Malaysian Aviation Commission
Suruhanjaya Penerbangan Malaysia
MAVCOM

WAYPOINT

MALAYSIAN AVIATION INDUSTRY OUTLOOK | **OCTOBER 2024**

KEY HIGHLIGHTS

Passenger Traffic Maintains Steady Recovery Momentum

In the first half of 2024, total air passenger traffic reached 46.6mn, marking a 15.3% increase YoY. International passenger traffic was particularly strong, standing at 24.0mn, up by 35.9%. However, domestic passenger traffic decreased marginally by 0.7% YoY to 22.6mn passengers. International traffic comprised 51.4% of the total, with domestic traffic accounting for the remaining 48.6%.

MAVCOM Narrows its 2024 Passenger Traffic Forecast

Based on the latest passenger traffic performance and available seat capacity data, MAVCOM narrows the range of its 2024 air passenger traffic forecast to between 95.4mn and 97.6mn passengers (previous forecast: 93.9mn to 107.1mn) due to lower-than-expected expansion in seat capacity. This forecast now translates to a 12.2% YoY to 14.9% YoY growth and a recovery of up to 89% of 2019 levels in 2024. As of August 2024, Malaysia's passenger traffic has reached 64.1mn.

Air Cargo Sector saw Growth in 2Q24, 2024 Forecast Revised Upwards

Malaysia's cargo volume measured in FTK increased by 14.3% YoY to 5.2bn FTK in 2Q24. This was mainly driven by increased e-commerce shipments and the Red Sea shipping crisis. As a result, MAVCOM has revised its air cargo traffic forecast for 2024 upward, projecting a growth of between 10.0% and 12.5% YoY, translating to 20.8bn and 21.2bn FTK.

KUL's Air Connectivity Ranked Third in ASEAN

MAVCOM's Air Connectivity Index shows that KUL ranked third amongst major airports in ASEAN in 1H24 with a connectivity score of 64.7, improving from the fourth place with a score of 47.5 in 2022. At country level, Malaysia maintains its performance from 2022 and 2023, ranking fifth in ASEAN with a connectivity score of 84.0 in 1H24. All ASEAN countries saw improvement in 2023 compared to 2022, especially Thailand with an increase of 37.1% YoY.

Airlines Shift Capacity Deployment to International Segment

Seat capacity trends amongst ASEAN countries show that airlines have shifted their seat capacity deployment strategy, allocating fewer resources to the domestic market and focusing more on regional and international flights. Domestic seat capacity has plateaued since early 2023 whilst the international seat capacity continues to grow steadily. While international routes are recovering rapidly, the domestic segment is still facing challenges, potentially due to supply chain issues and capacity deployment strategies by airlines.

***The data and facts in this publication are accurate as of 16 September 2024.**

TABLE OF ABBREVIATIONS

Abbreviations	
ACI	Air Connectivity Index
ADB	Asian Development Bank
AirAsia	AirAsia Bhd.
AirAsia X	AirAsia X Bhd.
AOL	Aerodrome Operating Licence
ASEAN	Association of Southeast Asian Nations
ASL	Air Service Licence
ASP	Air Service Permit
ATR	Air Traffic Rights
Batik Air	Batik Air Malaysia (previously known as Malindo Air)
bbl	barrel
bn	billion
BNM	Bank Negara Malaysia
CAGR	compound annual growth rate
CAPA	Centre for Aviation
CASK	Cost per Available Seat Kilometre
COVID-19	Coronavirus Disease 2019
CTK	Cargo Tonne Kilometre
DOS	Department of Statistics, Malaysia
E&E	Electrical and Electronics
EIA	US Energy Information Administration
EU	European Union
Firefly	FlyFirefly Sdn. Bhd.
FTK	Freight Tonne Kilometre
GDP	Gross Domestic Product
GHL	Ground Handling Licence
HHI	Herfindahl-Hirschman Index
HK	Hong Kong
IATA	International Air Transport Association
IMF	International Monetary Fund
MAB	Malaysia Airlines Bhd.
MAB Kargo	MAB Kargo Sdn. Bhd.
MAHB	Malaysia Airports Holdings Bhd.
MATRADE	Malaysia External Trade Development Corporation
MAVCOM	Malaysian Aviation Commission
mn	million
OEM	original equipment manufacturer
OPEC	Organization of the Petroleum Exporting Countries
QoQ	Quarter-on-Quarter
RASK	Revenue per Available Seat Kilometre
Raya Airways	Raya Airways Sdn. Bhd.
RM	Ringgit Malaysia
SATSSB	Senai Airport Terminal Services Sdn Bhd

Abbreviations	
SEMI	Semiconductor Equipment and Materials International
SKS Airways	SKS Airways Sdn. Bhd.
TMDSB	Tanjung Manis Development Sdn. Bhd.
tn	trillion
US	United States of America
USD	United States Dollar
v.v.	vice versa
WCA	World Cargo Airline Sdn. Bhd.
WEO	World Economic Outlook
WSTS	World Semiconductor Trade Statistics
YoY	Year-on-Year

