

EFA Podcast Companion Piece

This document is a companion piece to assist the listener in following the Economic & Financial Analysis podcast if not familiar with common airline financial analysis metrics and acronyms.

ASM

Available Seat Miles. The total passenger-carrying capacity, calculated as the number of available seats multiplied by miles flown. This is the fundamental unit of production. For instance, a 175-seat aircraft flown between DAL and SAT (247 miles) results in 43,225 available seat miles. ASM is used as a way to compare performance between airlines as a common unit of measure.

CapEx

Capital Expenditures. The funds spent to purchase, upgrade, or maintain long-term physical assets, most notably aircraft, but also includes simulators, training facilities, and large infrastructure and IT projects.

CASM

Cost per Available Seat Miles. Measures efficiency by showing how much it costs to fly one seat (empty or occupied) one mile.

CASM-ex

Cost per Available Seat Mile with fuel costs, among others, factored out. This is often used as a measure of costs that an airline can control, since fuel prices are often volatile and difficult to predict. The Company posts four separate CASM-ex numbers, but when talking about CASM-ex generically, it is excluding fuel, special items, and profit sharing.

Load Factor

The percentage of available seats filled by paying passengers (Revenue Passenger Miles divided by ASM).

Operating Margin

The spread between RASM and CASM expressed in a percentage. A positive margin indicates an operating profit, a negative margin an operating loss.

Operating Cash Flow

Represents the actual cash generated by its core business — flying passengers and cargo — before accounting for investment or financing activities.

PRASM

Passenger Revenue per Available Seat Mile. Similar to RASM but is a measure of only passenger revenue instead of all revenue (bag fees, cargo, etc.).

RASM

Measures unit revenue — how much money is generated for each seat mile offered, regardless of whether it was sold.

Yield

The average revenue generated per paying passenger mile (Total Revenue / Revenue Passenger Miles).