

- United: Travel represents 97% of redemption activity, with a small 3% slice represented by all other non-travel rewards. Within travel redemptions, 80% are for travel on United and 20% with other travel-related partners.
- Volaris: The Volaris co-branded credit card program had 282,000 accounts at the end of 2019, which average ancillary revenue of \$46.81 per account.
- Wizz Air: Take rates increased for 2019, with 34% of customers buying a bag-related service, and 30% of passengers buying a seat-related service. Among passengers, 7% were business travelers.

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

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.

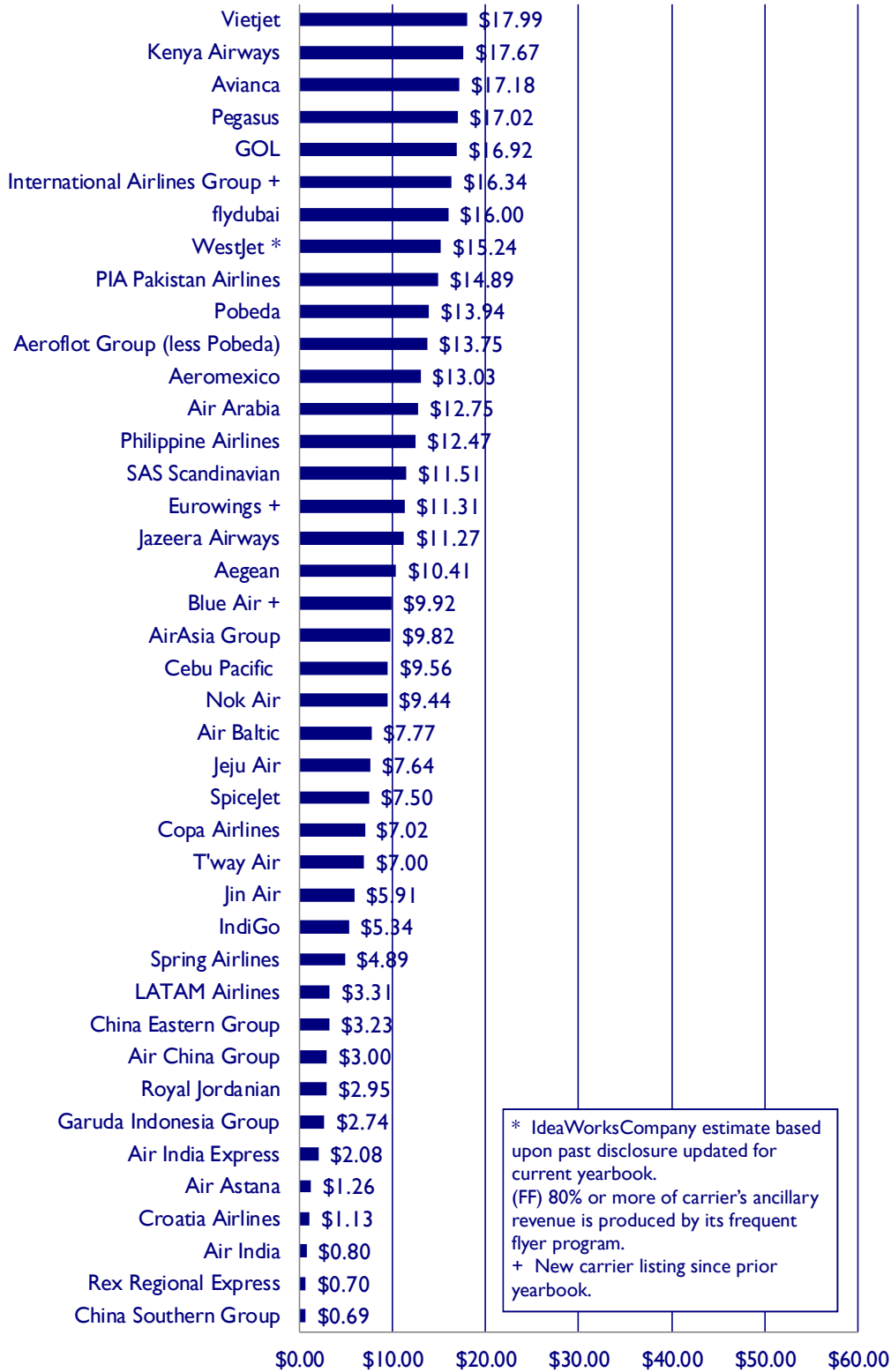
## About Individual Airline Listings

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 its regional carrier 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.