AIRPORT CODES

Airport Codes	Airport Names
BKI	Kota Kinabalu International Airport, Malaysia
BKK	Suvarnabhumi Airport, Bangkok, Thailand
BWN	Brunei International Airport, Brunei
CAN	Baiyun International Airport, China
CGK	Soekarno-Hatta International Airport, Jakarta, Indonesia
DAC	Hazrat Shahjalal International Airport, Dhaka, Bangladesh
DMK	Don Mueang International Airport, Bangkok, Thailand
DPS	Denpasar International Airport, Bali, Indonesia
HKG	Hong Kong International Airport
JED	King Abdulaziz International Airport, Jeddah, Saudi Arabia
KBR	Sultan Ismail Petra Airport, Kota Bharu, Malaysia
KCH	Kuching International Airport, Malaysia
KUL	Kuala Lumpur International Airport, Malaysia
LGK	Langkawi International Airport, Malaysia
MNL	Ninoy Aquino International Airport, Manila, Philippines
PEN	Penang International Airport, Malaysia
PNH	Phnom Penh International Airport, Cambodia
RGN	Yangon International Airport, Myanmar
SGN	Tan Son Nhat International Airport, Ho Chi Minh City, Vietnam
SIN	Changi Airport, Singapore
TPE	Taoyuan International Airport, Taiwan
VTE	Wattay International Airport, Vientiane, Lao PDR

List of Figures

List of Tables

CONTENTS

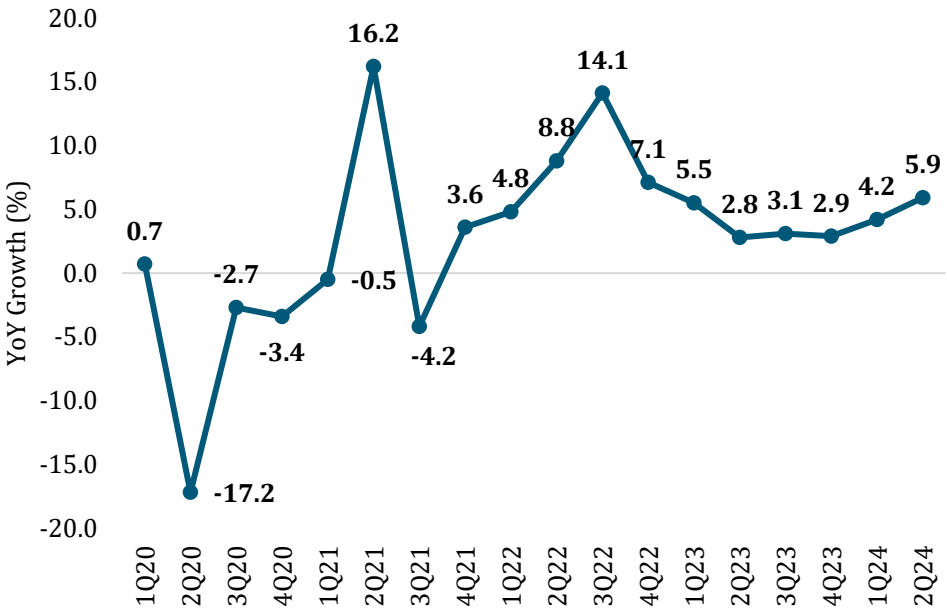
SECTION 1: MACROECONOMIC OVERVIEW AND OUTLOOK

Macroeconomic Overview

Malaysia's GDP Grew by 5.9% YoY in 2Q24

Malaysia's economy marked a strong growth of 5.9% YoY in 2Q24 (see Figure 1). This was supported by higher household spending, improving exports, further recovery in tourist arrivals, and stronger expansion in investment activities.[1]

Figure 1: Malaysia's Quarterly GDP Growth, 2020 – 2024



Source: DOS

The growth was mainly supported by the services sector (5.3% YoY) and construction sector (6.1% YoY). Domestic demand continued to show growth, led by private final consumption (4.7% YoY) and gross fixed capital formation (5.5%) (see Table 1).

Table 1: Malaysia's Seasonally Adjusted GDP Growth by Economic Activities, 2023 and 2Q24

Economic Activity	YoY Growth (%)	
	2023	2Q24
GDP	3.6	5.9
Production		
Services	5.1	5.9
Manufacturing	0.7	4.7
Agriculture	0.7	7.2
Mining & Quarrying	0.5	2.7
Construction	6.1	17.3

[1] Bank Negara Malaysia. (2024). BNM Quarterly Bulletin: Second Quarter 2024 (Vol. 39, No. 2), p. 5.

