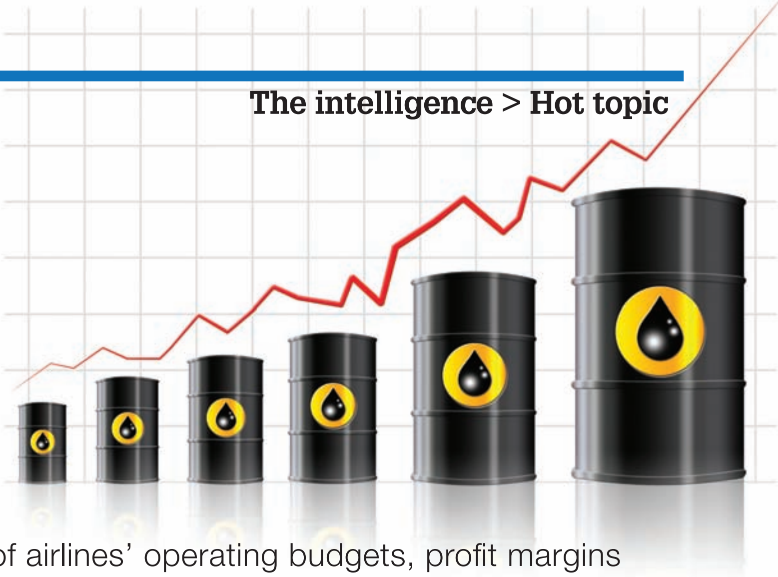
Hot topic: oil price pressure



With fuel expenditure forming up to 40% of airlines' operating budgets, profit margins are increasingly vulnerable to fluctuating global oil prices. *Future Airport* gauges the boardroom view on how the industry is responding.

Doug Parker, CEO, US Airways:

"If indeed where we are right now is the new normal, if oil is going to be $90 to $100 a barrel, and if the economy is going to keep bouncing along the bottom like it seems to be for the foreseeable future, I think you will see airlines with less capacity than they have today."

Alan Joyce, CEO, Qantas:

"Qantas's international business has been underperforming for some time. The situation has got worse with high fuel prices and the high Australian dollar. We're having to make significant changes to ensure Qantas is around for the next 90 years."

Willie Walsh, CEO, British Airways:

"The oil price challenges everyone in the industry; there's only so much airlines can do to offset the increased cost. It will drive airlines that are unprofitable out of the industry because they just won't be able to survive – but, ultimately, it's going to lead to higher prices."

Steve Ridgway, CEO, Virgin Atlantic:

"The price of oil has a huge impact on our cost base, like all other airlines. It is, I think, leading to a fundamental repricing of air travel."

Giovanni Bisignani, secretary general, IATA:

"The aviation industry is balancing on a very thin tightrope and there is a very little buffer for the industry to keep its balance as it absorbs shock."

Michael Cawley, deputy CEO, Ryanair:

"There will be merger pressure in the future [with higher fuel prices]. Airlines with the most fragile balance sheets will be poorly placed to withstand fuel price increases."

Sudheer Raghavan, CCO, Jet Airways:

"We have not raised the fares but we have adjusted the fuel surcharge. We are forced to pass it on to the passengers as increasing fuel prices has squeezed our margins."