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AIRLINE REVENUE AND TRANSFORMATION SERIES



# The 2021 CarTrawler Yearbook of Ancillary Revenue

By IdeaWorksCompany

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# **The 2021 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany**

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CarTrawler was established in 2004. Our headquarters are in Dublin, Ireland, with an office in New York. For more information visit [www.cartrawler.com](http://www.cartrawler.com).

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## About Jay Sorensen, Writer of the Report

Jay Sorensen's research and reports have made him a leading authority on frequent flyer programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has testified to the US Congress on ancillary revenue issues. His published works are relied upon by airline executives throughout the world and include first-ever guides on the



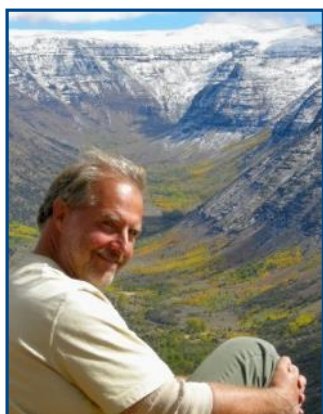
*Jay and sons Aleksei and Anton hiking on the Pacific Crest Trail in the Angeles National Forest in California.*

topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.

Mr. Sorensen is a veteran management professional with 37 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has enhanced the generation of

airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

## About Eric Lucas, Editor of the Report



Eric Lucas is an international travel, culture and natural history writer and editor whose work has appeared in Michelin travel guides, Alaska Airlines *Beyond Magazine*, *Westways* and numerous other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books, including the 2017 *Michelin Alaska* guide. Eric has followed and written about the travel industry for more than 30 years. He lives on San Juan Island, Washington, where he grows organic garlic, apples, beans and hay; visit him online at [TrailNot4Sissies.com](http://TrailNot4Sissies.com).

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

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## **Updates to the 2021 Yearbook**

This is Version 1.0 of the 2021 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany.

Readers are encouraged to visit the IdeaWorksCompany website to check for updates to this yearbook: <https://ideaworkscompany.com/reports/>

Updates will include corrections made to the data presented. These will be summarized in the listing for the September 14, 2021 yearbook on the Reports page of the website. The most up-to-date version of the yearbook will be available at the website through August 2022.

Every effort is made to provide accurate data. Users are kindly requested to advise IdeaWorksCompany using the contact form provided at the website: <https://ideaworkscompany.com/contact/>





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## Summary of the Results

### **Ancillary revenue was the only financial success for airlines in 2020**

Most of the world's airlines survived 2020, which is an amazing accomplishment. Global airline revenue dropped more than 55% for 2020.<sup>1</sup> The pain was not evenly distributed, with AirAsia, Etihad, Ryanair, Singapore, and Wizz Air losing more than 70% of their overall revenue. The staying power of the industry proves its resilience and illustrates humanity's love for travel. Airline operations changed with a host of new protocols to boost traveler and employee safety during the pandemic. Managers made dramatic financial, network, and marketing moves to stem gigantic losses and preserve core functions. Airlines are defined by "people and planes" and Covid-19 decimated both.

In a year of gloom, the positive performance of ancillary revenue provided desperately needed support. Ancillary revenue among the 73 airlines appearing in the 2021 and 2020 editions of the CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany did significantly drop. This yearbook has a total of 75 airline listings, with two of them not listed in the prior yearbook. More than \$34.7 billion of ancillary revenue was sliced from the 73 airlines during 2020. However, a closer look at the statistics reveals how ancillary revenue grew in financial importance and effectiveness during the pandemic.

Table 1: Top 10 Airlines – Ancillary Revenue as a % of Total Revenue				
Rank	Airlines	2020 Result	2019 Result	Change from 2019
1	Wizz Air	55.9%	45.4%	↑10.6 points
2	Spirit	55.8%	47.0%	↑ 8.7 points
3	Viva Aerobus	52.6%	45.0%	↑ 7.7 points
4	Allegiant	51.8%	46.5%	↑ 5.4 points
5	Frontier	49.2%	43.6%	↑ 5.6 points
6	Volaris	42.9%	38.5%	↑ 4.4 points
7	Ryanair Group	36.7%	34.5%	↑ 2.2 points
8	Pegasus	33.8%	26.4%	↑ 7.4 points
9	Vietjet Air	33.4%	25.2%	↑ 8.2 points
10	Southwest	27.9%	20.1%	↑7.8 points
2020 and 2019 carrier results were based upon 12-month financial period disclosures for each year.				

<sup>1</sup> 2021 Big Book of Airline Data, IdeaWorksCompany, issued 12 August 2021.

Table I reveals Allegiant, Spirit, Viva Aerobus, and Wizz Air passed the 50% threshold, which means ancillary revenue was the primary revenue source for these carriers. This has been a sought-after objective for top performing low cost carriers since the ancillary revenue revolution began.

Ancillary revenue as a percent of total revenue is a key measurement. It accurately reflects results for traditional and low cost carriers. Table I also shows each of the airlines in the top 10 ranking achieved better ancillary revenue as a percent of total revenue for 2020. Among the 73 airlines, 50 achieved a higher year-over-year result, six had no change, and only 19 posted decreases. Ancillary revenue represented 14.6% of total revenue for 2020 among all 75 airlines in this yearbook. That's a record for the results recorded in all prior yearbooks, and represents a 2.5-point increase over the 12.1% result for last year's publication.

This is the first year with Wizz Air in the #1 slot, which has traditionally been held by North American carriers such as Spirit, Viva Aerobus, and Allegiant. The 55.9% result for Wizz Air also represents a yearbook record; the prior record of 47.6% was established by Viva Aerobus for the 2018 period. Nine of the airlines featured in Table I are classified as "ancillary revenue champs" by IdeaWorksCompany (Southwest is classified as a US major airline). The improved results for 2020 occurred because fares were discounted during the pandemic (representing a smaller piece of the revenue pie) and take rates for key a la carte services, such as checked baggage and assigned seating, were higher.

Ancillary revenue per passenger is another key statistic. However, its reliability as a competitive benchmark has been hindered by the pandemic. With passenger traffic dropping to absurdly low levels, a modest amount of ancillary revenue can dramatically affect outcomes for this statistic. This is especially true for revenue-producing activities which don't directly correlate to traffic, such as co-branded credit card programs. Yearbook results reveal ancillary revenue per passenger jumped by nearly \$4 to \$25.33 for 2020 from \$21.56 for 2019.

**Table 2: Top 10 Airlines – Ancillary Revenue per Passenger**

Rank	Airlines	2020 Result	2019 Result	Change from 2019
1	Jet2.com	\$82.96	\$31.01	+\$51.94
2	Air Canada	\$64.86	\$49.47	+\$15.39
3	Japan Airlines Group	\$63.79	<i>New carrier listing for 2020</i>	
4	Allegiant	\$59.49	\$56.98	+\$2.51
5	Qantas Airways (FF)	\$59.36	\$37.37	+\$21.99
6	Icelandair	\$59.09	\$21.80	+\$37.29
7	United	\$57.47	\$40.51	+\$16.96
8	Hawaiian Airlines	\$56.82	\$37.17	+\$19.65
9	Frontier	\$54.77	\$48.22	+\$6.54
10	Spirit	\$54.72	\$52.14	+\$2.58

2020 and 2019 carrier results were based upon 12-month financial period disclosures for each year.  
(FF) 80% or more of carrier's ancillary revenue is produced by its frequent flyer program.

Jet2.com is an admirable revenue producer with all of its activities aimed at enticing customers to spend money on airline tickets, a la carte services, hotel accommodations, car rentals, and leisure activities. The somewhat opaque manner Jet2.com uses to report this activity does require additional calculations to determine the carrier's full ancillary revenue picture. The company operates all package operations "in-house" which provides a big ancillary revenue boost not seen for most other carriers.

Other airlines in the top 10, such as Air Canada, Japan Airlines Group, Qantas Airways, and United, benefit from frequent flyer programs which generated good results during the pandemic. Allegiant, Icelandair, Frontier, and Spirit are strong a la carte players with a dedication to vacation travelers which maintained solid ancillary revenue performance in 2020.

Total ancillary revenue did drop significantly for 2020, which is expected when passenger traffic decreases by nearly 55%.<sup>2</sup> However, the total ancillary revenue results fell by smaller percentages, which again reinforces the resiliency of this important activity. For prior years, the top 10 list was dominated by global network airlines and Ryanair. This mix of airlines changed for 2020 which allowed low cost carriers Spirit, JetBlue, and easyJet to join the top 10 list, ironically pushing Ryanair out.

Table 3: Top 10 Airlines – Total Ancillary Revenue				
Rank	Airlines	2020 Result	2019 Result	Change from 2019
1	American	\$3,782,000,000	\$7,413,000,000	-49.0%
2	Delta	\$3,676,400,000	\$6,198,000,000	-40.7%
3	United	\$3,319,515,000	\$6,580,000,000	-49.6%
4	Southwest (FF)	\$2,522,000,000	\$4,498,000,000	-43.9%
5	Air France & KLM *	\$1,262,249,758	\$1,712,952,448	-26.3%
6	Spirit	\$1,009,308,000	\$1,800,826,000	-44.0%
7	Alaska Air Group	\$960,743,000	\$2,033,560,500	-52.8%
8	Air Canada	\$892,458,089	\$2,549,719,104	-65.0%
9	easyJet	\$880,788,206	\$1,739,009,148	-49.4%
10	Japan Airlines Group	\$801,824,415	New carrier listing for 2020	
2020 and 2019 carrier results were based upon 12-month financial period disclosures for each year. * 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.				

<sup>2</sup> 2021 Big Book of Airline Data, IdeaWorksCompany, issued 12 August 2021.



Fees associated with baggage continue to be the leading a la carte source of ancillary revenue for the airline industry. Baggage revenue results compiled by the US DOT reveal year-over-year growth on a per passenger basis. Table 4 on the following page displays per passenger calculations for 11 leading US airlines. Every airline on the list, with the exception of Allegiant, generated meaningful revenue increases on a per passenger basis. Even Southwest Airlines, which includes 2 free bags with every ticket, had an increase which was due to more activity related to excess bags, sport equipment, and overweight baggage.

Table 4: US Airlines Baggage Revenue Analysis - 2020			
Airlines	Baggage Revenue	Per Passenger	Per Passenger Change from 2019
Alaska	\$167,339,000	\$9.33	+33.1%
Allegiant	\$145,339,000	\$16.85	-4.6%
American	\$667,119,000	\$7.00	+12.5%
Delta	\$440,992,000	\$6.29	+21.5%
Frontier	\$231,849,000	\$20.63	+1.9%
Hawaiian	\$26,026,000	\$7.74	+6.1%
JetBlue	\$207,166,000	\$14.51	+71.6%
Southwest	\$34,059,000	\$0.63	+66.1%
Spirit	\$417,683,000	\$22.65	+3.1%
Sun Country	\$36,263,000	\$21.59	+9.1%
United	\$462,123,000	\$8.00	+29.1%
Source: US DOT Bureau of Transportation Statistics			

The ultra-low cost carriers listed in Table 4 (Allegiant, Frontier, Spirit, and Sun Country) did not achieve the larger increases associated with network airlines. However, these airlines already boast great per passenger rates. Alaska, Delta, and United had per passenger increases ranging from 21.5% to 33.1%. ULCCs have already learned how to capture baggage revenue through various methods such as discounts for pre-payment online and stringent policy enforcement at airports. The network airline results suggest these airlines adopted more effective revenue generating methods during the pandemic. However, the larger share assumed by leisure travel when business travel disappeared may be the key factor for these airlines. These three airlines, along with American, also sell basic economy fares, which have the lowest boarding priority. The anticipation of full overhead baggage bins provides extra encouragement for basic economy travelers to check bags.

Revenue generated by seat assignments and extra leg room seating is believed to have increased as a percentage of airline revenue and on a per passenger basis for 2020. Revenue disclosures are limited, but JetBlue and Spirit Airlines posted slightly higher per passenger results for 2020 compared to 2019. Conversations with airline executives during 2020 indicate increased passenger appetite for front-of-cabin seating to permit quick exit upon arrival (and less opportunity for viral transmission). Seats providing extra personal space have also been more highly valued during the pandemic.

Frequent flyer programs were crucial revenue sources during 2020 because they are not directly linked to aircraft operations and passenger traffic. The co-branded credit cards associated with large programs – especially those in the US – generate revenue based upon everyday consumer spending. The pandemic did crimp charge activity, but certainly far less than the drop in travel spending. Table 5 displays results found in the yearbook for a sample of airlines from all over the world. Attractive per passenger revenue is realized in markets which support consumer charge activity with card portfolio economics that command good prices for the miles or points sold to local card-issuing banks.

<b>Table 5: Frequent Flyer Revenue Analysis – 2020</b>			
Sampling of airlines, appearing in order of total loyalty program revenue disclosed.			
<b>Airlines – Program Name</b>	<b>Frequent Flyer Revenue</b>	<b>Per Passenger</b>	<b>Per Program Member</b>
American - AAdvantage	\$2,890,000,000	\$30.32	\$25.13
Delta - SkyMiles	\$2,800,000,000	\$39.92	\$21.37
United - MileagePlus	\$2,539,000,000	\$43.96	\$25.39
Qantas – Frequent Flyer	\$546,456,696	\$59.36	\$40.48
Air Canada - Aeroplan	\$505,873,521	\$36.76	<i>not known</i>
Air China – Phoenix Miles	\$217,372,058	\$3.16	\$3.19
SAS Scandinavian - Eurobonus	\$204,498,649	\$16.22	\$30.52
China Southern – Sky Pearl	\$168,570,590	\$1.74	\$3.44
Azul - TudoAzul	\$164,235,885	\$11.10	\$13.03
Aeroflot - Bonus	\$128,086,558	\$6.07	\$13.07
GOL - SMILES	\$107,042,934	\$6.38	\$5.88
<i>All airlines are calendar year 2020 (Qantas, which has fiscal years ending June 30, was recalculated).</i>			

The five largest US airlines (Alaska, American, Delta, Southwest, and United) generated revenue of \$19.5 billion from their frequent flyer programs in 2019, or \$25.71 per passenger. More than 90% of this windfall of cash is courtesy of co-branded credit card programs. The total dropped by 43% to \$11.1 billion for 2020. However, when measured on a per passenger basis, the result was \$37.64, which is a stunning 46.4% increase. It's true, cardholders were a little less enchanted by the lure of reward travel during 2020, but these programs continued to deliver bountiful revenue for their airline owners.

The number of airlines that disclosed ancillary revenue dropped to 75 for 2020, which is fewer than the 81 in the prior yearbook. Companies are prone to announce bigger and better results with great fanfare, and to whisper their troubles and failings. The yearbook relies upon voluntary disclosure because ancillary revenue does not fall under mandatory reporting categories. 2020 is hopefully a “low water mark” for the ancillary revenue revolution in terms of total dollars. More robust results are expected for the 2021 financial period. But ancillary revenue continues to provide amazing cashflow, even in the depths of a pandemic. Consumers benefit from a la carte products and the choice of minimum price or maximum convenience. The billions in revenue realized by the 75 airlines included in this yearbook very likely represent the difference between a difficult survival or disappearance from the route map of the global airline industry.

## Interesting Items Identified in this Yearbook

Airlines are increasingly more revealing about the results produced by ancillary revenue, loyalty marketing, and retail activities. During the course of its global review of financial disclosures, IdeaWorksCompany uncovered the following examples during 2020 (presented in alphabetical order):

- **Aeromexico:** Club Premier Corporativo is the carrier's corporate loyalty program and had approximately 8,100 active companies enrolled at the end of 2020.
- **Air Canada:** During 2020, more than 150 million Aeroplan points were donated by Aeroplan members to charities.
- **Air China:** The airline had 12.3 million users of its mobile app at the end of 2020.
- **Air France/KLM:** The two airlines sent 42 million customer emails during the year, which yielded a 56% customer open rate (unsubscribe rate of 0.12%).
- **AirAsia:** Dynamic pricing enhancements for a la carte services were believed to produce a per passenger revenue increase of 13% for seat assignment and 18% for baggage.
- **airBaltic:** Mobile is the main source of traffic to airBaltic.com with a 57.5% share.
- **Allegiant:** 3rd party commission revenue from hotels, car rental, and other vendors, was \$46,482,000, which is approximately \$5.39 per passenger.
- **American:** 74% of pro-forma cashflows from the AAdvantage frequent flyer program came from 3rd parties during 2019; this activity included Citi, Barclays, travel, retail, lifestyle, hospitality partners and direct mileage sales to members. The program operates at a 53% margin (cashflow from operations divided by cash collections).
- **American:** 61% of the carrier's revenue in 2019 originated from spending by AAdvantage members (56% in 2020).
- **ANA Group:** ANA X Inc. is the carrier's new "customer asset business" which principally consists of the ANA Mileage Club (which has 37.4 million members) and the company's marketing database of customers.
- **Azul:** Gross partner billings for the TudoAzul frequent flyer program averaged \$12.74 per member.
- **Cebu Pacific:** Revenue from checked baggage averaged \$7.17 per passenger.
- **Copa Airlines:** The ConnectMiles frequent flyer program generated revenue of \$24,006,000 during 2020, which represents \$8.42 per passenger.
- **Delta:** During 2019, approximately 3% of reward redemption was related to non-air rewards; air travel dominates member choices for rewards.

- easyJet: The carrier disclosed that 97% of easyJet passengers fly for leisure travel, which suggests only 3% fly for business travel.
- Emirates: Emirates Holidays now offers video appointments to provide personalized travel support and flexibility to book packages with a nominal deposit.
- Garuda Indonesia Group: GarudaMiles members may now redeem miles for the following: elite level upgrades, pre-paid baggage, and lounge vouchers.
- GOL: Over 90% of Smiles reward travel is redeemed on GOL.
- Hawaiian Airlines: Approximately 58% of frequent flyer program members reside in the U.S. mainland.
- International Airlines Group: Effective from August 1, 2020, IAG Loyalty renewed its co-brand and marketing contracts with American Express through 2028. The extension with American Express generated a £750 million cash injection in the third quarter of 2020.
- Japan Airlines Group: JALCARD, the carrier's co-branded credit card program, was calculated to provide revenue of JPY 5,195 (\$48.31) per cardholder.
- Jazeera Airways: The airline introduced Priority Service to provide a faster travel experience for KWD 10 (\$33) for one-way travel. This service includes priority check-in, priority baggage, and priority boarding, and will be available at all airports.
- Jeju Air: Buy-on-board revenue from its Air Café was KRW 6.5 billion which is approximately \$0.98 per passenger.
- Jet2.com: Passengers had higher purchase rates of extra leg room seating and advance seat assignments during 2020.
- JetBlue: Revenue from Even More Space seats was calculated to be \$105 million for 2020, or an average of \$7.35 per passenger.
- Jin Air: Sales of assigned seating generated 2020 revenue of KRW 2.1 billion, which is approximately \$0.40 per passenger.
- LATAM: The company introduced Premium Economy on Airbus A320 flights; the service includes airport lounge access, a blocked middle seat, and other features.
- Lufthansa Network Airlines: Miles & More, which is the group's frequent flyer program, disclosed it has more than 1.4 million co-branded credit card accounts.
- Norwegian: At the end of 2020, Bank Norwegian (the issuer of the carrier's co-branded card) had a portfolio of 1,264,300 credit card customers.

- Pegasus: BolBolShop was introduced during 2020, which allows members of the BolBol loyalty program to redeem their BolPoints with 46 retail brands.
- PIA Pakistan Airlines: The airline introduced a new co-branded credit card with Askari Bank during 2020. The card provides a 3% rebate on domestic travel and 5% for international travel.
- Qantas: The Points Club was introduced as a recognition program for members who primarily accrue points through non-airline methods. Rewards start at the 150,000-point threshold and include: two lounge invitations, Qantas Hotels \$50 voucher, and 2,500 bonus points.
- Ryanair: The airline anticipates the reintroduction of “inflight duty free” on flights to and from the UK later in 2021.
- SAS Scandinavian: Eurobonus was spun off as a separate company under the group’s umbrella during 2020 as a method to increase ancillary revenue.
- Southwest: Rapid Rewards program members redeemed approximately 4.1 million (2019: 10.7 million) flight rewards, accounting for approximately 15.8% (2019: 14.1%) of revenue passenger miles flown.
- Spirit: Revenue from advance seat selection was \$125,213,000 for 2020, which was \$6.79 per passenger.
- T’way Air: Seat assignment revenue for 2020 was KRW 900 million, which is approximately \$0.16 per passenger.
- Thai Air Asia: The airline disclosed revenue from “advertising” of THB 7.3 million, which is equivalent to \$0.02 per passenger.
- Transavia: A partnership with Takeaway.com offers “in-flight delivery” direct to the aircraft before departure.
- United: For the MileagePlus program, 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.
- United: An investor presentation for the MileagePlus program describes a price of \$0.02 (two cents) per mile as the usual rate for program partners. The airline buys miles from the program at a fixed rate of \$0.01 per mile (one cent).
- Virgin Australia: The airline entered bankruptcy during 2020 with Bain Capital becoming the primary investor. During 2020, 70% of points were accrued with Velocity program partners (such as co-branded credit cards) rather than from buying travel from the airline.



- **Volaris:** Members of the V-Club subscription program have exclusive access to the lowest fares and promotions through the Volaris website. The program had 395,940 members at the end of 2020 (2019: 632,000) which represents a 32% year-over-year decrease.

## 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.

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 carrier'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 an 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.

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 via email to Jay "at" IdeaWorksCompany.com.

## 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 included in each listing. The exchange rates used are listed at the end of this yearbook. The rate for 01 July is used as a midway point of the year, as has been practice for prior editions of the 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.

New for the 2021 edition is the inclusion of prior year results for each airline. The end of each airline listing provides total ancillary revenue for 2018, 2019, and 2020 periods. Occasionally, commentary on these results is offered as a bullet point above the results.

Sprinkled throughout the airline listings is jargon which might be unknown to some readers. Every industry has its own dialect, 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, but the base price increases.
- **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. Unlike other methods, to include continuous pricing, this process does not use filed fares and managed inventory classes. Dynamic pricing will rely upon new technology based upon NDC to create a direct link between the consumer’s booking request and a carrier’s response to price it.
- **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 methods 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.

## Frequent Flyer Programs and Ancillary Revenue

Frequent flyer programs appear prominently in the financial disclosures of major airlines in Australia, Brazil, Canada, and the United States. Robust revenue results are created by large co-branded credit card portfolios associated with the loyalty programs. The cash generating aspect of co-branded cards warrants more explanation for readers of the yearbook.

Co-branded credit cards are issued by banks (program partners) having a marketing relationship with an airline and its frequent flyer program. Consumers accrue miles or points for purchases made with these cards, such as one point for every dollar charged. Banks pay airlines for the miles or points deposited to a member's account. For purposes of this discussion, let's assume the bank pays the airline \$0.02 (2 cents) per mile accrued by a cardholder.

This activity is typically recorded as two types of revenue by the carrier. The travel-related component is the largest and is tied to the rewards redeemed by members. For this example, let's assume this equals \$0.015 (1.5 cents) per mile. The majority of rewards are for airline travel; this revenue is recorded by the airline when travel occurs. The marketing component is smaller and is the revenue attributed to the value a program delivers beyond the benefit of reward travel. Continuing this example, this would equal \$0.005 (0.5 cents) per mile. This revenue is recorded when points or miles are sold to banks (usually well before reward travel is taken). The yearbook strives to use the annual sales figure for total miles or points sold by an airline to program partners (for both components); the full 2 cents, using this example. Other program partners participating in this activity include hotel chains, car rental companies, other service companies, and retailers.

Frequent flyer programs have begun to adopt "arms-length relationships" with airlines to facilitate and manage the flow of program currency (miles or points) and rewards between entities. These are intra-company transactions, in which the airline buys miles or points from the program, and the program buys travel rewards from the airline. When these are disclosed, the information is included in the yearbook. However, these accounting transactions are not included in ancillary revenue calculations.

Airlines have been eager to separate the financial reporting of frequent flyer programs from their passenger transport activities. Management believes a stand-alone structure allows frequent flyer programs to operate as independent marketing entities. The hoped-for outcome is better revenue and profits for the airline. The extreme financial pain wrought by the pandemic also allowed airlines to borrow billions of dollars against the value of the cash streams generated by frequent flyer programs and their co-branded credit card portfolios.



# Driving Successful Partnerships

Connecting partners, customers and suppliers through our global online travel marketplace



## B2B Focus & Customer Ownership

Delivering long term sustainable growth by building your brand and providing true customer ownership

## Choice

We create a one stop mobility marketplace for our partners and their customers with car rental, private transfer, taxi and ride hailing options



## Online & Mobile Retailing Expertise

Maximising conversion and revenue through bespoke partner solutions focused on cross selling the right product, at the right time, on the right device

## Technology

Built in house with B2B in mind. Our understanding of travel distribution supports seamless integration to drive your ancillary capabilities right away



## Bespoke Pricing & Personalisation

Pricing, content and display is personalised based on each customer's itinerary and powered by data science

## Maximising Revenue & Performance

Powered by trading squads: data driven, cross-functional teams that are fully enabled to deliver optimisations at pace



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## Ancillary Revenue Data and Graphs

### Airlines Posting Ancillary Revenue Results

For most recent 2020 full-year period, listed in alphabetical order.

Table 1 of 3

<b>Carriers</b> <i>See bottom for icon legend</i>	<b>Ancillary Revenue in US\$</b>	<b>% of Total Revenue</b>	<b>US\$ per Passenger</b>	<b>Region</b>
Aegean	\$66,888,033	14.3%	\$12.92	Europe & Russia
Aeroflot Group (less Pobeda)	\$261,279,354	7.0%	\$12.38	Europe & Russia
Aeromexico	\$86,546,059	6.9%	\$9.13	The Americas
Air Arabia	\$76,963,376	15.3%	\$17.49	Middle East & Africa
Air Astana	\$3,949,000	1.0%	\$1.07	Asia & South Pacific
Air Canada	\$892,458,089	20.8%	\$64.86	The Americas
Air China Group	\$230,806,795	2.3%	\$3.36	Asia & South Pacific
Air France & KLM *	\$1,262,249,758	10.7%	\$43.70	Europe & Russia
Air Greenland	\$3,864,225	2.3%	\$15.71	Europe & Russia
Air India (pp)	\$29,378,452	0.8%	\$1.33	Asia & South Pacific
Air India Express (pp)	\$10,185,263	1.5%	\$2.10	Asia & South Pacific
Air New Zealand (pp)	\$425,327,353	13.6%	\$31.45	Asia & South Pacific
AirAsia Group	\$128,523,423	17.6%	\$9.66	Asia & South Pacific
AirAsia X	\$38,480,031	14.6%	\$33.64	Asia & South Pacific
airBaltic	\$13,363,408	8.6%	\$9.97	Europe & Russia
Alaska Air Group	\$960,743,000	26.9%	\$53.59	The Americas
Allegiant	\$513,001,000	51.8%	\$59.49	The Americas
American	\$3,782,000,000	21.8%	\$39.81	The Americas
ANA Group	\$418,619,826	6.2%	\$31.98	Asia & South Pacific
Avianca	\$208,561,000	12.2%	\$27.27	The Americas
Azul	\$281,105,386	26.0%	\$19.00	The Americas
Bangkok Airways	\$52,066,747	15.8%	\$27.63	Asia & South Pacific
Cebu Pacific	\$57,367,571	12.6%	\$11.41	Asia & South Pacific
China Eastern Group	\$188,934,822	2.3%	\$2.53	Asia & South Pacific
China Southern Group	\$223,723,719	1.7%	\$2.31	Asia & South Pacific
Copa Airlines	\$32,040,000	4.0%	\$11.23	The Americas

*Table continued on following page*

*2020 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.*

*(pp) Results are largely prior to the pandemic. + New carrier listing since prior yearbook.*

## Airlines Posting Ancillary Revenue Results

Table 2 of 3

Carriers <i>See bottom for icon legend</i>	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Region
Delta	\$3,676,400,000	24.0%	\$52.41	The Americas
easyJet	\$880,788,206	23.5%	\$18.31	Europe & Russia
Emirates	\$203,675,970	2.5%	\$30.86	Middle East & Africa
Eurowings	\$81,466,343	12.1%	\$11.26	Europe & Russia
Finnair	\$107,645,920	11.5%	\$30.88	Europe & Russia
flydubai	\$102,164,738	13.4%	\$31.93	Middle East & Africa
Frontier	\$615,450,100	49.2%	\$54.77	The Americas
Garuda Indonesia Group	\$45,251,598	3.0%	\$4.19	Asia & South Pacific
GOL	\$175,670,739	14.8%	\$10.47	The Americas
Hawaiian Airlines	\$191,034,200	22.6%	\$56.82	The Americas
HK Express	\$20,884,103	18.8%	\$36.51	Asia & South Pacific
Icelandair	\$52,652,000	12.1%	\$59.09	Europe & Russia
IndiGo	\$204,326,962	9.8%	\$6.09	Asia & South Pacific
International Airlines Group	\$588,902,005	6.7%	\$18.83	Europe & Russia
Japan Airlines Group +	\$801,824,415	17.9%	\$63.79	Asia & South Pacific
Jazeera Airways	\$10,840,545	8.1%	\$15.57	Middle East & Africa
Jeju Air	\$48,508,981	15.6%	\$8.79	Asia & South Pacific
Jet2.com	\$110,330,575	22.4%	\$82.96	Europe & Russia
JetBlue	\$611,000,000	20.7%	\$42.81	The Americas
Jetstar Group *	\$204,477,594	23.3%	\$27.98	Asia & South Pacific
Jin Air	\$23,752,760	10.5%	\$5.43	Asia & South Pacific
Kenya Airways	\$43,504,028	8.8%	\$24.17	Middle East & Africa
LATAM Airlines	\$65,412,000	1.7%	\$2.31	The Americas
Lufthansa Network Airlines	\$763,880,674	8.0%	\$26.23	Europe & Russia
Norwegian	\$196,740,349	20.6%	\$28.64	Europe & Russia

Table continued on following page

2020 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.  
 (pp) Results are largely prior to the pandemic. + New carrier listing since prior yearbook.