Expenditure		
Private Final Consumption	4.7	6.0
Gross Fixed Capital Formation	5.5	11.5
Government Final Consumption	3.3	3.6
Exports	-8.1	8.4
Imports	-7.4	8.7
Net Exports	-16.2	3.4

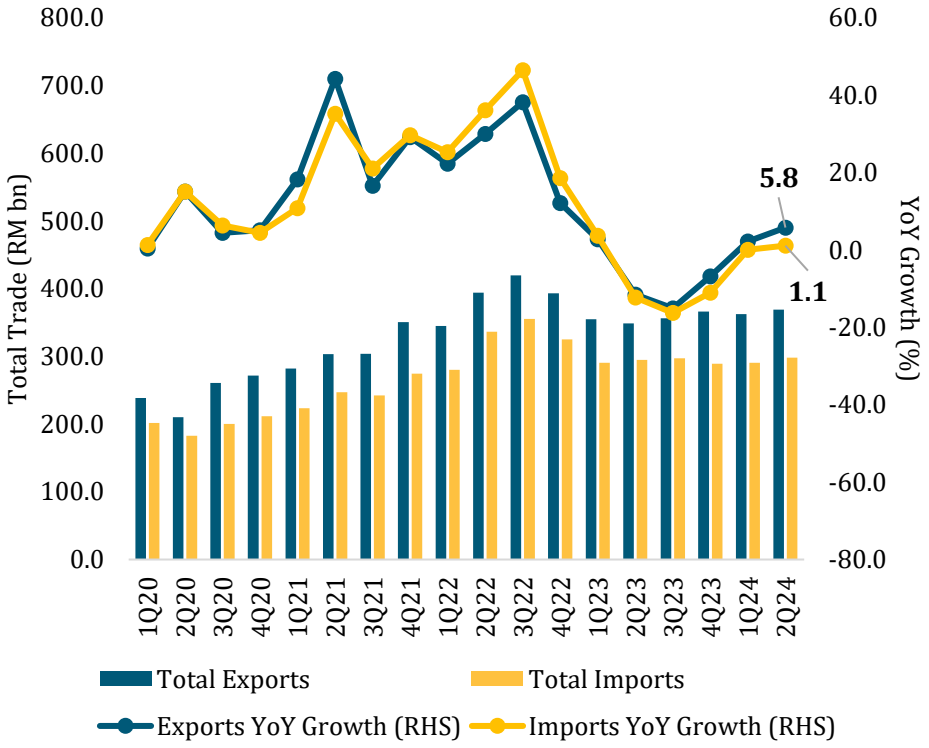
Source: DOS

The recovery in tourist arrivals, mentioned as a significant driver of Malaysia's GDP growth, is crucial for the aviation industry. As tourism rebounds, airlines benefit from increased passenger traffic, both domestically and internationally. The aviation sector is a key facilitator of this tourism recovery, making the resurgence in tourist numbers a positive signal for airlines, airports, and supporting industries.

Net Exports Improved while Imports Remained Strong in 2Q24

In 2Q24, higher external demand and the global technology upcycle had led Malaysia's exports and imports to grow by 5.8% YoY and 1.1% YoY, respectively (see Figure 2). Malaysia's trade balance grew by 31.5% YoY in the same quarter.[2]

Figure 2: Malaysia's External Trade, 2020 – 2024



Source: DOS

[2] Bank Negara Malaysia, BNM Quarterly Bulletin: Second Quarter 2024 (Vol. 39, No. 2) (2024)

In 1H24, trade increased by 5.4% YoY to RM1.4tn compared to the corresponding period in 2023. Exports rose by 4.0% YoY to RM731.2bn and imports by 7.0% YoY to RM626.2bn. Trade surplus of RM66.1bn was posted for the period.

Amongst the industries that drove the growth include exports of machinery, equipment, and parts in Malaysia which surged by 22.3% YoY in the 1H24. This was driven by the strong demand for semiconductor manufacturing equipment. According to MATRADE, Malaysia ranked as the 10th largest global exporter of electrical and electronics (E&E) products and the 6th largest exporter of semiconductors in 2023.

ASEAN remained as the biggest trading partner of Malaysia, accounting for 30.1% (RM219.90bn) and 24.1% (RM160.06bn) of the total exports and total imports, respectively, in 1H24. In the same period, the top three exports destinations within ASEAN were Singapore (RM731.11bn), Vietnam (RM29.65bn), and Indonesia (RM26.70bn).

Tables 2 and 3 show the breakdown of Malaysia's top five export and import markets in 1H24, which constitute 67.9% of both Malaysia's total exports and of total imports during the quarter.

