold and provide customized offers. Pricing parameters can include length of haul, load factor, elite tier status, ticket price, and past customer behavior. – Passengers will be offered upgrades, premium seating, and baggage options during the check-in process. Implementation is occurring during 2019. – ConnectMiles is the carrier’s frequent flyer program. Co-branded card mileage sales doubled in two years, and other mileage sales generated approximately \$5 million in 2018. • Ancillary revenue products pursued 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. <p>The activity defined by Copa also includes upgrade fees, which is not consistent with a traditional definition of</p>

	<p>ancillary revenue. These were not separately disclosed and not removed from the total.</p> <ul style="list-style-type: none"> Revenue for 2018 was \$2,677,627,000.
<p>A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)</p>	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Delta

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,570,000,000
As a % of Revenue	13.1%
Dollars per Passenger	\$28.94
Financial Period	Calendar year 2018
Total Revenue	\$42,637,000,000 <i>(does not include refinery and other business operations)</i>
Passengers	192,465,271
Information Source	Form 10-K for the year ended 31 December 2018, Investor Day 2018 Presentation, Delta Finance Insights (13 December 2018) , Delta Reports Operating Performance for December 2018, 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"> Checked bags. Economy Comfort+ upgrades. Hotels, car rentals, and trip insurance. Inflight Wifi. Mileage booster. Preferred seats. Priority boarding. SkyClub passes. The carrier offers five fare products: Delta One/First Class, Premium Select, Comfort+, Main Cabin, and Basic Economy. The airline stopped directly disclosing the revenue produced by its Delta Comfort+ seating, which would qualify as ancillary revenue. The airline has changed how it discloses some ancillary revenue activities for 2018. One reporting category is called Travel-Related Services which consists of fee-based

activities, to include bags. This includes amounts paid by AMEX for providing baggage benefits to cardholders. This represents revenue of \$2.154 billion for 2018. The category is noted to include reservation change fees (\$693.8 million for 2018). Accordingly, this non-qualifying activity was subtracted to provide adjusted Travel-Related Services revenue of \$1.46 billion for 2018.

- Delta describes three types of customers in its 2018 Investor Presentation: Non-members (of SkyMiles), Active SkyMiles members, and SkyMiles members with a Delta credit card. Active SkyMiles members represent approximately 60% of passenger revenue, and about 60% book travel direct with Delta.
- American Express SkyMiles cardholder spending has increased from \$45.5 billion in 2012 to \$94.7 billion (8% of AMEX worldwide billed business of \$1,184 billion per the American Express 2018 Annual Report) for 2018. According to a Delta.com posting dated 20 December 2018, “Delta and American Express added a new card member every 30 seconds in 2018.” The airline disclosed total cash sales of miles (all partners) was \$3.5 billion for 2018. However, the airline listed these revenue items in its annual report:
 - Operating revenue, loyalty travel rewards: \$2,651,000,000.
 - Other revenue, loyalty program: \$1,459,000,000.The above totals \$4,110,000,000. In addition, there is another category under Other revenue for SkyClub activity. This category also includes non-qualifying activity such as codeshares, so the lounge component can’t be determined.
- Glen Hauenstein, president, said during the 2018 4th quarter conference call, “During 2018, we set a new record with over one million co-brand acquisitions, and spend across the card portfolio grew double digits.” He added this about a new SkyMiles feature, “On December 7th, Miles as a Currency launched, allowing our customers to redeem miles for post-purchase upgrades. Initial customer response has been strong, with over 30,000 flight upgrades purchased within the first month, driving a 2.5 point increase in upsell on Delta.com.”
- Ed Bastien, chairman, said during the 2018 3rd quarter conference call, “Comfort+ runs a load factor in the high 60s now based on stage (segment length).” Comfort+ provides extra leg room economy seating.
- Glen Hauenstein, said during the 2018 2nd quarter conference call, “Our success in selling branded products, growth in our premium seats and enhanced future

functionality give us confidence that we will deliver the \$350 million of incremental revenues in our 2018 plan.”

- The airline has increased premium product sales. Main cabin and basic economy represent 48% of revenue, which is down from 63% for 2011. Premium product (Comfort+, Delta One/First) are 32% of revenue, and this is up from 18% in 2011 (all percentages are approximate).
- Payment using SkyMiles for a la carte services is increasing. Using miles to pay for bag fees is planned for 2020, with all optional services being added in 2021 and beyond.
- The methodology for various financial disclosures was described in the Delta Finance Insights presentation on 13 December 2018. This includes passenger revenue components: premium tickets, loyalty (value of flown portion), and travel-related services (fees for bags, changes, etc.). Other revenue components include loyalty (marketing portion) and miscellaneous (lounge fees and codeshare). Specific internal valuation methods for some items were further described:
 - 20,000 mile main cabin redemption: \$200 fare.
 - 25,000 mile premium redemption: \$250 fare.
 - 20,000 mile main cabin redemption and 5,000 mile upgrade to premium: \$200 fare and \$50 upgrade.
 This effectively reflects how Delta values rewards for revenue management purposes; \$0.01 per mile.
- During 2018 SkyMiles had 17.2 million award redemptions (2016: 14.9 million). During this period, 8.2% of revenue miles flown on Delta were from award travel (2017: 7.9%). Based upon disclosures made in the 2017 investor presentation, IdeaWorksCompany estimates 2017 SkyMiles membership was 117 million. No number has been disclosed for 2018.
- Total ancillary revenue for Delta is estimated to be \$5,570,000,000 using the following data:
 - Co-branded revenue from SkyMiles was \$4.11 billion (2018 Form 10-K).
 - Adjusted Travel-Related Services revenue of \$1.46 billion.
- This data was provided to Delta management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate.
- Airline operating revenue for 2017 was \$42,637,000,000 (does not include refinery and other business operations of \$1.801 billion).

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus

Bundled fares, paid seats

Sabre	Bundled fares
Travelport	Bundled fares, paid seats

Frontier

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$922,058,000
As a % of Revenue	42.8%
Dollars per Passenger	\$47.62
Financial Period	Calendar year 2018
Total Revenue	\$2,155,858,000
Passengers	19,361,055
Information Source	USDOT, Bureau of Transportation Statistics, Form 41; Schedule P-1.2 and Carrier Snapshots, T100 USDOT database, and Form S-1 Registration Statement of Frontier Group Holdings, Inc. Dated 31 March 2017
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. From this filing, non-ticket revenue (ancillary revenue) for 2016 was \$726,000,000. Passenger revenue as a percent of revenue was 42.4% for 2016 and the same level was assumed for the 2017 Yearbook. Applying this statistic to 2017 operating revenue generated ancillary revenue of \$811,960,000. 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. • Frontier does sell air travel via GDS and online travel agencies, and endeavors to generate ancillary revenue through these channels. • Frontier revamped its frequent flyer program with new benefits for travelers and their families. While the airline's Frontier Miles program will still let fliers earn Elite 20K status (which comes with free carry-on bags and advance seat assignments) as its former EarlyReturns program did, it will also include two new tiers. The new Elite 50K status will give travelers and their families upgrades to

	<p>extra legroom seats, and the new Elite 100K status will include free carry-on and checked bags, advance seat assignments, and free ticket changes for travelers and their families (<i>Travel + Leisure</i>, 20 August 2018 article).</p> <ul style="list-style-type: none"> • Total ancillary revenue for Frontier is estimated to be <u>\$922,058,000</u>: <ul style="list-style-type: none"> – Revenue from baggage fees was \$366,439,000 for 2018. – Revenue from passenger transport related activities was \$536,879,000 million for 2018; for Frontier this would largely consist of onboard sales (food, beverage, and entertainment) and other revenue assigned by the airline. – Revenue from miscellaneous operating revenue (includes pet transportation and sale of frequent flyer miles/points) was \$18,740,000 for 2018. <p>The above results are from the US DOT Bureau of Transportation statistics website.</p> <ul style="list-style-type: none"> • This data was provided to Frontier management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • Operating revenue for 2018 was \$2,155,858,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	Baggage
Travelport	None

GOL

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$232,294,093
As a % of Revenue	7.9%
Dollars per Passenger	\$6.95
Financial Period	Calendar year 2018
Total Revenue	\$2,946,631,973
Passengers	33,446,000
Information Source	Gol Linhas Aereas Inteligentes S.A. Form 20-F filing for 2018, GOL Fact Sheet 4 th Quarter 2018, and Investor Presentation January 2019
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Brazilian reais (R\$). • Ancillary revenue (as defined by GOL) includes the following sources:

- 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 pet fee.
- Onboard purchase of food and beverages.
- Interest charged for installment ticket sales.
- Ticket change and cancellation fees.
- GOL has separately disclosed ancillary revenue in prior years. However for 2018, this practice has discontinued and the activity is reported under passenger revenue.
- As of 31 December 2018, 93 of 121 aircraft were Wifi equipped, and this provides an additional and increasing source of revenue.
- The airline disclosed 25% of customers generate more than 50% of company revenue.
- 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.
- The following was disclosed regarding the carrier's relationship with the Smiles frequent flyer program for 2018:
 - Loyalty revenue to GOL was listed as R\$899,600,000 and this represents the carrier's 2018 sole ancillary revenue disclosure.
 - The program had 15.4 million members at the end of 2018.
 - GOL announced on 14 October 2018 it will not renew its services agreement with Smiles beyond the current 2032 expiration (the original 20-year term), and that it seeks to acquire complete ownership of the firm.
 - Smiles has 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 31 December 2016, according to the Central Bank.
 - In 2018, Smiles members accumulated 103.5 billion miles, an increase of 21.5% over 2017.
 - In 2018, 85.1 billion miles were redeemed, an increase of 25.3% when compared to 2018. The burn/earn ratio reached 91.1%. This is the ratio between the number of miles redeemed and accrued.
- Operating revenue for 2018 was R\$11,411,354,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Hawaiian Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$387,183,000
As a % of Revenue	13.6%
Dollars per Passenger	\$32.70
Financial Period	Calendar year 2018
Total Revenue	\$2,837,411,000
Passengers	11,840,000
Information Source	Annual Report 2018 for Hawaiian Holdings, Inc., and 2018 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. For 2017, the carrier changed the name for this activity to “value-added” revenue and made quarterly disclosures. These disclosures did not occur for 2018. Various activities have been disclosed for 2018 and are listed below, and represent a portion of the carrier’s total ancillary revenue. Extra Comfort seating revenue was estimated to be approximately \$83 million (\$7 per passenger) for 2018 (2017: \$55 million) based upon references made during quarterly conference calls. The service provides more leg room, fast track screening (at 7 airports), early boarding, at-seat power, and on select flights expanded IFE choices, and an amenity kit. The airline disclosed these two frequent flyer program revenue components for 2018: <ul style="list-style-type: none"> Frequent flyer revenue, transportation: \$147,982,000. Frequent flyer revenue, marketing and brand: \$71,478,000. Total of above: \$219,460,000. During the first quarter of 2018, a profit sharing payment was received related to the co-branded credit card program. Management disclosed during the 4th Qtr. 2018 conference call this represented a 0.5 point improvement to RASM, which is calculated to represent \$23.6 million based upon 1st Qtr. statistics. In addition, management