## Airlines Posting Ancillary Revenue Results

Table 3 of 3

Carriers <i>See bottom for icon legend</i>	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Region
Pegasus	\$239,893,378	33.8%	\$16.31	Europe & Russia
Philippine Airlines	\$79,897,311	7.2%	\$20.75	Asia & South Pacific
PIA Pakistan Airlines	\$4,171,925	0.7%	\$1.64	Asia & South Pacific
Pobeda	\$91,084,968	17.0%	\$10.02	Europe & Russia
Qantas Airways (FF)	\$546,456,696	13.5%	\$59.36	Asia & South Pacific
Rex Regional Express (pp)	\$821,760	0.4%	\$0.92	Asia & South Pacific
Royal Jordanian	\$5,953,456	2.0%	\$7.93	Middle East & Africa
Ryanair Group	\$675,376,811	36.7%	\$24.56	Europe & Russia
SAS Scandinavian	\$358,303,159	16.2%	\$28.41	Europe & Russia
Southwest (FF)	\$2,522,000,000	27.9%	\$46.63	The Americas
SpiceJet	\$94,018,990	11.6%	\$9.39	Asia & South Pacific
Spirit	\$1,009,308,000	55.8%	\$54.72	The Americas
Spring Airlines	\$86,265,151	6.5%	\$4.64	Asia & South Pacific
SriLankan Airlines (pp)	\$98,512,767	10.0%	\$18.74	Asia & South Pacific
Sun Country	\$67,422,000	16.8%	\$40.15	The Americas
Thai AirAsia +	\$73,631,176	16.8%	\$7.75	Asia & South Pacific
Transavia	\$105,612,584	15.5%	\$20.38	Europe & Russia
T'way Air *	\$17,786,651	7.9%	\$3.84	Asia & South Pacific
United	\$3,319,515,000	21.6%	\$57.47	The Americas
Vietjet Air	\$218,843,697	33.4%	\$14.59	Asia & South Pacific
Virgin Australia Group (pp)	\$660,590,057	21.1%	\$35.71	Asia & South Pacific
Viva Aerobus	\$189,518,219	52.6%	\$23.33	The Americas
Volaris	\$415,901,030	42.9%	\$31.62	The Americas
Wizz Air	\$465,377,185	55.9%	\$45.69	Europe & Russia

2020 carrier results were based upon recent 12-month financial period disclosures.

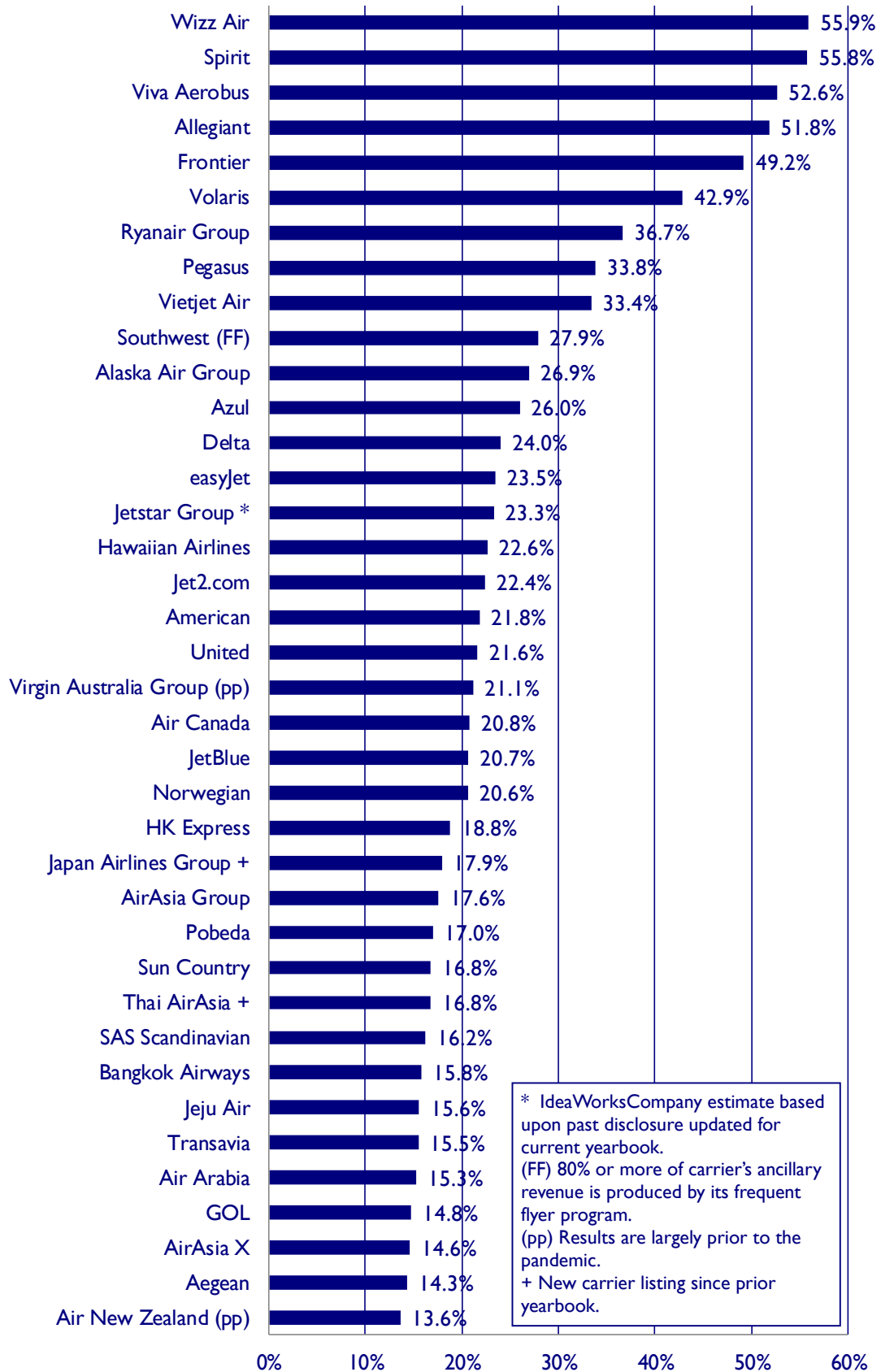
\* IdeaWorksCompany estimate based upon past disclosure updated for current yearbook.

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

(pp) Results are largely prior to the pandemic. + New carrier listing since prior yearbook.

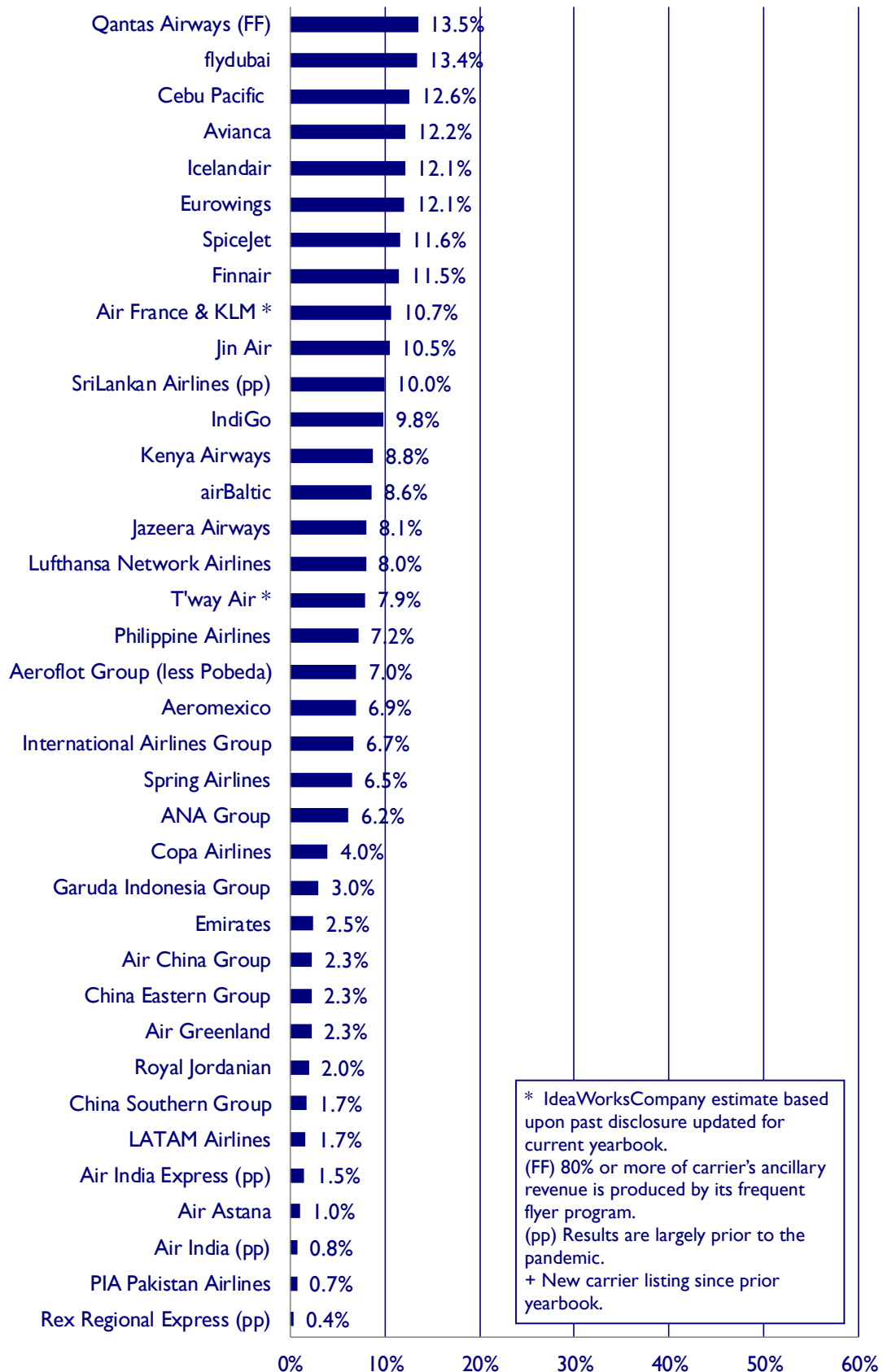
## Ancillary Revenue as a % of Total Revenue - 2020

Airlines ranked 1 through 38



## Ancillary Revenue as a % of Total Revenue - 2020

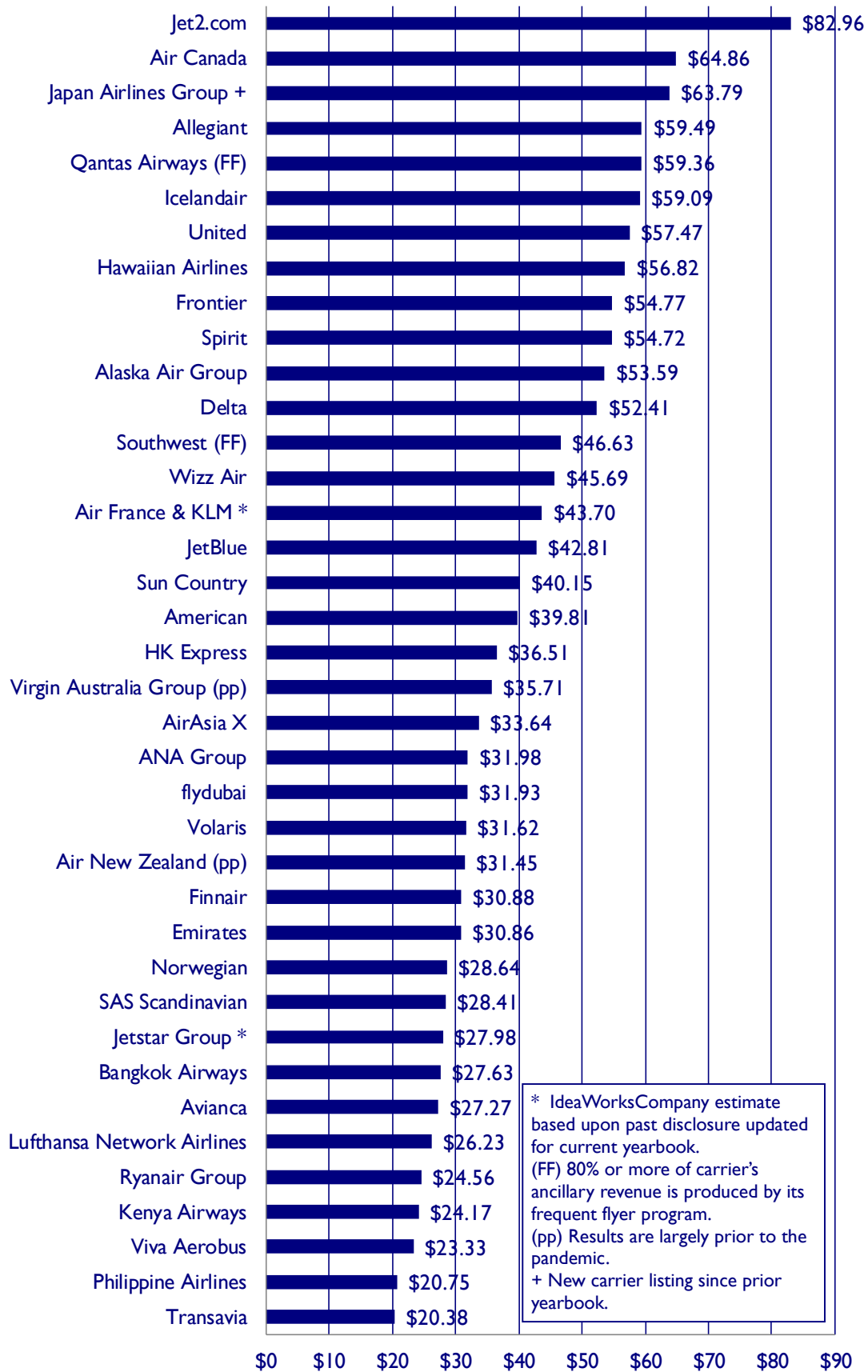
Airlines ranked 39 through 75





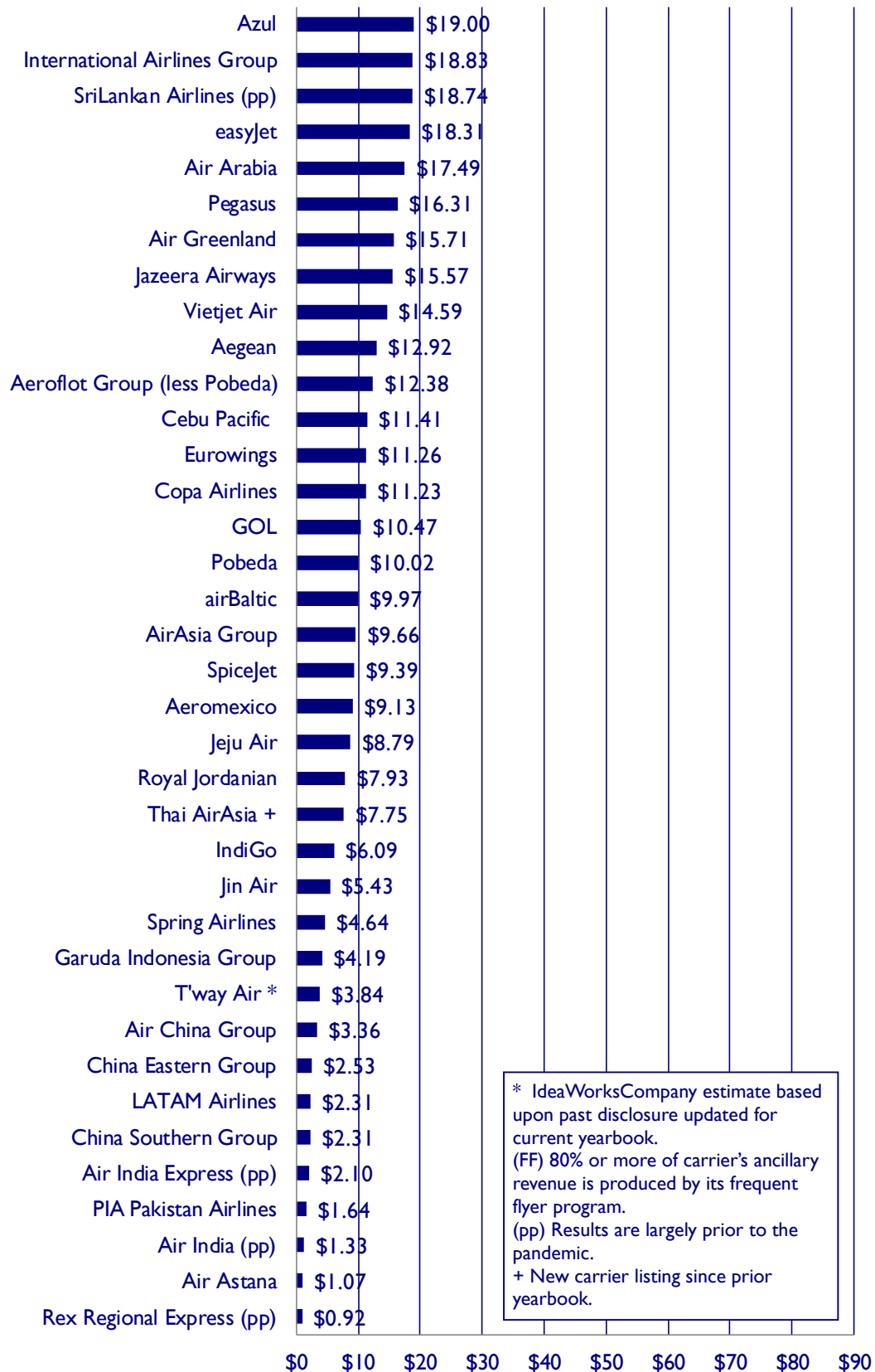
## Ancillary Revenue in US\$ per Passenger - 2020

Airlines ranked 1 through 38



## Ancillary Revenue in US\$ per Passenger - 2020

Airlines ranked 39 through 75



# Airline People

## Helping Airlines Thrive

IdeaWorksCompany experts provide an informed outside perspective during COVID-19 with 140+ years of professional airline management. We use imagination and savvy to help clients build revenue and find solutions in a challenging world.

**Revenue • Strategy • Loyalty • Marketing • Guest Experience • Diversity**



**Bob Bahlman**

Business restructuring and segment analysis. Former SVP and CFO, Midwest Air Group.



**Ben Baldanza**

Airline management and strategy. Former CEO, Spirit Airlines; manager at American, Avianca/Taca, Continental, Northwest and US Air.



**Jerry Scott**

People diversity and affirmative action. Former executive and manager, Midwest Express and Eastern.



**Michael Smith**

Loyalty partnerships and fraud prevention. Managing partner, Airline Information; former FFP manager, British Airways.



**Dinaz Zaq**

Revenue management and pricing. Former revenue management executive, British Airways.



**Jay Sorensen**

Ancillary revenue and loyalty marketing. Former marketing and operations executive, Midwest Airlines; founder and president, IdeaWorksCompany.

IdeaWorksCompany: We are travel people

Reach Jay Sorensen, President, direct  
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## **Europe and Russia**

### **Aegean**

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$66,888,033
As a % of Revenue	14.3%
Dollars per Passenger	\$12.92
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$467,408,383
Passengers	5,177,000
Information Source	Annual Financial Report for 2020 and corporate presentation dated May 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in euros.</li> <li>• The company defined ancillary revenue to include baggage fees, reissuing tickets fees, “fast track” and “chargeable seat” services, and other similar activities.</li> <li>• The company’s annual report disclosed “Other operating income related to flights.” The 2019 amount was €131,561,200 which was very close to the ancillary revenue disclosure for the year (€130,800,000). Accordingly, the amount disclosed for 2020 of <u>€59,403,050</u> is assumed to represent Aegean’s ancillary revenue for the year.</li> <li>• The airline has these ancillary revenue activities: <ul style="list-style-type: none"> <li>– Booking for car hire, hotel, airport parking, airport transfers, ferry tickets, travel packages, and tours/activities (Get Your Guide).</li> <li>– Checked baggage.</li> <li>– Co-branded credit cards.</li> <li>– Extra leg room, up front, and standard seat assignment.</li> <li>– Fast track at 7 airports.</li> <li>– Hold my booking.</li> <li>– Onboard merchandise catalog.</li> <li>– Travel insurance.</li> </ul> </li> <li>• The company disclosed the following activity for its Miles&amp;Bonus frequent flyer program: <ul style="list-style-type: none"> <li>– Mileage accrual value: €7,424,520.</li> <li>– Mileage redemption value: €4,477,340.</li> </ul> </li> <li>• Aegean revenue for 2020: €415,103,900.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$146,033,211



2019	\$156,066,447
2020	\$66,888,033
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

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

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$261,279,354
As a % of Revenue	7.0%
Dollars per Passenger	\$12.38
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$3,732,562,088
Passengers	21,100,000
Information Source	IFRS Consolidated Financial Statements for the year ended 31 December 2020 and Aeroflot Group 12 Month IFRS Results Presentation dated 11 March 2021
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>• As a component of its reorganization, Aeroflot is transferring aircraft and routes to Pobeda and Rossiya. The routes will operate on a codeshare basis with Aeroflot. The long range vision for Aeroflot is a focus on premium traffic in medium- and long-haul markets.</li> <li>• The group included a significant presentation on its ancillary revenue strategy in its 19 December 2019 Capital Markets Day presentation. This included the disclosure that 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. Repeating this rate for 2020 revenue generates ancillary revenue of <u>RUB 18,497,500,550</u>.</li> <li>• The same presentation also indicated the Aeroflot Bonus frequent flyer program had 9.8 million members (2019).</li> <li>• Aeroflot listed the following examples of ancillary revenue categories and results for 2020: <ul style="list-style-type: none"> <li>– Loyalty program partners: RUB 9,068,000,000.</li> <li>– Sales of goods onboard: RUB 448,000,000.</li> <li>– Hotel revenue: RUB 175,000,000.</li> </ul> </li> </ul>



	<p>Total for the above is RUB 9,691,000,000, which represents 3.7% of revenue.</p> <ul style="list-style-type: none"> <li>For 2020, the group airlines reported this traffic: <ul style="list-style-type: none"> <li>Aeroflot: 14.6 million passengers.</li> <li>Aurora: 0.8 million passengers.</li> <li>Rossiya: 5.7 million passengers.</li> </ul> </li> </ul> <p>The total for the above is 21.1 million passengers. Pobeda carried an additional 9.1 million passengers.</p> <ul style="list-style-type: none"> <li>Total revenue for the group: RUB 302,182,000,000. Aeroflot revenue for the year ended 31 December 2020 was RUB 264,250,000,000 (group revenue less LCC Pobeda revenue of RUB 37,932,000,000).</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$535,761,460
2019	\$694,487,450
2020	\$261,279,354
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### airBaltic

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$13,363,408
As a % of Revenue	8.6%
Dollars per Passenger	\$9.97
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$155,292,752
Passengers	1,340,000
Information Source	Air Baltic Corporation Sustainability and Annual Report for the Year Ended 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures are in euros.</li> <li>Activity for Air Baltic Group includes Air Baltic Corporation (airline), loyalty services (airBaltic Club FFP), and cargo, crew training, and pilot services.</li> <li>Ancillary revenue includes sale of ticket related services, like advance seat reservations, baggage fees as well as different service fees, and income on inflight service. Total ancillary revenue was <u>€11,868,000</u>.</li> <li>The annual report made significant disclosures for airBaltic's distribution activity: <ul style="list-style-type: none"> <li>Mobile is the main device generating traffic to airBaltic.com with 57.5% share (+8.86 points vs 2019).</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– AirBaltic.com accounts for 63% (+12 points vs 2019) of all airBaltic flight bookings. Each year the number of people purchasing flight tickets on mobile devices grows significantly. 69% of bookings are made on desktop, while 31% (+6 points vs 2019) on mobile phones and tablets.</li> <li>– In 2020, every 9th booking on the company's website came from a metasearch engine. In total, metasearch partners brought to airBaltic more than 47,000 bookings.</li> <li>• Loyalty services generated a net loss of €776,000. The airline is evaluating a restructuring of its loyalty division. The airBaltic Club has 2,360,000 members.</li> <li>• AirBaltic revenue for 2020: €137,915,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	No data
2019	\$39,223,784
2020	\$13,363,408
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Air France & KLM

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,262,249,758 (estimate based upon company guidance)
As a % of Revenue	10.7%
Dollars per Passenger	\$19.55
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$11,802,767,138
Passengers	28,883,000
Information Source	Results Presentation Full Year 2020, Registration Document 2020 and company guidance, and 18 February 2021 annual results press release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• These results apply to Air France and KLM; Transavia results are listed separately.</li> <li>• 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 2020, the company provided guidance to IdeaWorksCompany for the calculations described below.</li> </ul>

- Air France/KLM disclosed in financial documents ancillary revenue (paid options) was €730 million for 2019. The reduction of this activity for 2020 is assumed to be 50% for total revenue of €365 million. Examples of paid options include: various seating options in the economy cabin, upgrades paid just before departure, additional allowance for checked bags (in advance or at the airport), lounge access, a la carte meals, personalized services at the airport, UM (unaccompanied minor) option for teens, travel insurance, car rentals, hotel bookings, city transfers, "time to think" option to hold a fare, and city tours.
- The company disclosed other network revenue in its 2020 Registration Document of €636 million. Air France/KLM advised IdeaWorksCompany a large portion of this activity largely qualifies as ancillary revenue. Based upon company guidance, IdeaWorksCompany estimates the qualifying component is approximately 70%. Accordingly, the €636 million amount is reduced to €445 million.
- Flying Blue, the loyalty program of Air France/KLM, disclosed on the Air France/KLM profile page it has 15 million members (viewed May 2021). 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 approximately €27 per member in 2020. Applying this statistic to Flying Blue's membership base of 15 million generates a conservative sales revenue estimate of €405 million.
- Transavia is the group's low cost carrier within Europe. Estimated ancillary revenue for 2020 is approximately €94 million (refer to Transavia listing). This amount is deducted from the group's results.
- The group undertook the following revenue related activities during 2020:
  - KLM saw the closure of its network during the pandemic with more than 2 million cancellations. KLM took the decision to offer vouchers in the event of cancellation and compensated passengers by increasing the value of the voucher by 15% as an incentive over a cash refund.
  - In partnership with Allianz Travel, Air France extended its travel insurance guarantees to give greater protection to customers during the pandemic. Consumers buying trip insurance benefit from medical assistance and the reimbursement of medical expenses incurred internationally, and additional costs in the event of quarantine.

- KLM decided to introduce Premium Economy. It will feature more space and multimedia screens for inflight entertainment, a dedicated cabin service and an upgraded catering proposition.
- KLM continued to install Wifi connectivity on the intercontinental fleet. With “Air France CONNECT” customers can remain connected on board thanks to the three Wifi Pass offers available on their personal smartphones, tablets or laptops. At the end of 2020, 73% of the Air France fleet was connected.
- Key figures for Air France/KLM social media and digital marketing activities:
  - Questions are answered by over 500 advisors (based in 10 call centers worldwide), which the group claims is the largest dedicated social media team in the world (the claim is unverified).
  - The team offers 24-hour, 7 day-a-week service on WhatsApp, Facebook, Messenger, Twitter, WeChat, KakaoTalk, LINE and Messages. Ten languages are supported: Dutch, English, German, Spanish, Portuguese, French, Italian, Japanese, Simplified Chinese and Korean.
  - Over 50% of all social media replies are supported by artificial intelligence (the agents use suggested answers or fully-automated replies).
  - 42 million customer emails were sent, which yielded a 56% customer open rate (unsubscribe rate of 0.12%).
  - The group’s brands have 33 million fans and followers worldwide on the various social media platforms.
  - 241 million visits on AF.com and KLM.com, of which 55% were on mobile devices.
  - 45% of all tickets were sold direct online.
  - 65% online check-ins.
  - 1.7 million active users every month on mobile applications.
- Total ancillary revenue for Air France and KLM is estimated to be €1,121,000,000 and is based upon the following items:
  - €365 million assumed for paid options activity.
  - €445 million adjusted other network sales.
  - €405 million estimated Flying Blue sales.
  - Less €94 million of Transavia ancillary revenue.
- The Air France/KLM Group carried 34,065,000 passengers. Individual unit traffic was:
  - Air France: 17,652,000 passengers.
  - KLM: 11,231,000 passengers.
  - Transavia: 5,182,000 passengers.
 Combined Air France and KLM: 28,883,000 (without Transavia).

