Asia Pacific airlines post $7.3b profit in 2024

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Dhaka: Asia Pacific carriers posted a combined net profit of US$7.3 billion in 2024, according to preliminary financial results released by the Association of Asia Pacific Airlines (AAPA).

The industry benefited from continued growth in passenger traffic and a recovery in air cargo demand, although operating conditions remained difficult due to supply chain disruptions and rising costs.

Passenger demand rose by 19.9pc year-on-year, measured in revenue passenger kilometres (RPK), supported by strong business and leisure travel both within the region and globally.

On the cargo side, a 13.9pc increase in international air freight demand, as measured in freight tonne kilometres (FTK), marked a rebound after two years of decline. This was attributed in part to increased e-commerce activity and disruptions in maritime logistics.

Total operating revenue for Asia Pacific airlines grew by 7.7pc to US$213.9 billion, up from US$198.6 billion in 2023. Passenger revenue rose 8.8pc to US$170.4 billion, while cargo revenue increased 10.3pc to US$23.2 billion.

These gains were achieved despite lower yields—passenger yields fell 9.2pc to 8.0 US cents per RPK, and cargo yields declined 3.2pc to 32.7 US cents per FTK.

Operating expenses rose by 8.4pc to US$199.8 billion. Non-fuel costs grew by 10.1pc to US$138.9 billion, driven by supply chain issues including parts shortages, aircraft delivery delays, and groundings related to engine problems.

Inflation also contributed to higher personnel costs and airport charges.

Fuel remained the largest cost component, with expenditure rising 4.8pc to US$60.8 billion. This was attributed to increased flight activity, though partially offset by a 13.4pc drop in average jet fuel prices to US$98.1 per barrel.

Fuel accounted for 30.5pc of total operating costs, slightly down from 31.5pc the previous year.

Commenting on the results, AAPA Director General Subhas Menon said, “2024 was a year of remarkable resilience for Asia Pacific airlines, as carriers confronted multiple challenges while achieving strong growth in both passenger and cargo demand, along with record passenger load factors.

However, airlines were not immune to cost pressures. The marked increase in operating expenses, particularly non-fuel costs, underscored the impact of supply chain constraints.

Despite this, Asia Pacific airlines demonstrated their adaptability, delivering operating margins of 6.6pc for the year, just 0.6 percentage points under the 7.2pc in 2023.”

Looking ahead, Mr. Menon added, “The region’s carriers continue to face considerable headwinds, including elevated operating costs and ongoing supply chain disruptions.

Geopolitical tensions may lead to renewed volatility in oil and currency markets while air cargo markets may soften further, as uncertainties over trade negotiations dampen demand for air shipments.”

“Nevertheless, air passenger demand is expected to remain relatively resilient, amidst continued growth in the region’s economies.

In response, airlines are actively refining their business strategies, maintaining cost discipline while pursuing new revenue streams.

At the same time, carriers are investing in fleet modernisation, digital innovation, and enhanced service offerings to deliver a high-quality travel experience.”

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