	<p>disclosed the renegotiation of bank agreements added \$35 million annually to HawaiianMiles revenues.</p> <ul style="list-style-type: none"> • Regarding the HawaiianMiles frequent flyer program, the number of free travel awards used for travel on Hawaiian was approximately 685,000 in 2018 (2017: 612,000). The amount of free travel awards as a percentage of total revenue passengers was approximately 6% (2017: 5%). • The HawaiianMiles partner network features consumer-oriented Hawaii-based brands: Foodland (groceries), 7-Eleven Hawai'i (convenience), Hele 76 (fuel), and Zippy's (restaurants). • Ancillary revenue calculated for Hawaiian Airlines for 2018 is <u>\$387,183,000</u> and is based upon these sources: <ul style="list-style-type: none"> – Extra comfort seating: \$83,000,000. – Baggage fees (US DOT website): \$84,723,000. – Loyalty program revenue: \$219,460,000. • Operating revenue for 2018 was \$2,837,411,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	Bundled fares, paid seats

JetBlue

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,083,255,000
As a % of Revenue	14.1%
Dollars per Passenger	\$25.70
Financial Period	Calendar year 2018
Total Revenue	\$7,658,000,000
Passengers	42,150,000
Information Source	Form 10-K for the year ended 31 December 2018 and Investor Day 2018 Presentation (02 October 2018)
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, “In 2018 we generated approximately \$30 in ancillary revenue per customer. Our fare options platform facilitated solid performance from our Even More Space product offering, which includes up to 7” more legroom, early boarding and fast lane access at airport security check points. We also continued to increase the portfolio of customers using our co-branded JetBlue credit card. To leverage the power

of our brand and expand our presence in the travel ribbon, we formed a new team to lead and accelerate the revenue growth from JetBlue Travel Products. This wholly-owned subsidiary is based in Fort Lauderdale. Our goal is to continue capitalizing on our current portfolio of non-air products, which we started as JetBlue Vacations. This includes air+hotel packages, and our partnerships with insurance and car rental companies. In addition, our team will look for opportunities to increase the ancillary spend from our customers by developing an innovative suite of products, which we believe will lead to significant earnings over time.”

- JetBlue disclosed various revenue sources in its 2018 Investor Day presentation (amounts are approximate):
 - Baggage: \$7.70.
 - Change fees: \$3.80.
 - Loyalty: \$8.00.
 - Even More (seating and priority services): \$6.50.
 - Vacations: \$1.50.
 - Other: \$2.00.Baggage and change fees were disclosed as \$11.50; separate amounts were calculated. Removing non-qualifying ancillary revenue activity (change fees: \$3.80 per passenger) yields \$25.70 per passenger or \$1,083,255,000. The inclusion of change fees as an ancillary revenue item was not noted in the carrier’s 2017 disclosures.
- JetBlue’s Even More Space seats generated approximately \$274 million in revenue, an increase of over 14% compared to 2017.
- During 2019 the airline will revise its branded fare offer (called Fare Option 2.0) with the following 3 types:
 - Blue Save: Lower price offering (below the current Blue fare), will include key features, but not the full Blue offer.
 - Blue: Similar offer as current, no checked bag, carry-on is permitted, 3 TrueBlue points per dollar spent, plus 3 points bonus when booked online.
 - Blue More: Features will emphasize flexibility and convenience, and a checked bag.
- Over 2 million TrueBlue one-way redemption awards were flown during 2018, representing approximately 5% of total revenue passenger miles. The airline revealed a new Points Pooling program for TrueBlue members. Points Pooling allows designated groups to conveniently earn and redeem points together, providing more flexibility for members. Multiplying the \$8.00 per passenger disclosure for loyalty by traffic of 42,150,000 yields total loyalty-

	<p>related revenue of \$337.2 million or \$28.10 per member (12 million members per TrueBlue factsheet).</p> <ul style="list-style-type: none"> • Customers spent \$275 million on JetBlue Vacations during 2018. Among all customers buying air travel direct from JetBlue, approximately 1.4% booked a JetBlue Vacation. Consumers who book JetBlue through OTAs (online travel agents) add a vacation element 14% of the time. This demonstrates the scale of potential sales JetBlue believes it can attract. • Operating revenue for 2018 was \$7,658,000,000.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Bundled fares
Sabre	None
Travelport	Bundled fares

LATAM Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$298,466,000
As a % of Revenue	3.0%
Dollars per Passenger	\$4.34
Financial Period	Calendar year 2018
Total Revenue	\$9,895,456,000
Passengers	68,800,000
Information Source	Annual Report 2018 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 LATAM for 2018 was <u>\$298,466,000</u> and consists of these items: <ul style="list-style-type: none"> – Duty-free: \$3,555,000. – Tour packages: \$108,448,000. – Multiplus (loyalty program): \$60,020,000. – Multiplus other income (loyalty program): \$126,443,000. <p>The above figures are disclosed as “income” but further evaluation suggests these are actually revenue amounts. Loyalty had a major decrease during 2018 due to the significantly lower value of the Brazilian reais.</p> <ul style="list-style-type: none"> • 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 2018, LATAM generated
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	<p>other revenues of \$472.8 million from these activities. The commingling of cargo revenue and aircraft leasing prevents its inclusion as ancillary revenue.</p> <ul style="list-style-type: none"> • The airline offered these customer service statistics, which are rarely published by a carrier: <ul style="list-style-type: none"> – LATAM mobile app users: 5,468,600. – Self check-in: 78.5%. – Online check-in: 65.9% (included under self). – Airport kiosk check-in: 12.6% (included under self). – Average VIP lounge visits: 2,800 per day (Bogota (Colombia), Buenos Aires (Argentina), Guarulhos (Brazil), Miami (US), and Santiago (Chile)). • Multiplus became a wholly-owned subsidiary of LATAM Airlines Brazil. The acquisition was completed at a cost of \$304 million. LATAM Pass was converted from a kilometer-based program during 2018 to mileage based. • LATAM Pass had 15.4 million (2017: 14.6 million) members and LATAM Fidelidade (for Brazil-based consumers) had 14.9 million (2017: 15.1 million) members at the end of 2018. Members redeemed 7.1 million (2017: 3.2 million) reward tickets during 2017. • The new fare model, where passengers choose from among four fares (Promo, Light, Plus, and Top) was expanded to all international flights in 2018. • Total operating revenue for 2018 was \$9,895,456,000.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	LATAM (Argentina, Colombia, Ecuador, Peru): Baggage, bundled fares, paid seats, unaccompanied minor. LATAM Brazil: Baggage, bundled fares, paid seats.
Sabre	LATAM (Argentina, Brazil, Ecuador): Animal transport, baggage, bundled fares, paid seats, unaccompanied minor. LATAM (Colombia): Baggage, bundled fares, paid seats, unaccompanied minor. LATAM Paraguay: Baggage, paid seats, unaccompanied minor. LATAM Peru: Baggage, branded fares, paid seats. LATAM Group: Animal transport, 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. Other LATAM carriers were not listed.

Southwest

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$4,049,000,000
As a % of Revenue	18.4%
Dollars per Passenger	\$30.02
Financial Period	Calendar year 2018
Total Revenue	\$21,965,000,000
Passengers	134,890,243 <i>The 2019 Yearbook uses passengers carried instead of enplaned.</i>
Information Source	2018 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: Provides customers with automatic check-in and an assigned boarding position before general boarding positions become available, thereby improving seat selection options (priority boarding privileges are already a benefit of being an “A-List” tier member under the Rapid Rewards loyalty program). During 2018, the company implemented a variable pricing model for EarlyBird Check-In based on the length of the flight and the historical popularity of EarlyBird Check-In on the route. Price points went from a fixed \$15 fee to \$15, \$20 and \$25. – Pet transportation: Southwest’s pet policy provides customers the benefit to bring a small cat or dog into the aircraft cabin for a \$95 fee. – Unaccompanied minors: Fees are charged to recover the administrative expenses for passenger handling. – Upgraded Boarding: When available, the airline also sells Upgraded Boarding at the airport for boarding positions A1-15. – Wifi: Satellite-based internet service for a fee is offered on all 737-700 and 737-800 aircraft. The company’s new collaboration with iHeartRadio brings a free digital music and live streaming radio service to the onboard entertainment portal on the majority of Southwest’s domestic flights. Free access is provide to movies, live TV, mobile app messaging, and travel information content. – Purchase of alcoholic drinks or premium beverages on flights. • Southwest made robust disclosure of its ancillary revenue for the first time for 2018: <ul style="list-style-type: none"> – Passenger ancillary (a la carte): \$642 million. – Passenger loyalty (Rapid Rewards travel component): \$2.307 billion.

	<ul style="list-style-type: none"> – Marketing revenue (Rapid Rewards marketing and brand component) \$1.1 billion. <p>Total ancillary revenue for 2018 was <u>\$4,049,000,000</u>.</p> <ul style="list-style-type: none"> • Customers of Southwest redeemed approximately 10.4 million (2017: 9.6 million) flight rewards, accounting for approximately 13.8% (2017: 13.8%) of revenue passenger miles flown. • For the year ended 31 December 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. • Operating revenue for 2018 was \$21,965,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Spirit

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,493,108,000
As a % of Revenue	44.9%
Dollars per Passenger	\$50.94
Financial Period	Calendar year 2018
Total Revenue	\$3,323,034,000
Passengers	29,312,000 (described as passenger flight segments)
Information Source	2018 Form 10-K and March 2019 Investor Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • During 2018 Spirit generated non-ticket revenues of \$1,618,900,000. 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. • Summary of the primary components of non-ticket revenue: <ul style="list-style-type: none"> – Baggage: \$620,154,000. – Passenger usage fee: \$531,459,000 (per passenger fee charged for all bookings except those made at the airport). – Advance seat selection: \$180,012,000.

- Other: \$224,283,000.

Free Spirit loyalty program revenue is included in the other category. IdeaWorksCompany does not consider reservation change fees to be ancillary revenue. The airline had reservation change revenue of \$62,800,000 during 2018 (US DOT reporting) and this amount should not be included. This adjustment generates total ancillary revenue of \$1,493,108,000.

- Spirit has grown average per-passenger non-ticket revenue from \$5 in 2006 through the following activities:
 - 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 2018:
 - Average ticket: \$58.14 (\$56.39 for 2017).
 - Average non-ticket: \$55.23 (\$52.94 for 2017).
 - Average fare total: \$113.37 (\$109.32 for 2017).

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:
 - 2018: \$39,194,000.
 - 2017: \$49,453,000.
 - 2016: \$48,882,000.
 - 2015: \$58,005,000.
 - 2014: \$33,819,000.