Table 2: Malaysia's Top Five Export Markets, 1H24

Market	Exports (RM bn)	Share (%)	YoY Growth (%)
ASEAN	219.90	30.1	4.2
China	90.70	12.4	-1.1
US	86.91	11.9	12.1
EU	56.08	7.7	0.1
Japan	42.43	5.8	-3.0

Source: DOS

Table 3: Malaysia's Top Five Import Markets, 1H24

Market	Imports (RM bn)	Share (%)	YoY Growth (%)
ASEAN	160.06	24.1	10.9
China	143.39	21.6	16.5
US	53.62	8.1	31.6
Taiwan	52.03	7.8	23.8
EU	49.97	7.5	9.0

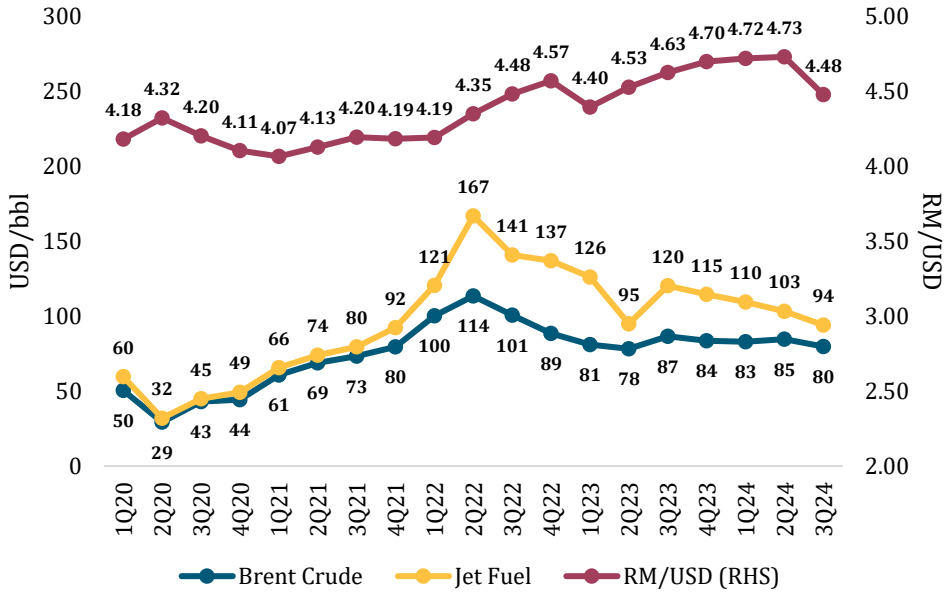
Source: DOS

Ringgit Started Appreciating against USD; Prices of Brent Oil and Jet Fuel Stabilised

The MYR had been appreciating against the US since February 2024 and closed at RM4.17/USD as of 24 September 2024 (February 2024 average: RM4.77/USD) (see Figure 3). This upward trend was supported by the interest rate cut in the US and the Malaysian government's commitment and coordination to fiscal discipline.[3]

Prices for Brent crude oil and jet fuel had been falling since 3Q23, averaging at USD80/bbl and USD94/bbl, respectively, with an average crack spread of USD14/bbl in 3Q24. The war in the Middle East continued posing a risk to oil production and exports, while OPEC's production curb will only expire at the end of 2024. Due to such uncertainties, IATA forecasted in June 2024 that crude oil prices would remain between USD85/bbl and USD90/bbl throughout 2024.[4]

Figure 3: Oil, Jet Fuel, and Exchange Rate Trends, 2020 – 2024



Source: EIA, BNM
Notes: 1) 3Q24 Brent crude data only available up to 24 September 2024
2) Full quarterly figure is estimated based on recent movement

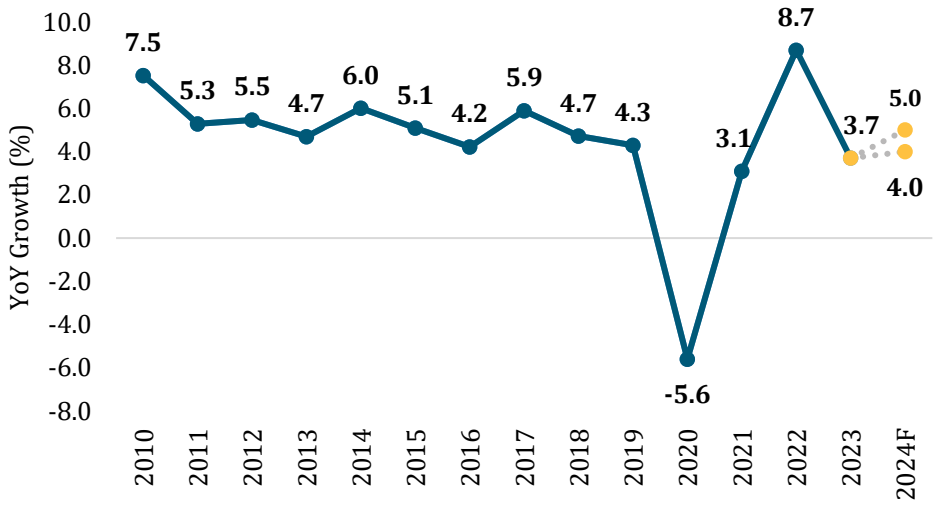
[3] BNM, Discussion Summary of FMC Meeting 1/2024, https://www.bnm.gov.my/-/fmc-06-2024 (27 June 2024).
[4] IATA, Fuel Fact Sheet (June 2024).

