

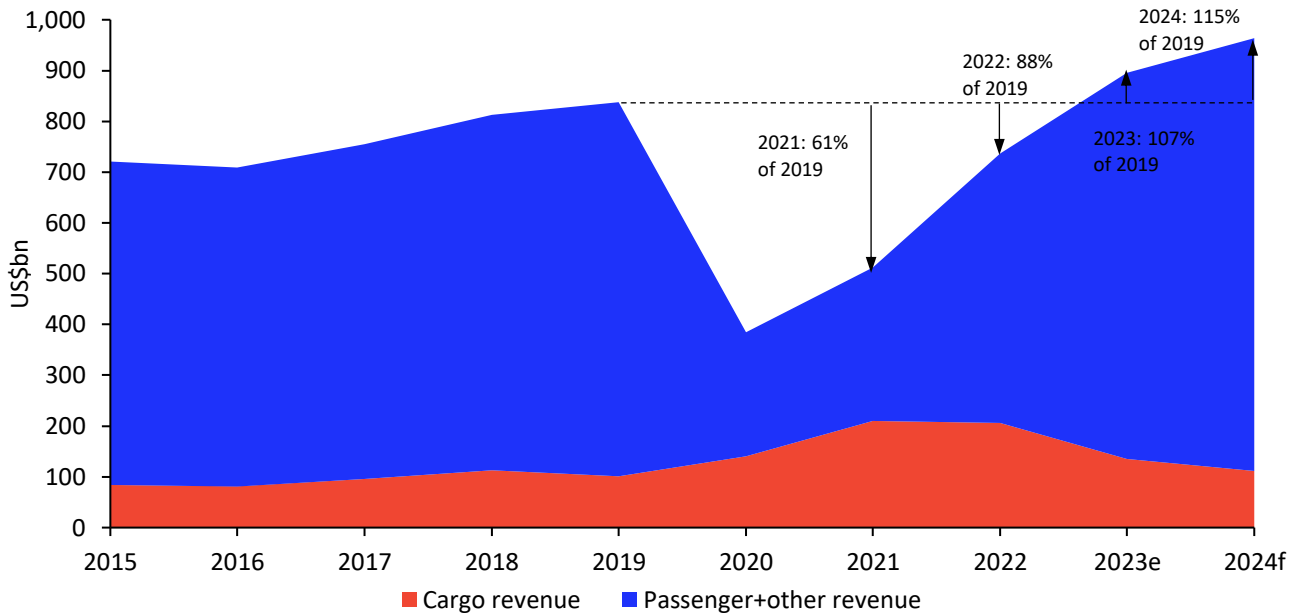


Chart of the Week

8 December 2023

Airline revenue to surpass pre-pandemic levels in 2023

Airline revenue by type



Source: IATA Sustainability and Economics, Airline Analyst

- Following a better-than-expected performance, total airline revenue in 2023 is estimated to have recovered to around 107% of the pre-Covid level. The exceptional year-on-year (YoY) growth is driven by strong passenger revenue but is partly offset by lower air cargo revenue. In 2024, passenger and cargo revenue is expected to approach the pre-pandemic split with shares of 88% and 12% respectively.
- Passenger revenues are projected to reach USD 642 billion in 2023, a remarkable increase of 47% from 2022. The primary driver behind this growth has been passenger demand, which in revenue passenger kilometers is expected to reach 38% YoY. Asia-Pacific is the region with the strongest demand growth as it accounts for more than half of the total global increase. Europe and North America follow in second and third place. Passenger revenue growth is expected to slow in 2024 to 12%, but from the much higher 2023 base.
- In 2023, cargo revenues are forecast to decline by 35% YoY, driven by both lower demand and falling freight rates. The regions most affected by weaker demand are North America and Europe. Cargo capacity is returning as more passenger aircraft re-enter service, and freight rates are also impacted by competition from lower maritime cargo rates. These trends are likely to continue into 2024, resulting in a further decline in cargo revenue of around 17%. Nevertheless, next year cargo revenue is forecast to be around 11% higher than in 2019.
- Net post-tax profit is estimated to reach USD 23.3 billion in 2023, with a slim net profit margin of 2.6%. This translates into a per-passenger profit of just USD 5.44. In 2024 we anticipate a modest increase in the level of net profit, reaching USD 25.7 billion. The per-passenger profit and net profit margin will remain broadly unchanged, at USD 5.45 and 2.7% respectively. While these results demonstrate the resilience of air transport, they fall short of ensuring the long-term financial sustainability of the industry.

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IATA Sustainability & Economics
economics@iata.org