This activity is included under non-ticket revenue.
- The company listed the following as current initiatives to increase ancillary revenue:
 - Dynamic pricing of ancillary offerings.
 - Website merchandising initiatives to include the ability to edit items in the shopping cart.
 - Loyalty program redesign.
 - Enhanced hotel and car packaging program.
 - Continued development of selling ancillary services via Spirit App for Android and iOS devices.
- Operating revenue for 2018 was \$3,323,034,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	Baggage
Travelport	Bundled fares

United

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,802,000,000
As a % of Revenue	14.0%
Dollars per Passenger	\$36.64
Financial Period	Calendar year 2018
Total Revenue	\$41,303,000,000
Passengers	158,330,000
Information Source	United Continental Holdings Form 10-K for 2018, Credit Suisse 2018 Annual Industrials Conference Presentation, and 3 rd and 4 th Quarter Conference Calls
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • United provided this information about a la carte activity in its 2018 annual report: “The Company charges fees, separately from ticket sales, for certain ancillary services that are directly related to passengers' travel, such as <u>ticket change fees</u>, baggage fees, inflight amenities fees, and other ticket-related fees. These ancillary fees are part of the travel performance obligation and, as such, are recognized as passenger revenue when the travel occurs. The Company recorded \$2.2 billion, \$2.0 billion, and \$1.9 billion of ancillary fees within passenger revenue in the years ended 31 December 2018, 2017 and 2016 respectively.” • The \$2.2 billion amount requires adjustment because ticket change fees don't qualify as a la carte activity. Change fees for 2018 were \$627 million (US DOT) and the adjusted ancillary revenue for 2018 is \$1.573 billion. • Andrew Nocella, EVP and chief commercial officer, said the following during the 4th quarter conference call, “Our ancillary revenue had a fantastic year as well, with revenues up 13% for the year. An increase in fees paid to upgrade into first class was a key area of success. In late 2018, we also started the sale of a limited number of preferred seats that will be a new revenue stream in 2019. As always, most passengers have the option of either picking a non-preferred seat for free or waiting to select an eligible seat for free at the time of check-in.”

- United offers a Basic Economy product which does not allow a medium size carry-on bag. However, major competitors American and Delta permit a medium size carry-on bag with their basic fares (during 2018). Andrew Nocella commented on the policy: “On Basic, we are happy with where we're at. The way we designed Basic was carefully constructed to be, I think, a win for allowing us to segment our products, to allow us to compete effectively against the ultralow-cost competitors and allow our operation to deliver better results for everybody in terms of on-time departures. And it's working as designed, and so we're full speed ahead with where we're at.” The medium size carry-on is permitted for Basic Economy fares on transatlantic routes.
- 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.
- Nocella offered additional commentary on Basic Economy during a November 2018 investor conference. The airline found cabin baggage decreased with basic economy fares. This freed up overhead space for standard fare paying passengers. He expressed the airline is happy with the results of the Basic Economy introduction.
- MileagePlus activity for 2018: Approximately 5.6 million (2017: 5.4 million) flight awards were used, which was 7.1% (2017: 7.5%) of United's total revenue passenger miles. Total miles redeemed for flights on United, including class-of-service upgrades, represented approximately 88% of the total miles redeemed. In addition, 2.4 million other rewards (United Club memberships, car and hotel rewards, merchandise and flights on other air carriers) were redeemed in 2018. The MileagePlus database is carried as an asset with a valuation of \$1.177 billion.
- The airline disclosed total cash sales of miles (all partners) increased \$1.3 billion for 2018, above 2017 sales of \$2.343 billion, generating a total of \$3.64 billion. However, the airline listed these income statement items in its annual report:
 - Travel miles redeemed (Passenger revenue): \$2,068,000,000.
 - Non-travel miles redeemed (revenue): \$161,000,000.
 - Other operating revenue, loyalty program: \$2,000,000,000.
 The above totals \$4,229,000,000.
- Total ancillary revenue for 2018 was \$5,802,000,000 comprising \$1.573 billion (described above as ancillary revenue) and \$4.229 billion from the sale of miles. The reference to change fees was not made for 2017, and these were not deducted from the 2017 result. This

	<p>explains the key reason for the decreased 2018 ancillary revenue result.</p> <ul style="list-style-type: none"> • This data was provided to United’s management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • United revenue for 2018 was \$41,303,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	Bundled fares, paid seats

Viva Aerobus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$239,682,841
As a % of Revenue	47.6%
Dollars per Passenger	\$23.93
Financial Period	Calendar year 2018
Total Revenue	\$503,626,169
Passengers	10,015,000
Information Source	4 th Quarter 2018 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). • According to an interview in <i>Flight Airline Business</i> (November 2018) Juan Carlos Zuazua, CEO of Viva Aerobus, said ancillary revenue “covers everything from hold luggage through tickets for tourist attractions.” • Viva Aerobus derives ancillary revenue from the following activities: <ul style="list-style-type: none"> – Boarding pass printed at airport. – Checked bags. – Co-branded credit card. – Deferred payment. – Early check-in at airport – Extra heavy carry-on bag. – Flexi Pass (allows itinerary charges). – Pet carriage (in cabin or in hold). – Seat assignment (more space and regular). – VIP Pass (early boarding). – VIP Priority Seats (priority check-in, priority boarding, disembarkation, and an exclusive zone (rows 1-3). – VivaBus (airport ground transportation). – VivaExpress (priority check-in).

	<ul style="list-style-type: none"> - Viva Fan (fare discount subscription program). - VivaInsurance (plans for travel, medical and baggage). - VivaSMS (text updates). • Ancillary revenue reached MXP <u>4,775,323,000</u> for 2018 which is a 40+% increase compared to 2017. The increase is largely attributed to the carrier’s unbundling strategy (emphasis on a la carte). • Revenue for 2018 was MXP 10,034,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Volaris

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$442,275,728
As a % of Revenue	32.3%
Dollars per Passenger	\$24.04
Financial Period	Calendar year 2018
Total Revenue	\$1,370,499,111
Passengers	18,396,000
Information Source	Volaris Aviation Holding Company SEC Form 20-F for 2018, 2018 Volaris Annual Report, and Volaris Investor Presentation – January 2019
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 disclosed as MXP 479 per passenger or <u>MXP 8,811,684,000</u> for 2018. The airline also noted these revenue categories: <ul style="list-style-type: none"> - Other passenger revenues: MXP 7,892,497,000 (a la carte activities). - Other non-passenger revenues: MXP 697,357,000 (commission-based travel sales, V-Club co-branded card, this amount does not include cargo). • The airline grows non-ticket revenue by allowing passengers to choose additional products and services using its “<i>tú decides</i>” (“you decide”) strategy:

- Charging for excess baggage (over the 25 kg limit of free checked luggage required by Mexican regulations on domestic flights) and effective 01 March 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 Investor Day Presentation, 13 September 2019).
- Volaris divides ancillary revenue into two categories:
 - Other passenger revenues 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, V-Club memberships, and charters. They are recognized as revenue when the related service is provided.
 - Other non-passenger revenues include commissions charged to third parties for the sale of hotel reservations, trip insurance, rental cars and advertising spaces. They are recognized as revenue at the time the service is provided. Additionally, services not directly related to air transportation include the VClub co-branded credit card. Cargo revenue has been removed from this result.
- V-Club subscriptions accounted for approximately 2% of Other passenger revenues in 2018 (2% of MXP 7,892,497,000 = MXP 157,849,940). Members of the V-Club have exclusive access to the lowest fares and promotions through the Volaris website. The airline also generates revenue from its affinity credit card such as electronic flight credit rewards earned through credit card purchases. Revenue from the Volaris affinity credit card accounted for approximately 3% of non-ticket revenue

	<p>(3% of \$448,862,400 = \$13,465,872) as of 31 December 2018, when the airline had approximately 790,000 V-Club members and 235,000 affinity credit cardholders.</p> <ul style="list-style-type: none"> • During 2018, total ancillary revenues increased due to improved revenue from fees charged for excess baggage and advance seat selection. • This data was provided to Volaris’ management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • Revenue for 2018 was MXP 27,305,150,000.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	None
Sabre	None
Travelport	None

Westjet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$355,034,913
As a % of Revenue	9.9%
Dollars per Passenger	\$13.93
Financial Period	Calendar year 2018
Total Revenue	\$3,602,692,284
Passengers	25,491,000 (described in the annual report as “Segment Guests”)
Information Source	Westjet 2018 Annual Report, 3 rd and 4th Quarter 2018 Earnings Call Transcripts, and Investor Day 04 December 2018
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 31 December 2018, ancillary revenue was <u>CAD 466,469,000</u>, which is an increase of 10.6% from 2017. This increase is mainly attributable to the addition of ancillary revenue generated by Swoop (the ultra low cost subsidiary carrier), an increase in reserved seating sales and increased baggage fees. • Ancillary revenue for Westjet includes the following activities: <ul style="list-style-type: none"> – Some of the activity associated with the co-branded credit card program. – Buy-onboard sales.

- Change and cancellation fees.*
- Excess baggage charges.
- Premium class upgrades.*
- Pre-assigned seating.

The ancillary revenue category does not include revenue associated with WestJet Vacations and a portion of the co-branded credit card activity. The activities marked with an asterisk above do not qualify under the IdeaWorksCompany definition, which leads to over-reporting; however this is mitigated by the exclusion of other items which leads to under-reporting.

- WestJet described the success of its WestJet Rewards and co-branded credit card portfolio in its 4th quarter earnings call: “The WestJet RBC MasterCard remains the fastest growing and most popular loyalty scheme in Canada, as evidenced by 40% CAGR (compounded annual growth rate) increase in the last five years and 24% CAGR in the last year alone.”
- During the same conference call, the airline described results related to its branded fare initiative: “To turn to some specifics, our branded fares are now available across our entire domestic and transborder network and the proportion of guests choosing to buy up to a fare higher than the lowest available continues to accelerate from 6% in our first quarter last year to 36% subsequent to the fourth quarter (of 2017).”
- The airline uses the following methods to optimize ancillary revenue:
 - Revenue managing reserved seats.
 - Dynamic customization.
 - Customized bundle offers (starting in 2019).
 - Dynamic pricing of ancillaries (starting in 2019).
- The number of co-branded credit cardholders has increased 40% (compounded annual growth) over 5 years. Loyalty membership has increased 39% since 2012. Basic and Flex branded fares were deployed across the entire network in August, 2018.
- WestJet Rewards unveiled a new platinum rewards tier during 2018 featuring even more benefits for frequent travelers. Platinum benefits will start at \$8,000 in annual qualifying spend and include an 8% earn rate on WestJet flights.
- Swoop, the low cost affiliate of WestJet, anticipates ancillary revenue of C\$40 per passenger for 2019. The carrier plans to have 10 aircraft by November 2019. The results for WestJet include Swoop revenue and traffic.
- In June 2018, WestJet launched Swoop, Canada’s “leading ultra-low-cost airline,” offering point-to-point scheduled service to 14 destinations in Canada, the US, Mexico and

the Caribbean on a fleet of high-density Boeing 737-800NG aircraft. As of 31 December 2018, Swoop had a total fleet of six aircraft, purchased from Westjet, and expects to grow to a total fleet size of 10 aircraft by the end of 2019. Swoop offers completely unbundled products and services, allowing travelers to purchase only the amenities they desire through Swoop’s website or mobile app. Through the mobile app, travelers can purchase inflight entertainment and internet connectivity. Since launch, Swoop has expanded its offering of ancillary products and services available for purchase to include the ModiFly feature, which must be purchased for all travelers on a single itinerary and allows for a one-time change to flight date and/or time up to 24 hours prior to departure. Swoop’s ancillary revenue per passenger increased to C\$40 during 2018.

- Revenue for 2018 was CAD 4,733,462,000.

A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

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), Interjet, Jetlines (Canada), JetSMART (Chile), Porter (privately held), Sky Airline (Chile), Sun Country, and Sunwing (part-owned by Tui).

