

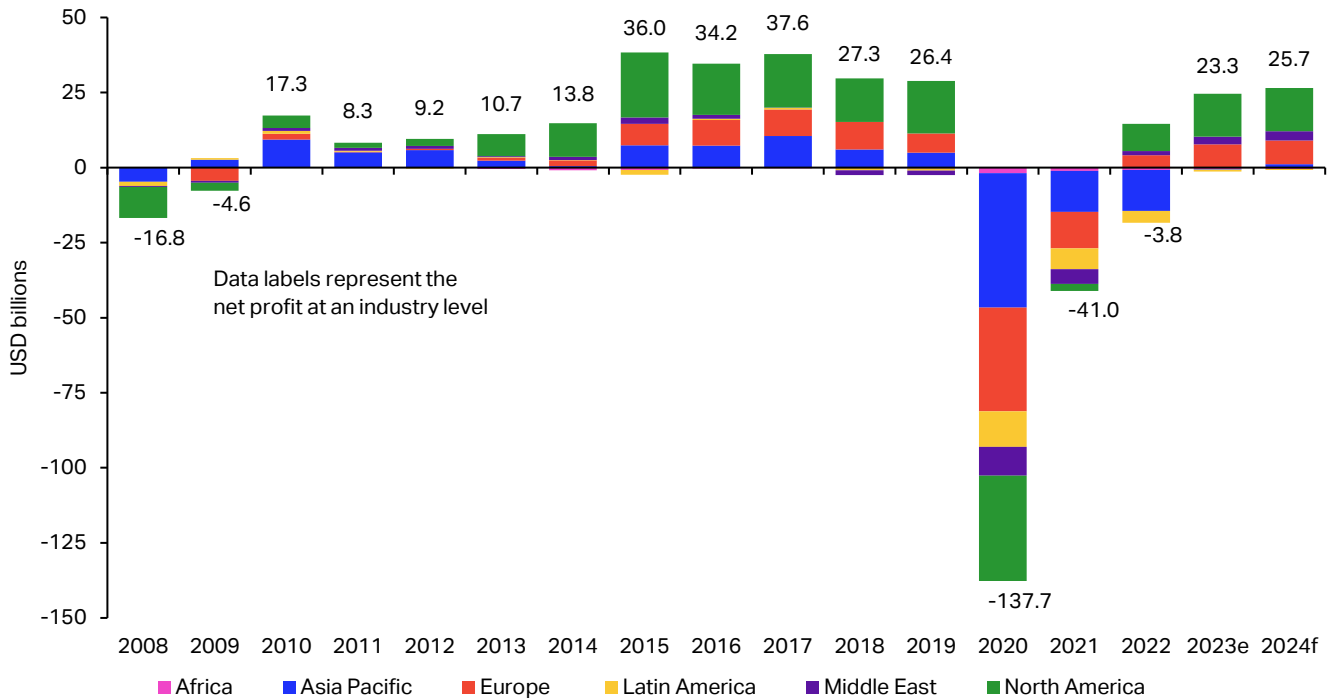


Chart of the Week

15 December 2023

Regional financial performance recovering, but still varied

Airline net profit levels across regions (nominal terms)



Source: IATA Sustainability and Economics, Airline Analyst

- Long-term airline profitability shows that while the industry is exposed to external shocks, it typically returns to profitability relatively quickly. This reflects both the resilience of the industry and importance of air transport in the global economy and society – amongst others, aviation is a key enabler of business, trade and tourism activities. While a return to industry (net) profitability is expected in 2023 (at USD 23.3 billion), the net profit margin remains slim at just 2.6% and regional financial performance remains mixed.
- The chart highlights the disruption of the Covid-19 pandemic with the global financial crisis in 2008. Airlines lost an estimated USD 16.8 billion in 2008, compared with almost USD 140 billion in 2020 during the pandemic. For the industry to recover to profitability just three years later is a striking performance.
- North America is currently the region with the largest contribution to industry profitability, accounting for 56% of the total industry profit forecast for 2024. Alongside Europe, it was also the region to recover quickest following the pandemic, achieving a net profit in 2022. Only these two regions are forecast to have generated an aggregated net profit between 2008 and 2024. The Middle East is also forecast to generate a solid profit outcome in both 2023 and 2024.
- Pandemic-related losses in Asia Pacific were heightened by the prolonged travel restrictions in the region and are estimated to exceed USD 72 billion between 2020 and 2023. Nonetheless a return to profitability is expected in 2024, driven by the continued traffic recovery and favorable industry growth fundamentals.
- At the same time, Latin America and Africa are likely to remain challenging markets for airline operations. Across the 17 years shown, Africa recorded only 1 year of industry net profit and Latin America just 7. Despite an improvement in financial performance, both regions are likely to record a modest loss in 2023 and 2024, with high operating costs and various structural impediments weighing on the recovery.

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