Macroeconomic Outlook

Malaysia's GDP Growth in 2024 is Expected to be Between 4.0% and 5.0% YoY

BNM projects Malaysia's GDP to grow by between 4.0% to 5.0% YoY in 2024 as of August 2024 (see Figure 4), which remains unchanged since November 2023. The growth in 2H24 is expected to be driven by the resilient domestic spending and improvement in external demand.[5]

Figure 4: Malaysia's Annual GDP Growth, 2010 – 2024F



Source: BNM

Forecasts by various organisations fall within BNM's estimates. In July 2024, ADB estimated Malaysia's GDP to rise by 4.5% in 2024, driven by solid domestic spending and recovery of external trade.[6] Meanwhile, IMF revised its 2024 GDP forecast for Malaysia by 0.1 percentage point to 4.4% from 4.3%.[7] The World Bank has, similarly, maintained its projection at 4.3% in view of a likely recovery in global trade and the expected easing of global financial conditions.[8]

Table 4: Malaysia's 2024 GDP Forecasts by BNM, ADB, IMF and World Bank

Sources	Month of Forecast	2024 Malaysia's GDP YoY Growth Forecast (%)
BNM	August 2024	4.0 – 5.0
ADB	July 2024	4.5
IMF	July 2024	4.4
World Bank	June 2024	4.3

[5] BNM, Economic and Financial Developments in Malaysia in the Second Quarter of 2024 (2024, August 16).
[6] ADB, Asian Development Outlook (July 2024).
[7] IMF, World Economic Outlook (July 2024).
[8] World Bank, Global Economic Prospects (June 2024).

Stable Global Output Growth Projection for 2024

According to IMF, global growth is expected to align with the April 2024 World Economic Outlook (WEO), forecasted at 3.2% in 2024 and 3.3% in 2025. (see Table 5). This projection is below the historical annual average of 3.8% from 2000 to 2019, reflecting restrictive monetary policies, withdrawal of fiscal support, and low productivity growth.[9]

Table 5: Global GDP Projections by IMF, 2024F and 2025F

Economy	2024F GDP Growth (% YoY)	2025F GDP Growth (% YoY)
Global	**3.2**	**3.3**
- Advanced Economies	1.7	1.8
- Emerging Markets and Developing Economies	4.3	4.3
- ASEAN-5[10]	4.5	4.6

Source: IMF

Asia's emerging markets, especially China and India, continue to be major drivers of global growth, while the United States shows signs of cooling after strong performance. Global inflation is expected to slow to 5.9% in 2024, down from 6.7% in 2023, as energy and food prices stabilize. However, disinflation progress in advanced economies has been slower, particularly in the US, where services inflation remains sticky.

Global activity and trade improved at the start of 2024, driven by strong exports from Asia's technology sector. The growth in 1Q24 had exceeded expectations in many countries, but the US and Japan saw notable slowdowns. The U.S. faced weaker growth due to reduced consumption and negative net trade, while Japan experienced a temporary supply disruption from an automobile plant shutdown in 1Q24. Conversely, Europe saw signs of recovery, particularly in services, and China's domestic consumption rebounded, aided by a surge in exports.

[9] IMF, World Economic Outlook (July 2024).
[10] Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