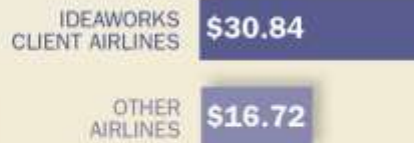
Carriers are invited to contact IdeaWorksCompany directly to provide feedback on the statistics provided in this report. Airlines also may directly disclose their ancillary revenue activities to IdeaWorksCompany for inclusion in next year's report. Please send your comments to Jay "at" IdeaWorksCompany.com.

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Ancillary Revenue Per Passenger*



*Average among IdeaWorksCompany airline consulting clients for the most recent 3-year period, compared to ancillary revenue results from other airlines. All statistics from the Yearbook of Ancillary Revenue.



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Asia and the South Pacific Air Astana

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$6,160,000
As a % of Revenue	0.7%
Dollars per Passenger	\$1.43
Financial Period	Calendar Year 2018
Total Revenue	\$840,861,000
Passengers	4,320,000
Information Source	Air Astana Annual Report 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 2018 was represented by baggage charges and advertising sales: <ul style="list-style-type: none"> – Revenue from excess baggage charges: \$5,370,000. – Revenue from the sale of advertising: \$790,000. Disclosed ancillary revenue activity for 2018 was <u>\$6,160,000</u>. • In November 2018, the airline announced the launch of FlyArystan, an LCC that will operate alongside Air Astana's existing operations. • Revenue for 2018 was \$840,861,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Bundled fares, paid seats
Sabre	Bundled fares, paid seats
Travelport	None

Air China Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$138,602,255
As a % of Revenue	0.7%
Dollars per Passenger	\$1.26
Financial Period	Calendar Year 2018
Total Revenue	\$20,673,047,727
Passengers	109,726,590
Information Source	Air China 2018 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"> • Air China made this disclosure in the annual report: “During the Reporting Period, the accumulated sales revenue contributed by ancillary products recorded a year-on-year increase of CNY 0.32 billion or 45.9%, and the revenue generated from upgrade product, paid seat selection and prepaid luggage recorded a year-on-year growth of 59%, 27% and 152%, respectively.” • The above indicates a 2017 ancillary revenue base of CNY 697 million and an increase of CNY 320 million (45.99% increase) for total revenue of CNY 1,017,000,000. • The airline also disclosed these approximate revenue amounts from these activities: CNY 110 million from seat assignment fees and CNY 100 million from paid upgrades. Deducting the non-qualifying activity of paid cabin class upgrades provides adjusted ancillary revenue of <u>CNY 917,000,000</u>. • Air China has described its ancillary revenue as deriving from assigned seating, prepaid baggage, and upgrades sold at the boarding gate. • The Phoenix Miles program has 56 million members, and member activity represented 55% of revenue. • The following revenue was generated by its affiliated airlines: <ul style="list-style-type: none"> – Air Macau: CNY 3,372,000,000. – Beijing Airlines: CNY 179,000,000. – Dalian Airlines: CNY 1,695,000,000. – Shandong Airlines: CNY 18,766,000,000. Total for the above: CNY 24,012,000,000. • The following traffic was generated by its affiliated airlines: <ul style="list-style-type: none"> – Air Macau: 3,163,000. – Beijing Airlines: 81,000. – Dalian Airlines: 2,408,600. – Shandong Airlines: 25,462,000. Total for the above: 31,114,600 passengers. • Total revenue for 2018 was CNY 136,774,000,000.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

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

Air India

Source and Type	Checked baggage fees
Ancillary Revenue	\$34,903,952
As a % of Revenue	1.0%
Dollars per Passenger	\$1.69
Financial Period	Fiscal Year ended 31 March 2018 (FY 2017-18)
Total Revenue	\$3,490,395,244
Passengers	20,700,000
Information Source	Annual Report of Air India for Fiscal 2017-18 and India Open Government Platform (data.gov.in)
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 2017-18 was represented by baggage charges which equaled 1% of total revenue or <u>INR 2,390,048,000</u>. • The airline has implemented a preferred seating scheme for economy class. This includes window, aisle, and middle seats in the front of the economy class cabin. This feature is available on select routes. Assigned seating in the rear cabin area remains free of charge. • Total revenue for FY 2017-18 was INR 239,004,800,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	Baggage, paid seats
Travelport	Baggage, bundled fares

Air India Express

Source and Type	Checked baggage fees
Ancillary Revenue	\$9,822,710
As a % of Revenue	1.9%
Dollars per Passenger	\$2.53
Financial Period	Fiscal Year ended 31 March 2018 (FY 2017-18)
Total Revenue	\$528,612,956
Passengers	3,890,000 (described as “carriage”)
Information Source	Annual Report of Air India Express Limited for Fiscal 2017-18 and India Open Government Platform (data.gov.in)
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in India rupees (INR). • Ancillary revenue disclosed for FY 2017-18 was represented by baggage charges which equaled <u>INR</u>

Notes from Financial Reports	<p><u>672,610,000.</u></p> <ul style="list-style-type: none"> The following ancillary revenue producing services are offered: <ul style="list-style-type: none"> Excess baggage. Pre-order meals. Assigned seating, to include exit row and extra leg room. Visa services. <p>The airline continues to serve complimentary snacks to passengers who do not opt for the paid meals.</p> <ul style="list-style-type: none"> Total revenue for FY 2017-18 was INR 36,196,770,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Air New Zealand

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$67,665,647
As a % of Revenue	1.8%
Dollars per Passenger	\$3.99
Financial Period	Fiscal year ended 30 June 2018
Total Revenue	\$3,711,460,730
Passengers	16,966,000
Information Source	Air New Zealand Investor Day 2019 and transcript dated 29 May 2018, and Annual Financial Results 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in New Zealand dollars (NZD). This is the first year Air New Zealand has revealed specific ancillary revenue figures. Cam Wallace, chief revenue officer, said the following during the Investor Day, “Direct ancillary flows straight to our bottom line. We do over \$100 million of direct ancillary. And obviously the cost to produce that product is very, very low . . . More and more airlines are focusing on ancillary revenue and you can see the growth there. But we think there is further growth to come.” The <u>NZD \$100,000,000</u> represents the extent of the carrier’s ancillary revenue disclosure. The presentation slide accompanying the above commentary offered a definition of the items included in the direct ancillary category:

	<ul style="list-style-type: none"> - Seat select. - OneUp (auction style upgrade offer 3-7 days before departure) - SkyCouch (3 economy seats combined to form a sleep/relax area). - Unaccompanied minor. - Excess baggage. <p>The list does not include revenue from the carrier's very extensive use of branded fares, nor the results from its frequent flyer program. Airpoints has 3.2 million members.</p> <ul style="list-style-type: none"> • This data was provided to Air New Zealand's management prior to publication of this report. The company did not confirm or deny the accuracy of the estimate. • Total revenue for fiscal year 2018 was NZD 5,485,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, paid seats, unaccompanied minor
Sabre	Baggage, bundled fares, inflight entertainment, paid seats, unaccompanied minor
Travelport	Baggage, bundled fares, paid seats, SkyCouch, unaccompanied minor

AirAsia Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$764,756,815
As a % of Revenue	29.0%
Dollars per Passenger	\$17.21
Financial Period	Calendar year 2018
Total Revenue	\$2,632,842,393
Passengers	44,437,381
Information Source	AirAsia Berhad Annual Report 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • AirAsia Group airlines of AirAsia Berhad consist of the following: AirAsia Malaysia, AirAsia Indonesia, AirAsia Philippines, AirAsia Thailand, AirAsia India and AirAsia Japan. • As of 2018, the group stopped reporting ancillary on a per passenger basis. The group's activities have expanded beyond strictly passenger-related operations, to include activities such as RedBox (courier) and RedCargo Logistics (cargo). Going forward, the entire ancillary

business is being re-structured to focus on the three verticals of: core, inflight, and partner products. The group expects to grow ancillary revenue by another 8% to 10% in 2019. This year represents a new method of collecting information for AirAsia, and has resulted in significantly higher results. The 2018 statistics have been gathered from the group's annual report rather than the individual releases of the group airlines.

- AirAsia Group Ancillary Business generated revenue of MYR 2.06 billion for 2018 from the activities of these companies:
 - BIG Points loyalty.
 - BigPay financial services.
 - OURSHOP online retail.
 - Red Cargo and Logistics (grossed MYR 206 million).
 - ROKKI inflight Wifi.
 - Santan airline catering.
 - Travel306.com
 - Vidi tours and activities.

The group appears to operate these businesses independently of the operating airlines, with revenue distinct from the ancillary revenue disclosed by the airlines (see below).

- The six group airlines report ancillary revenue of MYR 3,090,000,000 for 2018. On an individual basis, the following was disclosed in local currencies:
 - Malaysia: MYR 1.49 billion (total revenue MYR 7.22 billion).
 - Thailand: THB 7.13 billion (total revenue THB 38.9 billion).
 - Indonesia: IDR 917.91 billion (total revenue IDR 4,232.77 billion).
 - Philippines: PHP 3.88 billion (total revenue of PHP 20.9 billion).
 - India: INR 2.08 billion (total revenue of INR 22.31 billion).
- During 2018, AirAsia Group noted the following activities related to its ancillary revenue initiatives:
 - Baggage sales represented 48% of ancillary revenue.
 - Onboard catering featured more ASEAN-based vendors and small and medium enterprises, primarily for snacks such as nuts, crisps, chocolates, mineral and coconut water.
 - Starting from 2019 the airline will launch destination-specific menus while introducing coffee trolleys serving brews made from the group's own ASEAN blend beans along with attractively packaged "food souvenirs" that guests can take home.

	<ul style="list-style-type: none"> - The airline will open a Santan café which will feature inflight food. Revenue generated by the Santan branded buy-on-board products increased 17% to MYR 232.98 million. - ROKKI inflight Wifi is now installed on 64 aircraft. - Seat assignment through the mobile app is in development. - AirAsia.com achieved 65 million impressions per month and 30 million unique visitors per month. - AirAsia BIG loyalty membership reached 20 million during August 2018 (29 August 2018 press release). • AirAsia Group results do not include AirAsia X (which follows this listing in the Yearbook). • Group (airline) 2018 revenue was MYR 10,638,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

AirAsia X

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$211,409,473
As a % of Revenue	18.7%
Dollars per Passenger	\$34.28
Financial Period	Calendar year 2018
Total Revenue	\$1,131,394,596
Passengers	6,167,465
Information Source	AirAsia X Annual Report 2018
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 2018 was <u>MYR 854,200,000</u> which represents a 0.8% increase above 2017. • The following summarizes activities in various ancillary revenue areas for 2017: <ul style="list-style-type: none"> - AVA was introduced as an online chatbot to provide customer support, answer flight status questions, and add a la carte products. - A new mobile application was introduced which allows customers to view and book hotels, and access AirAsia Group's OURSHOP online retail site.