	<ul style="list-style-type: none"> <li>Air France/KLM Group revenue for 2020 was €11,088,000,000; deducting Transavia revenue of €606,000,000 leaves a result for Air France and KLM of €10,482,000,000. The group disclosed the following segment results: <ul style="list-style-type: none"> <li>Air France: €6,415,000,000.</li> <li>KLM: €5,120,000,000.</li> </ul> </li> </ul> <p>Please note the above total is larger than the group result disclosed. This is likely due to double reporting of some shared activity between the segments.</p> <ul style="list-style-type: none"> <li>2018 – 2020 commentary (see data below): 2018 results were for the entire Air France/KLM Group, which represents more traffic and revenue activity than just Air France and KLM Airlines. 2019 and 2020 excludes subsidiary carriers such as Transavia.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$2,579,438,796 (Air France/KLM Group)
2019	\$1,712,952,448 (Air France/KLM)
2020	\$1,262,249,758 (Air France/KLM)
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Air Greenland

Source and Type	Tour and sightseeing revenue sold to passengers
Ancillary Revenue	\$3,864,225
As a % of Revenue	2.3%
Dollars per Passenger	\$15.71
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$170,653,842
Passengers	246,000
Information Source	Annual Report 2020 for Air Greenland
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures are in Danish kroner (DKK).</li> <li>Air Greenland is the principal airline of Greenland and generates ancillary revenue from hotel and tour operations.</li> <li>Ownership of the airline has fully transferred to Greenland's government after SAS and the Danish government sold their shares to Greenland.</li> <li>The airline introduced fare choices during 2020: Takuss, Standard, Standard Flex, Premium and Premium Flex. Excess baggage fees may now be pre-paid.</li> <li>Air Greenland disclosed ancillary revenue of <u>DKK 25,576,000</u> from the following ancillary revenue activities:</li> </ul>

	<ul style="list-style-type: none"> <li>– DKK 25,576,000 income from hotel operations, principally from Hotel Arctic (100% owned by Air Greenland).</li> <li>– In prior years, Greenland Travel was included as a source of ancillary revenue. However, its DKK 6,507,000 loss (before taxes) for 2020 exempts this for 2020. The entity provides tour operations and is 100% owned by Air Greenland.</li> </ul> <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> <ul style="list-style-type: none"> <li>• Air Greenland revenue for 2020: DKK 1,129,500,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$10,241,519
2019	\$9,166,763
2020	\$3,864,225
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Croatia Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,813,991
As a % of Revenue	2.2%
Dollars per Passenger	\$2.94
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$81,056,477
Passengers	618,000
Information Source	Annual Report for the Year Ended 31 December 2020 (translated from Croatian language)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• Croatia disclosed ancillary revenue of <u>€1,611,000</u> from the following ancillary revenue activities: <ul style="list-style-type: none"> <li>– Mileage related revenue (frequent flyer): €390,000.</li> <li>– Revenue from advertising services: €1,221,000.</li> </ul> </li> <li>• Croatia revenue for 2020: €71,986,000.</li> <li>• 2018 commentary (see data below): 2018 mileage related revenue was significantly above 2019.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$3,494,322
2019	\$2,463,712

2020	\$1,813,991
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### easyJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$880,788,206
As a % of Revenue	23.5%
Dollars per Passenger	\$18.31
Financial Period	Fiscal year ended 30 September 2020
Total Revenue	\$3,753,954,265
Passengers	48,100,000
Information Source	Annual Report and Accounts 2020, Results and Presentation for the Year Ending 30 September 2020, and investor call transcript dated 17 November 2020.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Great Britain pounds (£).</li> <li>• Ancillary revenue decreased by 48.7% to <u>£706,000,000</u> (2019: £1,376 million). This reflected the reduction in passenger volumes during the second half of the 2020 financial year.</li> <li>• Ancillary revenue includes revenue from the provision of checked baggage, allocated seating and change fees, package holidays revenue (excluding flights which are recognized as passenger revenue) and revenue arising from commissions earned from services sold on behalf of partners, and inflight sales. It is measured as the price paid by the customer for the service booked.</li> <li>• EasyJet introduced EasyJet Holidays at the end of 2019. The airline disclosed the following results and strategy for its vacation package program in a November 2020 presentation: <ul style="list-style-type: none"> <li>– Package demand is expected to recover ahead of airlines. Summer 2021 booking trend is significantly ahead of last year at this time.</li> <li>– EasyJet's average holiday booking value is 70% higher than under the previous outsourced model. 75% of all holidays on comparable searches on competing sites reveal easyJet holidays giving best value.</li> <li>– The new 'Protection Promise' promotes customer value, confidence, flexibility and retention. Scalable technology platform allows the company to introduce this flexibility in an efficient and customer-centric way.</li> </ul> </li> <li>• In a survey of consumers, 75% say sustainable behavior of a company is now a more important factor in a purchase decision in the post-Covid19 environment. 97% of</li> </ul>



	<p>passengers choose easyJet for leisure travel, which suggests only 3% fly for business travel.</p> <ul style="list-style-type: none"> <li>• EasyJet Holidays introduced a “Protection Promise” in October 2020, which incorporates a best price guarantee, a full refund if the holiday is cancelled up to 28 days before departure (free of fees), and an overhaul of the standard terms and conditions allowing customers to book with confidence.</li> <li>• The following information was shared during easyJet’s 2020 investor calls: <ul style="list-style-type: none"> <li>– Andrew Findlay, CFO: “Ancillary revenue also showed positive performance in half 1, driven by good performance of first bag and allocated seating, generating an incremental £1.16 per revenue per seat.”</li> <li>– Johan Peter Lundgren, CEO: “We have a strong customer loyalty, and this is significant because returning customers are less expensive to attract and typically buy twice as many flights per year as first timers. And this year, 80% of our seats were booked by returning customers, which is up 2% from FY 2019.”</li> </ul> </li> <li>• Revenue for the fiscal year ended 30 September 2020 was £3,009,000,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$1,597,900,258
2019	\$1,739,009,148
2020	\$880,788,206

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

#### Eurowings

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$81,466,343
As a % of Revenue	12.1%
Dollars per Passenger	\$11.26
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$673,350,005
Passengers	7,235,000
Information Source	Lufthansa Group Annual Report 2020 and investor presentation March 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• The Eurowings business segment includes the flight operations of Eurowings and Eurowings Europe, as well as the equity investment in SunExpress. With Eurowings, the</li> </ul>

	<p>Lufthansa Group has a product for price-sensitive and service-oriented customers in the growing European direct traffic segment. The segment no longer includes the operations of Brussels Airlines.</p> <ul style="list-style-type: none"> <li>• Eurowings generates ancillary revenue from the following activities: <ul style="list-style-type: none"> <li>– 2 cabin bags &amp; priority boarding starting at €6.</li> <li>– Branded fares: Basic, Smart, and Best.</li> <li>– Buy-on-board café.</li> <li>– Checked baggage.</li> <li>– Empty middle seat, starting at €10.</li> <li>– Hotel and car bookings.</li> <li>– Onboard shop.</li> <li>– Trip insurance.</li> </ul> </li> <li>• To exploit opportunities in the long-distance leisure travel market, the range of long-haul connections from Lufthansa hubs in Frankfurt and Munich is being expanded. Some of these routes will in future be served under the Eurowings Discover brand.</li> <li>• Ancillary revenue for Eurowings was disclosed as €10 per passenger as a mid-2019 amount, with €9 as the 2018 average. Accordingly, the €10 rate will be held for 2020, which generates ancillary revenue of <u>€72,350,000</u>.</li> <li>• Eurowings 2020 revenue is €598,000,000.</li> <li>• 2019 - 2020 commentary (see data below): 2019 results for Eurowings include Brussels Airlines. For 2020 the results for Brussels Airlines are included under the Lufthansa Network Airlines listing.</li> </ul>
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Historical Ancillary Revenue	
2018	No data
2019	\$316,585,271
2020	\$81,466,343
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Finnair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$107,645,920
As a % of Revenue	11.5%
Dollars per Passenger	\$30.88
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$933,681,980
Passengers	3,485,600

Information Source	Finnair Group Annual Report 2020, Financial Information 2020, and 4 <sup>th</sup> Quarter 2020 presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• Finnair generates ancillary revenue from these activities: <ul style="list-style-type: none"> <li>– Advance seat selection.</li> <li>– Destination extras.</li> <li>– Economy comfort product in long-haul.</li> <li>– Extra baggage fees.</li> <li>– Holiday packages.</li> <li>– Sky Bistro in short-haul economy.</li> <li>– Travel retail (merchandise).</li> <li>– Upgrade options.</li> </ul> </li> <li>• Finnair's disclosed ancillary revenue for 2020 was €62.3 million. Ancillary revenue consisting of various service fees and inflight sales decreased by 64.6%, mainly due to the low number of passengers, especially in Q2–Q4. In addition to service charges, advance seat reservations and excess baggage were the largest ancillary categories.</li> <li>• As of 31 March 2020, the Finnair Plus program had 3.4 million members.</li> <li>• The airline also operates a tour business (Aurinkomatkat and Finnair Holidays) which generates ancillary revenue. Revenue from “travel services” was €61,100,000 and expenses for “tour operations” were €27,800,000 for 2020. This yields net income of €33,300,000, which qualifies as ancillary revenue. Due to Covid-19, the sale of Aurinkomatkat travel packages was low and focused on domestic trips.</li> <li>• Total ancillary revenue for Finnair for 2020 was <u>€95,600,000</u> and consisted of these components: <ul style="list-style-type: none"> <li>– Disclosed ancillary revenue: €62,300,000.</li> <li>– Tour income: €33,300,000.</li> </ul> </li> <li>• Finnair revenue for 2020: €829,200,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$319,036,651
2019	\$322,690,844
2020	\$107,645,920
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Icelandair

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$52,652,000
As a % of Revenue	12.1%

Dollars per Passenger	\$59.09
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$433,591,000
Passengers	891,000
Information Source	Icelandair Group Annual Report 2020 and Consolidated Financial Statements for the year 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in US dollars.</li> <li>• Icelandair's disclosed "passenger ancillary revenue" for 2020 was \$21,719,000 which is likely flight-related a la carte activity. Total ancillary revenue is calculated based upon the following disclosures: <ul style="list-style-type: none"> <li>– Passenger ancillary revenue: \$21,719,000.</li> <li>– Sales at airports and hotels: \$12,864,000.</li> <li>– Revenue from tourism: \$18,069,000.</li> </ul> The above generates total ancillary revenue of <u>\$52,652,000</u>.</li> <li>• The group sold a 75% share of Icelandair Hotels during 2020 which generated cash of \$45.3 million. The group anticipates holding its 25% share for a period of at least 3 years.</li> <li>• The airline disclosed the type of passengers carried during the year: <ul style="list-style-type: none"> <li>– Tourists traveling to Iceland: 50%.</li> <li>– Passengers originating from Iceland: 18%.</li> <li>– Transit passengers between North America and Europe: 18%.</li> <li>– Domestic travel within Iceland: 10%.</li> </ul> </li> <li>• Group operations include these entities which contribute ancillary revenue: <ul style="list-style-type: none"> <li>– Iceland Travel's offering spans a wide range of quality services for travelers from all over the world, offering a full range of guided tours, day tours and road trips.</li> <li>– VITA offers a variety of leisure tours to Icelanders travelling abroad through high-quality services supplied at competitive prices.</li> </ul> </li> <li>• Icelandair transport revenue for 2020: \$433,591,000.</li> <li>• The data was provided to Icelandair management prior to publication of this report. The company did not confirm or deny the accuracy of the data.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$87,462,000
2019	\$96,090,000
2020	\$52,652,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## International Airlines Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$588,902,005
As a % of Revenue	6.7%
Dollars per Passenger	\$18.83
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$8,789,582,167
Passengers	31,275,000
Information Source	IAG Annual Reports of Accounts 2020, IAG Results Presentation Full Year 2020, and Capital Markets Day 08 November 2019
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures below are in euros (except as noted).</li> <li>International Airlines Group consists of the following operating airlines: <ul style="list-style-type: none"> <li>Aer Lingus – hybrid (network and LCC).</li> <li>British Airways - global network carrier.</li> <li>Iberia - global network carrier.</li> <li>LEVEL - low cost carrier.</li> <li>Vueling - low cost carrier.</li> </ul> </li> </ul> <p>Some of the individual operating airlines have individually disclosed ancillary revenue in prior years, but this is no longer done. Subsequently, past issues of the yearbook provided estimates for Aer Lingus and British Airways; this listing replaces that practice.</p> <ul style="list-style-type: none"> <li>The 2019 Capital Markets Day presentation provided a pie chart of revenue categories for the group. “Other Passenger Revenue” appears to qualify as ancillary revenue. The 2019 income statement appears to include this activity under passenger revenue, which indicates it is not composed of activity such as air cargo (4.5%) and services provided to other carriers (aircraft maintenance, ground handling, and catering at 7.5%). The revenue share of 6.7% is consistent with other global network carriers in Europe, such as Lufthansa Group and Air France/KLM. This 6.7% rate will be used as a 2020 estimate; IAG did not disclose its Other Passenger Revenue for 2020. Multiplying 6.7% by IAG revenue of €7,806,000,000 generates ancillary revenue of <u>€523,002,000</u>.</li> <li>Revenue by operating airline: <ul style="list-style-type: none"> <li>Aer Lingus: €470,000,000.</li> <li>British Airways: £4,001,000,000 (€4,433,000,000 at 01 July 2020 exchange rate).</li> <li>Iberia: €2,259,000,000.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– Vueling: €574,000,000. The above totals €7,736,000,000. Pure low cost operations (Vueling) represent approximately 7.4%. LEVEL results were not disclosed.</li> <li>• IAG will be placed in the traditional airline category for revenue assignment purposes, as the vast majority of revenue is generated through this activity.</li> <li>• Traffic by operating airline: <ul style="list-style-type: none"> <li>– Aer Lingus: 2,118,000 (traditional airline/LCC).</li> <li>– British Airways: 12,285,000 (traditional airline).</li> <li>– Iberia: 6,796,000 (traditional airline).</li> <li>– LEVEL: 445,000 (LCC).</li> <li>– Vueling: 9,631,000 (LCC).</li> </ul> The above totals 31,275,000. Pure low cost operations (LEVEL and Vueling) represent 32+% of the total.</li> <li>• Effective August 1, 2020, IAG Loyalty renewed its co-brand and marketing contracts with American Express through to 2028. This extension with American Express generated a £750 million cash injection in the third quarter of 2020. IAG Loyalty operates the Avios loyalty currency program for the group. This cash generating unit has an operating margin of 25-27%.</li> <li>• IAG revenue for 2020: €7,806,000,000.</li> </ul>
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Historical Ancillary Revenue	
2018	\$1,701,544,393
2019	\$1,932,190,010
2020	\$588,902,005
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

## Jet2.com

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$110,330,575
As a % of Revenue	22.4%
Dollars per Passenger	\$82.96
Financial Period	12-month period ended 30 September 2021
Total Revenue	\$493,291,298
Passengers	1,320,000 (Leisure Travel Sectors)
Information Source	Dart Group Plc. Preliminary Results 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Great Britain pounds (£).</li> <li>• Jet2.com is a UK-based airline owned by Jet2 plc. The company now reports airline and holiday package operations under a single leisure travel category.</li> </ul>

	<p>Calculating ancillary revenue based upon the company's limited disclosures is a difficult task and requires assumptions. There are two components calculated to accomplish this:</p> <ul style="list-style-type: none"> <li>– Non-ticket revenue is equivalent to ancillary revenue. This is calculated for all passengers. This revenue stream includes pre-departure sales (principally checked bags and advance seat assignment), and inflight sales (pre-ordered meals, drinks, snacks, cosmetics and perfumes).</li> <li>– Net package revenue represents the margin which remains after hotel accommodations and the flight yield (doubled for roundtrip) is subtracted from the average package price. The assumed margin is 20% of the package price. This was calculated using an average package price of £676 less these items: 1) accommodation cost of £305, 2) roundtrip flight-only revenue of £190, and 3) removal of double counting of non-ticket retail revenue of £58 (these figures were disclosed by the company). The residual amount is £123, which equals a margin of 18.2%.</li> </ul> <ul style="list-style-type: none"> <li>• Non-ticket retail revenue per passenger sector grew by 17% to £29.10 per passenger as a result of the mix of longer flights to the Eastern Mediterranean, increased take-up of extra leg room and advanced seat assignment, plus the provision of the in-flight retail service. Total non-ticket (ancillary revenue) for FY 2021 was £38,412,000 (£29.10 x 1,320,000 leisure travel sectors).</li> <li>• Total ancillary revenue for FY 2021: <u>£88,436,000</u> from these sources: <ul style="list-style-type: none"> <li>– Non-ticket revenue: £38,412,000.</li> <li>– Net package revenue: £50,024,000 (£676 average package price x 20% margin x 370,000 customers).</li> </ul> </li> <li>• Operating revenue for FY 2021: £395,400,000.</li> <li>• FY 2019 - 2021 commentary (see data below): Jet2.com changed how it reports ancillary revenue for FY 2020; the earlier method disclosed more revenue from package-related sales. IdeaWorksCompany changed how ancillary revenue is calculated for Jet2.com for FY 2021 to better reflect its status as a leading ancillary revenue performer.</li> </ul>
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Historical Ancillary Revenue	
FY 2019	\$455,777,938
FY 2020	\$397,567,621
FY 2021	\$110,330,575
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	



## Lufthansa Network Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$763,880,674
As a % of Revenue	8.0%
Dollars per Passenger	\$26.23
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$9,548,508,427
Passengers	29,119,000
Information Source	Lufthansa Group Annual Report 2020 and investor presentation March 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• The Network Airlines segment comprises Lufthansa German Airlines (includes Lufthansa CityLine and Air Dolomiti), SWISS, Austrian Airlines and Brussels Airlines. The Eurowings business segment includes the flight operations of Eurowings and Eurowings Europe, as well as the equity investment in SunExpress.</li> <li>• The 2019 yearbook featured the Lufthansa Group airlines (all of the above). Effective for 2020, the yearbook offers two separate entries: Lufthansa Network Airlines and Eurowings.</li> <li>• Carsten Spohr, CEO of Lufthansa Group, disclosed that ancillary revenues account for around 8% of traffic revenues during an investor relations presentation in late 2018. IdeaWorksCompany believes that includes Eurowings.</li> <li>• This disclosure provided the basis for the Lufthansa listing in the 2019, 2020 and 2021 yearbooks.</li> <li>• Ancillary revenue activity for 2020 is <u>€678,400,000</u> for Lufthansa Network Airlines (8% x €8,480,000,000).</li> <li>• Lufthansa adapted ground and in-flight products (introduction of a new in-flight buy-on-board concept within Europe) to the requirements of the current market environment and devised new approaches to generate additional income.</li> <li>• Lufthansa Group disclosed 2019 ancillary revenue of €585 million in an investor presentation. This is believed to include specific a la carte items such as onboard café, paid seat assignment, and onboard retail merchandise. The group also generates substantial revenue from the branded fares (Economy Light, Classic, and Flex) which are universally offered across all airline brands. The Classic and Flex fares are priced at a premium over the basic fare, and this represents a source of ancillary revenue.</li> </ul>

	<ul style="list-style-type: none"> <li>• Miles &amp; More, which is the group's frequent flyer program, disclosed it has more than 1.4 million co-branded credit card accounts (Miles &amp; More Company Portrait). In 2019, the program disclosed it had 26 million members worldwide (PartnerPlusBenefit information reviewed for Lufthansa Group).</li> <li>• Income (not revenue) for Miles &amp; More fell during 2020 to €94 million from €115 million for 2019.</li> <li>• Lufthansa Group reported for 2020 €9,078,000,000 in traffic revenue and 36,354,000 passengers, which includes the following components: <ul style="list-style-type: none"> <li>– Network airlines (Lufthansa, SWISS, Austrian, and Brussels): €6,622,000,000 (29,119,000 passengers).</li> <li>– Eurowings: €598,000,000 revenue and 7,235,000 passengers.</li> <li>– Austrian: €460,000,000 revenue and 3,114,000 passengers.</li> <li>– Lufthansa: €4,104,000,000 revenue and 17,996,000 passengers.</li> <li>– SWISS: €1,732,000,000 revenue and 5,677,000 passengers.</li> <li>– Brussels: €414,000,000 revenue and 2,362,000 passengers.</li> </ul> <p>Removing the Eurowings component from the group numbers generates Lufthansa Network Airlines 2020 revenue of €8,480,000,000 and 29,119,000 passengers.</p> </li> </ul>
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#### Historical Ancillary Revenue

2018	\$2,628,328,912 (Lufthansa Group)
2019	\$1,934,516,912 Lufthansa Network Airlines)
2020	\$763,880,674 (Lufthansa Network Airlines)

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

#### Norwegian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$196,740,349
As a % of Revenue	20.6%
Dollars per Passenger	\$28.64
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$955,618,497
Passengers	6,870,000
Information Source	Norwegian Air Shuttle Annual Report 2020 and Norwegian Finans Holding Group 2020 Annual Report

Ancillary Revenue  
Definitions and Other  
Notes from Financial  
Reports

- 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 2020 was NOK 1,535,100,000. Ancillary revenue per passenger (as disclosed by Norwegian) rose by 22% to NOK 223 from NOK 184. 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.
- In January 2021, Norwegian announced a new plan that would strengthen the core profitable short-haul operation and cease long-haul operations going forward. The company completed phase 1 of its financial restructuring in 2020 and began phase 2 in 2021.
- Business restructuring focused on the "Product and Digital Development" group within the company. This group is divided into the following areas and activities.
  - Product management.
  - Loyalty & memberships.
  - Inflight retail.
- The airline disclosed Norwegian Reward membership by country:
  - Norway: 2,2150,000.
  - Sweden: 1,500,000.
  - Denmark: 800,000.
  - Finland: 650,000.
- Bank Norwegian (Norwegian Finans Holding Group) no longer qualifies as a related party of Norwegian Air Shuttle, and financial transactions between the entities are no longer reported in the annual report. The airline once owned 20% of the bank, which issues the Bank Norwegian Visa card. Reviewing the financial filings for the bank reveals a co-branded credit card portfolio of 1,255,700 cardholders. The bank's agreements with Norwegian Air Shuttle were renegotiated in the 2<sup>nd</sup> quarter of 2018 for a term of 10 years. During 2020, Norwegian Air Shuttle received NOK 337.5 million (2019: NOK 403 million), which represented expenses paid by the bank related to the credit card portfolio. At the end of 2020, Bank Norwegian had a portfolio of 1,264,300 credit card customers, with all accruing Norwegian Cash Points from the airline. This is approximately NOK 267 per card account, or approximately \$32. Credit card lending exceeded NOK 11.8 billion.

	<ul style="list-style-type: none"> <li>Norwegian defines ancillary revenue as “ticket-related products and services” such as revenue from baggage sales, seating, and premium upgrades.</li> <li>“Other revenue” comprises third party revenue, such as lease, cargo and revenue from business activities in subsidiaries which are not airlines.</li> <li>Norwegian’s 2020 ancillary revenue was <u>NOK 1,872,600,000</u> from these two sources: <ul style="list-style-type: none"> <li>Ancillary revenue: NOK 1,535,100,000.</li> <li>Bank Norwegian Visa card: NOK 337,500,000.</li> </ul> </li> <li>Total revenue was NOK 9,095,700,000 for 2020.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$776,339,545
2019	\$822,666,007
2020	\$196,740,349
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Pegasus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$239,893,378
As a % of Revenue	33.8%
Dollars per Passenger	\$16.31
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$709,246,617
Passengers	14,710,000
Information Source	Pegasus Annual Activity Report of the Board of Directors 01 January – 31 December 2020, Consolidated Financial Statements for calendar year 2020, 2020 Q4 results presentation, and information disclosed directly by the company
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures are in euros.</li> <li>Ancillary revenue was <u>€213,048,547</u> (€14.50 per passenger) for 2020, which represents a 54% decrease below 2019.</li> <li>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"> <li>Airport lounge.</li> <li>Airport transfer.</li> <li>Animal (pet) in cabin.</li> <li>Assigned seating fees.</li> <li>BolBol co-branded credit card.</li> </ul> </li> </ul>

- Branded fares.
- Buy-on-board café.
- Car hire.
- Excess baggage.
- Fast track arrival or departure at Sabiha Gokcen Airport.
- Flight packages (air and hotel).
- Hotel bookings and Airbnb.
- Kepler Hotel at Sabiha Gokcen Airport (airside) with lounge/showers, private rest units, and rooms (began in 2021).
- Onboard entertainment via mobile device.
- Parking at airport.
- Pegasus Flex product which allows unlimited reservation changes.
- Pre-order and inflight sales of beverages and food.
- Price freeze (hold the fare).
- Travel insurance (including Covid-19 policies).
- Visa (passport) services.
- Ancillary revenue reached 33.8% total revenue and this represents a record high for Pegasus. The products boosting the ancillary revenue increase were excess baggage fees, seat selection, and cancellation fees.
- The new Fly & Watch inflight entertainment system, which is accessible through a passenger's device, is now available on 90% of the fleet.
- Pegasus BolBol, the carrier's frequent flyer program, reached 5.8 million members during 2020 (company disclosure to IdeaWorksCompany). During 2020, the BolBolShop was introduced which allows members of the BolBol loyalty program to redeem their BolPoints with 46 brands.
- Before the pandemic disrupted travel, the carrier installed 65 Express Baggage units at its home base of Istanbul Sabiha Gokcen Airport. This expanded self-service capability there to more than 60%. During 2020, Express Baggage service was expanded to Izmir Adnan Menderes, Bodrum-Milas and Ankara Esenboga Airports. Express Baggage units are enhanced with features such as excess baggage fee payment and itinerary search using passport, mobile phone number or Turkish ID number.
- Total revenue from Pegasus operations was €630,000,000 (the company reports revenue in euros and Turkish lira).
- All figures include scheduled and charter operations for the airline.
- 2020 revenue for Pegasus is €629,879,667.

