

REPORT: AIRLINES: SOUTHEAST ASIA

What you need to know

March 2024

This report presents a roundup of what's been happening to airlines in Southeast Asia over the last month.

Major airlines

Malaysia Airlines

Rising revenues drive up profits in 2023

Malaysia Aviation Group (MAG), the parent company of Malaysia Airlines, increased its operating profit by **64%** in 2023 to MYR889 million (US\$189 million). Stronger demand helped to offset the effects of rising exchange rate, supply chain and fuel costs. Malaysia Airlines saw its own operating profit soar from MYR80 million to MYR1.1 billion, as revenues improved by **45%**. MAG's low-cost unit, Firefly, managed to narrow its losses in 2023.

Three new Asian routes announced

Malaysia Airlines has announced plans to start flights from Kuala Lumpur to three new Asian destinations in response to strong demand for premium travel. **Daily** services to Male will start on **August 1** and to Da Nang on **September 24**. The airline will also start flying to Chiang Mai **five times weekly** from **August 15**. It last flew to the Maldives in 2015 and Chiang Mai in 2001 and has never flown to Da Nang. Malaysia Airlines will compete with AirAsia and Batik Air on all three routes.

Singapore Airlines

Authorities review Garuda JV

The Competition and Consumer Commission of Singapore (CCCS) has opened the public feedback process on the proposed joint venture between Singapore Airlines (SIA) and Garuda Indonesia. It's assessing its potential impact on the air travel market between Singapore and Indonesia.

The two airlines want to cooperate on scheduling, pricing, sales and market, and other commercial areas. They concede overlapping on ten origin-destination markets.

The assessment by CCCS will include the two airlines' low-cost divisions Scoot and Citilink Indonesia.

Vietnam Airlines

Munich to join network

Munich will join the network of Vietnam Airlines in October, when it launches non-stop flights from both Hanoi and Ho Chi Minh City. It will offer **twice-weekly** services from Hanoi and **weekly** flights from Ho Chi Minh City, rising to **twice-weekly** from **December**. Vietnam Airlines already flies to Frankfurt from both Vietnamese cities.

Low-cost carriers

AirAsia

Losses reduced in Q4

Capital A, the parent company for AirAsia, saw fourth quarter 2023 revenue **almost double** to MYR4.85 billion, with both domestic and international demand recovering strongly. While the company recorded an operating loss of MYR273 million (US\$57.5 million), this was better than the MYR392 million loss reported for the final quarter of 2022.

Indian service resuming

After a break of just over four years, AirAsia will restart services from Kuala Lumpur to the Indian city of Bhubaneswar in Odisha on **May 28**. It will fly the route **thrice-weekly**.

Pattaya flights returning

On **June 17**, AirAsia Malaysia will restore flights from Kuala Lumpur to Pattaya in Thailand. It will offer **thrice-weekly** service on the route. AirAsia will then serve nine Thai destinations.

Cambodia division launching in May

AirAsia Cambodia will launch scheduled operations on **May 2**, initially operating **twice-daily** domestic flights from Siem Reap to Phnom Penh and Sihanoukville. It will compete with Cambodia Angkor Air on both routes. The new airline will initially rely on a pair of Airbus A320s and be based out of Phnom Penh International airport.

Two Taiwan-Japan routes announced

Thai AirAsia is to launch two routes flying exclusively between Taiwan and Japan. On **June 15**, it will start **daily** services from Taipei Taoyuan airport to Okinawa, with a **four-times weekly** Kaohsiung-Tokyo Narita service following the next day. Thai AirAsia already flies from Bangkok to both Taiwanese cities and from Chiang Mai to Taipei.

AirAsia X

Losses return in Q4

Fourth quarter 2023 revenue at AirAsia X rose more than twofold to MYR818 million. Operating costs continued to be impacted by the weakening of the Malaysian ringgit against the U.S dollar and higher fuel prices. As a result, the company swung from 2022's MYR150 million operating profit to record a loss in the 2023 final quarter of MYR11.2 million (US\$2.36 million).

Associate carrier AirAsia X Thailand posted revenue of MYR470 million in the fourth quarter, generating a MYR546 million operating profit.

Taiwan-Japan route announced

AirAsia X has announced plans to start flying **daily** between Taipei Taoyuan and Tokyo Narita from **May 31**. The carrier already flies from Kuala Lumpur to Taipei and it will use fifth freedom traffic rights for the new services between Taiwan and Japan.

Jetstar Asia

Thai and Philippine services announced

Jetstar Asia will start a **six times weekly** service from Singapore to Krabi, Thailand, from **June 7**. On **June 16**, it will also resume services to Clark in the Philippines. Initially operating the route **four** times weekly, it will add an **extra** weekly flight from **October 18**.

Lion Air

Two new domestic services

On **March 20**, Indonesian low-cost carrier Lion Air started a new domestic service, linking Makassar and Banjarmasin with **daily** flights. A second domestic service from Makassar, **thrice-weekly** flights to Lombok, was due to follow on **March 27**.

Pacific Airlines

Operations paused for a few months

Pacific Airlines, a Vietnamese low-cost carrier owned by Vietnam Airlines, suspended operations on **March 18**, after returning its entire fleet of eight Airbus A320s to lessors amid a planned restructuring. It is now working out the details for leasing three Airbus A321s from its parent company. Pacific Airlines hopes to resume operations in one or two months.

Scoot

Regional aircraft network developments revealed

Scoot, the low-cost airline owned by SIA Group, has unveiled the initial network for its incoming Embraer 190-E2 fleet, with the first examples due to enter service from May. It will use the new 112-seater aircraft to launch new services from Singapore to Koh Samui (**double-daily**) on May 13 and Sibiu (**thrice-weekly**) on June 5. They will also replace 180-seat Airbus A320ceo on existing services to Hat Yai, Kuantan, Krabi and Miri. With the new type's introduction, Scoot will add **three extra** flights per week to Hat Yai and Krabi, but total seat count on each route will be **10%** lower than when operated by A320s. Capacity to Kuantan and Miri will also be reduced by **17%**, despite an extra weekly service on each route.

VietJet

Three new international routes from Hanoi

VietJet will launch **twice-weekly** services from Hanoi to three international destinations. Service to Hiroshima will start on **May 12**, with flights to Melbourne following on **June 3** and to Sydney on **June 8**. As a result, it will then operate seven routes between Vietnam and Australia.

Other carriers

Philippine Airlines

Stake sale reports dismissed

The parent company of Philippine Airlines (PAL) has dismissed reports that the sale of a significant stake in the airline is imminent. However, it remains open to strategic investors, although the groundwork have yet to be started. Japanese airline group ANA Holdings presently holds a 4.78% stake in PAL.

The information presented in this report represents the latest view as at March 25, 2024. We have carefully researched and checked the information contained. However, we do not guarantee or warrant the correctness, completeness or topicality of this article and do not accept any liability for any damage or loss as a result of the use of the information contained within this article.

If you have any questions or comments regarding this report, please email mike.eggleson@bcdtravel.co.uk to share your thoughts.