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Sabre study shows “hybrid” airlines edging out traditional LCCs

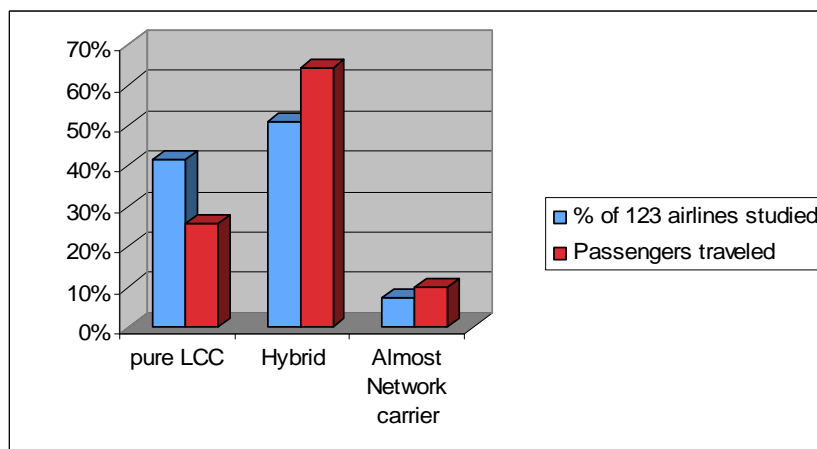
Trends shows pure Low Cost Carriers in midst of new age

LONDON, United Kingdom, May 8, 2008 - A new breed of “hybrid” carrier is quickly overtaking traditional Low Cost Carriers (LCCs), according to a study released today by Sabre Airline Solutions, the global leader of technology solutions for the airline industry, which reveals that more passengers travel on a new breed of “hybrid” carrier than on traditional LCCs.

The global study of 540 airlines revealed that out of 123 self-nominated LCCs, 59 percent had added enough complexity to their business model in recent years that they had now evolved into a full service airline (7 percent) or were part of an emerging breed of “hybrid” carriers, which blend low cost carrier traits with that of full service carriers (52 percent).

Only 41 percent retained true LCC characteristics including point-to-point routes, single aircraft types, single cabin configuration, simple fares with no interline or codeshare agreements and direct distribution usually through the internet.

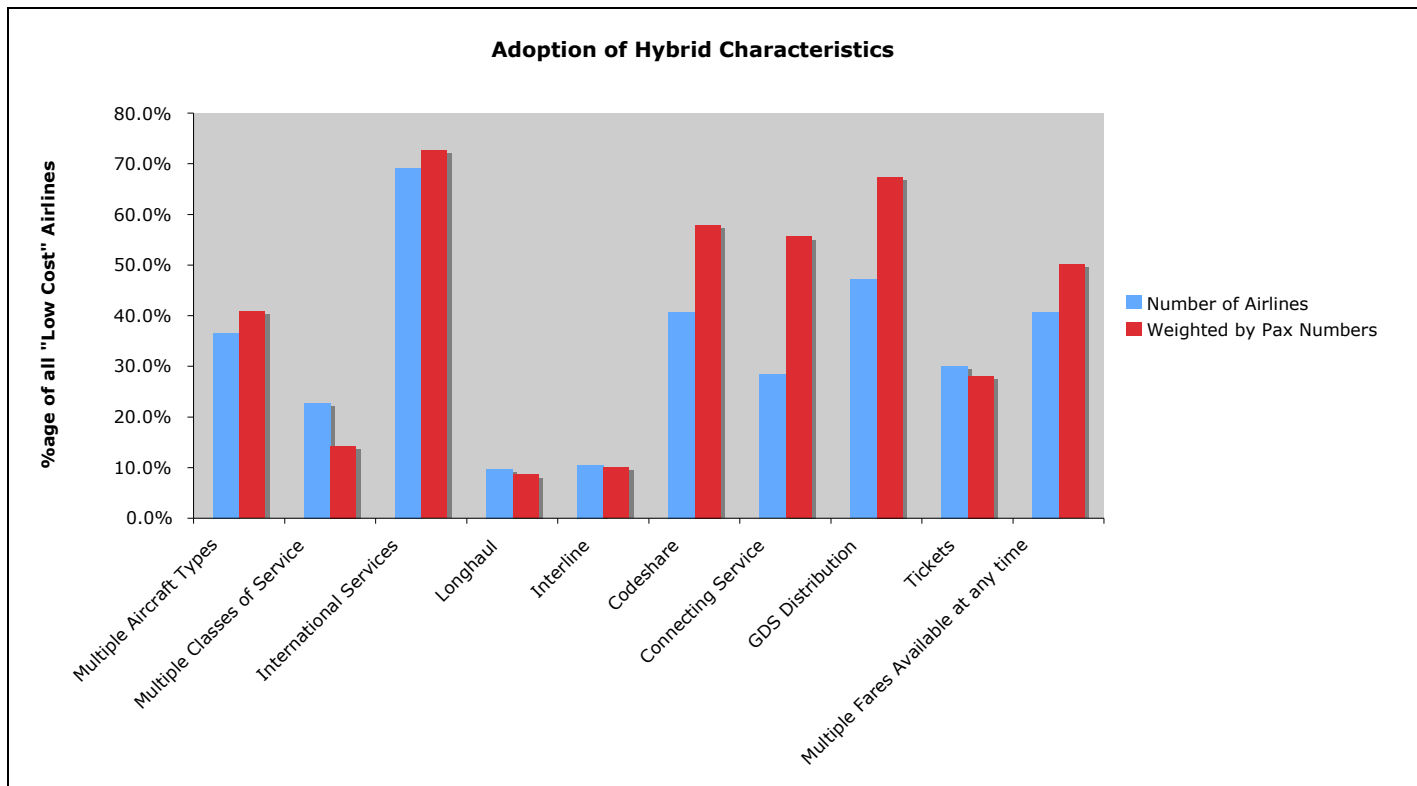
Furthermore, passenger numbers from 2007 show that these “hybrid” airlines carried 64 percent of all passengers in the broader LCC segment.