### Historical Ancillary Revenue

2018	\$439,564,373
2019	\$518,973,712
2020	\$239,893,378
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Pobeda

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$91,084,968
As a % of Revenue	17.0%
Dollars per Passenger	\$10.02
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$535,793,927
Passengers	9,087,000
Information Source	Aeroflot Group 12 Month IRFS results presentation dated 11 March 2021
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>• Pobeda is a low cost carrier within the Aeroflot Group. The airline has a primary hub at Moscow's Vnukovo Airport.</li> <li>• The carrier described the following achievements: <ul style="list-style-type: none"> <li>– 16.1 hours daily utilization.</li> <li>– 19% profit margin.</li> <li>– 25-minute airport turn time.</li> <li>– 6,700 passengers per employee (best in Russia).</li> <li>– 94% load factor (highest among Russia scheduled airlines).</li> </ul> </li> <li>• Through the 3<sup>rd</sup> quarter of 2019, Pobeda disclosed it had ancillary revenue of €10.7 per passenger, representing 17% of revenue. This disclosure could not be found for 2020. Accordingly, the 17% of revenue rate was repeated for 2020 generating an ancillary revenue result of <u>RUB 6,448,440,000</u>.</li> <li>• Pobeda revenue for the year ended 31 December 2020 was RUB 37,932,000,000.</li> </ul>

### Historical Ancillary Revenue

2018	\$49,783,540
2019	\$143,586,434
2020	\$91,084,968
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Ryanair Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$675,376,811
As a % of Revenue	36.7%
Dollars per Passenger	\$24.56
Financial Period	Fiscal year ended 31 March 2021
Total Revenue	\$1,841,916,284
Passengers	27,500,000
Information Source	Ryanair Results for Ryanair Holdings Plc. for the period ended 31 March 2021, and Fiscal Year 2021 Ryanair Holdings PLC earnings video.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• Ryanair Group includes the following carriers: Ryanair, Lauda, Buzz (Eastern Europe), and Malta Air.</li> <li>• For FY 2021, ancillary revenue was <u>€599,800,000</u> and this represents an 80% decrease below FY 2020. Priority boarding and assigned seating were strong performers.</li> <li>• The new B737-8200 “Gamechanger” (737 Max) aircraft offers 4% more seats, but delivers a 16% lower fuel burn and 40% lower noise emissions which will help Ryanair to lower its CO2 and noise footprint over the next decade. Ryanair increased its Boeing order for this aircraft to 210 units from 135 units.</li> <li>• Neil Sorahan, group chief financial officer, made the following observation about ancillary revenue results for the year during the FY 2021 presentation, “We did have a strong year with about €22 in passenger spend on ancillaries. Standouts for me would be reserved seating, and priority boarding, these performed very well. And that nicely offset a collapse in onboard spend.”</li> <li>• Michael O’Leary, CEO, during the same presentation added these thoughts about ancillary revenue during the travel recovery, “We expect it to recover strongly. The key products which are priority boarding and reserved seating have held up remarkably well during Covid, off a low passenger base; we see no reason why that would change. Ryanair Labs continues to roll out dynamic pricing models, we continue to evolve and improve the way our customers select and pay for ancillary products. We think there is an element later on this year where the onboard spend will be helped by the reintroduction of inflight duty free on flights to and from the UK.”</li> <li>• Ryanair FY 2021 revenue was €1,635,800,000.</li> </ul>

## Historical Ancillary Revenue



FY 2019	\$2,801,536,938
FY 2020	\$3,311,255,802
FY 2021	\$675,376,811
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### SAS Scandinavian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$358,303,159
As a % of Revenue	16.2%
Dollars per Passenger	\$28.41
Financial Period	For the fiscal period ending 31 October 2020
Total Revenue	\$2,207,831,991
Passengers	12,610,000
Information Source	SAS Annual and Sustainability Report Fiscal Year 2020 Ended 31 October 2020 and presentation - Interim Report Q4 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Swedish kroner (SEK).</li> <li>• EuroBonus membership is described as being in excess of 6 million members. Reviewing a bar chart included in the FY 2020 annual report suggests the total is 6.7 million members.</li> <li>• Prior Scandinavian disclosures (and calculations performed by IdeaWorksCompany) indicate FY 2017 Eurobonus revenue from the sale of points was SEK 1.211 billion. The airline disclosed these sales increased SEK 215 million during FY 2018. This brought the FY 2018 total to SEK 1.426 billion. Similar disclosures were not made for 2019. However, reviewing a bar chart included in the annual report suggests FY 2020 “attached revenue” for Eurobonus is SEK 1.9 billion. This is virtually the same as the “other operating revenue” sub-category of SEK 1.956 billion. Dividing this SEK 1.9 billion by 6.7 million members generates a result of SEK 283 per member (approximately €27 per member at the 2020 exchange rate)</li> <li>• The airline describes “Other traffic revenue” as including examples of ancillary revenue such as baggage and seat assignment fees. This category also includes revenue from unused (abandoned) tickets, which does not qualify as ancillary revenue. Sales produced by the EuroBonus frequent flyer program likewise are not included in this category. Other traffic revenue was disclosed to equal 8.9% of revenue, which is an a la carte revenue result</li> </ul>

	<p>consistent with Scandinavian's peer airlines. IdeaWorksCompany estimates 75% of other traffic revenue (SEK 1.81 billion) qualifies as ancillary (SEK 1.36 billion).</p> <ul style="list-style-type: none"> <li>• EuroBonus was spun off as a separate company under the group's umbrella during FY 2020 as a method to increase ancillary revenue. EuroBonus automatically includes carbon offsets for all reward travel free of charge to the member.</li> <li>• Corporate-agreement customers account for just over a third of SAS passenger revenue.</li> <li>• Total ancillary revenue for fiscal 2020 was calculated to be <u>SEK 3,329,000,000</u> from these sources: <ul style="list-style-type: none"> <li>– Inflight sales: SEK 69,000,000.</li> <li>– Other traffic revenue (adjusted): SEK 1,360,000,000.</li> <li>– EuroBonus: SEK 1,900,000,000.</li> </ul> </li> <li>• Total group fiscal 2020 operating revenue was SEK 20,513,000,000.</li> <li>• FY 2018 – FY 2020 commentary (see data below): Revenue data for Eurobonus was not fully determined for FY 2018 and FY 2019. SAS EuroBonus disclosures for FY 2020 were very robust.</li> </ul>
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Historical Ancillary Revenue	
FY 2018	\$188,746,492
FY 2019	\$342,598,307
FY 2020	\$358,303,159
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Transavia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$105,612,584
As a % of Revenue	15.5%
Dollars per Passenger	\$20.38
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$682,358,031
Passengers	5,182,000
Information Source	Air France KLM Universal Registration Document for 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• Air France KLM Group operates Transavia units in France and the Netherlands. This is the group's low cost venture, which has the slogan, "We make low-cost feel good."</li> </ul>

	<ul style="list-style-type: none"> <li>• The group disclosed ancillary revenue was €305,000,000 for Transavia during 2019 (21 February 2020 press release), which equaled €18.10 per passenger. The airline did not make a similar disclosure for 2020, but the rate of €18.10 is assumed to remain the same, representing total ancillary revenue of €93,794,200 for 2020.</li> <li>• Ancillary revenue activities for the airline include: <ul style="list-style-type: none"> <li>– Onboard café.</li> <li>– Hotel, car rental, and airport transfer bookings.</li> <li>– Airport parking.</li> <li>– Checked baggage.</li> <li>– Seat assignment.</li> </ul> </li> <li>• Transavia launched the following customer experience innovations during 2020: <ul style="list-style-type: none"> <li>– Transavia Holidays.</li> <li>– Flex a la carte option which allows changes 48 hours before departure.</li> <li>– Partnership with Takeaway.com to offer “in-flight delivery” direct to the aircraft before departure.</li> <li>– New cabin luggage policy offering more clarity for passengers and allowing an additional carry-on in the cabin.</li> <li>– New mobile application was launched, enabling easier booking and baggage check-in for customers.</li> </ul> </li> <li>• Transavia revenue for 2020: €606,000,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	No data
2019	\$344,851,813
2020	\$105,612,584

Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.

#### Wizz Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$465,377,185
As a % of Revenue	55.9%
Dollars per Passenger	\$45.69
Financial Period	12 month period ended 31 March 2021 (FY 2021)
Total Revenue	\$832,116,477
Passengers	10,186,077
Information Source	Annual Report and Accounts Fiscal Year 2021 and Wizz Air FY 2021 results presentation

<p>Ancillary Revenue Definitions and Other Notes from Financial Reports</p>	<ul style="list-style-type: none"> <li>• All figures are in euros.</li> <li>• 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"> <li>– Airport check-in (avoided by printing boarding pass prior to arrival at airport): €10.</li> <li>– Airport transfers and airport parking.</li> <li>– Assigned seating.</li> <li>– Auto check-in: €1.50 to automatically check-in 50 hours before departure.</li> <li>– Buy on board food and beverage.</li> <li>– Car rentals, hotel accommodations, and trip insurance.</li> <li>– Checked baggage.</li> <li>– Confirmation by SMS message service: €1.</li> <li>– Extra leg room seating.</li> <li>– Fare lock: €3-€7.</li> <li>– Fast track security.</li> <li>– Flexible travel partner (book now, specify travel partner names before check-in) €10.</li> <li>– On time arrival guarantee: €10.</li> <li>– Paid lounge access.</li> <li>– Paper invoice fee: €3.</li> <li>– Wizz co-branded credit card (Bulgaria, Hungary, and North Macedonia).</li> <li>– Wizz Discount Club: €30.</li> <li>– Wizz Flex. Pre-purchase ability to change reservations: €5-18.</li> <li>– Wizz Go branded fare (larger carry-on, checked bag, seat assignment, early boarding, and more).</li> <li>– Wizz Plus branded fare (more benefits plus reservation flexibility).</li> <li>– Wizz Priority (early boarding and medium size carry-on bag): €4 to €40 when purchased online, or €25 if purchased at airport. Quantities are limited.</li> <li>– Wizz Privilege Pass: Annual €199 option providing Priority service and seat selection (includes first row and extra leg room seats).</li> </ul> </li> <li>• Ancillary revenue declined by 67% to <u>€413,300,000</u> representing 56% of total revenue (compared to 45% of revenue in FY 2020).</li> <li>• Revenue FY 2021: €739,000,000.</li> </ul>
<p><b>Historical Ancillary Revenue</b></p>	
<p>FY 2019</p>	<p>\$1,114,114,798</p>
<p>FY 2020</p>	<p>\$1,416,492,955</p>
<p>FY 2021</p>	<p>\$465,377,185</p>
<p><i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i></p>	

## **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):

Air Europa (to be acquired by IAG), Air Malta, (no disclosure since 2018), Air Moldova (no disclosure since 2016, now owned by Blue Air), Air Serbia, Alitalia, Atlantic Airways, Austrian (included in results from Lufthansa Network), Blue Air, Brussels Airlines (does not issue reports separate from Lufthansa Group), Flyr, Iberia Airways (subsidiary of International Airlines Group), Loganair, LOT Polish (Polish Aviation Group), Luxair, Nordwind Airlines, S7 Airlines (only in Russian), Play, SATA International/Azores Airlines (only in Portuguese), SmartWings/Czech Airlines (2018 report available during research time), SWISS (included in results from Lufthansa Network), TAP Air Portugal, Tarom, TUI Group – Markets & Airlines (airline brands: Thomson Airways, TUIfly, and TUIfly Nordic), Turkish Airlines, UTair (only in Russian), Volotea, Vueling (subsidiary of International Airlines Group), and Wideroe (owned by Torghatten).

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	\$86,546,059
As a % of Revenue	6.9%
Dollars per Passenger	\$9.13
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,249,228,420
Passengers	9,484,000
Information Source	Annual Report for the year ended 31 December 2020 and 4 <sup>th</sup> Quarter Results 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Mexican pesos (MXN) unless otherwise noted (US dollars also appear).</li> <li>• Ancillary revenue for 2020 was disclosed as <u>MXN 1,976,000,000</u>. This specific-style disclosure has occurred since 2018.</li> <li>• On June 30, 2020, Aeromexico began a voluntary financial restructuring process under Chapter 11 before the United States Bankruptcy Court for the Southern District of New York (Chapter 11).</li> <li>• The airline generates ancillary revenue from these activities: <ul style="list-style-type: none"> <li>– Airport lounge access.</li> <li>– AM Plus preferred seating in the first rows of the cabin, includes priority boarding.</li> <li>– Branded fares.</li> <li>– Concierge; paid personal service for \$19 per booking, offering travel agent assistance for wide variety of support and booking services (provided by Chubb).</li> <li>– Discount Pass Mexico, \$22 fee to receive car rental, hotel, restaurant, movie, and amusement park savings.</li> <li>– Excess checked baggage.</li> <li>– Ground transportation.</li> <li>– Preferred seating.</li> <li>– Travel insurance (provided by Chubb).</li> </ul> </li> <li>• The airline offered significant disclosure of its distribution activities for 2020: <ul style="list-style-type: none"> <li>– Sales by travel agencies, including online travel agencies, represented 46.2% of purchased flight segments.</li> <li>– The airline pays travel agencies a standard commission between 0.1% and 12%, depending on the geographic market and the type of cabin.</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>– Additionally, it has entered into agreements with certain travel agencies granting performance incentives between 1% and 7% based on volumes of ticket sales.</li> <li>– The call center has toll-free numbers from 20 countries and received 3.7 million calls from customers for price quotes, ticket purchase, changes to their reservations, purchase of additional services and general information.</li> <li>– Call center support is provided in four languages (Spanish, English, French and Portuguese).</li> <li>– Revenue from the sale of tickets through the call center represented 12% of passenger revenue.</li> <li>• 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 2020, Club Premier had approximately 7 million members (2019: 6.7 million). Aeromexico's share of the gross profit from the PLM entity was MXN 139,644,000. This activity is assumed to be included in the ancillary revenue disclosure described above. Revenue produced by the full PLM enterprise was MXN 1,183,846,000.</li> <li>• Aeromexico has a 51% share of Gran Plan (Aeromexico Vacations). Aeromexico's share of the gross result from the Gran Plan entity was a loss of MXN 10,050,000.</li> <li>• Club Premier Corporativo is the corporate loyalty program, and it has approximately 8,100 active companies enrolled.</li> <li>• Revenue for 2020 was MXN 28,522,100,000.</li> </ul>
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Historical Ancillary Revenue	
2018	\$266,017,410
2019	\$269,490,156
2020	\$86,546,059
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Air Canada

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$892,458,089
As a % of Revenue	20.8%
Dollars per Passenger	\$64.86
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$3,261,301,053

Passengers	13,760,000
Information Source	Air Canada 2020 Annual Report, 2020 Annual Information Form, and 2020 Management's Discussion and Analysis of Results of Operations and Financial Condition
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Canadian dollars (CAD).</li> <li>• Air Canada includes Air Canada, Air Canada Rouge, Air Canada Vacations, Aeroplan, and the activity generated through capacity agreements with Air Canada Express partner airlines.</li> <li>• Air Canada made a disclosure for 2020 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, redemption of Aeroplan points for non-air goods and services, buy on board and related passenger ancillary services and charges, and other airline-related services." Other operating revenue (passenger) for 2020 was CAD 525,000,000 (2019: CAD 1,182,000,000).</li> <li>• Air Canada made the following Aeroplan disclosures in its 2020 filings: <ul style="list-style-type: none"> <li>– On 10 January 2019, Air Canada completed its purchase of Aimia Canada Inc., owner and operator of the Aeroplan loyalty business. The new Air Canada owned entity was named Aeroplan, Inc. During November 2020 the airline introduced a revised Aeroplan frequent flyer program to members.</li> <li>– Redesigned Aeroplan co-branded credit cards offer Air Canada travel perks, such as a free first checked bag, and with certain cards, access to Maple Leaf Lounges and priority boarding. Members who hold eligible credit cards issued by card partners TD, CIBC and American Express may earn rewards more quickly and have access to unique new benefits.</li> <li>– In late 2020, JPMorgan Chase &amp; Co. ("Chase") and Air Canada announced a strategic partnership that will make Chase the exclusive issuer of the airline's Aeroplan U.S. credit card. The new Aeroplan credit card from Chase is scheduled to launch in late 2021.</li> <li>– During 2020, more than 150 million Aeroplan points were donated by Aeroplan members to charities.</li> </ul> </li> <li>• According to an Aimia (the prior owner of Aeroplan) fact sheet reviewed July 2020, the program had 5 million active members.</li> <li>• Air Canada disclosed "Proceeds from Aeroplan Miles issued to program partners" as CAD 687,000,000 for 2020 (2019: CAD 953 million).</li> </ul>

	<ul style="list-style-type: none"> <li>Ancillary revenue for Air Canada is estimated to equal <u>CAD 1,212,000,000</u> for 2020 and is composed of two items: <ul style="list-style-type: none"> <li>Other operating revenue: CAD 525,000,000.</li> <li>Sale of Aeroplan miles to partners: CAD 687,000,000.</li> </ul> </li> <li>Air Canada operating revenue for 2020 was CAD 5,833,000,000.</li> <li>The data was provided to Air Canada management prior to publication of this report. The company did not confirm or deny the accuracy of the data.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$1,452,733,488
2019	\$2,549,719,104
2020	\$892,458,089
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Alaska Air Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$960,743,000
As a % of Revenue	26.9%
Dollars per Passenger	\$53.59
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$3,566,000,000
Passengers	17,927,000 (Combined total of Alaska Airlines mainline and Horizon Air)
Information Source	2020 Annual Report / Form 10-K
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures below are in US dollars.</li> <li>Ancillary revenues (passenger) relate to items such as checked-bag fees, ticket change fees, and on-board food and beverage sales, all of which are provided at time of flight. The airline disclosed this activity as \$245 million for 2020. Changes fees do not qualify as ancillary revenue; after deducting the \$65,257,000 reported to the US DOT, adjusted ancillary revenue is \$179,743,000.</li> <li>Cargo and other revenue includes freight and mail revenue, and to a lesser extent, other ancillary revenue products such as lounge membership and hotel and car rental commissions. This ancillary revenue was disclosed as \$61 million for 2020.</li> </ul>

- Mileage Plan membership increased by 38% from January 2017 to October 2018. For the same period, the co-branded credit cardholder base grew by 17%. For 2017, IdeaWorksCompany estimated Mileage Plan enrollment was 5.3 million; this increased by 38% for 2018 to 7.3 million members. The increase, and Mileage Plan revenue increases, show a trend of 18% growth per year. Accordingly, 2019 membership is estimated to be 8.6 million. Membership for 2020 was assumed to grow by 10.8% to 9.5 million members. 2020 growth would be 60% of the usual rate, based upon a statistic disclosed by American Airlines.
- On March 31, 2021, Alaska joined the Oneworld Alliance. Upon entry, Mileage Plan elite members received oneworld status, which enables tier status recognition and eligible benefits across all 13 oneworld member airlines, providing access to over 1,000 destinations.
- Mileage Plan revenues, including those in the passenger revenue income statement line item, represented approximately 20% of Alaska Air Group's total revenues in 2020. Mileage Plan revenue decreased in 2020 as compared to 2019, largely due to a reduction in purchased miles and decreased commissions received from the affinity card partner, and an overall reduction in consumer spending.
- Revenue from Mileage Plan for 2020 was \$720 million and consisted of two components:
  - Deferred Mileage Plan revenue recorded as passenger revenue: \$346 million.
  - Mileage Plan other revenue (primarily co-branded credit card related): \$374 million.
- IdeaWorksCompany estimates Alaska's 2020 ancillary revenue was \$960,743,000 based upon revenue from these sources:
  - Ancillary revenue (passenger): \$179,743,000.
  - Ancillary revenue (lounge and commissions): \$61,000,000.
  - Mileage Plan revenue: \$720,000,000.
- The data was provided to Alaska Airlines management prior to publication of this report. The company did not confirm or deny the accuracy of the data.
- Operating revenue for 2020 was \$3,566,000,000 for the group.

#### Historical Ancillary Revenue

2018	\$1,388,000,000
2019	\$2,033,560,500

2020	\$960,743,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Allegiant

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$513,001,000
As a % of Revenue	51.8%
Dollars per Passenger	\$59.49
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$990,073,000
Passengers	8,623,984
Information Source	Allegiant Travel Company Annual Report Form 10-K for the year ended 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• Allegiant provides unbundled air-related services and products in conjunction with air transportation for an additional cost to customers. These optional air-related services and products include: <ul style="list-style-type: none"> <li>– Advance seat assignment.</li> <li>– Baggage fees (including large carry-on fees).</li> <li>– Boarding pass printing fee at airport.</li> <li>– Branded fares (Basic, Bonus, and Total).</li> <li>– Call center support.</li> <li>– Change fees (generated by the Trip Flex a la carte product and thus qualify as ancillary revenue).</li> <li>– Electronic Carrier Usage Charge (\$18 fee charged all customers except those booking through an airport ticket office).</li> <li>– Extra leg room seating (exit and row one).</li> <li>– Food and beverage purchases on board.</li> <li>– Pet in cabin.</li> <li>– Priority boarding.</li> <li>– Proprietary travel protection products.</li> </ul> </li> <li>• The company is involved in the following non-airline initiatives: <ul style="list-style-type: none"> <li>– Sunseeker Resort: The company is constructing a 512-room hotel and two towers offering one, two and three bedroom suites, numerous bar and restaurant options, and other amenities. The company owns and operates a golf course which is a short drive from the resort site. Construction was suspended March 2020.</li> <li>– Teesnap: This golf course management system provides services to approximately 443 golf courses in 47 US states in the country (2019: 575). The company plans to sell this operation.</li> </ul> </li> </ul>

- Family Entertainment Centers: Two family entertainment centers ("FECs") were opened in Clearfield, UT and Warren, MI during 2019. These have been closed and the company no longer plans to pursue this business.
- Allegiant does not sell through Expedia, Orbitz or Travelocity, or any other online travel agencies, nor are its flights displayed and sold through the global distribution systems which include Sabre or Worldspan. 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. 93.1% of scheduled service revenue was purchased directly through the website in 2020.
- Ancillary revenue increased to \$513,001,000 for 2020 and consists of the following sources:
  - Ancillary air-related revenue: \$453,545,000.
  - Co-branded credit card redemptions: \$12,974,000.
  - 3<sup>rd</sup> party commission revenue (hotels, car rental, etc.): \$46,482,000 (approximately \$5.39 per passenger).
- 3<sup>rd</sup> party ancillary revenue is expressed net of amounts paid to wholesale providers, travel agent commissions and payment processing fees.
- Package sale details from 2020:
  - Hotel room nights sold: 199,059 (2019: 414,593).
  - Car rental days sold: 1,132,173 (2019: 1,921,930).
- Per passenger revenue statistics (scheduled services) for 2020:
  - Air fare, scheduled service: \$52.45.
  - Ancillary revenue, air related: \$53.03.
  - Ancillary revenue, third party: \$5.43.
  - Average fare total: \$110.91.
- The data was provided to Allegiant management prior to publication of this report. The company did not confirm or deny the accuracy of the data.
- Operating revenue for 2020 was \$990,073,000.

#### Historical Ancillary Revenue

2018	\$687,600,000
2019	\$855,336,000
2020	\$513,001,000

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

## American

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$3,782,000,000
As a % of Revenue	21.8%
Dollars per Passenger	\$39.81
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$17,337,000,000
Passengers	95,324,000
Information Source	Form 10-K Annual Report of American Airlines Group for 2020, American Airlines AAdvantage investor presentation dated March 2021, and American Airlines Reports Fourth-Quarter and Full-Year 2020 Financial Results (for 2020 traffic)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• “Other revenue” for 2020 was \$225 million. This amount includes airport club revenue, advertising, vacation related services. There is a loyalty component also reported, which is listed under the AAdvantage disclosure below.</li> <li>• American disclosed its AAdvantage loyalty program revenue for 2020, which is significantly lower than the \$5.54 billion disclosed for 2019: <ul style="list-style-type: none"> <li>– Loyalty revenue (travel component): \$1.062 billion.</li> <li>– Loyalty revenue (marketing): \$1.825 billion.</li> <li>– Total for 2020: \$2.89 billion.</li> </ul> </li> <li>• American did not disclose baggage revenue in its annual report. Data provided by the US DOT indicates American’s baggage revenue was \$667,119,000 in 2020.</li> <li>• American disclosed it has 115+ million members.</li> <li>• During 2020, AAdvantage members redeemed approximately 7 million rewards (2019: 14 million) including travel redemptions for flights and upgrades on American and other air carriers, as well as redemption of car and hotel rewards, airport club memberships and merchandise. Approximately 6% of 2020 total revenue passenger miles flown were reward travel (8% for 2019).</li> <li>• During 2020 the company used certain assets from the AAdvantage loyalty program as collateral for the secured loan under the US Treasury Loan Agreement, which contains covenants that impose restrictions on certain amendments or changes to the AAdvantage loyalty program. The following are disclosures made as a result of this transaction: <ul style="list-style-type: none"> <li>– 74% of pro-forma cash flows for the program came from 3<sup>rd</sup> parties during 2019; this activity included Citi,</li> </ul> </li> </ul>



	<p>Barclays, travel, retail, lifestyle, hospitality partners and direct mileage sales to members.</p> <ul style="list-style-type: none"> <li>– 61% of American revenue in 2019 was contributed by AAdvantage members (56% in 2020).</li> <li>– 23 million active members, 16 million active in 2020 (defined as having flight or program activity in a calendar year). The program had 115+ million members in 2020.</li> <li>– 5 million new members annually (2017-2019) and 3 million new members in 2020.</li> <li>– Average tenure of active members is 10 years.</li> <li>– 40% of active members have household income above \$100,000.</li> <li>– 36% of active members are millennials or younger.</li> <li>– American buys miles from AAdvantage (for flight accrual) at a profit margin of 20%.</li> <li>– 3% of miles were redeemed for non-air travel rewards.</li> <li>– The AAdvantage card portfolio represents 24% of Citi's and 28% of Barclay's credit volume.</li> <li>– The AAdvantage program operates at a 53% margin (cash flow from operations divided by cash collections).</li> <li>• In response to the COVID-19 pandemic, American suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets.</li> <li>• Ancillary revenue for 2020 is <u>\$3,782,000,000</u> and consists of these components: <ul style="list-style-type: none"> <li>– Other revenue: \$225 million.</li> <li>– Baggage revenue: \$667 million.</li> <li>– Loyalty program revenue (all): \$2.89 billion.</li> </ul> </li> <li>• Operating revenue for 2020 was \$17,337,000,000.</li> </ul>
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Historical Ancillary Revenue	
2018	\$7,245,000,000
2019	\$7,413,000,000
2020	\$3,782,000,000
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Avianca

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$208,561,000
As a % of Revenue	12.2%
Dollars per Passenger	\$27.27
Financial Period	Calendar year ended 31 December 2020

Total Revenue	\$1,711,600,000
Passengers	7,647,943
Information Source	Avianca Holdings 2020 Annual Report and Form 20-F for Avianca Holdings
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• Avianca Holdings includes ownership of Avianca Airlines, Grupo TACA Airlines, and LifeMiles (89.9%).</li> <li>• The company made one of the most robust ancillary revenue disclosures identified in this Yearbook in its 2020 annual report by describing existing products: <ul style="list-style-type: none"> <li>– Additional baggage.</li> <li>– Sports equipment.</li> <li>– Seat assignment.</li> <li>– Pets on board.</li> <li>– Empty seat.</li> <li>– Travel assistance (travel assistance program for any destination, covering medical expenses due to illness, Covid-19, legal assistance and pet insurance).</li> <li>– VIP lounge access.</li> <li>– Unaccompanied minors.</li> <li>– Onboard Wifi.</li> <li>– Duty free.</li> </ul> <p>The airline also listed gift cards and upgrades to business class, but these do not qualify as ancillary revenue for the Yearbook.</p> </li> <li>• In addition, Avianca described the services it added during 2020: <ul style="list-style-type: none"> <li>– Accommodation booking.</li> <li>– Car rental booking.</li> <li>– Time to think: A service that allows you to block a fare for additional days, so a client can prepare and decide their flight, starting with Europe bookings.</li> </ul> </li> <li>• The following ancillary revenue related initiatives occurred during 2020: <ul style="list-style-type: none"> <li>– Implemented a new and more agile booking flow in Colombia and Europe.</li> <li>– Additional channels to purchase ancillary services were implemented: online check-in and Manage My Booking.</li> <li>– Travel Assistance product was updated with a new provider and to include COVID-19 coverage as well as the ability to purchase it in the booking flow.</li> <li>– Designed and launched a complete facelift for the mobile app, user friendly and more intuitive.</li> <li>– Implemented “push notifications” in web and mobile with commercial and operations messaging.</li> <li>– Avianca Experiences: a new entertainment “channel” was opened to maintain passenger engagement with over 100 online events during 2020.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>The company disclosed the following sources of ancillary revenue for 2020: <ul style="list-style-type: none"> <li>The “ancillary services” represented 6.3% of total passenger revenue (2019: 4.8%). <math>0.063 \times \text{revenue of } \\$1,004,000,000 = \\$63,252,000</math>.</li> <li>LifeMiles contributed \$145,309,000 of operating revenue from external customers for 2020.</li> </ul> The total from these two activities is <u>\$208,561,000</u> and represents Avianca’s 2020 ancillary revenue. </li> <li>The LifeMiles program has 10.1 million members (2019: 9.7 million) and 565,000 active co-branded credit cards (2019: 723,000). Avianca owns 89.9% of LifeMiles (LifeMiles BV incorporated in Bermuda). The program has 754 commercial partners. Reward expenses represent 80% of the program’s cost base. Gross billings were \$162,000,000 (generated from the sale of miles).</li> <li>The airline disclosed the composition of its distribution activity: <ul style="list-style-type: none"> <li>Airport and city ticket offices: 6.4%</li> <li>Call centers: 4.5%</li> <li>Website and mobile app: 29.7%</li> <li>Indirect such as travel agents: 56.9%</li> </ul> </li> <li>The data was provided to Avianca management prior to publication of this report. The company did not confirm or deny the accuracy of the data.</li> <li>Operating revenue for 2020 was \$1,711,600,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$360,700,000
2019	\$524,530,400
2020	\$208,561,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Azul

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$281,105,386
As a % of Revenue	26.0%
Dollars per Passenger	\$19.00
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,082,443,405
Passengers	14,796,000
Information Source	Azul SEC Form 20-F for 2020, Consolidated Financial Statements for 2020, and Azul Day presentation 16 December 2020