	<ul style="list-style-type: none"> • AirAsia X disclosed the following individual sources of revenue from companies having a relationship with AirAsia Group: <ul style="list-style-type: none"> – Tune Insurance, receipt of 25% commission on insurance sales: MYR 3,233,526. – BIG loyalty program, for purchase of rewards on AirAsia X: MYR 12,675,043. • Operating revenue for 2018 was MYR 4,571,400,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

ANA All Nippon

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$38,956,798
As a % of Revenue	0.2%
Dollars per Passenger	\$0.72
Financial Period	Fiscal year 2018
Total Revenue	\$18,595,836,230
Passengers	54,419,134
Information Source	ANA Holdings Financial Results for the period ended 31 March 2019
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 2018: <ul style="list-style-type: none"> – Travel Services includes the operations of ANA Sky Holidays. Operating income (not sales) for 2018 was JPY 606 million. – Trade and retail includes ANA Duty Free Shops. Operating income (not sales) for 2018 was JPY 3.706 billion. • Total ancillary revenue disclosed for fiscal year 2018 was <u>JPY 4,312,000,000</u>. • Total revenue for fiscal year 2018 was JPY 2,058,312,000,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
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Amadeus	Lounge access, meals
Sabre	Bundled fares, lounge access, meals
Travelport	Lounge access

Cebu Pacific

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$171,318,581
As a % of Revenue	12.3%
Dollars per Passenger	\$8.45
Financial Period	Calendar year 2018
Total Revenue	\$1,389,589,938
Passengers	20,280,000
Information Source	Securities and Exchange Commission SEC form 17-A for the fiscal year ended December 31, 2018 and Cebu Pacific Annual Report 2018
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), baggage, and travel-related products and services. The definition also includes cancellation fees which IdeaWorksCompany does not consider ancillary revenue. However, the airline separately disclosed this item as PHP 5,225,377,108. • Cebu Pacific offers the following branded products: <ul style="list-style-type: none"> – Cebfare bundles. – Getgo rewards. – Cebprepaid baggage. – Cebseat selector. – Fun café (buy-on-board food). – Cebtravel sure (travel insurance). – Cebsports equipment (baggage). – Ceb transfers (airport transfers). – Ceb moments (order cake/greeting card on flights). – Ceb meals (pre-order meals). – Ceb getaways (holiday packages). • The company disclosed ancillary revenue of PHP 14,362,653,302 for 2018. Deducting the cancellation fee revenue noted above provides an adjusted result of <u>PHP 9,137,276,194</u>. Within this amount, the following activity was disclosed: <ul style="list-style-type: none"> – Excess baggage charges: PHP 6,734,690,889. – Inflight sales, advance seat selection fee, reservation booking fees and others: PHP 2,402,585,305.

	<ul style="list-style-type: none"> Total revenue for 2018 was PHP 74,113,776,885.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

China Eastern

Source and Type	Tour and sightseeing packages sold to passengers
Ancillary Revenue	\$328,443,511
As a % of Revenue	1.9%
Dollars per Passenger	\$2.71
Financial Period	Calendar Year 2018
Total Revenue	\$17,423,981,136
Passengers	121,199,700
Information Source	China Eastern Airlines SEC Form 20-F for the year ended 31 December 2018 and 2018 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 2,173,000,000</u>. The airline is introducing basic economy fares and a premium economy service. Preferred seat product revenue increased by 89% over the prior year and prepaid baggage capabilities were introduced online. The Eastern Miles frequent flyer program has 39,630,000 members. Among elite members, this activity was noted: <ul style="list-style-type: none"> Platinum: 66.7% revenue increase. Gold: 10% revenue increase. Silver: 25.7% revenue increase. 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. Revenue for 2018 was CNY 115,278,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

China Southern

Source and Type	Tour and sightseeing packages sold to passengers
Ancillary Revenue	\$102,175,708
As a % of Revenue	0.5%
Dollars per Passenger	\$0.73
Financial Period	Calendar year 2019
Total Revenue	\$21,708,256,933
Passengers	139,885,040
Information Source	China Southern Airlines SEC Form 20-F for the period ended 31 December 2018 and 2018 Annual Results
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 to 39,780,000 million members; they represented revenue of CNY 43.696 billion. • Income produced by hotel and tour services income: <u>CNY 676,000,000</u>. • Total revenue for 2018: CNY 143,623,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, paid seats
Sabre	Baggage
Travelport	Bundled fares

Garuda Indonesia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$107,520,534
As a % of Revenue	2.5%
Dollars per Passenger	\$2.80
Financial Period	Calendar year 2018
Total Revenue	\$4,373,177,070
Passengers	38,444,358
Information Source	Garuda Indonesia Annual Report 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • The results include the Citilink subsidiary. • The airline offers this definition of ancillary revenue which largely borrows language from the IdeaWorksCompany definition: “Ancillary Revenue is non-ticket revenue received by the Company, generated either through direct

	<p>or indirect sales to passengers as part of the travel experience. Ancillary Revenues include: a la carte features, commission-based products, frequent flyer programs, and advertisements sold by the Company.”</p> <ul style="list-style-type: none"> • The ancillary revenue effort is organized under the Ancillary Products and Loyalty Program, which is led a vice president. During 2018 the frequent flyer program became a strategic business unit. The airline noted the following 2018 activities: <ul style="list-style-type: none"> – Improved the mobile app to support the loyalty program, to include the integration of Citilink Airlines into the program. – Developed pre-paid options: bag fees, assigned seating, lounge access, and premium check-in. – Added premium services for co-branded cardholders. – Provide travel protection products, such as travel insurance. – Integrated more frequent flyer partners such as retailers and hotels. <p>At the end of 2018, there were 3,423,113 GarudaMiles members.</p> <ul style="list-style-type: none"> • Ancillary revenue disclosed for 2018 was <u>\$107,520,534</u>. • Total passenger airline revenue for 2018 was \$4,373,177,070.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, paid seats, unaccompanied minor
Sabre	Medical assistance, paid seats
Travelport	None

Go Air

Source and Type	Checked baggage fees
Ancillary Revenue	\$4,276,744
As a % of Revenue	0.6%
Dollars per Passenger	\$0.39
Financial Period	Year ended 31 March 2018 (FY 2017-18)
Total Revenue	\$682,763,677
Passengers	10,829,141
Information Source	Directorate General of Civil Aviation website (dgca.nic.in)
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in India rupees (INR). • Ancillary revenue for FY 2017-18 found at the Directorate General of Civil Aviation website (dgca.nic.in) was

Notes from Financial Reports	<p>represented by baggage charges: <u>INR 292,850,000</u>.</p> <ul style="list-style-type: none"> The following are examples of the carrier’s ancillary revenue activities: <ul style="list-style-type: none"> Assigned seating (fees vary by row, aisle/window, middle seat, and if purchased in advance or at airport). Buy-on-board food and beverages. Celebration cake delivered at your seat. Excess baggage. Holiday packages. Pre-order meals. Priority check-in and baggage service. Travel insurance. <p>However, only baggage revenue was disclosed.</p> <ul style="list-style-type: none"> Total revenue for FY 2017-18 was INR 46,752,240,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

IndiGo

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$309,840,106
As a % of Revenue	7.1%
Dollars per Passenger	\$4.79
Financial Period	Fiscal year ended 31 March 2019
Total Revenue	\$4,355,122,568
Passengers	64,742,944
Information Source	IndiGo’s Quarterly (1 through 4) Financial Results for fiscal year 2018-19 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 2018-19: <ul style="list-style-type: none"> Quarter 1: INR 6.827 billion. Quarter 2: INR 7.167 billion. Quarter 3: INR 8.051 billion. Quarter 4: INR 8.264 billion. The above activity totals INR 30.309 billion. The activity includes cargo and ticket change fees, which are not considered ancillary revenue. During the 3rd quarter investor call, management disclosed cargo represents 30%

	<p>of ancillary revenue. Accordingly, the quarterly disclosure totals are reduced by 30% to yield adjusted ancillary revenue of <u>INR 21,216,300,000</u>.</p> <ul style="list-style-type: none"> Total passenger airline revenue for FY 2018-19 was INR 298,217,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Baggage, bundled fares, fast track, lounge access, meals, paid seats

Jeju Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$88,696,584
As a % of Revenue	7.9%
Dollars per Passenger	\$7.39
Financial Period	Calendar year ended 31 December 2018
Total Revenue	\$1,128,098,450
Passengers	12,000,000
Information Source	Jeju Air 2018 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 98,800,000,000</u> for 2018, which represents a 25% increase above 2017. The airline promotes the following ancillary revenue generating activities at its website: <ul style="list-style-type: none"> Advance seat assignment. Air café. Empty seat next to you. Hotel, car hire, and activities booking. Inflight duty free. J Pass subscription program of benefits: priority check-in, boarding, and baggage, access to sale, 3 annual lounge passes, and zone A seat assignment at the airport. Jeju Lounge at Seoul Incheon International Airport. Pre-booked baggage. Pre-ordered meals. Service bundles. <p>The airline also offers the Refresh Point frequent flyer program.</p> Jeju offers local destination-based Travel Lounges. In some destinations, these are physical offices, such as Danang,

	<p>Guam, Hong Kong, Kota Kinabalu, Saipan and Vladivostok. In others, virtual lounges are offered, such as Cebu, Manila, and Japan. Services at physical locations include: language translation, baggage storage, free Wifi, accident/medical assistance, free mobile phone use, airport transfer booking, tour/hotel booking, and information on sightseeing, shopping, and restaurants. The online lounge offers tour/hotel booking, and information on sightseeing, shopping, and restaurants.</p> <ul style="list-style-type: none"> • Jeju Air provided additional sales detail for these ancillary revenue categories: <ul style="list-style-type: none"> – Additional baggage: KRW 19.3 billion. – Other a la carte services including advance seat assignment: KRW 12.2 billion. – Air café: KRW 6.5 billion. – Onboard duty free: KRW 3.2 billion. <p>Effective April 2019, the lowest priced fare no longer included a checked bag on all routes.</p> <ul style="list-style-type: none"> • Operating revenue disclosed for 2018: KRW 1,256,600,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Jetstar

Source and Type	Multiple ancillary revenue activities (estimate based upon disclosure of past performance)
Ancillary Revenue	\$641,530,404
As a % of Revenue	23.0%
Dollars per Passenger	\$25.92
Financial Period	Fiscal year ended 30 June 2018
Total Revenue	\$2,789,439,702
Passengers	24,753,000 Jetstar domestic and international
Information Source	Qantas Airways Limited Annual Report, for the year ended 30 June 2018 and Qantas Data Book 2018, and Qantas FY 2018 Results Presentation
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> • All figures below are in Australian dollars (AUD). • Total FY 2018 passenger traffic is <ul style="list-style-type: none"> – Australia domestic: 13,839,000.

Notes from Financial Reports

- International: 6,443,000.
- Jetstar Asia: 4,471,000.
- 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 was estimated to be AUD 35 per passenger, and will be assumed for FY 2018.
- 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 AUD 866,355,000.
- While not applying to FY 2018, Jetstar did disclose ancillary revenue increased 11% for the second half of FY 2019, notably due to the successful introduction of the “Plus 3 kg” carry-on service. The ancillary revenue increase was 8% for the 3rd quarter of FY 2019.
- The airline introduced the option for travelers to add 3 kg to their carry-on allowance for a fee. The base allowance is 7 kg for Starter fares. The feature was introduced September 2018 with prices starting at AUD 13. Senior management directly disclosed this during June 2019 to IdeaWorksCompany, “The +3 kg Carry-on top up has proven popular with more than 500,000 customers purchasing the upgrade. It’s also beating business case expectations so we’re happy from a customer and business perspective.”
- Sources of ancillary revenue include:
 - Activity and day tour bookings.
 - Call center booking fee.
 - Car hire bookings.
 - Catering.
 - Checked baggage.
 - Club Jetstar (savings subscription).
 - Comfort packs.

