

PRESS RELEASE

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Asia Pacific Airlines Return to Profitability in 2023 *Earnings boosted by strong recovery in passenger markets*

Kuala Lumpur, Malaysia – Preliminary financial performance figures released today by the Association of Asia Pacific Airlines (AAPA) revealed a strong rebound in the earnings of Asia Pacific airlines in 2023, following three consecutive years of losses. Combined net earnings totaled a solid US\$8.8 billion for the calendar year, on the back of healthy travel demand in both leisure and business sectors regionally and worldwide.

The lifting of the final remaining pandemic-induced travel restrictions facilitated the resurgence of travel demand in 2023, leading to a 130.7% increase in international passenger traffic as measured in revenue passenger kilometres (RPK). Conversely, international air cargo demand, measured in freight tonne kilometres (FTK), saw a 2.8% annual decline, driven by inflationary pressures, a robust US Dollar and consequent downturn in the demand for goods.

For the year, Asia Pacific airlines achieved operating revenues totaling US\$198.1 billion, a 54.8% jump compared to the US\$128.0 billion recorded in 2022. Combined passenger revenue more than doubled, by 105.4% to US\$151.5 billion, driven by the sturdy growth in passenger demand. However, reflecting the steady increase in flights, passenger yields declined by 6.7% to 8.6 US cents per RPK. Meanwhile, aggregated cargo revenue fell markedly, by 43.3% to US\$21.0 billion in 2023, driven by weakness in trade activity and easing freight rates, as reflected in the 41.7% drop in cargo yields to 33.6 US cents per FTK. Despite the decline, average cargo yields remained above pre-pandemic levels.

Meanwhile, operating expenses rose by 30.9% to a combined total of US\$182.6 billion in 2023, in tandem with the ramp-up in flight frequencies and restoration of networks. Fuel expenditure rose by 41.5% to US\$57.7 billion, in part mitigated by a 20.0% fall in global jet fuel prices to an average of US\$113.4 per barrel. The share of fuel expenditure as a percentage of total operating costs increased by 2.4 percentage points to 31.6%.

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Meanwhile, non-fuel costs increased by 26.5% to US\$124.9 billion, as a result of higher expenditure on staff as well as landing fees and enroute charges.

Commenting on the financial results, Mr. Subhas Menon, AAPA Director General said, “In 2023, Asia Pacific airlines made a welcome turnaround following three consecutive years of steep losses during the COVID-19 pandemic years. The region’s carriers recorded a significant operating profit margin of 7.8%, compared to the -9.3% posted in 2022. Asian airlines benefitted from the vigorous recovery in passenger demand. While still relatively high compared to historical averages, the oil price declined which served to alleviate cost pressures stemming from persistent inflation and a robust US Dollar.”

Looking ahead, Mr. Menon said, “The outlook for Asian airlines is generally positive, as demand for air travel globally continues to be strong, complemented by resurgent growth in international air cargo markets. The region’s carriers continue to face numerous challenges, including delayed deployment of additional capacity due to supply chain constraints and persistent cost pressures.”

“Notwithstanding, Asia Pacific airlines remain nimble and proactive, seeking to open new routes and meet customer demand. Improving cost efficiency and profitability, as well as keeping the focus on safety standards, and sustainability targets, are ongoing priorities.”

ASIA PACIFIC AIRLINES 2023 FINANCIAL PERFORMANCE – PRELIMINARY

US\$ billion	2023	2022
Operating revenue	198.1	128.0
Net profit	8.8	-9.7

- Aggregated financial data for 27 Asia Pacific based carriers
- Net profit figures include exceptional items
- Previous year data adjusted for comparison purposes
- All figures, including estimates for missing data, are provisional

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Association of Asia Pacific Airlines (AAPA)

The AAPA is the trade association for scheduled international airlines based in the Asia Pacific region. The AAPA permanent secretariat is headquartered in Kuala Lumpur, Malaysia with international representation in Brussels and Washington, D.C. Collectively, the region's airlines represent over one-third of global passenger and air cargo traffic, and thus play a leading role in the ongoing development of global aviation.

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