<p>Ancillary Revenue Definitions and Other Notes from Financial Reports</p>	<ul style="list-style-type: none"> <li>• All figures below are in Brazilian reais (BRL).</li> <li>• “Ancillary revenue” is derived from these activities: <ul style="list-style-type: none"> <li>– Travel insurance.</li> <li>– Checked baggage fees.</li> <li>– Cancellation, change, and no-show fees.</li> <li>– Call center booking fees.</li> <li>– Online booking fees.</li> <li>– Espaco Azul additional leg room seating on domestic flights.</li> <li>– Economy Xtra additional leg room seating on international flights in a 2-4-2 configuration.</li> <li>– SkySofas on international flights on Airbus A330 aircraft consisting of four economy seats with a footrest that can be raised to create a flat, sofa-like, flexible space for families to sleep together more comfortably.</li> </ul> </li> <li>• “Cargo and other revenue” includes cargo and travel and tourism operations, which consists of vacation packages sold through Azul Viagens (Azul Vacations). Cargo service had revenue of BRL 764 million during 2020.</li> <li>• “Ancillary, cargo and other revenue” was BRL 93.91 per passenger (2019: BRL 63.02) or total revenue of BRL 1,389,492,360. Deducting non-qualifying cargo activity of BRL 764,000,000, leaves adjusted “ancillary revenue” of BRL 625,492,360. The airline did not disclose the portion of revenue received from change and cancellation fees.</li> <li>• Membership in TudoAzul (frequent flyer program) is approximately 12.6 million (2019: 12 million).</li> <li>• TudoAzul’s gross billings (for partner sales) totaled BRL 879,000,000 for 2020, compared with BRL 1,298,000,000 for 2019. These figures are “ex airline” which reflect the removal of billings to Azul. Azul sells TudoAzul points to the program’s business partners, including credit card issuers and other companies, as well as directly to TudoAzul members. TudoAzul is a 100% owned entity. The program introduced a new co-branded card, which resulted in a 150% increase in applications.</li> <li>• Approximately 87% of all sales were generated by online channels in 2020, and approximately 88% of all sales were generated by online channels in 2019.</li> <li>• IdeaWorksCompany estimates Azul’s 2020 ancillary revenue was <u>BRL 1,504,492,360</u> based upon revenue from these sources: <ul style="list-style-type: none"> <li>– Adjusted ancillary revenue: BRL 625,492,360.</li> <li>– TudoAzul gross billings: BRL 879,000,000.</li> </ul> </li> <li>• Operating revenue for 2020 was BRL 5,793,300,000.</li> </ul>
<p><b>Historical Ancillary Revenue</b></p>	
<p>2018</p>	<p>\$492,269,554</p>

2019	\$670,253,775
2020	\$281,105,386
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Copa Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$32,040,000
As a % of Revenue	4.0%
Dollars per Passenger	\$11.23
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$801,000,000
Passengers	2,852,000
Information Source	Copa Holdings, S.A. SEC Form 20-F for 2020 and Copa Holdings Reports Financial Results for the Fourth Quarter of 2020 (for traffic statistic)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• The airline made a specific disclosure during its 1<sup>st</sup> 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, included 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.”</li> <li>• Accordingly, a rate of 3.5% was assumed for 2018, and this has been increased to 4% for 2019, and also applied to 2020. When applied to total operating revenue of \$801,000,000, the result is ancillary revenue of <u>\$32,040,000</u>.</li> <li>• ConnectMiles, the carrier’s frequent flyer program, generated revenue from these sources: <ul style="list-style-type: none"> <li>– Redemption of miles for reward travel: \$8,554,000.</li> <li>– Marketing component of miles sold to partners: \$15,452,000.</li> </ul> </li> <li>• Ancillary revenue products include: <ul style="list-style-type: none"> <li>– Airport lounges.</li> <li>– Checked bags.</li> <li>– Fare lock.</li> <li>– Frequent flyer mileage sales.</li> <li>– Hotel and car rental bookings.</li> <li>– Premium seating.</li> <li>– Standard seat assignment.</li> <li>– Trip insurance.</li> </ul> </li> <li>• Revenue for 2020 was \$801,000,000.</li> </ul>

Historical Ancillary Revenue	
2018	\$93,716,945
2019	\$108,296,320
2020	\$32,040,000
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Delta

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$3,676,400,000
As a % of Revenue	24.0%
Dollars per Passenger	\$52.41
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$15,297,000,000 (does not include refinery and other business operations)
Passengers	70,145,000
Information Source	Form 10-K for the year ended 31 December 2020 and Delta SkyMiles investor presentation 14 September 2020, and US DOT Bureau of Transportation Statistics.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• The carrier offers five cabin products: Delta One/First Class, Premium Select, Comfort+, Main Cabin, and Basic Economy.</li> <li>• Main Cabin products, including Basic Economy, represented approximately half of Delta's passenger revenue in 2020 and 2019. During 2020, the airline increased the flexibility of these products by extending expiration on certain tickets and travel credits, eliminating change fees for domestic tickets and international tickets originating from North America, with the exception of Basic Economy tickets, and waiving change fees for all tickets (including Basic Economy) purchased before March 30, 2021.</li> <li>• Delta's tickets are sold through various distribution channels, with 59% of tickets sold through direct channels in 2020. These include digital channels, such as delta.com, the Fly Delta app, and the call center.</li> <li>• The airline changed how it discloses some ancillary revenue activities in 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 \$978 million for 2020. The category is noted to include reservation change fees</li> </ul>

(\$275.6 million for 2020). Accordingly, this non-qualifying activity was subtracted to provide adjusted Travel-Related Services revenue of \$702.4 million for 2020.

- Miscellaneous revenue for 2020 was \$348 million and is primarily composed of lounge access and codeshare revenues. 50% of the total is estimated to represent lounge access revenue, or \$174 million.
- Total cash sales of miles, of which the majority are related to the American Express SkyMiles relationship, was \$2.8 billion for 2020 (2019: \$4.2 billion).
- In September 2020, the company raised \$9.0 billion through the issuance of notes and entry into a term loan facility, each secured by certain assets related to the SkyMiles frequent flyer program. The company disclosed these statistics in documents related to the loan:
  - 75% of pro-forma cash flow was from 3<sup>rd</sup> parties during 2020, such as AMEX and SkyMiles partners in travel, retail, lifestyle, and hospitality categories (2019: 68%). 25% of sales were to Delta during 2020 (2019: 32%).
  - The program has 100+ million members.
  - During 2019 \$3.6 billion was spent to buy rewards; only 3% was spent on non-air rewards.
  - Average tenure of elite members is 16 years.
  - The agreement with AMEX is through 2029 with other partner agreements having a term of 1 to 3 years.
  - Delta represented 8% of AMEX billings and 22% of card member loans in 2019.
  - 60+% of Delta revenue originates from SkyMiles members.
  - 68% of SkyMiles members reside in non-hub cities.
- During 2020 SkyMiles had 14 million reward redemptions (2019: 20 million). During 2019 and 2020, 10% of revenue miles flown on Delta were from reward travel.
- Based upon disclosures made in the 2017 investor presentation, IdeaWorksCompany estimates 2017 SkyMiles membership was 117 million. Subsequent disclosures and estimates suggest 2019 membership was 128 million (4.5% annual growth). Growth for 2020 is estimated to be 60% of the past trend or 2.7%, which generates a 2020 estimate of 131 million members.
- Total ancillary revenue for Delta is estimated to be \$3,676,400,000 using the following data:
  - Co-branded revenue from SkyMiles was \$2.8 billion.
  - Adjusted Travel-Related Services revenue of \$702.4 million.
  - Lounge revenue estimate of \$174 million.
- 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.



	<ul style="list-style-type: none"> <li>Total Delta operating revenue for 2020 was \$17,095,000,000; less deduction of refinery and other business operations of \$1.798 billion, adjusted operating revenue is \$15,297,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$5,570,000,000
2019	\$6,198,000,000
2020	\$3,676,400,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Frontier

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$615,450,100
As a % of Revenue	49.2%
Dollars per Passenger	\$54.77
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,250,000,000
Passengers	11,238,000
Information Source	Frontier Airlines Group Holdings Form S-1/A filed with the US SEC 23 March 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures below are in US dollars.</li> <li>Frontier Airlines has filed an S-1 registration document with the US SEC for an initial public offering. The filing provides a thorough review of the carrier's finances for the 2018-2020 period. The following disclosure represents much greater ancillary revenue activity than estimated in prior editions of the Yearbook: "... these offerings have helped us to increase our ancillary revenue from \$12.80 per passenger in 2013 to \$57.11 per passenger in 2019 and \$62.45 per passenger in 2020." IdeaWorksCompany estimated the carrier's 2019 ancillary revenue was \$48.22 per passenger. The airline defines ancillary revenue as the sum of non-fare passenger revenue (consisting primarily of baggage fees, services and seat selection, and other passenger fees not included as part of base fares for travel) and other revenue (consisting primarily of services not directly related to providing transportation).</li> <li>According to a January 2019 survey conducted by the airline of recent customers who had flown Frontier at least once, 91% of survey respondents were repeat</li> </ul>

	<p>customers and 69% had flown Frontier two or more times during the previous 12 months.</p> <ul style="list-style-type: none"> <li>Frontier's disclosed ancillary revenue is \$701,813,100 (11,238,000 x \$62.45). However, this includes change fees which are not defined as ancillary revenue for the Yearbook. 2020 change fees were \$86,363,000 (US DOT Bureau of Transportation website) and deducting this amount yields adjusted ancillary revenue of <u>\$615,450,100</u>.</li> <li>Operating revenue for 2020 was \$1,250,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$922,058,000
2019	\$1,094,043,000
2020	\$615,450,100
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## GOL

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$175,670,739
As a % of Revenue	14.8%
Dollars per Passenger	\$10.47
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,190,535,842
Passengers	16,775,000
Information Source	Gol Linhas Aereas Inteligentes S.A. Form 20-F filing for 2020, and GOL Quarterly Presentations (Qtrs. 1-4), Deutsch Bank Airline Day (September 2020), update on corporate merger proposal submitted to Smiles shareholders (March 2021), and 06 January 2021 traffic release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures below are in Brazilian reais (BRL).</li> <li>Ancillary revenue (as defined by GOL) includes the following sources: <ul style="list-style-type: none"> <li>Call center assistance.</li> <li>Carry-on bags.</li> <li>Checked bags.</li> <li>GOL+ Conforto extra leg room seating.</li> <li>Onboard purchase of food and beverages.</li> <li>Priority check-in.</li> <li>Seat assignment.</li> <li>Ticket change and cancellation fees.</li> <li>Trip insurance.</li> <li>Wifi.</li> </ul> </li> </ul>

- GOL disclosed the following ancillary revenue results, which includes cargo revenue:
  - 1<sup>st</sup> quarter 2020: BRL 304 million.
  - 2<sup>nd</sup> quarter 2020: BRL 115 million.
  - 3<sup>rd</sup> quarter 2020: 9.8% of BRL 974.2 million = BRL 95.5 million.
  - 4<sup>th</sup> quarter 2020: 9.1% of BRL 1,891.3 million = BRL 172.1 million:

Total of the above for 2020 is BRL 683.6 million (this does not include loyalty revenue). The company had 2020 cargo revenue of BRL 316.3 million which is deducted from the result, yielding net ancillary revenue of BRL 367.3 million. The airline did not disclose the portion of revenue received from change and cancellation fees.
- Revenue from the Smiles program was BRL 572.9 million for 2020. The program had 18.2 million members at the end of 2020. On March 24, 2021, shareholders of GOL and Smiles approved a corporate reorganization proposal in which GOL will acquire all shares of Smiles. The airline currently owns 52.7% of Smiles.
- The airline disclosed the following statistics in a presentation on the acquisition of Smiles:
  - Over 90% of Smiles reward travel is spent with GOL.
  - Conversely, Smiles purchase of tickets from GOL represents approximately 12% of GOL's revenue.
  - Credit card issuers are Smiles' main cashflow source.
  - The average price of a mile purchased by a partner has fallen from 3.21 cents in 2017 to 2.54 cents in 2020 (BRL).
  - The average price of a reward ticket has increased from BRL 52 in 2013 to BRL 332 in 2019.
- Ancillary revenue for GOL for 2020 was BRL 940,200,000 and consists of these two categories:
  - Ancillary revenue as defined by GOL: BRL 367.3 million.
  - Smiles loyalty revenue: BRL 572.9 million.
- Consolidated revenue for 2020 was BRL 6,371,817,000.

#### Historical Ancillary Revenue

2018	\$232,294,093
2019	\$616,816,503
2020	\$175,670,739

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

## Hawaiian Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$191,034,200
As a % of Revenue	22.6%
Dollars per Passenger	\$56.82
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$844,813,000
Passengers	3,362,000
Information Source	Annual Report 2020 for Hawaiian Holdings, Inc.
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• Hawaiian no longer makes direct disclosures for ancillary revenue. Various activities have been disclosed for 2020 and are listed below, and represent a portion of the carrier's total ancillary revenue.</li> <li>• Extra Comfort and preferred seating revenue was disclosed to be \$107 million for 2019, for an average of \$9.10 per passenger. Extra Comfort provides more leg room, fast track screening (at seven airports), early boarding, at-seat power, and on select flights expanded IFE choices, and an amenity kit. The estimated amount for 2020 is \$30,594,200 (<math>\\$9.10 \times 3,362,000</math> passengers).</li> <li>• The number of HawaiianMiles travel rewards used on Hawaiian was approximately 174,000 in 2020 (2019: 720,000). The amount of free travel rewards as a percentage of total revenue passengers was approximately 5% (2019: 6%). The program has 10 million members in total, with 2.5 million active members across Hawaii, North America and the Pacific Rim. Approximately 58% of frequent flyer program members reside in the U.S. mainland, 26% live in Hawaii (2.6 million), and the remainder live in international markets.</li> <li>• The airline disclosed these two frequent flyer program revenue components for 2020: <ul style="list-style-type: none"> <li>– Frequent flyer revenue, transportation: \$48,585,000.</li> <li>– Frequent flyer revenue, marketing and brand: \$85,827,000.</li> <li>– Total of above: \$134,414,000.</li> </ul> The equals \$13.44 per member, or \$53.77 per active member.</li> <li>• Ancillary revenue calculated for Hawaiian Airlines for 2020 is \$191,034,200 and is based upon these sources: <ul style="list-style-type: none"> <li>– Extra comfort seating: \$30,594,200.</li> <li>– Baggage fees (US DOT website): \$26,026,000.</li> <li>– Loyalty program revenue: \$134,414,000.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>Operating revenue for 2019 was \$844,813,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$387,183,000
2019	\$436,838,000
2020	\$191,034,200
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## JetBlue

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$611,000,000
As a % of Revenue	20.7%
Dollars per Passenger	\$42.81
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$2,957,000,000
Passengers	14,274,000
Information Source	Form 10-K for the year ended 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures below are in US dollars.</li> <li>JetBlue sells the following a la carte services: <ul style="list-style-type: none"> <li>Checked baggage.</li> <li>Even More Space (extra leg room seats, early boarding, and fast track screening).</li> <li>Even More Speed (fast track screening).</li> <li>Inflight purchases (headsets, blanket/pillow, alcoholic beverages, and Eat Up food).</li> <li>Large carry-on baggage.</li> <li>Phone reservations.</li> <li>Seat selection.</li> <li>Sports equipment (checked baggage).</li> </ul> </li> <li>JetBlue will focus on the following ancillary revenue related activities during the recovery: <ul style="list-style-type: none"> <li>Upgrading revenue management system and optimizing ancillary product offering.</li> <li>Growing loyalty revenue; the airline has an ongoing co-brand credit card RFP.</li> <li>Expanding JetBlue Travel Products offerings.</li> </ul> </li> <li>Fee revenue, which represents a la carte activities, decreased by \$324 million as a result of the lack of flying, representing a 55.4% decline from the prior year. This suggests 2019 fee revenue was approximately \$585 million, and 2020 fee revenue was \$261 million.</li> </ul>

	<ul style="list-style-type: none"> <li>Revenue from Even More Space seats, which was JetBlue's largest ancillary product in 2019, decreased by \$197 million, or 65.6% year-over-year. This suggests 2020 Even More Space revenue was \$105 million (average of \$7.35 per passenger)</li> <li>TrueBlue generated revenue from the following sources in 2020: <ul style="list-style-type: none"> <li>Loyalty revenue – air transportation component: \$182 million.</li> <li>Loyalty revenue – other revenue component: \$168 million.</li> </ul> Total TrueBlue revenue from the above is \$350 million.</li> <li>JetBlue operates these ancillary revenue generating businesses, however revenue was not disclosed from these activities: <ul style="list-style-type: none"> <li>JetBlue Vacations, which operates within the Travel Products wholly-owned subsidiary based in Fort Lauderdale. The unit sells air+hotel packages.</li> <li>The TWA Flight Center Hotel at JetBlue's New York JFK terminal has 500+ rooms. The airline has a 10% ownership interest in the business.</li> </ul> </li> <li>JetBlue's 2020 ancillary revenue is calculated to be <u>\$611,800,000</u> and is composed of these sources: <ul style="list-style-type: none"> <li>Fee revenue (a la carte activities): \$261 million.</li> <li>TrueBlue loyalty: \$350 million.</li> </ul> The total does not include revenue produced by JetBlue Vacations.</li> <li>Operating revenue for 2020 was \$2,957,000,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$1,083,255,000
2019	\$1,452,752,000
2020	\$934,800,000

Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.

#### LATAM Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$65,412,000
As a % of Revenue	1.7%
Dollars per Passenger	\$2.31
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$3,923,667,000
Passengers	28,299,000

Information Source	Annual Report 2020 of LATAM Airlines Group and Form 20-F for the year ended 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• LATAM includes the following subsidiaries: LATAM Airlines Chile, LATAM Airlines Peru, LATAM Airlines Argentina, LATAM Airlines Colombia, LATAM Airlines Ecuador, and LATAM Airlines Brazil.</li> <li>• The company has developed a new strategic plan which is based upon a “new travel model” for domestic and international services. This will address the changing dynamics of customers and the industry, and improve the carrier’s competitive position. The new travel model is based on a continued reduction in airfares that makes air travel accessible to a wider audience, and in particular to those who wish to fly more frequently. This model requires continued cost reduction efforts and increasing revenues from ancillary activities.</li> <li>• These notable events occurred during 2020: <ul style="list-style-type: none"> <li>– During 2020 LATAM and affiliates filed for Chapter 11 bankruptcy.</li> <li>– In January 2020, LATAM Airlines Group announced that it will introduce its superior cabin class, Premium Economy, in all domestic and international flights within Latin America operated by the Airbus A320 family aircraft, starting March 16, 2020. This cabin class offers premium services both at the airport and in-flight, including priority check-in and boarding, VIP lounge access in airports where available, a differentiated onboard service (including complimentary snacks and drinks), an exclusive overhead bin for hand luggage and a blocked middle seat, providing greater space and privacy.</li> <li>– On 01 May 2020, after being a member for approximately 20 years, LATAM officially exited the Oneworld alliance and indicated that it would not be joining any other global alliance at the time.</li> <li>– During the first part of 2020, the company’s affiliates in Brazil, Peru, Colombia and Ecuador implemented codeshare agreements with Delta Air Lines to provide connectivity to 435 destinations worldwide.</li> <li>– LATAM Brazil merged with the Multiplus frequent flyer program on 31 May 2020 after acquiring 100% of Multiplus.</li> <li>– Gold Plus was added as an elite tier to the LATAM Pass program. The complete list of elite tiers is Gold, Gold Plus, Platinum, Black and Black Signature.</li> </ul> </li> <li>• 46% of sales occurred through indirect channels, such as travel agencies.</li> </ul>



	<ul style="list-style-type: none"> <li>• Total ancillary revenue for LATAM for 2020 was <u>\$65,412,000</u> and consisted of these items: <ul style="list-style-type: none"> <li>– Duty free: no meaningful revenue for 2020.</li> <li>– Tour packages: \$22,499,000.</li> <li>– Income from non-airline products, such as LATAM Pass: \$42,913,000.</li> </ul> </li> <li>• LATAM Pass has 38 million members.</li> <li>• The Multiplus coalition program of Brazil is a part of LATAM Pass; the group owned 100% of Multiplus as of May 2020.</li> <li>• This data was provided to LATAM management prior to publication of this report. The company did not confirm or deny the accuracy of the data.</li> <li>• Total operating revenue for 2020 was \$3,923,667,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$298,466,000
2019	\$245,606,000
2020	\$65,412,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Southwest

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$2,522,000,000
As a % of Revenue	27.9%
Dollars per Passenger	\$46.63
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$9,048,000,000
Passengers	54,088,000 <i>Revenue passengers carried, not enplaned passengers.</i>
Information Source	2020 Annual Report and 4 <sup>th</sup> Quarter 2020 investor call transcript
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• Southwest offers the following a la carte services: <ul style="list-style-type: none"> <li>– Early Bird 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). The company uses a variable pricing model for Early Bird Check-In based on the length of the flight</li> </ul> </li> </ul>

- and the historical popularity of Early Bird Check-In on the route. Variable price points are \$15, \$20 and \$25.
- Pet transportation: Southwest's pet policy allows customers to bring a small cat or dog into the aircraft cabin for a \$95 fee.
  - Unaccompanied minors: \$50 fee, ages 5-11.
  - Upgraded Boarding: When available, the airline also sells Upgraded Boarding at the airport for boarding positions A1-15 (priced at \$30, \$40, or \$50).
  - Wifi: Satellite-based internet service for an \$8 fee. Free access is provided to movies, live TV, mobile app messaging, and travel information content.
  - Purchase of alcoholic drinks or premium beverages on flights.
- Airline management made specific reference to revenue produced by Early Bird and Upgraded Boarding results during 2019:
    - Early Bird: \$3.37 average per passenger based upon 3<sup>rd</sup> quarter 2019 disclosure.
    - Upgraded Boarding: \$0.60 average per passenger based upon 3<sup>rd</sup> quarter 2019 disclosure.
  - Southwest made robust disclosure of its ancillary revenue for 2020:
    - Passenger ancillary (a la carte): \$359 million.
    - Passenger loyalty (Rapid Rewards travel component): \$1.003 billion.
    - Other loyalty non-airline revenue (from non-airline redemption): \$60 million.
    - Marketing revenue (Rapid Rewards marketing and brand component) \$1.1 billion.

Total ancillary revenue for 2019 was \$2,522,000,000.
  - Customers of Southwest redeemed approximately 4.1 million (2019: 10.7 million) flight rewards, accounting for approximately 15.8% (2019: 14.1%) of revenue passenger miles flown.
  - During the 4<sup>th</sup> quarter 2020 investor call, Thomas Nealon, president, said "Our credit card portfolio is a real point of strength for us. In fact, revenue from card spend in the fourth quarter was down only 11% year over year. We're also continuing to acquire new Rapid Rewards members and new cardholders, although at a slower rate, simply because there are fewer people traveling."
  - For the year ended 31 December 2020, approximately 83% 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 2020 was \$9,048,000,000.

Historical Ancillary Revenue	
2018	\$4,049,000,000
2019	\$4,498,000,000
2020	\$2,522,000,000
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Spirit

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$1,009,308,000
As a % of Revenue	55.8%
Dollars per Passenger	\$54.72
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,810,022,000
Passengers	18,444,000 (described as passenger flight segments)
Information Source	2020 Form 10-K and 15 March 2021, 11 November 2020 investor presentations
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• The airline highlighted these unbundled product offerings: <ul style="list-style-type: none"> <li>– In-flight food &amp; beverage.</li> <li>– Priority boarding.</li> <li>– Seat selection &amp; upgrades (middle seats provide an extra inch of width at 18 inches compared to window and aisle at 17 inches).</li> <li>– Phone booking.</li> <li>– Checked luggage.</li> <li>– Online booking.</li> <li>– Carry-on baggage.</li> <li>– Ticket printing.</li> </ul> </li> <li>• Spirit disclosed ancillary revenue remained strong during the pandemic: <ul style="list-style-type: none"> <li>– On a per segment basis, in 3Q20 ticket revenue decreased 35% while non-ticket only decreased 7%.</li> <li>– Non-ticket rate for October 2020 was up slightly year over year.</li> </ul> </li> <li>• During early 2021 the airline relaunched the Free Spirit frequent flyer program. The program provides point accrual for ancillary revenue purchases, points pooling and points+cash redemption. Two new credit cards were introduced which include benefits such as early boarding and a 25% rebate for buy-on-board purchases.</li> <li>• During 2020 Spirit generated non-fare revenues of <u>\$1,009,308,000</u>. Non-ticket revenues are derived from</li> </ul>

	<p>charges for, among other things, baggage, bookings through certain distribution channels, advance seat selection, and loyalty programs. The “non-fare” category does not include change fee revenue (which is included in non-ticket revenue) and thus qualifies as ancillary revenue.</p> <ul style="list-style-type: none"> <li>• Summary of the primary components of non-fare revenue: <ul style="list-style-type: none"> <li>– Baggage: \$404,896,000.</li> <li>– Passenger usage fee: \$358,561,000 (per passenger fee charged for all bookings except those made at the airport).</li> <li>– Advance seat selection: \$125,213,000.</li> <li>– Other: \$120,638,000 (or \$87,437,000 net of the Free Spirit component).</li> </ul> <p>Free Spirit loyalty program revenue (see below) is included in the other category, along with travel-related commission revenue.</p> </li> <li>• The \$9 Fare Club (now called Spirit Savers Club) generated \$63.7 million from subscription fees (Form 8-K 31 August 2020) for 2019. With an annual fee of \$59.95, that’s equivalent to 1,062,552 memberships.</li> <li>• Per passenger segment revenue statistics for 2020: <ul style="list-style-type: none"> <li>– Average fare: \$41.00 (\$54.63 for 2019).</li> <li>– Average non-ticket revenue: \$57.14 (\$56.28 for 2019).</li> <li>– Average total revenue: \$98.14 (\$110.91 for 2019).</li> </ul> <p>Non-ticket revenue remained stable during the year, while fares dropped significantly compared to the prior year.</p> </li> <li>• Cash proceeds from the sale of Free Spirit mileage credits to non-airline third parties: <ul style="list-style-type: none"> <li>– 2020: \$33,201,000.</li> <li>– 2019: \$48,136,000.</li> <li>– 2018: \$39,194,000.</li> <li>– 2017: \$49,453,000.</li> <li>– 2016: \$48,882,000.</li> </ul> <p>This activity is included under non-ticket revenue.</p> </li> <li>• Operating revenue for 2020 was \$1,810,022,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$1,493,108,000
2019	\$1,800,826,000
2020	\$1,009,308,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Sun Country

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$67,422,000
As a % of Revenue	16.8%
Dollars per Passenger	\$40.15
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$401,486,000
Passengers	1,679,242
Information Source	Sun Country S-1 Registration Document (for initial public offering) dated 16 March 2021 and US DOT Bureau of Transportation Statistics
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• Sun Country has filed an S-1 registration document with the US SEC for an initial public offering. The filing provides a thorough review of the carrier's finances for the 2018-2020 period. The following disclosure represents much more ancillary revenue (which does not include Other Revenue) activity than estimated in prior editions of the Yearbook: <ul style="list-style-type: none"> <li>– 2020: \$40.53 per passenger.</li> <li>– 2019: \$33.14 per passenger.</li> <li>– 2018: \$21.70 per passenger.</li> <li>– 2017: \$13.34 per passenger.</li> </ul> </li> <li>• The carrier's IPO document offers these definitions: <ul style="list-style-type: none"> <li>– Ancillary revenues consist of revenue earned from air travel-related services such as baggage fees, seat selection fees, on-board sales, and change fees.</li> <li>– Other revenue consists primarily of revenue from services in connection with Sun Country Vacation products, including organizing ground services, such as hotel, car and transfers. Other revenue also includes services not directly related to providing passenger services such as the advertising, marketing and brand elements resulting from the company's co-branded credit card program. In addition, other revenues also includes revenue from mail on regularly scheduled passenger aircraft.</li> </ul> </li> <li>• The airline believes elements of its product compare to ultra-low cost carriers (ULCCs) such as unbundled pricing, Boeing 737 single aisle aircraft, point-to-point schedule design, and low cost structure. However, Sun Country believes its service compares favorably to Southwest and JetBlue because it includes more legroom than ULCCs, complimentary beverages, in-flight</li> </ul>

	<p>entertainment and in-seat power, none of which are offered by ULCCs.</p> <ul style="list-style-type: none"> <li>• Sun Country expanded its ancillary products and services, which consist of baggage fees, seat assignment fees and other fees, increasing average ancillary revenue per scheduled service passenger by 148% from 2017 to 2019. During 2019, the airline increased the seat density of almost all aircraft to 183 seats, and subsequently further increased the seat density of the fleet to 186 seats. At 186 seats, the carrier offers two seat categories: Best and Standard. The Best category includes preferred boarding, one complimentary alcoholic beverage, 4 inches of extra legroom and 150% extra recline. During this period, Sun Country expanded its ancillary product offerings by introducing carry-on and checked bag fees and increased buy-on-board options.</li> <li>• Since the switch to Navitaire as its passenger service system, 68% of Minneapolis originating passengers check in either online or at a kiosk. System-wide over 55% of passengers check in electronically.</li> <li>• The airline disclosed the following revenue activity for 2020: <ul style="list-style-type: none"> <li>– Passenger ancillary: \$68,055,000 (includes change fees during this period of \$6,078,000).</li> <li>– Other ancillary: \$5,445,000.</li> </ul> <p>Sun Country flew 1,679,242 passengers during 2020.</p> </li> <li>• Adjusting the above revenue to remove change fees generates these results: <ul style="list-style-type: none"> <li>– Passenger ancillary: \$61,977,000.</li> <li>– Other ancillary: \$5,445,000.</li> <li>– Total ancillary: <u>\$67,422,000.</u></li> </ul> </li> <li>• Operating revenue for 2020 was \$401,486,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$56,743,959
2019	\$118,175,218
2020	\$67,422,000