SECTION 2: INDUSTRY OVERVIEW AND OUTLOOK

Industry Overview

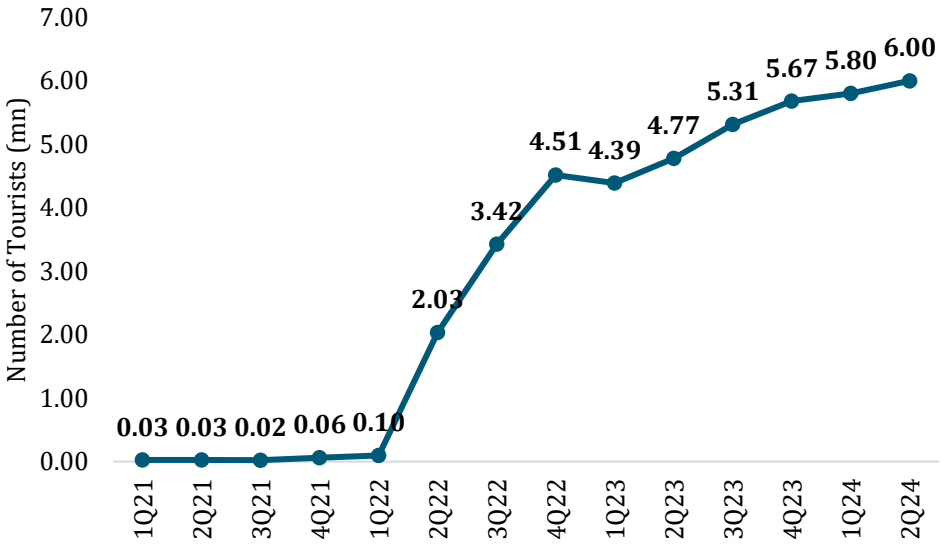
Promising Growth in Tourist Arrivals

Malaysia has set ambitious goals for its tourism industry in the current year and the near future. In 2024, the country aims to attract 27.3mn international tourist arrivals, with a target of generating over RM102.7bn in tourism receipts. Looking ahead, the Visit Malaysia 2026 campaign envisions welcoming 35.6mn visitors and generating RM147.1bn in tourism receipts.

The roadmap for the Visit Malaysia 2026 campaign hinges on three core strategies: fostering demand, boosting visitor traffic, and prioritising target markets. The target markets have been classified into three tiers, with China, India, Indonesia, Vietnam, and Australia forming the top priority. Additionally, Tourism Malaysia agency plans to cater to niche segments such as nature-based tourism, medical and wellness tourism, as well as Muslim-friendly travel experiences.[11]

In 1H24, Malaysia recorded 11.8mn tourist arrivals, signifying a growth of 28.3% YoY (1H23: 9.2mn). In 2Q24, Malaysia witnessed a 25.7% YoY growth in tourist arrivals, reaching 6.0mn arrivals in the quarter (2Q23: 4.8mn) (see Figure 5). The top ten source markets were Singapore, Indonesia, China, Thailand, India, Brunei, the Philippines, Vietnam, South Korea, and Australia.

Figure 5: Malaysia's Tourist Arrivals, 2021 – 2024



Source: MAVCOM, Tourism Malaysia

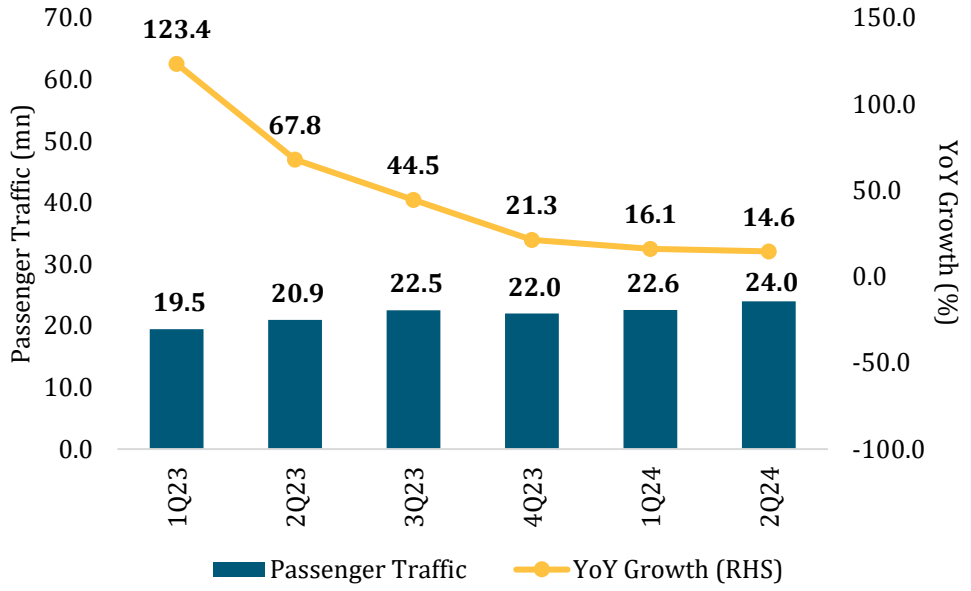
[11] Tourism Malaysia, https://www.tourism.gov.my/media/view/tourism-malaysia-unveils-strategic-roadmap-for-visit-malaysia-2026 (30 April 2024).

Steady Climb in Air Passenger Numbers

Malaysia's scheduled passenger traffic in 1H24 grew by 15.3% YoY. The domestic sector marginally declined by 0.6% YoY whilst the international sector grew by 36.0% YoY. The domestic sector has recovered up to 84.3% of the level recorded in 1H19, whereas the international sector has reached 91.1%.

In 2Q24, Malaysia's scheduled passenger traffic increased by 14.6% YoY, recording a total of 24.0mn quarterly passengers (see Figure 6). Based on latest available data up to August 2024, the total passenger traffic has reached 64.1mn.