	<ul style="list-style-type: none"> - Buy-on-board merchandise. - Extra leg room seating and seat assignment. - Extra 3 kg for carry-ons – supplement. - Faxed itinerary, mailed itinerary. - Hotel bookings. - Inflight entertainment. - Jetstar MasterCard (Australia). - Prepaid extra baggage. - Pricing bundles. <ul style="list-style-type: none"> • Jetstar Group had total revenue of AUD 3,767,000,000 for FY 2018.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	None
Sabre	None
Travelport	Bundled fares

Jin Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$48,567,664
As a % of Revenue	5.4%
Dollars per Passenger	\$5.45
Financial Period	Calendar year ended 31 December 2018
Total Revenue	\$907,344,504
Passengers	8,904,000
Information Source	Jin Air 2018 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). • The company started releasing an English version of its earnings release in 2018. The following sources of revenue were disclosed for 2018: <ul style="list-style-type: none"> - Onboard sales: KRW 4 billion. - Excess baggage: KRW 5.7 billion. - Ticket related (includes bundles, assigned seats): KRW 25.2 billion (Includes KRW 3 billion assigned seat sales and KRW 6.3 billion bundle sales). - Other ancillary (includes car, hotel, and holidays): KRW 19.2 billion. <p>Total ancillary revenue for 2018 is <u>KRW 54,100,000,000</u>. One checked bag is allowed per passenger.</p> <ul style="list-style-type: none"> • Ancillary service bundle sales began during the 2nd quarter of 2018. Pre-assigned seating via the website began during the same period.

	<ul style="list-style-type: none"> • The airline offers the following onboard and ticket-related services: <ul style="list-style-type: none"> – Branded fares (Basic, Smart, and Smart Plus). – Buy on board café with hot entrees. – Duty free goods. – Inflight app for movies and Wifi (no charge on domestic Korea flights). – Paid seat assignment (plus extra leg room seats, front of cabin, exit row, and aft cabin). – Pre-order meals. • The airline offers these ancillary revenue services: <ul style="list-style-type: none"> – Baggage storage. – Frequent flyer program. – Holiday packages. – Hotel and car hire booking. • Jin Air operates a point based frequent flyer program called Nabi. • Operating revenue disclosed for 2018: KRW 1,010,700,000,000.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	None
Sabre	None
Travelport	Bundled fares

Nok Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$77,497,168
As a % of Revenue	13.0%
Dollars per Passenger	\$8.75
Financial Period	Calendar year ended 31 December 2018
Total Revenue	\$597,554,468
Passengers	8,860,000
Information Source	Nok Airlines Public Company Limited, Annual Report 2018
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 15 kg checked baggage, seat selection, and bottled drinking water in the price of its tickets. • Effective June 2018, the Nok MAX and Nok X-tra fares are eligible for Royal Orchid Plus (Thai Airways) and Nok Fan Club accrual. Royal Orchid Plus bonus is 150-250 miles.

	<ul style="list-style-type: none"> 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 not disclosed, but not believed to represent a meaningful percent of ancillary revenue. The airline disclosed 57.6% of tickets were sold through the website and mobile devices during 2018. Ancillary revenue disclosed for 2018 was <u>THB 2,560,120,000</u>. Total consolidated revenue for 2018 was THB 19,740,220,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Philippine Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$216,823,125
As a % of Revenue	7.7%
Dollars per Passenger	\$13.60
Financial Period	Calendar year ended 31 December 2018
Total Revenue	\$2,820,644,492
Passengers	15,942,092
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 pesos (PHP). Philippine Airlines disclosed “ancillary” revenue of <u>PHP 11,564,261,000</u> for 2018. 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. Inflight oxygen. myPAL pocket Wifi access. Paid lounge access. Premium economy seating. Ticket office service fee.

	<ul style="list-style-type: none"> - Travel insurance. - Unaccompanied minor travel. <p>The airline provides complimentary meal service for economy class passengers.</p> <ul style="list-style-type: none"> • Revenue for 2018 was PHP 150,439,069,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, paid seats, 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	\$1,255,877,286
As a % of Revenue	12.8%
Dollars per Passenger	\$41.15
Financial Period	Fiscal year ended 30 June 2018 (FY 2018)
Total Revenue	\$9,843,382,521
Passengers	30,520,000 (excludes Jetstar)
Information Source	Qantas Airways Limited Annual Report, for the year ended 30 June 2018 and Qantas Data Book 2018, and Qantas FY 2018 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). • 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 2018: <ul style="list-style-type: none"> - 22,143,000 Australia domestic passengers. - 8,377,000 international passengers. Total passengers for period: 30,520,000. • The results listed below are for the Qantas Group which includes Qantas; and Jetstar, but only in relation to its participation in the Qantas Frequent Flyer program. • The group disclosed the following activities which qualify as ancillary revenue: <ul style="list-style-type: none"> - AUD 150 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 1.546 billion for FY 2018. The program had 12.3 million members as of June 2018, compared to 11.8 million as of June 2017 (an increase of 4.2%). Membership total is equivalent to 50% of Australia's population. Qantas Loyalty was founded in 1987 and was established as a separate segment in 2007.
- Qantas Loyalty highlights for the fiscal period include:
 - Operating margin is 24.1%.
 - Based upon Qantas internal analysis, 35% of credit card spend in Australia is on Qantas co-branded credit cards.
 - Qantas Premier Everyday card was introduced which includes travel insurance for the cardholder.
 - Qantas Premier Platinum card was introduced which provides 2 lounge passes and discounted companion fares.
 - 3 billion points have been accrued by Premier card products since launch.
 - Point redemptions continue to increase for the partnership with Woolworth's grocers.
 - Qantas Assure, the Group's insurance subsidiary, introduced a mobile app which allows members to accrue points through physical exercise activity.
 - The Qantas Business Rewards program for small and medium enterprises has 200,000 members.
 - These businesses have had a 3X revenue increase since 2014: Qantas Insurance, Qantas Money, Qantas Group Accommodation, Qantas Wine, and Red Planet (loyalty consulting).
- IdeaWorksCompany estimates FY 2018 ancillary revenue was AUD 1,696,000,000 represented by this activity:
 - AUD 1.546 billion Qantas Loyalty revenue.
 - AUD 150 million from ancillary revenue detailed above.
- The group did not specifically disclose ancillary revenue activity for FY 2018, 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.

	<ul style="list-style-type: none"> Total group revenue for FY 2018 was AUD 17,060,000,000; excluding Jetstar revenue of AUD 3,767,000,000 yields net Qantas Airways revenue of AUD 13,293,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
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	\$1,926,024
As a % of Revenue	0.9%
Dollars per Passenger	\$1.57
Financial Period	Fiscal year ended June 30, 2018
Total Revenue	\$218,843,281
Passengers	1,227,000
Information Source	Annual Report for the financial year ended June 30, 2018 and fiscal year 2018 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 sell the following services to passengers: <ul style="list-style-type: none"> Andrew's Airport Parking. Annual memberships for its airport lounge in Sydney. Business Flyer reward program. Hotel accommodations, car rentals, and travel insurance at its website. Priority Baggage at AUD 5.50 per kg guarantees carriage of baggage on any flight, even when bag offloads are required for operational reasons. "Rextra" extra leg room seating at the exit row and bulkhead. Safe Hand Baggage allows passengers to be in possession of their checked bag up until the time of boarding the aircraft and immediately after arrival for a fee of AUD 50. 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."

	<ul style="list-style-type: none"> Revenue for 2018 was AUD 295,537,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Scoot

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$245,850,027 (estimate based upon disclosure of past performance)
As a % of Revenue	20.0%
Dollars per Passenger	\$23.52
Financial Period	Fiscal year ended 31 March 2019 (FY 2019)
Total Revenue	\$1,226,664,313
Passengers	10,455,000
Information Source	Singapore Airlines Group News Release for the Financial Results for the Fiscal Year ended 31 March 2019, Singapore Airlines Analyst/Media Briefing on 17 May 2019, Group Financial Performance 16 May 2019 Press Release, and “Interview: Lee Lik Hsin, chief executive, Scoot” dated 11 September 2017 at <i>Flight Airline business</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. Passenger traffic disclosed in the 16 May 2019 press release was 10,455,000 passengers. Singapore Airlines did not disclose actual ancillary revenue for Scoot for FY 2019. However, Lee Lik Hsin, CEO of Scoot, commented in a <i>Flight Airline Business</i> article (2017) that ancillary revenue currently accounts for 20% of its total revenue. This 20% rate was applied to FY 2018 and FY 2019. FY 2019 ancillary revenue is estimated at <u>SGD 335,020,000</u>. Scoot lists the following a la carte activities at its website: <ul style="list-style-type: none"> Assigned seating fees. BoardMeFirst early boarding. Buy-on-board café. Call center bookings. Checked baggage. Commission-based products: SIM card, entry visa, insurance, hotel, airport transfer.

	<ul style="list-style-type: none"> - Duty-free merchandise. - Economy fare bundles: Fly, FlyBag, and FlyBagEat. - Extra leg room seating. - Extra Cabin Bag provides an additional 7 kg allowance (only offered on 787 aircraft). - MaxYourSpace allows passengers to block 1 or 2 adjacent seats for more room. - 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 <u>loss</u> for Scoot was SGD 15 million for the year. • Revenue for FY 2019 was SGD 1,671,576,300. The FY 2019 amount was generated by multiplying revenue passenger kilometers flown (29,325,900,000) by revenue per seat kilometer (SGD 0.057) as provided in the 16 May 2019 press release. Singapore Airlines disclosed Scoot revenue increased by SGD 191.1 million for FY 2019.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

SpiceJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$85,438,486
As a % of Revenue	6.3%
Dollars per Passenger	\$4.29
Financial Period	Fiscal year ended 31 March 2018
Total Revenue	\$1,352,026,368
Passengers	19,900,000
Information Source	SpiceJet FY 2019 Q4 Investor Presentation and Annual Report 2017/2018
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 2019 investor presentations: INR 8,551,000,000. 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

	<p>2,700,600,000 (representing the latest cargo disclosure, which is from the prior year). Net ancillary revenue for FY 2019 is <u>INR 5,850,400,000</u>.</p> <ul style="list-style-type: none"> • SpiceJet provides the following ancillary revenue products: <ul style="list-style-type: none"> – Carry More Onboard: increase the normal 7 kg carry-on limit to 12 kg. – Excess baggage. – Hand baggage only. – MyFlexiPlan: allows customers to change/cancel tickets. – Preferred Bag Out priority bag delivery. – Pre-order hot meals. – Priority check-in. – Seat and Meal combo. – Spice Assurance: payout for late flights or baggage delivery. – Spice Lounge access. – SpiceClub frequent flyer program. – SpiceMax: provides services such as priority check-in, preferred boarding, more leg room, welcome drink, hot meals and priority baggage delivery at arrivals, etc. – SpiceVacations.com: one-stop offer for hotel booking and customized holiday packages. – Travel insurance. – Visa services. – You 1st: priority airport check-in and bag delivery. • Total revenue for the fiscal year ended 31 March 2019 was INR 92,580,000,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Spring Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$92,199,973
As a % of Revenue	4.7%
Dollars per Passenger	\$4.72
Financial Period	Calendar year ended 31 December 2018
Total Revenue	\$1,982,154,520
Passengers	19,523,400
Information Source	Spring Airlines Annual Report for 2018