*Prior Year Sources: Sun Country S-I Registration Document.*

#### United

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$3,319,515,000
As a % of Revenue	21.6%
Dollars per Passenger	\$57.47
Financial Period	Calendar year ended 31 December 2020

Total Revenue	\$15,355,000,000
Passengers	57,761,000
Information Source	United Continental Holdings Form 10-K for 2020 and MileagePlus investor presentation dated 15 June 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• United provided this information about a la carte activity in its 2020 Form 10-K annual report: “The company charges fees, separately from ticket sales, for certain ancillary services that are directly related to passengers’ travel, such as ticket change fees, baggage fees, inflight amenities fees, and other ticket-related fees.” The company recorded \$918 million, \$2.4 billion and \$2.2 billion of ancillary fees within passenger revenue in the years ended December 31, 2020, 2019 and 2018, respectively.”</li> <li>• The \$918 million amount requires adjustment because ticket change fees don’t qualify as a la carte activity. Change fees for 2020 were \$137,485,000 million (US DOT) and the adjusted ancillary revenue for 2020 is \$780,515,000.</li> <li>• United received \$5 billion in financing secured by its MileagePlus frequent flyer program. The funds supported operations during the 2020 pandemic.</li> <li>• The presentation prepared for the investment community offers a robust review of MileagePlus Holdings. The following are highlights from the MileagePlus presentation (unless otherwise noted): <ul style="list-style-type: none"> <li>– The program has 100 million members.</li> <li>– Member activity represents 50% of United’s revenue.</li> <li>– 71% of miles are purchased by partners, such as Chase, and the remaining 29% are purchased by the airline (for the flight-related accrual of passengers).</li> <li>– 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.</li> <li>– United pays a base price of \$0.01 (one cent) per mile plus an adjustment factor based upon various financial measurements. The factor has a minimum value of 20%, which indicates the minimum price per mile sold to United is \$0.012 (1.2 cents).</li> <li>– MileagePlus purchases rewards from United at the fixed price of \$0.01 (one cent) per mile. For example, a 20,000-mile one-way reward would cost \$200.</li> <li>– The presentation describes a price of \$0.02 (two cents) per mile as the price paid by partners.</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>– The co-branded credit card relationship with Chase has been extended to 2029. Other partners typically have 3- to 5-year agreements.</li> <li>– Premier members (elite status) spend 14X more with United than members without status. If the Premier member is also engaged with a program partner (such as a co-branded credit card) the factor is 25X.</li> <li>– 1.9 million flight rewards were redeemed on United and United Express during 2020 (2019: 6.1 million) and these represent 6.2% of revenue passenger miles (2019: 7.2%).</li> </ul> <ul style="list-style-type: none"> <li>• In 2020, total miles redeemed for flights on United and United Express, including class-of-service upgrades, represented approximately 80% of the total miles redeemed. In addition, excluding miles redeemed for flights on United and United Express, MileagePlus members redeemed miles for approximately 0.8 million other awards. These awards include United Club memberships, car and hotel awards, merchandise and flights on other air carriers.</li> <li>• United listed these MileagePlus income statement items in its annual report: <ul style="list-style-type: none"> <li>– Travel miles redeemed (passenger revenue): \$568,000,000.</li> <li>– Non-travel miles redeemed (revenue): \$69,000,000.</li> <li>– Other operating revenue, loyalty program: \$1,902,000,000.</li> </ul> </li> </ul> <p>The above totals \$2,539,000,000.</p> <ul style="list-style-type: none"> <li>• Total ancillary revenue for 2020 was <u>\$3,319,515,000</u> from these two sources: <ul style="list-style-type: none"> <li>– Adjusted ancillary revenue (see notes above): \$780,515,000.</li> <li>– MileagePlus activity: \$2.539 billion.</li> </ul> </li> <li>• 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 data.</li> <li>• United revenue for 2020 was \$15,355,000,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$5,802,000,000
2019	\$6,580,000,000
2020	\$3,319,515,000

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

## Viva Aerobus

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$189,518,219
As a % of Revenue	52.6%
Dollars per Passenger	\$23.33
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$360,075,799
Passengers	8,123,000
Information Source	4Q & FY 2020 earnings release Grupo Viva Aerobus
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Mexican pesos (MXN).</li> <li>• Viva Aerobus derives ancillary revenue from the following activities: <ul style="list-style-type: none"> <li>– Baby Package allowing stroller drop off and retrieval at the aircraft door.</li> <li>– Boarding pass printed at airport.</li> <li>– Branded fares (Zero, Light, Extra, Smart).</li> <li>– Car rental, hotel, and vacation home booking.</li> <li>– Checked bags.</li> <li>– Co-branded credit card.</li> <li>– Cross Border Xpress (direct border crossing to Tijuana Airport from US).</li> <li>– Deferred payment (Uplift).</li> <li>– Extra heavy carry-on bag.</li> <li>– Flexi Pass (allows itinerary charges).</li> <li>– Pet carriage (in cabin or in hold).</li> <li>– Seat assignment (More Space, Preferred and Regular).</li> <li>– VIP Pass (early boarding).</li> <li>– Viva Bus (airport ground transportation).</li> <li>– Viva Express (priority check-in).</li> <li>– Viva Fan (fare discount subscription program).</li> <li>– Viva Insurance (plans for travel, medical and baggage).</li> <li>– Viva Taxis.</li> <li>– Viva Transfer shared transportation.</li> </ul> </li> <li>• Ancillary revenue reached <u>MXN 4,327,037,000</u> for 2020 which is a 25.2% decrease compared to 2019.</li> <li>• Revenue for 2020 was MXN 8,221,169,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$239,682,841
2019	\$303,365,676
2020	\$189,518,219
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Volaris

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$415,901,030
As a % of Revenue	42.9%
Dollars per Passenger	\$31.62
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$970,559,350
Passengers	13,153,000 (passenger segments flown)
Information Source	Volaris Aviation Holding Company SEC Form 20-F for 2020 and Volaris investor presentation – March 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are Mexican pesos (MXN) unless otherwise stated.</li> <li>• Volaris is a self-described “ultra-low-cost carrier” based in Mexico. The carrier refers to ancillary revenue as “non-ticket revenue.”</li> <li>• Volaris presents ancillary revenue on the basis of booked passengers. Effective 2020, IdeaWorksCompany will calculate results based upon passengers flown.</li> <li>• Ancillary revenue was disclosed as MXN 659 (2019: MXN 532) per booked passenger for 2020. This amount includes cargo revenue, which does not qualify as ancillary revenue. The airline noted these revenue categories: <ul style="list-style-type: none"> <li>– Other passenger revenues: MXN 8,613,398,000 (a la carte activities). Other passenger services include but are not limited to fees charged for excess baggage, bookings through the call center or third-party agencies, advance seat selection, itinerary changes, V-Club memberships and charters.</li> <li>– Other non-passenger revenues: MXN 882,360,000. Revenues from other non-passenger services mainly include but are not limited to commissions charged to third parties for the sale of hotel reservations, trip insurance, rental cars and advertising spaces to third parties.</li> </ul> </li> </ul> <p>The above two items total <u>MXN 9,495,758,000</u> and excludes cargo revenue, and represents the carrier’s adjusted ancillary revenue.</p> <p>V-Club subscriptions accounted for approximately 0.7% of “other passenger revenues” in 2020 (<math>0.007 \times \text{MXN } 8,613,398,000 = \text{MXN } 60,293,786</math>). Members of the V-Club have exclusive access to the lowest fares and promotions through the Volaris website. The subscription</p>

program had 395,940 members at the end of 2020 (2019: 632,000) which represents a 32% year-over-year decrease.

- 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 2.31% of non-ticket revenue ( $.0231 \times \text{MXN } 9,495,758,000 = \text{MXN } 219,352,000$ ) for 2020. There were 294,000 affinity credit cardholders at the end of 2020 (2019: 282,000). Affinity card revenue for Volaris is MXN 746 (\$32.67) per account.
- The following are other a la carte services offered by Volaris:
  - Vpass is the monthly subscription program, by which the holder has the right to book one flight per month and pay only taxes in any domestic route of Volaris.
  - A-la-carte insurance products; designed to fit different needs related to the flight.
  - Refund Combo offers a full refund of the flight (up to MXN 20,000) and also covers extra expenses (such as hotel or taxi) related to flight delays.
  - COVID tests for those flying with the carrier (provided by a third party).
  - Vuela Plus fare includes 2 large carry-on bags (not to exceed 22 pounds in total) and one checked-in bag.
  - VEMpressa subscription plan for businesses which offers 30% discount on basic/class/plus fares and one free name change per ticket. The annual fee is \$335.
  - Flexibility Combo offers unlimited changes with no difference in the fare.
  - More Baggage Combo offers one additional large carry-on, one additional checked bag, and a checked piece of sports equipment.
  - On-Time Performance Guarantee entitles consumers to an electronic credit in the amount of \$1,000 MXN or \$100 USD (depending on the currency used to make the booking) in the event that a flight arrives more than 30 minutes late.
  - “Volaris is with you” assists minors under 18 and elderly passengers who are traveling unaccompanied and need assistance from the airport of origin until their final destination (MXN 669 fee).
- The following describes the carrier’s sales activity by distribution channel:
  - Website and mobile app: 73.8%.
  - Call center: 5% (MXN 248 fee per customer).
  - Third party travel agents: 13.8% (MXN 169 fee per customer).
  - Airport counters: 1%.

	<ul style="list-style-type: none"> <li>– V-Club subscription program: 6.5%.</li> <li>• This data was provided to Volaris' management prior to publication of this report. The company did not confirm or deny the accuracy of the data.</li> <li>• Revenue for 2020 was MXN 22,159,591,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$442,275,728
2019	\$612,788,315
2020	\$415,901,030
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## **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):

Air Transat (no disclosure of air revenues), Avelo, Breeze Airways, Flair Airlines (Canada), Flybondi (Argentina), Interjet (shut down in 2020), Jetlines (Canada), JetSMART (Chile), JSX Air, Porter (privately held), Sky Airline (Chile), Sunwing (part-owned by Tui), and WestJet (now privately held).

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\*

IDEAWORKS  
CLIENT AIRLINES

**\$45.18**

OTHER  
AIRLINES

**\$17.64**

\*Average among IdeaWorksCompany airline consulting clients for the most recent 1-year period, compared to ancillary revenue results from other airlines. All statistics from the Yearbook of Ancillary Revenue.



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Contact Jay Sorensen for more information:  
**jay "at" IdeaWorksCompany.com**

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## Asia and the South Pacific

### **Air Astana**

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$3,949,000
As a % of Revenue	1.0%
Dollars per Passenger	\$1.07
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$400,264,000
Passengers	3,700,000
Information Source	Consolidated Financial Statements for the year ended 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• The results include the operations of Air Astana and FlyArystan.</li> <li>• Ancillary revenue for 2020 was represented by baggage charges and advertising sales: <ul style="list-style-type: none"> <li>– Revenue from excess baggage charges: \$3,449,000.</li> <li>– Revenue from the sale of advertising: \$500,000.</li> </ul> Disclosed ancillary revenue activity for 2020 was <u>\$3,949,000</u>.</li> <li>• In May 2019 the company launched domestic flights for FlyArystan, an LCC that will operate alongside Air Astana's existing operations. Passenger revenue of the group includes \$55,902,000 related to the FlyArystan division. For 2019, FlyArystan flew 770,000 passengers; the company disclosed 2020 traffic as 110% higher, which generates a result of 1,617,000 passengers.</li> <li>• Revenue for 2020 was \$400,264,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$6,160,000
2019	\$6,475,000
2020	\$3,949,000
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### **Air China Group**

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$230,806,795
As a % of Revenue	2.3%

Dollars per Passenger	\$3.36
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$9,829,100,637
Passengers	68,687,070
Information Source	Air China 2020 Annual Report and 2020 annual results announcement (presentation)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in China yuan (CNY).</li> <li>• The Phoenix Miles program has 68,176,600 members, and member activity represented 52.3% (2019: 46.5%) of revenue.</li> <li>• For 2019 the airline disclosed seat assignment and prepaid baggage revenue equivalent to CNY 1.39 per passenger; a similar disclosure was not made for 2020. Accordingly, the CNY 1.39 rate will be applied to 2020 traffic, which generates CNY 95 million.</li> <li>• Total ancillary revenue for Air China during 2020 was <u>CNY 1,632,086,000</u> and is represented by these sources: <ul style="list-style-type: none"> <li>– Seat assignment and prepaid baggage: CNY 95,000,000.</li> <li>– Phoenix Miles revenue: CNY 1,537,086,000.</li> </ul> </li> <li>• Mobile app users numbered 12.34 million at the end of 2020.</li> <li>• The sales group added 296 major corporate accounts, bringing the total to 3,620 major accounts.</li> <li>• Results from the following passenger airline subsidiaries are included in Air China Group results: Shenzhen Airlines (including Kunming Airlines), Air Macau, Dalian Airlines, Air China Inner Mongolia, and Shandong Airlines (Beijing Airlines is a business charter operation).</li> <li>• Total traffic for the above subsidiaries: 47,370,900 passengers. This suggests Air China (without subsidiaries) carried 21 million passengers. Total revenue for the above subsidiaries was CNY 30.6 billion. This suggests Air China (without subsidiaries) revenue was CNY 38.9 billion.</li> <li>• Total revenue for 2020 was CNY 69,503,749,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$138,602,255
2019	\$345,004,773
2020	\$230,806,795
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Air India

Source and Type	Checked baggage fees
Ancillary Revenue	\$29,378,452
As a % of Revenue	0.8%
Dollars per Passenger	\$1.33
Financial Period	Fiscal Year ended 31 March 2020 (FY 2019/20)
Total Revenue	\$3,892,173,486
Passengers	22,100,000
Information Source	Annual Report of Air India for Fiscal 2019/20 (Chairman's message, directors report, management's discussion, and financial notes)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in India rupees (INR).</li> <li>• Fiscal 2019/20 is the most recent reporting period for Air India.</li> <li>• Ancillary revenue disclosed for FY 2019/20 was represented by baggage charges of <u>INR 2,218,600,000</u>.</li> <li>• Total Flying Returns membership on 31 March 2020 was 2,723,185. Elite tier membership was: <ul style="list-style-type: none"> <li>– The Maharaja Club 1,824.</li> <li>– Golden Edge Club 2,959.</li> <li>– Silver Edge Club 12,496.</li> </ul> </li> <li>• Total operating revenue from operations for FY 2019/20 was INR 293,928,900,000.</li> <li>• FY 2017/18 – FY 2019/20 commentary (see data below): Baggage revenue for FY-2017/18 was significantly higher than FY 2019/20. The most recent results disclosed are for the period ended 31 March 2020 which is pre-pandemic.</li> </ul>
<b>Historical Ancillary Revenue</b>	
FY 2017/18	\$34,903,952
FY 2018/19	\$17,472,671
FY 2019/20	\$29,378,452
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Air India Express

Source and Type	Checked baggage fees
Ancillary Revenue	\$10,185,263
As a % of Revenue	1.5%
Dollars per Passenger	\$2.10

Financial Period	Fiscal Year ended 31 March 2020 (FY 2019/20)
Total Revenue	\$676,094,636
Passengers	4,840,000
Information Source	Annual Report of Air India Express Limited for Fiscal 2019/20
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in India rupees (INR).</li> <li>• Fiscal 2019/20 is the most recent reporting period for Air India.</li> <li>• Air India Express is a subsidiary of Air India Group.</li> <li>• Ancillary revenue disclosed for FY 2019/20 was represented by baggage charges which equaled <u>INR 769,170,000</u>.</li> <li>• The following ancillary revenue services are offered: <ul style="list-style-type: none"> <li>– Excess baggage.</li> <li>– Pre-order meals.</li> <li>– Assigned seating, to include exit row and extra leg room.</li> <li>– Visa services.</li> </ul> <p>The airline continues to serve complimentary snacks to passengers who do not opt for the paid meals.</p> </li> <li>• Total revenue for FY 2019/20 was INR 51,057,270,000.</li> <li>• FY 2019/20 commentary (see data below): The most recent results disclosed are for the period ended 31 March 2020 which is pre-pandemic.</li> </ul>
<b>Historical Ancillary Revenue</b>	
FY 2017/18	\$9,822,710
FY 2018/19	\$9,056,382
FY 2019/20	\$10,185,263
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Air New Zealand

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$332,104,919
As a % of Revenue	20.4%
Dollars per Passenger	\$38.40
Financial Period	Fiscal year ended 30 June 2021
Total Revenue	\$1,629,450,452
Passengers	8,649,000
Information Source	Annual Financial Results 2020 Report and Presentation
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> <li>• All figures below are in New Zealand dollars (NZD).</li> <li>• The fiscal year ended 30 June 2020 (FY 2021) is the most</li> </ul>

Notes from Financial Reports	<p>recent full reporting period for Air New Zealand, and largely represents pre-pandemic results.</p> <ul style="list-style-type: none"> <li>Air New Zealand has a history of describing ancillary revenue activities in its investor documents, without disclosing a specific revenue amount. There was FY 2019 reference to NZD 100 million, which seemed low for a carrier its size. For FY 2020, the following financial disclosures, when added together, provide a more accurate assessment of the carrier's ancillary revenue: <ul style="list-style-type: none"> <li>Loyalty program (Airpoints): NZD 396 million. This consists of NZD 175 million current revenue in advance and NZD 221 million non-current revenue in advance. This is actually considered a liability, but it can approximately reflect annual revenue if the activity is consistent year over year; the prior year's total activity was NZD 428 million. The program has 3.6 million members (FY 2020: 3.2 million).</li> <li>Other revenue: NZD 117 million. The airline defines this as including lounge revenue, Koru membership subscriptions, commissions and fees. This is largely consistent with ancillary revenue.</li> </ul> </li> </ul> <p>Total ancillary revenue for FY 2021 is <u>NZD 513,000,000</u>.</p> <ul style="list-style-type: none"> <li>Total revenue for fiscal year FY 2021 was NZD 2,517,000,000.</li> <li>Historical commentary (see data below): Years are not indicated as fiscal periods. For example, "2018" refers to FY 2019 for this airline.</li> </ul>
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#### Historical Ancillary Revenue

FY 2019	\$405,755,451
FY 2020	\$425,327,353
FY 2021	\$332,104,919
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

#### AirAsia Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$128,523,423
As a % of Revenue	17.6%
Dollars per Passenger	\$9.66
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$730,533,074
Passengers	13,309,353

Information Source	Director's Report and Audited Financial Statements 31 December 2020, Annual Report 2020, and analyst presentation – 4th Quarter Results 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in Malaysian ringgit (MYR).</li> <li>• The 2020 list of AirAsia Group airlines includes: AirAsia Malaysia (MAA), AirAsia Thailand (TAA), AirAsia Indonesia (IAA), AirAsia Philippines (PAA) and AirAsia digital. Omitted for 2020 are AirAsia India (AAI) and AirAsia Japan (AAJ) because, during the year, the group reduced its equity in AirAsia India and AirAsia Japan ceased operating as a result of the pandemic.</li> <li>• The 2020 Annual Report offers these marketing statistics: <ul style="list-style-type: none"> <li>– The company has 12,652,677 Facebook fans, 8,180,665 Twitter followers, 3,184,526 Instagram followers, and 27,835,049 Line followers.</li> <li>– AirAsia.com (known as AirAsia super app) had 138 million average monthly page views and 24.2 million average monthly users. The site has been repositioned to offer “all things travel and lifestyle.”</li> <li>– BIG Loyalty, now known as BIG Rewards, celebrated 10 years and has 25 million members.</li> <li>– Hotel Bundle Deals offering savings up to 50% were introduced in partnership with Ormond Group.</li> <li>– Santan, the airline-inspired cafe, launched its second Malaysian outlet at the Sunway Pyramid shopping center. The brand was also approved to expand through franchise relationships.</li> <li>– AirAsia launches its official online store on Shopee in the Philippines, making available a wide selection of in-flight merchandise, souvenirs and collectors' items online.</li> <li>– Counter check-in fees were introduced to encourage use of contactless technology.</li> <li>– As a result of low passenger loads, AirAsia launched the Unlimited Flight Pass in June 2020 offering unlimited domestic travel in four key markets, Malaysia, Thailand, Indonesia and the Philippines. At the end of 2020, more than 200,000 passes were sold, prompting the launch of the Unlimited Asean in March 2021.</li> <li>– AirAsia Food was introduced as a complete food ordering solution in Singapore. AirAsia Fresh offers fresh and frozen produce direct from growers.</li> <li>– The Unlimited Asean added unlimited travel within ASEAN and free e-commerce delivery services to the prior unlimited domestic flight offer.</li> <li>– Xpress Baggage, launched on 15 June, ensures a customer's baggage appears before the others at destination airports. This service is currently available for travel to Australia, Bangladesh, Cambodia, China,</li> </ul> </li> </ul>

	<p>Macau, Malaysia, Myanmar, Singapore, South Korea, Sri Lanka, Taiwan, Vietnam and the US.</p> <ul style="list-style-type: none"> <li>– Xtra Carry-on, introduced on 8 December, allows guests to carry an additional 7kg of cabin baggage on top of the free 7kg allowance. The facility is offered for travel to Bangladesh, Cambodia, China, Japan, Hong Kong, Laos, Macau, Malaysia, Maldives, Myanmar, the Philippines, Singapore, Taiwan and Vietnam.</li> <li>– BIG Xchange is an instant points exchange platform that allows members to convert bank and other loyalty points to BIG Points seamlessly and immediately. Current partners include Citibank (Malaysia, Singapore, Thailand, Indonesia), Petronas, Parkson, Sunway Pal (Malaysia), TrueYou, Boonthavorn, Krungsri Credit Card and Krungsri First Choice (Thailand). There are plans to rapidly grow this partner list in order to make BIG Xchange a universal points exchange hub for all loyalty points across ASEAN.</li> <li>– The company is buying the remaining 20% of BigLife (operator of BIG Rewards) from AIMIA.</li> </ul> <ul style="list-style-type: none"> <li>• For 2020, AirAsia disclosed total ancillary revenue of MYR 128,600,000 in its annual report, which was significantly less than the MYR 2,100,000,000 in 2019. This result generates an unrealistically low rate of 4.1% of airline revenue. The top ancillary performers were: <ul style="list-style-type: none"> <li>– Baggage: 47.4% of the disclosed ancillary revenue.</li> <li>– Service fees: 29.2% of disclosed ancillary revenue.</li> <li>– Pick-A-Seat (seat selection): 12.7% of disclosed ancillary revenue.</li> </ul> </li> </ul> <p>Elsewhere, in its audited annual accounts, the company disclosed “others” under the passenger revenue category. This included a description which aligns with the definition of ancillary revenue. The <u>MYR 550,840,000</u> amount is much closer to prior ancillary revenue results for AirAsia, and accordingly is adopted as the correct amount.</p> <ul style="list-style-type: none"> <li>• Dynamic pricing enhancements for a la carte services are believed to produce a per passenger revenue increase of 13% for seat assignment, and 18% for baggage.</li> <li>• AirAsia Group results do not include AirAsia X (which appears below).</li> <li>• Group (airline) 2020 revenue was MYR 3,131,000,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$764,756,815
2019	\$506,131,114
2020	\$128,523,423

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*



## AirAsia X

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$38,480,031
As a % of Revenue	14.6%
Dollars per Passenger	\$33.64
Financial Period	Calendar year 2020
Total Revenue	\$263,676,242
Passengers	1,144,004
Information Source	AirAsia X Quarter Report ended 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in Malaysian ringgit (MYR).</li> <li>• The airline entered restructuring during 2020. Flight operations stopped in April 2020 (as of August 2021 operations had not resumed). The carrier's classification as a high-performing LCC was lowered to a regular LCC in the Yearbook.</li> <li>• Ancillary revenue for 2020 was <u>MYR 164,922,000</u> and includes assigned seat, cancellation, documentation and other fees, and on-board sale of meals and merchandise (freight services were listed separately).</li> <li>• Operating revenue for 2020 was MYR 1,130,093,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$211,409,473
2019	\$198,455,655
2020	\$38,480,031
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## ANA Group

Source and Type	Tour and sightseeing packages sold to passengers
Ancillary Revenue	\$418,619,826
As a % of Revenue	6.2%
Dollars per Passenger	\$31.98
Financial Period	Year ended 31 March 2021 (FY 2020)
Total Revenue	\$6,778,692,237
Passengers	13,088,042
Information Source	ANA Holdings Financial Results for the period ended 31 March 2021 and financial results presentation

Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Japan yen (JPY). Results include low cost operations of Vanilla Air and Peach Aviation.</li> <li>• The airline disclosed three areas which include ancillary revenue activity for FY 2020: <ul style="list-style-type: none"> <li>– Travel Services under the ANA Traveler’s brand, which the airline intends to grow through direct sales, offering Tabisaku dynamic packages, and by focusing on Hawaii routes. Operating revenue was JPY 45 billion.</li> <li>– Trade and retail includes ANA Duty Free Shops and ANA Festa stores across Japan. Operating revenue dropped to JPY 79.9 billion. However, this category includes plenty of retail activity not directly linked to passenger activity.</li> <li>– “Airline Related,” which primarily includes incidental revenue from mileage memberships, inflight sales, contracted maintenance, etc. was JPY 222.1 billion. Contracted maintenance does not qualify as ancillary revenue.</li> </ul> </li> </ul> <p>Among the categories above, Travel Services is believed to offer the closest alignment with the definition of ancillary revenue. Total revenue of <u>JPY 45,000,000,000</u> appears to qualify as ANA operates as a packager and does not merely earn a commission from a third party package company.</p> <ul style="list-style-type: none"> <li>• ANA X Inc. is the carrier’s “customer asset business” which principally consists of the ANA Mileage Club (which has 37,440,000 members) and the company’s marketing database.</li> <li>• Total revenue for FY 2020 was JPY 728,683,000,000.</li> <li>• FY 2018 – FY 2019 commentary (see data below): FY 2018 results consisted of income (profit) from travel services and trade &amp; retail. Better disclosures for FY 2019 indicate “operating revenue” from travel services, which more accurately portrays ancillary revenue. Trade &amp; retail was not included because it includes significant off-airport retail activity.</li> </ul>
<b>Historical Ancillary Revenue</b>	
FY 2018	\$38,956,798
FY 2019	\$1,540,337,459
FY 2020	\$418,619,826
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Bangkok Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$52,066,747
As a % of Revenue	15.8%
Dollars per Passenger	\$27.63
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$329,197,415
Passengers	1,884,600
Information Source	Annual Report 2020 and Bangkok Airways Opportunity Day Presentation 08 March 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Thai bhat (THB).</li> <li>• Ancillary revenue for 2020 is represented by “Baggage fee and other service income” of THB 1,615,790,000.</li> <li>• The following are examples of the carrier’s ancillary revenue activities: <ul style="list-style-type: none"> <li>– Airport lounges.</li> <li>– Airport meet and greet services.</li> <li>– Airport transfer and limousine.</li> <li>– Car rental.</li> <li>– Empty adjoining seat.</li> <li>– Excess baggage.</li> <li>– Extra leg room or front of cabin seating.</li> <li>– Hotel booking.</li> <li>– Inflight shopping.</li> <li>– Luggage storage and delivery.</li> <li>– Tours and activities, including Get Your Guide.</li> <li>– Trip insurance.</li> </ul> </li> </ul> <p>However, only baggage revenue was disclosed.</p> <ul style="list-style-type: none"> <li>• Bangkok Airways disclosed the following sales distribution statistics (by revenue): <ul style="list-style-type: none"> <li>– Travel agencies: 33%.</li> <li>– Website and mobile app: 25%.</li> <li>– Interline and codeshare: 23%.</li> <li>– Call center and airports: 10%.</li> <li>– Other: 9%.</li> </ul> </li> <li>• The company owns and operates three airports, namely Samui Airport, Trat Airport and Sukhothai Airport.</li> <li>• Total revenue for 2020 was THB 10,216,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	No data
2019	\$112,679,012

2020	\$52,066,747
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Cebu Pacific