Figure 6: Malaysia's Quarterly Passenger Traffic, 2023 – 2024

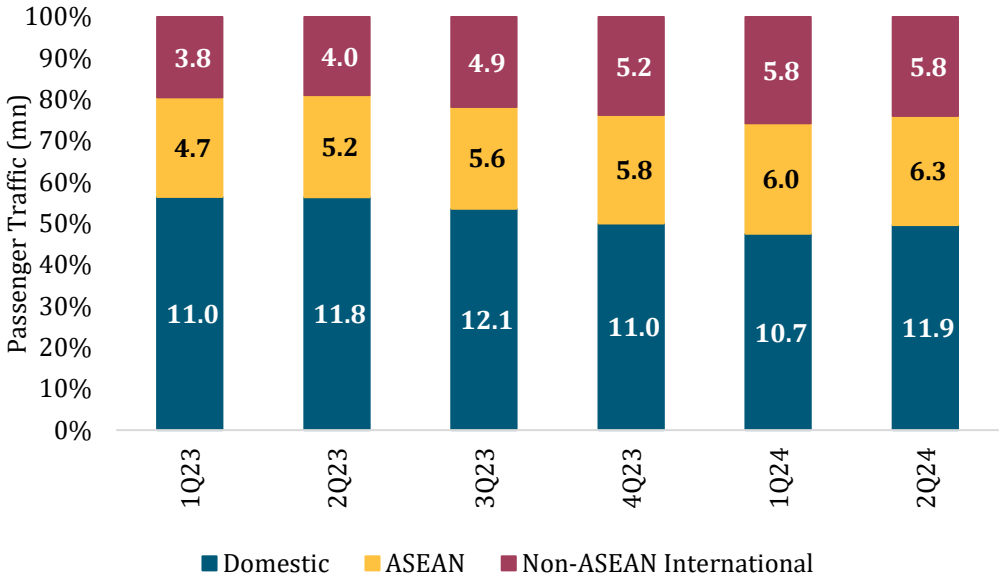


Source: MAVCOM, AOL Holders

The share of international traffic slightly exceeds domestic air traffic (see Figure 7), with international traffic (ASEAN and non-ASEAN international) accounting for a sum of 50.4% of the total passengers, whilst the remaining 47.6% were contributed by the domestic traffic.

In terms of growth, traffic to the non-ASEAN international region registered the highest growth at 45.0% YoY in 2Q24. Traffic to the ASEAN region experienced a growth rate of 22.4% YoY, while domestic traffic increased by 0.9% YoY, indicating a shift back to international travel as global tourism recovers.

Figure 7: Malaysia's Passenger Traffic by Region, 2023 – 2024

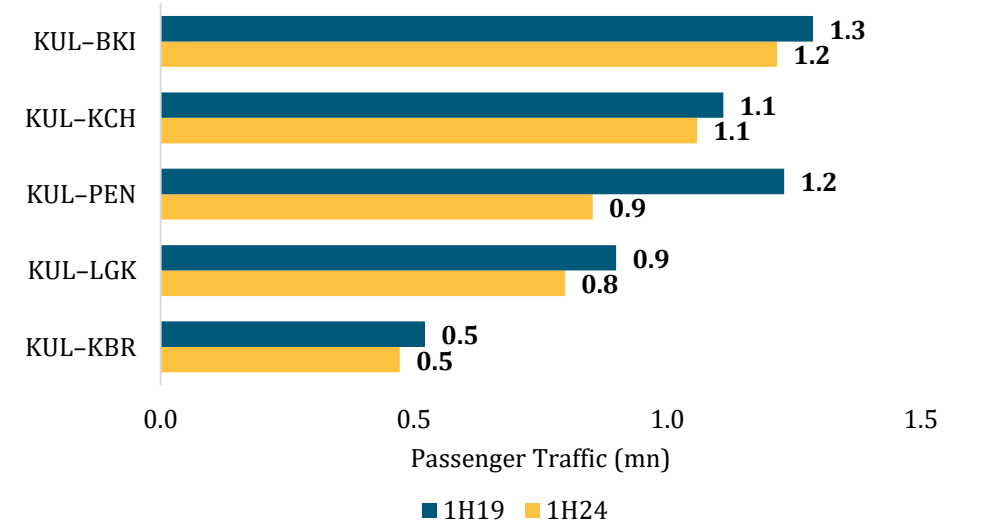


Source: MAVCOM, AOL Holders

Malaysia's Busiest Routes by Passenger Traffic

The KUL–BKI route was the busiest domestic route in terms of passenger volume, recording 1.2mn passengers in 1H24, followed by KUL–KCH (see Figure 8). KUL–PEN was the third busiest, although in the same period in 2019 it was second. Overall, the total domestic passenger traffic in 1H24 reached 84.0% of the 2019 level.