**Ancillary Revenue in US\$ per Passenger - 2019**  
Airlines ranked 41 through 81



## Europe and Russia

### Aegean

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$156,066,447
As a % of Revenue	10.5%
Dollars per Passenger	\$10.41
Financial Period	Calendar year 2019
Total Revenue	\$1,479,810,010
Passengers	14,992,000
Information Source	Annual Financial Report for 2019
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in euros.</li> <li>• Ancillary revenue grew by 10.5% for 2019 compared to 2018. The 2018 revenue amount is based upon the below disclosures and calculations.</li> <li>• Revenue for Aegean was €1,187,400,000 for 2018 and was distributed as follows:             <ul style="list-style-type: none"> <li>– International flights: 76% or €902,424,000.</li> <li>– Domestic flights: 24% or €284,976,000.</li> </ul> </li> <li>• Aegean disclosed ancillary revenue as a percent of revenue by geographic area:             <ul style="list-style-type: none"> <li>– International flights: 11% or €99,267,000.</li> <li>– Domestic flights: 9% or €25,648,000.</li> </ul>             2018 total ancillary revenue for Aegean was €124,915,000, when increased by 10.5%, the result for 2019 is <u>€138,031,075</u>.           </li> <li>• The airline has these ancillary revenue activities:             <ul style="list-style-type: none"> <li>– Booking for care hire, hotel, airport parking, airport transfers, ferry tickets, and tours/activities.</li> <li>– Checked baggage.</li> <li>– Co-branded credit cards.</li> <li>– Extra leg room seat assignment.</li> <li>– Fast track at Heraklion Airport.</li> <li>– Front of cabin seat assignment.</li> <li>– Hold my booking.</li> <li>– Onboard merchandise catalog.</li> <li>– Travel insurance.</li> </ul> </li> <li>• Revenue from the loyalty program was €1,309,000 for 2019 from the sale of flight tickets and services rendered.</li> <li>• Aegean revenue for 2019: €1,308,800,000.</li> </ul>
<b>Historical and Projected Total Ancillary Revenue</b>	
2018 Financials	\$146,033,211

This yearbook (2019)	\$156,066,447
Projected for 2020	\$64,292,825

*Projection is based upon 2019 results for the airline adjusted for passenger traffic for 2020. Traffic data is calculated for each airline based upon Cirium Core, schedules (data filed August 31, 2020) which compares available seat kilometer statistics for full calendar years 2019 and 2020.*

### **Aeroflot Group (less Pobeda)**

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$694,487,450
As a % of Revenue	7.0%
Dollars per Passenger	\$13.75
Financial Period	Calendar year 2019
Total Revenue	\$9,921,249,283
Passengers	50,500,000
Information Source	IFRS Consolidated Financial Statements for the year ended 31 December 2019, Aeroflot Group Q4 and 12 Months 2019 IFRS Results and Capital Markets Day London 12 December 2019
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in Russian rubles (RUB).</li> <li>• Figures include the operations of Aeroflot Airlines and principal airline subsidiaries such as Aurora and Rossiya. Results from its LCC unit Pobeda are listed separately in this yearbook.</li> <li>• The group included a significant presentation on its ancillary revenue strategy in Capital Markets Day presentation: <ul style="list-style-type: none"> <li>– For the group’s network carriers, the strategy will focus on passenger convenience, targeting of individual needs, the upscale nature of the Aeroflot product, and sales channel accessibility.</li> <li>– Key services are: FFP partners, seat selection, baggage fees, catering, merchandise, travel partners, and hotel bookings.</li> <li>– Ancillary revenue was approximately 7% of sales for SU code airlines through the 3<sup>rd</sup> quarter of 2019. The SU code reference is interpreted to include Aeroflot, Aurora, and Rossiya Airlines. Applying this to 2019 revenue generates ancillary revenue of <u>RUB 43,728,790,000</u>.</li> <li>– Seat selection for budget fares was introduced during 2019, and for the first nine months of 2019, this generated approximately one million transactions and sales of RUB 400 million.</li> </ul> </li> </ul>