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$57,367,571
As a % of Revenue	12.6%
Dollars per Passenger	\$11.41
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$454,054,408
Passengers	5,026,000
Information Source	Cebu Pacific Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in Philippine pesos (PHP). Results include CEBGO (formerly Tiger Airways Philippines).</li> <li>• 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 1,729,209,710.</li> <li>• Cebu Pacific offers the following branded products: <ul style="list-style-type: none"> <li>– CEB Biz (discount and services program for business).</li> <li>– CEB Fare Bundles (Basic, Easy, Flexi).</li> <li>– CEB Flexi (allows free of charge rebooking).</li> <li>– CEB Health Protect (insurance beyond travel).</li> <li>– CEB Meals (pre-order meals).</li> <li>– CEB Mobile App.</li> <li>– CEB Moments (cake/greeting card on flights).</li> <li>– CEB Prepaid Baggage.</li> <li>– CEB Seat Selector.</li> <li>– CEB Sports Equipment (baggage).</li> <li>– CEB Surfboard (allows space to be reserved).</li> <li>– CEB Transfers (airport transfer).</li> <li>– CEB Travelsure (travel insurance).</li> <li>– CEB Wifi Kit.</li> <li>– Fast Check-in Options.</li> <li>– Fun Café (buy-on-board food).</li> <li>– GetGo (loyalty and lifestyle rewards program).</li> <li>– Payment Options (includes 7-Eleven stores).</li> <li>– Smile Magazine.</li> </ul> </li> <li>• Starting January 1, 2020, the management and ownership of the Getgo points issued in 2020 has been transferred to DAVI (Digital Analytics Ventures, Inc.). As such, all</li> </ul>

	<p>revenue and expenses in relation to the GetGo points issued in 2020 will be recognized by DAVI. The company owns 40% of DAVI.</p> <ul style="list-style-type: none"> <li>The company disclosed ancillary revenue of PHP 4,586,880,083 for 2020. Deducting the cancellation fee revenue noted above provides an adjusted result of <u>PHP 2,857,670,373</u>. Within this amount, the following activity was disclosed: <ul style="list-style-type: none"> <li>Baggage charges: PHP 1,795,385,199.</li> <li>Inflight sales, advance seat selection fee, reservation booking fees and others: PHP 1,062,285,174.</li> </ul> </li> <li>Total revenue for 2020 was PHP 22,617,967,165.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$171,318,581
2019	\$214,825,683
2020	\$57,367,571
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### China Eastern Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$188,934,822
As a % of Revenue	2.3%
Dollars per Passenger	\$2.53
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$8,305,071,330
Passengers	74,621,210
Information Source	China Eastern Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures are in China yuan (CNY).</li> <li>China Eastern offers limited disclosure of activities which qualify as ancillary revenue: <ul style="list-style-type: none"> <li>Income produced by tour operations and other travel related services: CNY 14,000,000.</li> <li>Revenue from Contracts with Customers includes the category of revenue produced by the Eastern Miles frequent flyer program. An evaluation of specifically disclosed activities under this category suggests the “Others” is a category with a focus on loyalty and other a la carte revenue: CNY 1,322,000,000. The total for the above is <u>CNY 1,336,000,000</u> and represents 2020 ancillary revenue for the company.</li> </ul> </li> <li>The Eastern Miles frequent flyer program has 45,220,000 members.</li> </ul>

	<ul style="list-style-type: none"> <li>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.</li> <li>The group includes these subsidiary airlines: Eastern Air Jiangsu, Eastern Air Wuhan, Eastern Air Yunnan, Shanghai Airlines, and China United Airlines. These subsidiary airlines total CNY 20,741,000,000 revenue and 34,264,100 passengers.</li> <li>Revenue for 2020 was CNY 58,727,000,000.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$328,443,511
2019	\$421,477,912
2020	\$188,934,822

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

#### China Southern Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$223,723,719
As a % of Revenue	1.7%
Dollars per Passenger	\$2.31
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$13,089,817,415
Passengers	96,856,040
Information Source	China Southern Airlines Annual Report 2020 and 2020 interim results announcement
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures are in China yuan (CNY).</li> <li>Membership for the Sky Pearl program is listed as 49 million at the website.</li> <li>China Southern offers limited disclosure of activities which qualify as ancillary revenue: <ul style="list-style-type: none"> <li>Income produced by hotel and tour services: CNY 390,000,000.</li> <li>Frequent flyer revenue recognized during the year: CNY 1,192,000,000.</li> </ul> The total for the above is: <u>CNY 1,582,000,000</u>.</li> <li>Efforts were made to accelerate implementation of the auxiliary revenue system and continue the promotion of products such as neighbor-free seats, as a way to tap opportunities in luggage, cabin upgrades, and VIP lounges. As a result, the auxiliary revenue per passenger increased</li> </ul>

	<p>by CNY 8.55 year-on-year. The airline did not disclose the full number.</p> <ul style="list-style-type: none"> <li>• The group includes these subsidiary airlines: Xiamen Airlines, Shantou Airlines, Zhuhai Airlines, Guizhou Airlines, Chongqing Airlines, and Henan Airlines.</li> <li>• Total revenue for 2020: CNY 92,561,000,000.</li> <li>• 2019 – 2020 commentary: The disclosure of frequent flyer program revenue was a new item for 2020.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$102,175,708
2019	\$103,910,067
2020	\$223,723,719
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Garuda Indonesia Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$45,251,598
As a % of Revenue	3.0%
Dollars per Passenger	\$4.19
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,492,331,099
Passengers	10,810,000
Information Source	Garuda Indonesia Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in US dollars.</li> <li>• The results include the Citilink subsidiary.</li> <li>• The airline offers this description of ancillary revenue which largely corresponds to the IdeaWorksCompany definition: “Ancillary revenue is non-ticket revenue received by the company, generated either through direct 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.”</li> <li>• The ancillary revenue effort is organized under the Strategic Business Unit (SBU) which includes SBU Loyalty and Ancillary Revenue.</li> <li>• The airline noted the following loyalty and ancillary revenue activities for 2020: <ul style="list-style-type: none"> <li>– New reward options were created during the pandemic. GarudaMiles members may now redeem</li> </ul> </li> </ul>



	<p>miles for the following: elite level upgrades, pre-paid baggage, and lounge vouchers.</p> <ul style="list-style-type: none"> <li>– Non-air accrual options were added (Earn From Home).</li> <li>– GarudaMiles membership dropped 76% during the year as the company removed inactive accounts. Total year-end membership was 1,860,000.</li> <li>• Ancillary revenue disclosed for 2020 was <u>\$45,251,598</u>, which was down 48% from 2019 results.</li> <li>• Total passenger airline revenue for 2018 was \$1,492,331,099.</li> </ul>
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Historical Ancillary Revenue	
2018	\$107,520,534
2019	\$87,259,483
2020	\$38,136,637
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

## HK Express

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$20,884,103
As a % of Revenue	18.8%
Dollars per Passenger	\$36.51
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$111,085,654
Passengers	572,000
Information Source	Cathay Pacific Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Hong Kong dollars (HKD).</li> <li>• On 19th July 2019, Cathay Pacific completed the acquisition of 100% of Hong Kong Express Airways Limited.</li> <li>• HK Express is Hong Kong's only low-cost carrier, focusing on leisure travel destinations.</li> <li>• Ancillary revenue as a percentage of total revenue was 18.8% during the year. This included non-flight scheduled revenue which arises from the sale of baggage, priority boarding, allocated seats and administration fees, all directly attributable to the low-fare business of HK Express. Multiplying this rate by 2020 revenue provides ancillary revenue of <u>HKD 161,868,000</u>.</li> <li>• On 21st October 2020, Cathay Pacific Group announced a corporate restructuring that included ending operations</li> </ul>

	<p>of Cathay Dragon and the Dragon brand. Most of the routes formerly operated by Cathay Dragon will be operated by Cathay Pacific or HK Express. The group is transferring certain aircraft from Cathay Dragon to Cathay Pacific and HK Express.</p> <ul style="list-style-type: none"> <li>• The following are examples of the carrier's ancillary revenue activities: <ul style="list-style-type: none"> <li>– Airport transfers.</li> <li>– Booking fee (call center or convenience store).</li> <li>– Bundled fares.</li> <li>– Checked baggage.</li> <li>– Duty-free shopping.</li> <li>– Extra seat (empty adjacent seat).</li> <li>– Seating: Standard, Upfront, and Sweet Seats (row one and exit rows with extra leg room).</li> <li>– Hotel, car rental, and activity bookings.</li> <li>– Onboard café (includes onboard SIM card sales).</li> <li>– Pre-booked meals.</li> <li>– Trip insurance.</li> <li>– U-first: priority check-in, boarding, and baggage.</li> </ul> </li> <li>• Total revenue for 2020 was HKD 861,000,000.</li> </ul>
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Historical Ancillary Revenue	
2018	No data
2019	\$52,575,003
2020	\$20,884,103
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### IndiGo

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$204,326,962
As a % of Revenue	9.8%
Dollars per Passenger	\$6.09
Financial Period	Fiscal 2019/20 year ended 31 March 2021
Total Revenue	\$2,076,010,186
Passengers	33,543,000
Information Source	IndiGo's Quarterly Financial Results for fiscal year 2020/21 and operational statistics from the website
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in India rupees (INR).</li> <li>• IndiGo disclosed quarterly ancillary revenue throughout FY 2020/21: <ul style="list-style-type: none"> <li>– Quarter 1: INR 1,688 million.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– Quarter 2: INR 5,066 million.</li> <li>– Quarter 3: INR 8,078 million.</li> <li>– Quarter 4: INR 8,907 million.</li> <li>• The above activity totals INR 23,739,000,000. The activity includes cargo and ticket change fees, which are not considered ancillary revenue. The carrier's cargo activity increased significantly with the start of the pandemic.</li> <li>• For FY 2018/19, cargo revenue was disclosed as INR 8,200,420,000, which approximately represented 30% of ancillary revenue for that period. Accordingly, the quarterly disclosure totals were reduced by 30% for the prior fiscal year. Media reports indicate cargo revenue increased by 10% for FY 2020/21, and the share was increased to 35%. Applying the reduction to INR 23,739,000,000 generates adjusted ancillary revenue of <u>INR 15,430,350,000</u>.</li> <li>• Total passenger airline revenue for FY 2020/21 was INR 156,776,000,000.</li> </ul>
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#### Historical Ancillary Revenue

FY 2018/19	\$309,840,106
FY 2019/20	\$400,912,022
FY 2020/21	\$204,326,962

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

### Japan Airlines Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$801,824,415
As a % of Revenue	17.9%
Dollars per Passenger	\$63.79
Financial Period	Fiscal year 31 March 2021 (FY 2021)
Total Revenue	\$4,476,673,906
Passengers	12,569,650 (for full service carriers)
Information Source	Japan Airlines Consolidated Financial Results for the year ended March 31, 2021 and JAL Group Medium-Term Management Plan 2021-2025 presentation
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Japan yen (JPY).</li> <li>• The company's results include these domestic operations: Japan Airlines Co., Ltd., Japan Transocean Air Co., Ltd., Japan Air Commuter Co., Ltd., and J-Air Co., Ltd., Ryukyu</li> </ul>

	<p>Air Commuter Co., Ltd., and Hokkaido Air System Co., Ltd. The company introduced Zipair as a low cost carrier in June 2020. The airline carried 2,289 passengers with a 2.1% load factor on its international routes (yes, these are very poor results). Japan Airlines is the company's primary international carrier.</p> <ul style="list-style-type: none"> <li>• The company owns a portion of LCCs Jetstar Japan (domestic) and Spring Airlines Japan (international).</li> <li>• Ancillary revenue for FY 2021 is <u>JPY 86,193,000,000</u> and consisted of the following qualifying activities: <ul style="list-style-type: none"> <li>– Luggage operations international: JPY 333,000,000.</li> <li>– Luggage operations domestic: JPY 219,000,000.</li> <li>– Other revenues: JPY 85,641,000,000.</li> </ul> </li> </ul> <p>“Other” businesses are mainly engaged in planning and sales of air travel package tour and the credit card business. The “sales to external” customers is the other revenue component included above (internal transfers are not). The company has targeted mileage accrual and consumer lifestyle activities as an area of growth for the future.</p> <ul style="list-style-type: none"> <li>• JALPAK, the carrier's vacation package company disclosed this customer activity for FY 2021: <ul style="list-style-type: none"> <li>– International travelers: None.</li> <li>– Domestic travelers: 1,141,000.</li> <li>– Revenue: JPY 55 billion (included in Other revenues).</li> </ul> </li> <li>• JAL Card, the company's co-branded credit card operation, had this activity during FY 2021: <ul style="list-style-type: none"> <li>– Cardholders: 3,580,000.</li> <li>– Revenue: JPY 18.6 billion (included in Other revenues).</li> <li>– Calculated average revenue per cardholder: JPY 5,195 (\$48.31).</li> </ul> </li> <li>• Operating revenue disclosed for FY 2021: JPY 481,225,000,000.</li> </ul>
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Historical Ancillary Revenue	
FY 2019	No data
FY 2020	No data
FY 2021	\$801,824,415
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Jeju Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$48,508,981
As a % of Revenue	15.6%
Dollars per Passenger	\$8.79

Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$311,215,486
Passengers	5,519,000
Information Source	Jeju Air 2020 Earnings Release
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Korean won (KRW).</li> <li>• Ancillary revenue and other revenue disclosed for the group was <u>KRW 58,300,000,000</u> for 2020, which represents a 51% decrease from 2019.</li> <li>• The airline promotes the following ancillary revenue activities at its website: <ul style="list-style-type: none"> <li>– Advance seat assignment.</li> <li>– Air café.</li> <li>– Empty seat next to you.</li> <li>– Hotel and car hire booking.</li> <li>– Inflight shopping.</li> <li>– J Pass subscription program of benefits: priority check-in, boarding, and baggage, access to sale fares, three annual lounge passes, and zone A seat assignment at the airport.</li> <li>– JJ Lounge at Seoul Incheon International Airport.</li> <li>– New premium class service with wider seats, meals, amenity kit, and loyalty bonus.</li> <li>– Pre-booked baggage.</li> <li>– Pre-ordered meals.</li> <li>– Refresh Point frequent flyer program.</li> </ul> </li> <li>• Jeju Air provided additional sales detail for these ancillary revenue categories: <ul style="list-style-type: none"> <li>– Additional baggage: KRW 19.3 billion.</li> <li>– Other a la carte services including advance seat assignment: KRW 12.2 billion.</li> <li>– Air café: KRW 6.5 billion.</li> <li>– Onboard duty free: KRW 3.2 billion.</li> </ul> </li> <li>• Operating revenue disclosed for 2020: KRW 374,031,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$88,696,584
2019	\$102,811,760
2020	\$48,508,981
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Jetstar Group

Source and Type	Multiple ancillary revenue activities (estimate based upon disclosure of past performance)
Ancillary Revenue	\$204,477,594
As a % of Revenue	23.3%
Dollars per Passenger	\$27.98
Financial Period	For the period ended 31 December 2020 (Qantas fiscal year ends 30 June)
Total Revenue	\$878,481,018
Passengers	7,308,000 Jetstar domestic and international
Information Source	Qantas Airways Limited Annual Report for the year ended 30 June 2020, Qantas Data Book 2020, Qantas FY 2020 Half Year Results, Qantas FY 2021 Half Year Results and presentations
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Australian dollars (AUD).</li> <li>• This listing will report on the 12-month period ended 31 December 2020. Qantas Group (including Jetstar) operates on a 30 June fiscal year, which would generate a result largely omitting the effect of the pandemic. This requires extensive analysis of separate reporting periods.</li> <li>• 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 Pacific will rebrand as Pacific Airlines and Qantas shares will transfer to Vietnam Airlines (not part of the Qantas Group).</li> <li>• Ancillary revenue activity for Jetstar has been estimated for a number of years based upon media and other sources. The following lists the rates used: <ul style="list-style-type: none"> <li>– FY 2016: AUD 33.71 per passenger (based upon a published Jetstar executive interview).</li> <li>– FY 2017: AUD 35 per passenger.</li> <li>– FY 2018: AUD 35 per passenger.</li> <li>– FY 2019: AUD 37.80 per passenger.</li> </ul> </li> <li>• Early in 2020, Jetstar disclosed in its Jetstar Industry Update (February 2020) an increase of 7% for ancillary revenue for July-December 2019 results. Accordingly, the AUD 37.80 rate has been increased to AUD 40.45 per passenger. Overall, per passenger rates have held steady or increased during the pandemic, which suggests the</li> </ul>

	<p>higher rate is a reasonable estimate for 2020. Multiplying the AUD 40.45 rate by passenger traffic generates total ancillary revenue of <u>AUD 295,608,600</u>.</p> <ul style="list-style-type: none"> <li>• Sources of ancillary revenue include: <ul style="list-style-type: none"> <li>– Activity and day tour bookings.</li> <li>– Buy-on-board food and drinks.</li> <li>– Call center booking fee.</li> <li>– Car hire bookings.</li> <li>– Checked baggage.</li> <li>– Club Jetstar (savings subscription).</li> <li>– Comfort packs.</li> <li>– Extra leg room seating and seat assignment.</li> <li>– Extra 7 kg for carry-ons – supplement.</li> <li>– Faxed itinerary, mailed itinerary.</li> <li>– Hotel bookings.</li> <li>– Inflight entertainment.</li> <li>– Jetstar Credit Card (Australia).</li> <li>– Jetstar Holidays (package program).</li> <li>– Prepaid extra baggage.</li> <li>– Pricing bundles.</li> <li>– Travel insurance.</li> </ul> </li> <li>• The data was provided to Jetstar management prior to publication of this report. The company did not confirm or deny the accuracy of the data.</li> <li>• Jetstar Group had total revenue of AUD 1,270,000,000 for the January-December 2020 period.</li> </ul>
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Historical Ancillary Revenue	
FY 2018	\$641,530,404
FY 2019	\$657,930,558
Calendar 2020	\$204,477,594
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Jin Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$23,752,760
As a % of Revenue	10.5%
Dollars per Passenger	\$5.43
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$226,153,364
Passengers	4,372,377
Information Source	Jin Air 4 <sup>th</sup> Quarter 2020 Earnings Release (English)



<p>Ancillary Revenue Definitions and Other Notes from Financial Reports</p>	<ul style="list-style-type: none"> <li>• All figures below are in Korean won (KRW).</li> <li>• The company started releasing an English version of its earnings release in 2018. The following sources of revenue were disclosed for 2020: <ul style="list-style-type: none"> <li>– Onboard sales: KRW 1.2 billion.</li> <li>– Excess baggage: KRW 2.2 billion.</li> <li>– Ticket related fees (includes reservation fee): KRW 16.6 billion.</li> <li>– Assigned seat sales: KRW 2.1 billion.</li> <li>– Bundle sales: KRW 0.347 billion.</li> <li>– Other ancillary (includes extra leg room seats, advertising, and others): KRW 6.1 billion.</li> </ul> </li> <li>• Total ancillary revenue for 2020 is <u>KRW 28,547,000,000</u>. One checked bag is allowed per passenger.</li> <li>• The airline offers the following onboard and ticket-related services: <ul style="list-style-type: none"> <li>– Branded fares (Smart, Smart Plus, and Lounge Plus).</li> <li>– Buy on board café with hot entrees (some routes have complimentary meals).</li> <li>– Bundled service (seat assignment, excess baggage, and snack pack) offers up to 50% savings.</li> <li>– Lounge pass.</li> <li>– Merchandise sold inflight.</li> <li>– Online shopping mall.</li> <li>– Paid seat assignment (extra leg room seats, front of cabin, exit row, and aft cabin).</li> <li>– Pre-order meals.</li> </ul> </li> <li>• The airline offers these ancillary revenue services: <ul style="list-style-type: none"> <li>– Activity booking.</li> <li>– Currency exchange.</li> <li>– Frequent flyer program.</li> <li>– Hotel and car hire booking.</li> <li>– Trip insurance.</li> </ul> </li> <li>• Jin Air operates a point based frequent flyer program called Butterfly Points.</li> <li>• Operating revenue disclosed for 2020: KRW 271,800,000,000.</li> </ul>
<p><b>Historical Ancillary Revenue</b></p>	
<p>2018</p>	<p>\$48,567,664</p>
<p>2019</p>	<p>\$51,233,954</p>
<p>2020</p>	<p>\$23,752,760</p>
<p><i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i></p>	

## Philippine Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$79,897,311
As a % of Revenue	7.2%
Dollars per Passenger	\$20.75
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,109,420,984
Passengers	3,850,919
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"> <li>• All figures below are in Philippine pesos (PHP).</li> <li>• Results include PAL Express.</li> <li>• Philippine Airlines disclosed “ancillary” revenue of <u>PHP 3,979,952,000</u> for 2020. The reference was not further defined; however, cargo was disclosed as a separate item.</li> <li>• Philippine Airlines lists the following a la carte activities at its website: <ul style="list-style-type: none"> <li>– Buy-on-board boutique.</li> <li>– Choice Seats, which offer seat assignments in the front of the cabin and extra leg room seats.</li> <li>– Pay for empty adjacent seat(s) in Choice Seats zone.</li> <li>– Excess baggage.</li> <li>– Inflight oxygen.</li> <li>– myPAL flavors upgraded meal option.</li> <li>– myPAL Wifi access.</li> <li>– Paid lounge access.</li> <li>– Swingaround hotel and air bookings.</li> <li>– Ticket office service fee.</li> <li>– Travel insurance.</li> <li>– Unaccompanied minor travel.</li> </ul> </li> </ul> <p>The airline provides complimentary meal service for economy class passengers.</p> <ul style="list-style-type: none"> <li>• Revenue for 2020 was PHP 55,263,966,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$216,823,125
2019	\$208,979,221
2020	\$79,897,311
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### PIA Pakistan Airlines

Source and Type	Checked baggage charges
Ancillary Revenue	\$4,171,925
As a % of Revenue	0.7%
Dollars per Passenger	\$1.64
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$566,748,398
Passengers	2,541,000
Information Source	Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Pakistan rupees (PKR).</li> <li>• PIA disclosed ancillary revenue of <u>PKR 699,232,000</u> for 2020 from excess baggage charges.</li> <li>• The airline introduced a new co-branded credit card with Askari Bank during 2020. The card provides a 3% rebate on domestic travel and 5% for international.</li> <li>• Revenue for 2020 was PKR 94,989,391,000.</li> <li>• 2019 – 2020 commentary (see below): The company did not report room, food, and beverage sales for 2020 which were considerable items for 2019.</li> </ul>
<b>Historical and Projected Total Ancillary Revenue</b>	
2018	No data
2019	\$78,759,448
2020	\$4,171,925
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Qantas Airways

Source and Type	Primarily partner activities associated with the FFP
Ancillary Revenue	\$546,456,696
As a % of Revenue	13.5%
Dollars per Passenger	\$59.36
Financial Period	For the period ended 31 December 2020 (Qantas fiscal year ends 30 June)
Total Revenue	\$4,048,621,572
Passengers	9,206,000 (excludes Jetstar)
Information Source	Qantas Airways Limited Annual Report

	for the year ended 30 June 2020, Qantas Data Book 2020, Qantas FY 2020 Half Year Results, Qantas FY 2021 Half Year Results and presentations
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Australian dollars (AUD).</li> <li>• These results include Qantas Domestic, Qantas International, and Qantas Loyalty. Jetstar is the low fare affiliate of Qantas; please see the separate listing.</li> <li>• This listing will report on the 12-month period ended 31 December 2020. Qantas operates on a 30 June fiscal year, which would generate a result largely omitting the effect of the pandemic. This requires extensive analysis of separate reporting periods.</li> <li>• Qantas disclosed traffic for 2020; the following traffic does not include Jetstar Group: <ul style="list-style-type: none"> <li>– January-June 2020: 6,545,000.</li> <li>– July-December 2020: 2,661,000.</li> </ul> Total passengers for 2020: 9,206,000. </li> <li>• The results listed below are for the Qantas Group which includes Qantas (excludes Jetstar). However, Jetstar's contribution to Qantas Loyalty results are not separated from the consolidated results.</li> <li>• Qantas Group has a collection of businesses which can qualify as ancillary revenue: <ul style="list-style-type: none"> <li>– Qantas Insurance: Health, auto, life and travel insurance for frequent flyers.</li> <li>– Qantas Hotels: Accommodation booking service.</li> <li>– Qantas Money: Co-branded credit cards.</li> <li>– Qantas Wine: Wine subscriptions and sales which accrue points.</li> </ul> </li> <li>• Qantas Loyalty (operator of the Qantas Frequent Flyer program) disclosed this revenue for 2020: <ul style="list-style-type: none"> <li>– January-June 2020: AUD 352 million.</li> <li>– July-December 2020: AUD 438 million.</li> </ul> Total revenue for 2020: <u>AUD 790,000,000</u>. This represents the company's sole ancillary revenue disclosure. 2020 revenue is likely decreased due to the portion of frequent flyer program revenue which is booked when reward travel is taken by members; this dropped substantially during the pandemic. Qantas Loyalty was founded in 1987 and was established as a separate segment in 2007. </li> <li>• Qantas Loyalty highlights for the fiscal period include: <ul style="list-style-type: none"> <li>– 13.5 million members.</li> <li>– Maintained total domestic Australia share of credit card spend despite 10% decline in spend on portfolio of Qantas Points Earning Credit Cards.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– Signed multi-year renewals with three of the major banks, including a significant expansion with Commonwealth Bank.</li> <li>– Revenue from Qantas Store and Qantas Wine at peak levels, and continued growth in Qantas Insurance policies.</li> <li>– The launch of the Afterpay partnership (installment payment program) and BP fuel partnership, had 500,000 members linking their accounts.</li> <li>– The Points Club was introduced as a recognition program for members who primarily accrue points through non-airline methods. Rewards start at the 150,000-point threshold and include two lounge invitations, Qantas Hotels \$50 voucher, and 2,500 bonus points.</li> <li>– Qantas Insurance expanded into home insurance during the year.</li> <li>• The group did not specifically disclose ancillary revenue activity for FY 2020 (or the 1<sup>st</sup> half of FY 2021) 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.</li> <li>• Total group revenue for calendar year 2020 was AUD 7,123,000,000; excluding Jetstar revenue of AUD 1,270,000,000 yields net Qantas Airways revenue of AUD 5,853,000,000.</li> <li>• FY 2018 – Calendar 2020 commentary (see data below): Loyalty program revenue was higher for 2018 and the carrier disclosed advertising revenue (which was not described for 2019).</li> </ul>
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Historical Ancillary Revenue	
FY 2018	\$1,255,877,286
FY 2019	\$1,151,460,414
Calendar 2020	\$546,456,696
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Rex Regional Express

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$821,760
As a % of Revenue	0.4%
Dollars per Passenger	\$0.92
Financial Period	Fiscal year ended June 30, 2020 (FY 2020)

Total Revenue	\$222,608,473
Passengers	892,000 (Actual number not disclosed, estimate determined by viewing bar chart presentation)
Information Source	Annual Report for the financial year ended June 30, 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Australian dollars (AUD).</li> <li>• Results include Rex Regional Express and Pel-Air Aviation.</li> <li>• Rex operates on a 30 June fiscal year, which would generate a result largely omitting the effect of the pandemic.</li> <li>• Rex sells the following services to passengers: <ul style="list-style-type: none"> <li>– Airport lounge.</li> <li>– Business Flyer reward program.</li> <li>– Excess baggage.</li> <li>– Priority Baggage fee per kg guarantees carriage of baggage on any flight, even when bag offloads are required for operational reasons.</li> <li>– “Rextra” extra leg room seating at the exit row and bulkhead.</li> <li>– 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.</li> <li>– Seat selection.</li> <li>– Service fees are charged for payment made by credit card, these range from 0.82% to 3.27%.</li> <li>– Surcharge for bookings via website (1%), Rex call center (AUD 22); no fee is charged for bookings made at the airport.</li> <li>– Travel insurance.</li> </ul> </li> <li>• The carrier disclosed revenue of <u>AUD 1,188,000</u> from “other passenger services and amenities.”</li> <li>• Revenue for FY 2020 was AUD 321,820,000.</li> <li>• FY 2018 – FY 2020 commentary (see data below): Revenue from other passenger services and amenities was substantially higher for FY 2018 (which was not disclosed for FY 2019). The most recent results disclosed are for the period ended 30 June 2020 which is largely pre-pandemic.</li> </ul>
<b>Historical Ancillary Revenue</b>	
FY 2018	\$1,926,024
FY 2019	\$890,398
FY 2020	\$821,760
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## SpiceJet