Murray Smyth, Vice President of Sabre Airline Solutions in EMEA, said there had been a lot of speculation about the evolution of the LCC model, but up until now no quantifiable research existed to show how these airlines were changing their businesses to stay competitive.

“The LCC segment is one of the most competitive in the airline industry and this has spurred many pure LCCs to explore new ways of evolving their business to remain competitive and sustainable. For many, this has meant adopting some full-service carrier business practices to help grow their passenger base and expand their reach in the marketplace, although they have often added their own twist on how these business practices are implemented,” said Smyth.

The study shows that full-service carrier attributes being introduced by LCCs include: international routes, use of the Global Distribution System (GDS), codeshare agreements, connecting services, multiple fares available at any time, advanced ticketing procedures, multiple aircraft types, multiple classes of service, interline agreements, and long-haul destinations.



“Airlines that introduce more than three of these full-service characteristics should be considered a “hybrid” carrier because each attribute adds a level of complexity and cost to the operating model that is inconsistent with the fundamental principles used to define low-cost carriers,” according to Smyth.

Based upon this, within Europe, low-cost airlines that may be considered “Hybrid” carriers include easyJet, Germanwings, Norwegian Air Shuttle, bmi Baby, Sterling Airlines, KD Avia, Centralwings, Blue Panorama Airlines and Flybaboo. Globally, the trend is just as strong with industry leaders such as Southwest Airlines, Jet Blue, West Jet, Air Tran, Virgin Blue, Air Asia and GOL also falling into this new category.

“Many of these airlines have evolved into a “hybrid” carrier in order to make a play for the highly lucrative business traveller, who has a completely different set of needs and shopping behaviors from the leisure traveller that LCCs have traditionally targeted.

“That’s why some have introduced GDS distribution, multiple products, new classes of service and interline agreements. They’ve also invested in sophisticated revenue management tools and techniques that help them maximise the revenue generated by every seat on every aircraft, every day of the year,” Smyth said.

“In comparison, pure LCC airlines don’t use these tools. They stay true to the LCC model – a simple, no frills offering using discounted airfares to appeal to a single travel segment, in this case the price-conscious leisure traveler,” said Smyth.

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About Sabre Airline Solutions

The world's leading provider of integrated solutions and services for airlines and airports, Sabre Airline Solutions helps companies generate more revenue by optimizing performance in 14 key areas of airline operations. More than 200 leading carriers and 100 airports use Sabre Airline Solutions to better market their schedules, sell their products, serve their customers and operate efficiently. Sabre Airline Solutions was founded in 1960. For more information on Sabre Airline Solutions, please visit www.sabreairlinesolutions.com