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 • Ancillary revenue for 2018 was <u>CNY 610,000,000</u> which represents a decrease from 2017. • The company offers a number of products to enhance ancillary revenue: <ul style="list-style-type: none"> – Airport transfers. – Assigned seating (business seat, front of cabin, extra leg room, and standard). – Attraction tickets. – Excess baggage (and handbag only fares). – Holiday packages. – Hotel and car hire bookings. – Pre-order meals. – Spring Plus (extra leg room in first rows, meal and beverages, total 25 kg baggage allowance, priority check-in and boarding, bonus SpringPass points. – Trip insurance. – VIP lounge. – Wifi access cards for travel outside China. • Total revenue for 2019: CNY 13,114,041,327.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	None
Sabre	None
Travelport	None

SriLankan Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$20,659,610
As a % of Revenue	2.0%
Dollars per Passenger	\$3.54
Financial Period	Fiscal year ended 31 March 2018
Total Revenue	\$1,041,437,275
Passengers	5,839,000

Information Source	SriLankan Airlines Annual Report 2017/2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures are in Sri Lankan rupee (LKR). The airline described these ancillary revenue activities for the current and future fiscal periods: <ul style="list-style-type: none"> Ancillary revenue recorded growth in the financial year 2017/18, with year-on-year growth of 36%. Inflight Duty Free recorded a monthly average profit of US\$210,000 and a daily average revenue of US\$15,000. In addition to the existing ancillary products of seat upgrade, prepaid baggage allowances, extra legroom seats and car rental services, SriLankan intends to introduce advance assignment of preferred seats and the ability to order a special meal for economy class passengers in financial year 2018/2019. SriLankan took steps to launch a new brand campaign to create more consumer awareness of the ancillary products offered by the airline. The airline did not disclose an overall ancillary revenue result, but its annual report described multiple items which qualify: <ul style="list-style-type: none"> Excess baggage: LKR 1,032,810,000. Duty-free sales: LKR 744,130,000. Airport restaurant: LKR 1,210,000,000. Transit Hotel Serendiva: LKR 150,207,060. Emirates Lounge: LKR 133,269,000. Total ancillary revenue from the above activities is <u>LKR 3,270,416,060</u>. Total revenue for FY 2017/2018: LKR 164,859,510,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, meals, paid seats
Sabre	Baggage, meals, paid seats
Travelport	Baggage, bundled fares, meals, medical assistance, paid seats

T'way Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$53,864,322 (estimate based upon partial disclosure)
As a % of Revenue	8.2%
Dollars per Passenger	\$7.47
Financial Period	Calendar Year 2018
Total Revenue	\$657,054,955
Passengers	7,207,000

Information Source	Investor Relations 1 st Quarter 2019 Presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> All figures below are in Korean won (KRW). The airline disclosed total ancillary revenue for the 1st quarters of 2018 and 2019 of KRW 13.3 billion and KRW 16.8 billion (the original amounts were disclosed as 133 and 168 “hundred million won” respectively). KRW 15 billion was assumed as average quarterly revenue, which generated a <u>KRW 60,000,000,000</u> result for 2018. The following ancillary revenue results were disclosed for the 1st quarter of 2019: <ul style="list-style-type: none"> Other: KRW 8.1 billion. Inflight: KRW 3.3 billion. Baggage: KRW 3.9 billion. Seat assignment: KRW 1.5 billion. Total ancillary revenue for the quarter was KRW 16.8 billion. Total revenue for 2018 was KRW 731,900,000,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
None	None

Vietjet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$338,240,952
As a % of Revenue	23.5%
Dollars per Passenger	\$14.67
Financial Period	Calendar year ended 31 December 2018
Total Revenue	\$1,441,251,773
Passengers	23,061,936
Information Source	Vietjet Aviation Joint Stock Company Annual Report 2018 and Separate Financial Agreements for the Year Ended 31 December 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’s “ancillary revenue” disclosure includes activities such as providing luggage services, seat selection, hot meal services, duty-free goods, in-flight advertising, and cargo. “Driving ancillary revenue growth” is one of the carrier’s four development goals, and consists of these activities:

	<ul style="list-style-type: none"> - Focusing on ancillary revenue, especially pre- and in-flight services. - Developing e-commerce solutions including tailored product packages, a combination of banking, airline and retail products. - Use insights and data from e-commerce sales to develop unique, tailored products. • Vietjet disclosed ancillary revenue of VND 8,410,000,000,000 (includes cargo) for 2018, which represents a 53.5% increase above the 2017 result. • Cargo revenue for 2018 was disclosed as VND 643,986,543,672 in the Separate Financial Agreements for 2018. Accordingly, this was deducted from the ancillary revenue noted above to provide net 2018 ancillary revenue of <u>VND 7,766,013,500,000</u>. • A review of the carrier’s website displays the following ancillary revenue activities: <ul style="list-style-type: none"> - Baggage fees, including the first bag (pre-paid and at airport). - Extensive onboard catalog of souvenirs, Vietjet branded items, entrees, snacks, beverages, and duty free goods. - Flat fee for credit card payment (foreign currencies). - Hanoi airport shuttle bus. - Priority check-in. - Seat assignment including extra leg room. - SkyBoss premium service which includes airport lounge access, priority airport services, 30 kg checked baggage and 10 kg carry-on limit, food and beverages, and flexible ticket policy. - Travel insurance. • Operating revenue disclosed for 2018: VND 33,091,146,000,000 (passenger related revenue + ancillary revenue). This revenue excludes gains on the sale of aircraft.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	None
Sabre	None
Travelport	None

Virgin Australia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$863,267,535
As a % of Revenue	21.5%

Dollars per Passenger	\$34.74
Financial Period	Fiscal year ended 30 June 2018
Total Revenue	\$4,011,476,426
Passengers	24,851,808
Information Source	Virgin Australia Group Annual Report 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Australia dollars (AUD). • The airline disclosed “Other ancillary revenue” for 2018; this type of disclosure has not occurred for years. The airline offered this definition: “ancillary revenue comprises revenue earned from the provision of airline related services including reservation change fees, baggage charges and other additional services provided to passengers.” Other ancillary revenue for 2018 was AUD 793.8 million. • Virgin Australia generates ancillary revenue through these activities: <ul style="list-style-type: none"> – Airport parking. – Airport transfers. – Car hire booking. – Buy-on-board food (in addition to free offer). – Economy X (extra leg room seating with more perks). – Excess baggage (all fares include checked baggage). – Hotel booking. – Lounge access. – Valet parking (4 airports). – Virgin Australia Holidays. – Wifi (standard package is free on domestic flights). • Virgin Australia results include the operations of Tigerair Australia. • Virgin Australia does not own 100% of the Velocity Frequent Flyer Program. Virgin Australia sold a 35% share of Velocity to “Affinity” (outside non-controlling interests) for AUD 336 million in 2014. • Reportable segment revenue for the Velocity Frequent Flyer program was AUD 372 million for FY 2018 and this qualifies as ancillary revenue. • Total ancillary revenue for Virgin Australia is <u>AUD 1,165,800,000</u> and consists of these components: <ul style="list-style-type: none"> – Other ancillary revenue: AUD 793.8 million. – Velocity FFP: AUD 372 million. • The Velocity program grew its membership to 9.1 million members (8+ million at end FY 2017). • Annual revenue for the airline was AUD 5,417,300,000 for FY 2018.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	

Amadeus	Animal transport, baggage, bundled fares, 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), Asiana, Bangkok Air, Biman Bangladesh, Cathay Pacific Group, China Airlines, EVA Airways, Fiji Airways, Hainan Airlines (only 2017 report during research time), HK Express, 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 2017 report during research time) Singapore, Solaseed Air (documents only in Japanese), Starflyer (documents only in Japanese, no report since 2013), Thai Airways, and Vietnam Airlines.

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.

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Middle East and Africa Air Arabia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$139,107,379
As a % of Revenue	12.4%
Dollars per Passenger	\$15.99
Financial Period	Calendar year 2018
Total Revenue	\$1,122,390,470
Passengers	8,700,000
Information Source	Air Arabia Consolidated Financial Statements 31 December 2018, Press Release dated 13 February 2019, 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 2018 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 2018 revenue yields an ancillary revenue result of AED 618,296,850. Air Arabia disclosed cargo revenue of 107,425,000; deducting this activity generates an ancillary revenue result of <u>AED 510,871,850</u>. • The airline separately disclosed the following revenue sources: <ul style="list-style-type: none"> – Other airline related services: AED 246,791,000. – Service revenue: AED 180,336,000. – Revenue from hotel operations: AED 69,345,000. – Baggage revenue: AED 50,150,000.

	<p>These total AED 546,622,000, which is very close to the result produced by applying the 15% rate (less cargo revenue).</p> <ul style="list-style-type: none"> • 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. • Revenue for 2018 was AED 4,121,979,000.
A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Emirates

Source and Type	Checked baggage fees
Ancillary Revenue	\$120,898,570
As a % of Revenue	0.5%
Dollars per Passenger	\$2.06
Financial Period	Fiscal year ended 31 March 2018 (2018-19)
Total Revenue	\$26,151,123,213
Passengers	58,601,000
Information Source	Annual Report 2018-19 of The Emirates Group for the period ended March 31, 2019
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 2018-19 revenue from excess baggage charges: <u>AED 444,000,000</u>. • The company disclosed these results for FY 2018-19: <ul style="list-style-type: none"> – 14 million downloads of its mobile app (to date) and 1.4 million monthly active users. – 14 million active online users of its website per month, and online ancillary revenue increased by 14% for the year (base figure not provided). – Skywards frequent flyer program has 24 million members; 1+ million members in each of these countries: Germany, UK, US, Australia, India, the UAE. – 175,000 Skywards members have flown and accrued more than 550 million Skywards Miles on flydubai. – 23% of miles are accrued through partner activity. – 127 million miles were donated to provide travel for NGO staff.

