



MANY SOUTH-EAST ASIAN AIRLINES IN THE RED: REPORT

News / Airlines



Tough competition and fare discounts have been great for travellers but not for South-east Asian carriers.

A glimpse into the books of 20 airlines -- both budget and full-service -- showed that more than half made operating losses in the first nine months of the year.

Based on data compiled by an industry think-tank, the Centre for Aviation (Capa), Malaysia's AirAsia was the top performer, followed by Singapore Airlines (SIA) in second place.

Of the other Singapore carriers on the list, SilkAir was among the nine carriers that made money but Tigerair and SIA Cargo both reported losses.

Jetstar Asia was not included because it does not report quarterly numbers, though the airline had earlier reported profits for the six months to June 30.

Despite the turbulence in this part of the world, the good news is that the airlines did better than

last year and are expected to improve even further next year, said the Capa report.

Last year was extremely challenging for carriers in the region, with more seats than demand could absorb. It has been better this year, with airlines cutting back on capacity, and lower fuel prices.

The report said: "Nearly every airline in South-east Asia has benefited from the improved market conditions by posting year-on-year improvements to their bottom line... But a majority remain in the red despite the lower fuel prices", an indication that market conditions remain relatively challenging.

Airlines are responding by reviewing their business models and strategies, experts said.

SIA, for example, has launched a takeover bid for Tigerair, of which it now owns 55.8 percent.

The plan is for Tigerair, which operates short-haul flights, to work more closely with SIA's long-haul budget arm, Scoot.

SIA is looking to grow its budget travel market.

Next door, loss-making Malaysia Airlines has just announced a significant tie-up with Dubai's Emirates to widen its global network.

As part of the deal, the Malaysian carrier will be able to offer its customers flights to Dubai and, from there, access to more than 90 destinations served by Emirates in the United States, Europe, the Middle East and Africa.

The last three months of the year, historically the most popular time for travel, should give airlines higher pricing power, experts said.

To cash in on the year-end holiday buzz, Tigerair launched its inaugural flight to Lucknow, India, last Thursday, with flights departing every Tuesday, Thursday and Sunday from Changi Airport.

Rival Jetstar Asia started operating to Da Nang, Vietnam, over a week ago and also launched services to Palembang in Indonesia last Thursday.

Later this week, it will start flying to another Indonesian city, Pekanbaru.

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