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$94,018,990
As a % of Revenue	11.6%
Dollars per Passenger	\$9.39
Financial Period	Fiscal year ended 31 March 2021 (fiscal 2020/21)
Total Revenue	\$810,508,535
Passengers	10,015,139
Information Source	SpiceJet FY 2020/2021 Q3 investor presentation, Financial Results for FY 2020/21, and Directorate General of Civil Aviation data (traffic)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in India rupees (INR).</li> <li>• SpiceJet defines ancillary revenue as: Preferred seating, Spice Max, insurance, meals, Spice Vacations, lounge, visa, cab, cargo, and onboard merchandise.</li> <li>• Ancillary revenue was disclosed by the airline in its Q3 FY 2020/21 investor presentations: INR 4,553,000,000 (year to date). Total revenue was INR 39,261,000,000 (year to date). The annual report was not released during the period of research. Ancillary revenue as a percent of total revenue was 11.6% and this statistic has been applied to current year revenue: <u>INR 7,100,119,880</u>.</li> <li>• For prior years, the airline included cargo as a component of ancillary revenue. This apparently changed during FY 2020/21 as cargo revenue grew from INR 1.8 billion to INR 11.2 billion. The airline greatly expanded cargo operations during the pandemic, and these now easily exceed annual estimated ancillary revenue of INR 7.1 billion.</li> <li>• Total revenue for the fiscal year ended 31 March 2021 was INR 61,207,930,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
FY 2018/19	\$85,438,486
FY 2019/20	\$150,265,988
FY 2020/21	\$94,018,990
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	



## Spring Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$86,265,151
As a % of Revenue	6.5%
Dollars per Passenger	\$4.64
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$1,325,501,962
Passengers	18,591,900
Information Source	Spring Airlines Annual Report for 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in China yuan (CNY). The company's listing number on the Shanghai stock exchange is 601201.</li> <li>• The document was published in Chinese. The following translations may be helpful for finding information: <ul style="list-style-type: none"> <li>– Revenue: 收入</li> <li>– Ancillary Revenue: 辅助收入</li> <li>– Also called Auxiliary Business Income: 公司辅助业务收入</li> <li>– Passenger Traffic: 旅客运输量</li> </ul> </li> <li>• Ancillary revenue for 2020 was <u>CNY 610,000,000</u> which represents a modest decrease from the 2019 result of CNY 750,000,000.</li> <li>• Spring Air believes changes in consumer behavior benefit low cost carriers. This includes an increase of consumer consumption, the expansion of air service into 3<sup>rd</sup> and 4<sup>th</sup> tier cities, and a market shift to younger consumers. Travel has become more multimodal within China. All of this activity has increased business and leisure traffic. Ancillary revenue is a component of this and Spring Air will emphasize the development of new a la carte services, subscription products, and travel packaging.</li> <li>• The company offers a number of ancillary revenue products: <ul style="list-style-type: none"> <li>– Airport transfers.</li> <li>– Assigned seating (business seat, front of cabin, extra leg room, and standard).</li> <li>– Attraction tickets.</li> <li>– Excess baggage (and handbag only fares).</li> <li>– Holiday packages.</li> <li>– Hotel and car hire bookings.</li> <li>– Pre-order meals.</li> <li>– SpringPass frequent flyer program.</li> <li>– Trip insurance.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– VIP airport lounge passes.</li> <li>– Visa processing.</li> <li>• Total revenue for 2020: CNY 9,372,918,140.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$92,199,973
2019	\$109,455,829
2020	\$86,265,151
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### SriLankan Airlines

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$98,512,767
As a % of Revenue	10.0%
Dollars per Passenger	\$18.74
Financial Period	Fiscal year ended 31 March 2020 (FY 2019/20)
Total Revenue	\$985,127,673
Passengers	5,256,040
Information Source	SriLankan Airlines Annual Report 2019/20
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in Sri Lankan rupee (LKR).</li> <li>• In addition to the existing ancillary products of seat upgrade, prepaid baggage, extra legroom seats, advance seat reservation, order of special meals and car rental services, the airline includes revenue from business class upgrades through online bidding and at-airport sales. These do not qualify as ancillary revenue; this revenue was not disclosed and could not be subtracted from the ancillary revenue results.</li> <li>• SriLankan achieved record duty free sales in January 2020 which were attributed to promotions and the change to in-house management of the program. Advance seat assignment was added for short-haul sectors.</li> <li>• Apart from its main operation of inflight catering, SriLankan also manages/operates restaurants/lounges for transit passengers at BIA and Mattala International Airport (MRIA). As a part of its ancillary business activities the company manages/operates the Serenediva Transit Hotel and the industrial laundry.</li> <li>• Ancillary revenue was disclosed by the airline as surpassing 10% of company revenue; accordingly, the result is <u>LKR 18,353,182,000</u>.</li> </ul>

	<ul style="list-style-type: none"> <li>• FlySmiLes is the carrier's frequent flyer program, and it has 615,000 members.</li> <li>• The airline did disclose these individual activities in its annual report: <ul style="list-style-type: none"> <li>– Airport restaurant: LKR 1,218,000,000.</li> <li>– Duty-free sales: LKR 969,980,000.</li> <li>– Excess baggage: LKR 1,166,310,000.</li> </ul> </li> <li>• Total revenue for FY 2019/20: LKR 183,531,820,000.</li> <li>• FY 2019/20 commentary (see data below): The most recent results disclosed are for the period ended 30 June 2020 which is largely pre-pandemic.</li> </ul>
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Historical Ancillary Revenue	
FY 2017/18	\$20,659,610
FY 2018/19	\$104,415,379
FY 2019/20	\$98,512,767
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Thai AirAsia

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$73,631,176
As a % of Revenue	16.8%
Dollars per Passenger	\$7.75
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$439,338,054
Passengers	9,500,000
Information Source	Asia Aviation Public Company Limited Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures are in Thai baht (THB).</li> <li>• The company is a holding company, which has an investment only in the low-fare carrier Thai AirAsia, and held 55% of its shares at the end of 2020. AirAsia Group owns the remaining 45% of shares.</li> <li>• Ancillary revenue for 2020 was simply disclosed as <u>THB 2,285,000,000</u>.</li> <li>• The following details for the sources of revenue were provided for 2020: <ul style="list-style-type: none"> <li>– Baggage and other service fees: THB 1,902.8 million.</li> <li>– Inflight revenue: THB 201 million.</li> <li>– Advertising: THB 7.3 million.</li> </ul> The above totals THB 2,111 million and represents the majority of the disclosed ancillary revenue amount. </li> <li>• Sales distribution was described as follows:</li> </ul>

	<ul style="list-style-type: none"> <li>– Internet and mobile app: 68.6%.</li> <li>– Direct sales at counters: 3.0%.</li> <li>– Indirect sales (travel agents): 28.4%.</li> <li>• Operating revenue for 2020 was THB 13,634,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	No data
2019	No data
2020	\$73,631,176
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### T'way Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$17,786,651 (estimate based upon half year results)
As a % of Revenue	7.9%
Dollars per Passenger	\$3.84
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$224,050,837
Passengers	4,631,000
Information Source	2020 3 <sup>rd</sup> Quarter Business Performance Presentation (English), 2020 2 <sup>nd</sup> Quarter Business Performance Presentation (Korean), and T'way Air Co., Ltd. Financial Statements for 2020 (Korean)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Korean won (KRW).</li> <li>• Calendar year 2020 is the 18<sup>th</sup> reporting period for the airline (Korean calendar).</li> <li>• T'way Air offers these ancillary revenue services: <ul style="list-style-type: none"> <li>– Assigned seating.</li> <li>– Bundles: Savings are offered when a la carte items are purchased together as a Double Pack, Triple Pack, or Multi Pack.</li> <li>– Call center booking fee.</li> <li>– Hotel, car rental, activities, Airbnb.</li> <li>– Onboard shopping.</li> <li>– Pre-order meals.</li> <li>– Pre-paid baggage.</li> <li>– Side seats: Hold up to 2 empty adjacent seats.</li> <li>– T'Care: personal service from counter to boarding.</li> <li>– Time hold/pay later: Fee for holding a booking for 7 days (domestic) or 14 days (international).</li> <li>– Tour lounge in Saipan (book local car, hotel, tours).</li> <li>– Travel insurance.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• The airline offers entertainment services on select flights. Customers might enjoy calligraphy, singing, and musical instrument teams to provide “unforgettable touching moments in the sky.” On special days such as Valentine’s Day, Pepero Day and Christmas, various events such as balloon art are waiting for a customer onboard.</li> <li>• The following ancillary revenue results were disclosed for the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020 (in total): <ul style="list-style-type: none"> <li>– Baggage: KRW 500 million (KRW 243 per passenger).</li> <li>– Inflight: KRW 200 million.</li> <li>– Other: KRW 7.8 billion.</li> <li>– Seat assignment: KRW 900 million (KRW 437 per passenger).</li> <li>– All activity: 9.5 billion (KRW 4,616 per passenger).</li> </ul> </li> </ul> <p>During the two quarters, the airline carried 2,058,000 passengers, generating average ancillary revenue of KRW 4,616 per passenger. This average as used to estimate ancillary revenue for 2020: <u>KRW 21,376,696,000</u> (KRW 4,616 x 4,631,000 passengers).</p> <ul style="list-style-type: none"> <li>• Total revenue for 2020 was KRW 269,273,100,420.</li> </ul>
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#### Historical Ancillary Revenue

2018	\$53,864,322
2019	\$64,042,442
2020	\$17,786,651

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

### Vietjet Air

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$218,843,697
As a % of Revenue	33.4%
Dollars per Passenger	\$14.59
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$655,482,358
Passengers	15,000,000
Information Source	Separate Financial Agreements for the Year Ended 31 December 2021, and Report of the Board of Directors dated 29 June 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• Figures below are in Vietnamese dong (VND).</li> <li>• Vietjet’s “Key ancillary revenue activities” include baggage revenue and surcharges, cargo sales (cargo), aircraft sales (food, drinks, souvenirs) and advertising revenue.</li> </ul>

	<p>IdeaWorksCompany does not include cargo as a qualifying activity.</p> <ul style="list-style-type: none"> <li>• Vietjet disclosed ancillary revenue of VND 6,154,388,857,873 (includes cargo) for 2020, which represents a 54% decrease below the 2019 result.</li> <li>• Cargo revenue for 2019 was disclosed as VND 929,826,666,157, and 2020 results were disclosed as being 16% higher (VND 1,078,598,932,742). This was deducted from the ancillary revenue noted above to provide net 2020 ancillary revenue of <u>VND 5,075,789,900,000</u>.</li> <li>• The airline offers these a la carte activities at its website: <ul style="list-style-type: none"> <li>– Baggage.</li> <li>– Buy-on-board souvenirs and duty-free.</li> <li>– Hotel bookings.</li> <li>– Pre-ordered food.</li> <li>– Priority check-in.</li> <li>– Seat selection.</li> <li>– Shuttle bus between airport and central city.</li> <li>– Travel insurance.</li> </ul> </li> <li>• Operating revenue disclosed for 2020: VND 15,203,045,739,464 (passenger related revenue + ancillary revenue). This revenue excludes gains on the sale of aircraft.</li> </ul>
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Historical Ancillary Revenue	
2018	\$338,240,952
2019	\$447,951,841
2020	\$218,843,697
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

### Virgin Australia Group

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$660,590,057
As a % of Revenue	21.1%
Dollars per Passenger	\$35.71
Financial Period	Fiscal year ended 30 June 2020 (FY 2020)
Total Revenue	\$3,124,487,210
Passengers	18,500,000
Information Source	Virgin Australia Holdings, Ltd. Independent Expert's Report and Financial Services Guide dated 19 October 2020 (for FY 2020)
Ancillary Revenue Definitions and Other	<ul style="list-style-type: none"> <li>• All figures below are in Australian dollars (AUD).</li> </ul>

## Notes from Financial Reports

- Virgin Australia Holdings entered administration during early 2020. An independent expert was engaged to form an opinion on the value of the shares of Virgin Australia Holdings. As of the end of 2020, the majority of the company was owned by Bain Capital. Future financial disclosures are not anticipated.
- Care should be taken if comparing Qantas and Virgin Australia results. The results for Qantas are significantly impacted by the pandemic, as these were calculated and presented based upon calendar year 2020. Virgin Australia's 30 June fiscal year was far less impacted by the pandemic.
- Virgin Australia Holdings includes these brands with traffic and revenue noted for each:
  - Virgin Australia Domestic: 13.3 million passengers, AUD 2.8 billion revenue.
  - Virgin Australia International: 2 million passengers, AUD 979 million.
  - Tigerair Australia: 3 million passengers, AUD 419 million revenue.
- The Velocity program had 10.3 million members at the end of FY 2020. Revenue generated by the program was AUD \$363 million. 70% of points are accrued with partners, such as co-branded credit cards, rather than flying the airline. Virgin Atlantic Holdings owns 100% of Velocity; the program was not in bankruptcy.
- Virgin Australia disclosed in FY 2018 "Other ancillary revenue" which was equivalent to AUD 32 per passenger. This amount was used to calculate the a la carte portion of FY 2020 revenue.  $AUD\ 32 \times 18.5\ \text{million passengers} = AUD\ 592\ \text{million}$ . A similar disclosure was not found in the Independent Expert's Report for FY 2020.
- Virgin Australia generated ancillary revenue through these activities:
  - Airport parking (some with valet service).
  - Airport transfers.
  - Bundled fares: Getaway, Elevate, Freedom.
  - Buy-on-board food (in addition to free offer).
  - Call center fee.
  - Car hire booking.
  - Credit card payment fees.
  - Cruise bookings.
  - Economy X (extra leg room seating, priority screening and boarding, plus more perks).
  - Event tickets.
  - Excess baggage (all fares include checked baggage).
  - Extra seat for personal comfort.
  - Hotel booking.
  - Lounge access.



	<ul style="list-style-type: none"> <li>– Onboard retail menu (in addition to included food).</li> <li>– Trip insurance.</li> <li>– Virgin Australia Holidays.</li> <li>– Wifi (standard package is free on domestic flights).</li> <li>• Total FY 2020 ancillary revenue for Virgin Australia is <u>AUD 955,000,000</u> and consists of these components: <ul style="list-style-type: none"> <li>– Other ancillary revenue: AUD 592 million.</li> <li>– Velocity FFP: AUD 363 million.</li> </ul> </li> <li>• Annual revenue for the airline was AUD 4,517,000,000.</li> <li>• 2020 commentary (see data below): The most recent results disclosed are for the period ended 30 June 2020 which is largely pre-pandemic.</li> </ul>
<b>Historical Ancillary Revenue</b>	
FY 2018	\$863,267,535
FY 2019	\$819,388,699
FY 2020	\$660,590,057
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## **Non-Reporting Carriers for Asia and the South Pacific**

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

Air Do (Japanese only), Air Mauritius, Asiana Group, Biman Bangladesh, Cathay Pacific/Cathay Dragon, China Airlines, EVA Airways, Fiji Airways, Go First, Hainan Airlines (documents only in Chinese), 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), Solaseed Air (documents only in Japanese), Starflyer (documents only in Japanese), Thai Airways, Tigerair Taiwan (owned by EVA Air), and Vietnam Airlines (only 2019 annual report 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.

## Middle East and Africa

### **Air Arabia**

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$76,963,376
As a % of Revenue	15.3%
Dollars per Passenger	\$17.49
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$504,007,080
Passengers	4,400,000
Information Source	Air Arabia Consolidated Financial Statements 31 December 2020 and Air Arabia Annual Report 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in UAE dirhams (AED).</li> <li>• The holding company owns 100% of Air Arabia (UAE), 40% of Air Arabia (Morocco), 40% of Air Arabia (Egypt), and 49% of Air Arabia (Jordan). Air Arabia Abu Dhabi was launched July 2020. In addition, the company holds shares in catering, travel companies, and hotels in the Middle East.</li> <li>• In October 2020, the carrier announced free global COVID-19 insurance for all passengers traveling on Air Arabia flights from Sharjah and Abu Dhabi.</li> <li>• The airline disclosed the following revenue sources: <ul style="list-style-type: none"> <li>– Other airline related services: AED 126,564,000.</li> <li>– Service revenue: AED 94,023,000.</li> <li>– Revenue from hotel operations: AED 39,798,000.</li> <li>– Baggage revenue: AED 22,263,000.</li> </ul> These total <u>AED 282,648,000</u>, which equals a % of revenue rate of 15.3%. </li> <li>• Air Arabia offers the following ancillary revenue products: <ul style="list-style-type: none"> <li>– Airport services: arrival meet and assist, departure meet and assist, and baggage porter assistance.</li> <li>– Assigned seating.</li> <li>– Bus transfers.</li> <li>– Checked baggage.</li> <li>– Delayed baggage protection.</li> <li>– Frequent flyer program.</li> <li>– Hotel, car rental, and vacation package booking.</li> <li>– Onboard café and shopping.</li> <li>– Online travel visa.</li> <li>– Pre-order meals.</li> <li>– Travel insurance.</li> </ul> </li> <li>• The group announced it carried more than 4.4 million passengers in 2020; no additional details were offered.</li> </ul>

	<ul style="list-style-type: none"> <li>Revenue for 2020 was AED 1,850,966,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$139,107,379
2019	\$153,052,689
2020	\$76,963,376
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## Emirates

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$203,675,970
As a % of Revenue	2.5%
Dollars per Passenger	\$30.86
Financial Period	Fiscal year ended 31 March 2021 (2020/21)
Total Revenue	\$8,231,449,966
Passengers	6,600,000
Information Source	Annual Report 2020/21 of The Emirates Group for the period ended March 31, 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>All figures below are in UAE dirhams (AED).</li> <li>For the first time, Emirates disclosed ancillary revenue as a defined category. The following lists qualifying ancillary revenue activity described by the airline for FY 2020/21: <ul style="list-style-type: none"> <li>Defined ancillary revenue was AED 400 million.</li> <li>Excess baggage revenue was AED 218 million, which was described as a component of “core passenger revenue” which suggests the airline does not include it under the ancillary revenue category.</li> <li>Travel Services (subsidiary called Dnata) revenue was AED 130 million. This category includes Emirates Holidays. When Emirates acts as an agent between the service provider and the end customer, the net commission is recognized as revenue. This indicates the revenue figures for travel services and consumer goods represent commission revenue, and/or sales revenue on items purchased by the company (revenue declined 96% from FY 2019/20).</li> </ul> </li> </ul> <p>The total of the qualifying activity listed above is <u>AED 748,000,000</u>. The amount does not include revenue activity related to the Skywards frequent flyer program. The group also has holdings in a diverse array of businesses worldwide: restaurants (such as Hudson’s Coffee outlets in Australia) and airline catering kitchens.</p>

	<p>These have not been included as contributing to ancillary revenue.</p> <ul style="list-style-type: none"> <li>• The company disclosed these items for FY 2020/21: <ul style="list-style-type: none"> <li>– Skywards frequent flyer program has 27 million members.</li> <li>– Emirates Holidays provides video appointments for personalized travel support, and offers customers added flexibility to book packages.</li> <li>– Emirates Skywards partners with Barclays to launch its first co-branded card in the US market.</li> <li>– Expanded global multi-risk travel insurance for all its passengers, including COVID-19 health cover.</li> <li>– Launched touchless self-service check-in and baggage drop kiosks at Dubai airport, enhancing the contactless journey offered to customers.</li> <li>– Introduced a new option for customers flying in Economy Class to purchase empty adjoining seats.</li> <li>– Dubai Experience product available in 14 markets which lets customers build personalized itineraries on emirates.com, tapping into a selection of over 120 hotels and more than 200 tourism activities around their flight bookings to Dubai.</li> <li>– Arabian Adventures launches ‘The Perfect Evening by Arabian Adventures’, a new, high-end dining experience in the Dubai Desert Conservation Reserve (DDCR). The experience includes sundowners with canapés at a perfect sunset stop, and premium dining at the newly-designed camp with a private chef and waiter, with some traditional Arabian surprises for guests along the way.</li> <li>– Emirates Skywards expands options for its members to spend and earn miles, with the addition of the Emirates Official Store online</li> </ul> </li> <li>• Revenue for FY 2020/21 was AED 30,230,000,000.</li> </ul>
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#### Historical Ancillary Revenue

FY 2018/19	\$120,898,570
FY 2019/20	\$1,927,297,481
FY 2020/21	\$203,675,970

*Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.*

#### flydubai

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$102,164,738
As a % of Revenue	13.4%

Dollars per Passenger	\$31.93
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$762,423,417
Passengers	3,200,000
Information Source	Statements on the 2020 Annual Results press release dated 02 May 2021
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in UAE dirhams (AED).</li> <li>• Ancillary revenue disclosed for 2020 was 13.4% (2019: 8.9%) of revenues or <u>AED 375,200,000</u>. Ancillary revenue items include: <ul style="list-style-type: none"> <li>– Assigned standard seats.</li> <li>– Bundled fares (Lite, Value, and Flex).</li> <li>– Car rental, holiday packages, and hotel bookings.</li> <li>– Checked baggage.</li> <li>– Extra leg room seating.</li> <li>– Onboard sales (limited to beer, wine, chips, and soda).</li> <li>– Pre-order meals for lower priced fares (higher price fares include a meal).</li> <li>– Visa facilitation services.</li> <li>– Wifi (three types of passes).</li> </ul> </li> <li>• Revenue for 2020 was AED 2,800,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$158,692,988
2019	\$153,573,860
2020	\$102,164,738
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

### Jazeera Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$10,840,545
As a % of Revenue	8.1%
Dollars per Passenger	\$15.57
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$134,455,539
Passengers	696,093
Information Source	Jazeera Airways Group 2020 Annual Report
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Kuwait dinars (KWD).</li> <li>• Ancillary revenue includes revenue from checked baggage, allocated seating, change fees, and inflight sales. The definition also includes cargo revenue, however the</li> </ul>

	<p>income statement lists separate amounts for ancillary revenue and cargo.</p> <ul style="list-style-type: none"> <li>• The airline owns and operates terminal T5 at its Kuwait hub. Revenue is generated from commercial tenant activity and as the terminal is dedicated to Jazeera operations, this qualifies as ancillary revenue (“facility ancillary revenue”).</li> <li>• The calculation of Jazeera’s 2020 ancillary revenue total was derived as follows: <ul style="list-style-type: none"> <li>– Defined ancillary revenue: KWD 2,977,477.</li> <li>– Facility ancillary revenue: KWD 358,031 (Terminal 5). The total from the above is <u>KWD 3,335,508</u>.</li> </ul> </li> <li>• The airline described the following activities from 2020: <ul style="list-style-type: none"> <li>– Jazeera passengers are now able to choose from three fare options in Economy Class: Light, Value or Extra, each providing them with a set of services to meet their needs.</li> <li>– Economy Class Light: the lowest fare category, allows a carry-on and a small bag, and additional services can be added.</li> <li>– Economy Class Value: allows 20 kg checked-in baggage.</li> <li>– Economy Class Extra: provides 30 kg checked-in baggage, priority check-in and the ability to choose from the Preferred Seats located in rows 4 to 10.</li> <li>– Jazeera introduced a new Priority Service to provide passengers a faster travel experience. This service includes priority check-in, priority baggage, and priority boarding. The fee is KWD 10 one-way and will be available at all airports. Passengers on connecting flights pay KWD 15 for the service on both flights.</li> <li>– The company’s revenue from Park &amp; Fly stopped from 13 March 2020, as it was converted to the first Covid-19 drive-through testing center in Kuwait.</li> <li>– Fees were implemented for standard pre-assigned seating. Extra leg room seating provides a 35- to 38-inch pitch.</li> </ul> </li> <li>• Revenue for 2020 was KWD 41,370,384.</li> </ul>
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Historical Ancillary Revenue	
2018	\$19,829,319
2019	\$27,058,327
2020	\$10,840,545
Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.	

## Kenya Airways

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$43,504,028
As a % of Revenue	8.8%
Dollars per Passenger	\$24.17
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$496,054,885
Passengers	1,800,000
Information Source	Kenya Airways Annual Report and Financial Statements 2020, and “Pandemic triples Kenya Airways’ full year loss in 2020” Reuters.com article dated 23 March 2021 (traffic number)
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Kenya shillings (KES).</li> <li>• For 2019, Kenya Airways described ancillary revenue activities under the category of “Other Revenue” in its 2019 annual report. This category listed revenue of <u>KES 4,631,000,000</u> for 2020.</li> <li>• The airline offers the following ancillary revenue services: <ul style="list-style-type: none"> <li>– Airport lounge access.</li> <li>– Airport transfers.</li> <li>– Book a ticket through call center or airport office.</li> <li>– Branded fares: Light, Smart, Standard, and Flex (began 2019).</li> <li>– Car rental.</li> <li>– Duty-free merchandise.</li> <li>– Economy Comfort class (extra room on Boeing 787 flights).</li> <li>– Economy Max (1 or 2 empty adjacent seats).</li> <li>– Excess baggage with pre-booked discounts.</li> <li>– Hotel booking and safaris.</li> <li>– Karibu Premium Services (VIP meet and greet, fast track).</li> <li>– Pet transportation (cargo hold).</li> <li>– Preferred seats (front of cabin).</li> <li>– Super Economy (seats in front rows of cabin which include an empty middle seat).</li> </ul> </li> <li>• Revenue for 2020 was KES 52,805,000,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$82,718,101
2019	\$91,188,502
2020	\$43,504,028
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	



## Royal Jordanian

Source and Type	Multiple ancillary revenue activities
Ancillary Revenue	\$5,953,456
As a % of Revenue	2.0%
Dollars per Passenger	\$7.93
Financial Period	Calendar year ended 31 December 2020
Total Revenue	\$299,891,396
Passengers	751,000
Information Source	Alia - The Royal Jordanian Airlines Company Annual Report 2020 (Arabic) and Consolidated Financial Statements 31 December 2020
Ancillary Revenue Definitions and Other Notes from Financial Reports	<ul style="list-style-type: none"> <li>• All figures below are in Jordanian dinars (JOD).</li> <li>• The airline disclosed the following activities which qualify as ancillary revenue: <ul style="list-style-type: none"> <li>– Royal Tours revenue (package business): JOD 1,877,000.</li> <li>– Frequent flyer revenue: JOD 1,124,000.</li> <li>– Ancillary revenue: JOD 1,220,000.</li> </ul> Total ancillary revenue from the above is <u>JOD 4,221,000</u>. </li> <li>• The Royal Club frequent flyer program had 430,000 members as of 2019.</li> <li>• The airline lists the following “Travel Extras” at its website: <ul style="list-style-type: none"> <li>– Car hire.</li> <li>– Excess baggage.</li> <li>– Hotel booking.</li> <li>– Lounge access.</li> <li>– Meet &amp; Greet (Tikram service).</li> <li>– Seat selection.</li> </ul> </li> <li>• Revenue for 2020 was JOD 212,623,000.</li> </ul>
<b>Historical Ancillary Revenue</b>	
2018	\$8,716,502
2019	\$9,740,480
2020	\$5,953,456
<i>Prior Year Sources: Yearbook of Ancillary Revenue for 2019 and 2020.</i>	

## **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):

Airlink, Air Mauritius, Comair/Kulula, Egyptair (only 2018 report available during research time), Cemair, El Al, Etihad Aviation Group, Ethiopian, Fastjet, flyadeal (owned by Saudi Arabian Airlines), flynas (privately held), Jambojet (owned by Kenya Airways), Lift, Middle Eastern Airlines (only 2019 report was available during research time), Oman Air, Qatar Airways (only pre-pandemic annual report available during research time), Royal Air Maroc, Saudi Arabian Airlines (government owned), and South African Airways.

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

## 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.

Argentina peso (ARS)	= ARS 0.272294
Australian dollar (AUD)	= AUD 0.691717
Brazil reais (BRL)	= BRL 0.186844
Canada dollar (CAD)	= CAD 0.736352
China yuan (CNY)	= CNY 0.141418
Danish kroner (DKK)	= DKK 0.151088
Euro (EUR)	= EUR 1.126003
Great Britain pound (GBP)	= GBP 1.247575
Hong Kong dollar (HKD)	= HKD 0.129019
India rupees (INR)	= INR 0.013242
Japan yen (JPY)	= JPY 0.009303
Jordanian dinars (JOD)	= JOD 1.410437
Kenyan shilling (KES)	= KES 0.009394
Korean won (KRW)	= KRW 0.000832
Kuwait dinars (KWD)	= KWD 3.250043
Malaysia ringgit (MYR)	= MYR 0.233323
Mexican peso (MXN)	= MXN 0.043799
New Zealand dollar (NZD)	= NZD 0.647378
Norway kroner (NOK)	= NOK 0.105063
Pakistan rupee (PKR)	= PKR 0.005966
Philippine peso (PHP)	= PHP 0.020075
Qatari riyal (QAR)	= QAR 0.274725
Russian ruble (RUB)	= RUB 0.014125
Singapore dollars (SGD)	= SGD 0.717522
Sri Lankan rupee (LKR)	= LKR 0.005368
Swedish kroner (SEK)	= SEK 0.107631
Thai baht (THB)	= THB 0.032224
Turkish lira (TRY)	= TRY 0.146006
UAE dirham (AED)	= AED 0.272294
Vietnamese dong (VND)	= VND 0.000043

Currency exchange rates are from XE.com, the Universal Exchange Converter.  
As effective on 01 July 2020

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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.

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