	<ul style="list-style-type: none"> - During August 2018, Skywards also became the loyalty program of flydubai. • 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 2018-19 was AED 96,040,000,000.
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A la Carte Services Sold Through GDS
(refer to A la Carte Services note on page 20)

Amadeus	Bundled fares, paid seats
Sabre	Baggage, bundled fares, lounge access, meals, paid seats
Travelport	Bundled fares, paid seats

fastjet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,965,000
As a % of Revenue	5.1%
Dollars per Passenger	\$7.71
Financial Period	Calendar Year 2018
Total Revenue	\$38,514,000
Passengers	254,982
Information Source	Fastjet Annual Report 2018

Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in US dollars. • Since 2016, fastjet has moved from being a business with more than 99% revenue exposure to one country, Tanzania, to a business with a more balanced geographic exposure with low cost carrier operations in Zimbabwe, South Africa and Mozambique. • The airline offers the following fares: ValueFlyer and FlexiFlyer. All fares include a piece of checked baggage, and a light snack and beverage onboard. The FlexiFlyer fare includes lounge access, seat selection, and priority boarding. • Ancillary revenue disclosed for 2018 was \$1,965,000 and included fees for baggage, seat assignment, credit card payment, and flight changes. Unfortunately, this includes flight change fees, which IdeaWorksCompany does not consider a qualifying source. • Revenue for 2018 was \$38,514,000.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

flydubai

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$158,692,988
As a % of Revenue	9.4%
Dollars per Passenger	\$14.43
Financial Period	Calendar Year 2018
Total Revenue	\$1,688,223,281
Passengers	11,000,000
Information Source	“flydubai announces Second-Half profit of AED 157 million (USD 43 million) driven by stronger yields and revenue growth and minimises annual loss” press release dated 20 February 2019
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in UAE dirhams (AED). • Ancillary revenue disclosed for 2018 was 9.4% (2017: 11.9%) of revenues or <u>AED 582,800,000</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 2018 was AED 6,200,000,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	None

Jazeera Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$19,829,319
As a % of Revenue	7.3%
Dollars per Passenger	\$9.98
Financial Period	Calendar Year 2018
Total Revenue	\$271,577,154
Passengers	1,987,285
Information Source	Jazeera Airways Group 2018 Annual Report
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 2018 was <u>KWD 6,014,234</u>. • The airline provided the following list of activities, for publication in the Yearbook, which occurred during 2018 and early 2019: <ul style="list-style-type: none"> – Jazeera Café: new buy-on-board menu for Economy Class replacing free food + online pre-sale. – Economy seats zone: Buy-on-board seat upgrade sales for Priority, Preferred and XL Seats. – Trolley: “largest convenience store in Kuwait” – now on-board with over 100 items selling travel essentials, gift items, confectionery, phone accessories etc. – Changing baggage policy: Promote extra weight purchase with special online pre-purchase deal (moving to Branded Fares and no bag option in September). – Meet & Assist: service partner for Kuwait & key regional airports. – Park & Fly: now over 3 years in operation, providing convenient service with shuttle to terminal. – Valet Parking: at Jazeera Terminal 5 Departures curbside. – Terminal Car Park: owned by Jazeera: 350 spaces for customers. – Terminal 5 Airport retail: rents from shops, currency exchanges, taxi services, lounge partner and F&B outlets. – VIP Lounge opening soon in Terminal 5 (named VIV, where V is Roman numeral for 5) for high net worth travelers – exclusive service with private facilities/haute cuisine menu/dedicated immigration and luxury limo transfer to aircraft. <p>For 2019, Jazeera is adding onboard amenity kit sales, which include a sleeping kit, earphones, and a power bank.</p> <ul style="list-style-type: none"> • The airline disclosed the following information about its distribution channels: <ul style="list-style-type: none"> – 61% via travel agencies (including OTAs). – 35% via website and mobile app.

	<ul style="list-style-type: none"> - 5% via the call center. • Jazeera Airways officially inaugurated its dedicated Terminal 5 (T5) at the Kuwait International Airport on May 20, 2018 and welcomed its first passengers May 22. The facility is fully operated by the airline. Passengers have access to a duty free, restaurants, coffee shops, and the business lounge. Jazeera realizes revenue from activities in the new terminal, such as lease rental and even a share of retailer revenue. The airline also operates short-term car parking (connected to T5) and long-term car parking. • Revenue for 2018 was KWD 82,369,370.
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A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	None
Sabre	None
Travelport	Bundled fares

Kenya Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$82,718,101
As a % of Revenue	7.3%
Dollars per Passenger	\$17.09
Financial Period	Calendar Year 2018
Total Revenue	\$1,132,785,606
Passengers	4,839,023
Information Source	Kenya Airways Annual Report and Financial Statement 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Kenya shillings (KES). • Kenya Airways disclosed ancillary revenue in its annual report as <u>KES 8,338,000,000</u>. • The airline offers the following ancillary revenue services: <ul style="list-style-type: none"> - Airport transfers. - Assigned seating (extra leg room and preferred). - Book a ticket through call center or airport office. - Branded fares: Light, Smart, Standard, and Flex (began 2019). - Car hire. - Duty-free merchandise. - Hotel booking. - Seat selection. • Revenue for 2018 was KES 114,185,000,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, bundled fares, medical assistance, paid seats, sports equipment
Sabre	Baggage
Travelport	Baggage, bundled fares, sports equipment

Royal Jordanian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$8,716,502
As a % of Revenue	0.9%
Dollars per Passenger	\$2.67
Financial Period	Calendar Year 2018
Total Revenue	\$921,438,646
Passengers	3,260,000
Information Source	Alia - The Royal Jordanian Airlines Company Annual Report 2018 (Arabic) and Consolidated Financial Statements 31 December 2018
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> • All figures below are in Jordanian dinars (JOD). • Royal Jordanian disclosed ancillary revenue (إذ لخدمات) (إمدادات) in the Arabic edition of its annual report as <u>JOD 6,180,000</u>. Of this amount, JOD 5,257,000 can be attributed to excess baggage fees. • The airline lists the following “Travel Extras” at its website: <ul style="list-style-type: none"> – Excess baggage. – Lounge access. – Seat selection. – Car hire. – Hotel booking. – Meet & Greet. • Revenue for 2017 was JOD 653,300,000.

A la Carte Services Sold Through GDS (refer to A la Carte Services note on page 20)	
Amadeus	Baggage, bundled fares, lounge access, paid seats
Sabre	Baggage, lounge access, paid seats
Travelport	Baggage, bundled fares, lounge access, 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/Kulula, Egyptair (only 2016/2017 report was available during research time), El Al, Etihad Aviation Group (only 2015 report was available during research time), Ethiopian (only 2016/2017 report was available during research time), flyadeal (owned by Saudi Arabian Airlines), flynas (privately held), Jambojet (owned by Kenya Airways), Middle Eastern Airlines (only 2016 report was available during research time), Oman Air (only 2017 annual report was available during research time), Qatar Airways, Royal Air Maroc (only 2016 report was available during research time), Saudi Arabian Airlines (government owned), and South African Airways (only 2016/2017 report was available during research time).

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)	= 0.7405
Brazil real (BRL)	= 0.2582
Canada dollar (CAD)	= 0.7611
China yuan (CNY)	= 0.1511
Colombian peso (COP)	= 0.0003
Danish kroner (DKK)	= 0.1568
Ethiopian birr (ETB)	= 0.0363
euro (€)	= 1.1691
Great Britain pound (GBP)	= 1.3206
Hong Kong dollar (HKD)	= 0.1275
India rupee (INR)	= 0.0146
Japan yen (JPY)	= 0.0090
Jordanian dinar (JOD)	= 1.4104
Kenyan Shilling (KES)	= 0.0099
Korean won (KRW)	= 0.0009
Kuwait dinar (KWD)	= 3.2971
Malaysia ringgit (MYR)	= 0.2475
Mexican peso (MXP)	= 0.0502
Norway kroner (NOK)	= 0.1227
New Zealand dollar (NZD)	= 0.6767
Pakistan rupee (PKR)	= 0.0082
Philippine peso (PHP)	= 0.0187
Qatari riyal (QAR)	= 0.2747
Russian ruble (RUB)	= 0.0159
Singapore dollar (SGD)	= 0.7338
South African rand (ZAR)	= 0.0729
Sri Lankan rupee (LKR)	= 0.0063
Swedish kroner (SEK)	= 0.1119
Thai baht (THB)	= 0.0303
Turkish lira (TRY)	= .2180
UAE dirham (AED)	= 0.2723
Vietnamese dong (VND)	= 0.000044

Currency exchange rates are from XE.com, the Universal Exchange Converter.
As effective on 01 July 2018



We build revenue through innovation in product, partnership and marketing. We add knowledge and expertise to management teams through on-site workshops and consulting.

Our services include:

- Building ancillary revenue
- Creating a la carte strategies for airlines
- Enhancing existing frequent flyer programs
- Creating loyalty marketing programs

Enhancing Profits, Products and Partnerships

ANCILLARY REVENUE ACTIVITY

A La Carte Features • Branded Fares • Commission-Based Products • Frequent Flyer Activities • Strategic Business Plan for Ancillary Revenue • Onboard Marketing and Promotion • Employee Buy-In and Training • Revenue Analysis • Ancillary Revenue Guide by IdeaWorksCompany

LOYALTY MARKETING AND FREQUENT FLYER PROGRAMS

Elite Tier Program Enhancement • Accrual and Reward Design • Business Plan Development • Operating Manual and Training • Partner Selection and Negotiation • Partner Marketing • Mileage and Point Valuation

MASTER CLASS SEMINARS

Boost your revenue IQ with seminars at your headquarters:
Ancillary Revenue • A la Carte Pricing • Loyalty Marketing • Industry Trends and Research

Our clients:

Air Arabia

AirAsia X

airBaltic

Air New Zealand

Air Transat

Alaska Airlines

Avianca

British Airways

Finnair

Flybe Airlines

Hainan Airlines

Iberia

Icelandair

LATAM

Southwest Airlines

Vueling Airlines

WIZZ

Amtrak Intercity

Baymont Inns and Suites

Cartrawler

Forever Resorts

Fosshotel of Iceland

Lake Michigan Carferry

Marcus Hotels and Resorts

Marcus Theatres

Virgin Trains UK

VR Finnish Rail

Aeroplan

Kwik Trip Petroleum

Lacek Group

OgilvyOne

Roady's Truck Stops

TravelSky

Visa

The IdeaWorksCompany Difference

TOP STAFF DEDICATED TO YOUR PROJECT

The experienced consulting staff described is the consulting staff you get. IdeaWorksCompany doesn't make presentations with senior staff and then switch to inexperienced staff to do the work. The entire IdeaWorksCompany consulting team is highly skilled and available to you.

ANCILLARY REVENUE LEADERS

This movement began in Europe and that's where the bulk of our learning and consulting has occurred. Jay Sorensen is recognized as a leading expert, speaker and writer on all three components of ancillary revenue: a la carte features, commission-based services, and frequent flyer programs.

IT ALL BEGINS WITH RESEARCH

IdeaWorksCompany has an unparalleled research tradition. Please browse the free online library of more than 75 reports on topics related to ancillary revenue, loyalty marketing, and product development. Research, benchmarking, and analysis sharpen the skills and industry awareness of the consultants assigned to your project.

QUALITY AND IMAGINATION ARE THE KEYS

Technical excellence and imaginative solutions are our core strengths. Our people are not only experts in their fields, they are free thinkers who take pride in generating new approaches to business within their areas of expertise.

GREAT VALUE, MODEST FEES

Consultants are hired to improve revenues. But it's also nice when a consulting company offers value-based pricing. Our terms are on your terms; per project and retainer-based agreements are available.

The IdeaWorksCompany Mission Statement

IDENTIFY A CLIENT'S UNIQUE PRODUCT ADVANTAGE

IdeaWorksCompany strives to identify and enhance the following attributes:

- 1) where the client is strongest,
- 2) where the competition is weakest, and
- 3) what is most valued by the customer.

Enterprises that focus on these areas enjoy the greatest success and deliver the best return for stakeholders.

STRIVE TO INNOVATE, BE NIMBLE, AND EXCEED CLIENT EXPECTATIONS

Innovation excites the consumer and frustrates the competition. Nimbleness excites the client and sharpens staff intellect. Exceeding expectations earns repeat business and encourages referrals.

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