

TRANSPORTATION Forecasts for 2016



AIR TRANSPORTATION

Biggest beneficiary of low oil prices



**+10% PROFITS
IN 2016**



Increase in volumes

Increase in business and tourism travel: +6.4% passengers carried in 2015, +6% in 2016



Lower input costs

Protracted period of low oil prices that led to a reduction of -20% in fuel bills in 2015



Variations in profits

- **North America:** heavy restructuring of the industry, 9.5% net profit margin in 2015
- **Europe:** on-going restructuring, 3.5% net profit margin in 2015
- **Asia Pacific:** heavy investment requirements to cope with very dynamic activity growth, 2.9% net profit margin in 2015



ROAD TRANSPORTATION

Numerous small players with weak pricing power



**NO MAJOR GLOBAL
EVOLUTION IN 2016**



**Limited impact
of low oil prices**

Legal indexation of fuel prices applied by transporters in many countries



High fragmentation

Sector mostly composed of SMEs with low pricing power and thus limited profitability



**Dependency upon
labour costs**

In Europe, labour costs represent the main expenditure item: 29% of total costs



SEA TRANSPORTATION

Overcapacities and low freight rate undermining activity



**WILL CONTINUE TO
STRUGGLE IN 2016**



**-50% Baltic dry Index
in 2015**

(4 times below its 2013 level)
Sector negatively impacted by sluggish global trade



Overcapacities

Resulting from massive investments before the 2009 crisis persist



**Wage of mergers
and acquisitions**

It should enable players to increase their pricing power and thus their profitability which remains very low for the moment



What to watch?



Global economic growth and trends in trade flows impacting the sector's revenues



Increasing environmental constraints calling the need for higher investments and thus weighing on firms' margins



Development of service-related activities to improve profitability levels