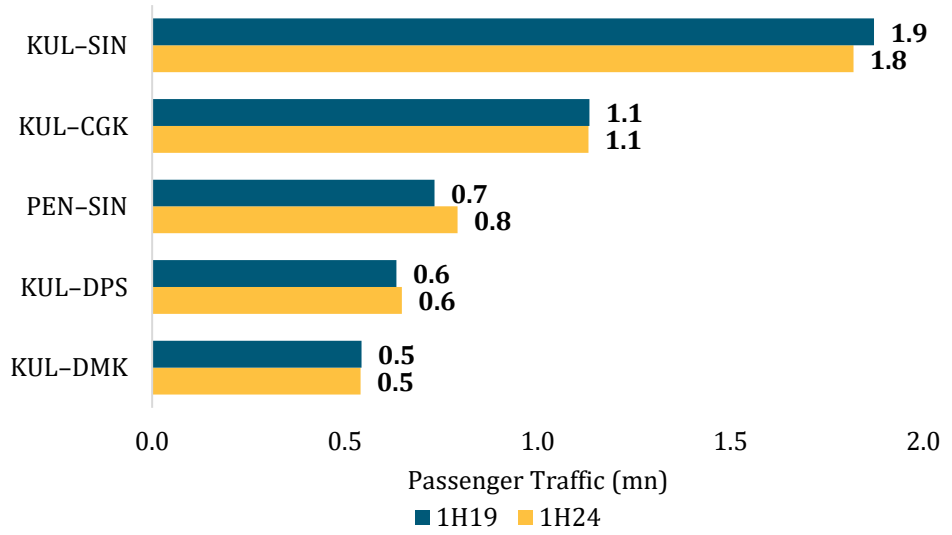
Figure 8: Malaysia's Top Domestic Routes (v.v.) in Terms of Passengers, 1H19 and 1H24



Source: MAVCOM, AirportIS

KUL–SIN remains Malaysia's busiest ASEAN route, with 1.8mn passengers in 1H24, as shown in Figure 9. This figure represents 97.1% of pre-pandemic levels. Notably, some routes have already exceeded their pre-pandemic traffic, including PEN–SIN and KUL–DPS, with 0.8mn and 0.6mn passengers respectively. Overall, the international passenger traffic within ASEAN in 1H24 reached 93.2% of the 2019 level.

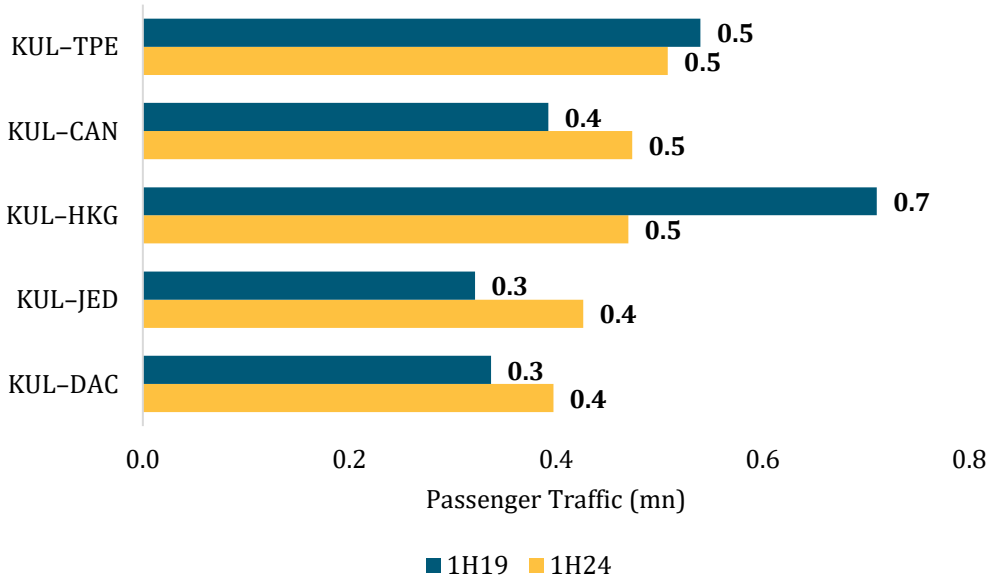
Figure 9: Malaysia's Top ASEAN International Routes (v.v.) in Terms of Passengers, 1H19 and 1H24



Source: MAVCOM, AirportIS

Among non-ASEAN international routes, KUL–TPE experienced the highest passenger traffic in 1H24 (see Figure 10). Following closely were KUL–CAN, which exceeded pre-pandemic levels, and KUL–HKG, which remains below pre-pandemic performance. KUL–JED and KUL–DAC ranked fourth and fifth, respectively, both surpassing their pre-pandemic traffic. Overall, the non-ASEAN international passenger traffic in 1H24 reached 88.5% of the 2019 level.

Figure 10: Malaysia's Top Non-ASEAN International Routes (v.v.) in Terms of Passengers, 1H19 and 1H24



Source: MAVCOM, AirportIS

Air Traffic Rights Awarded by MAVCOM in 1H24

Table 6 provides a breakdown of Air Traffic Rights (ATRs) awarded by MAVCOM in 1H24, categorised into domestic and international allocations for various Air Service License (ASL) holders.

Table 6: Breakdown of ATRs Awarded, 1H24

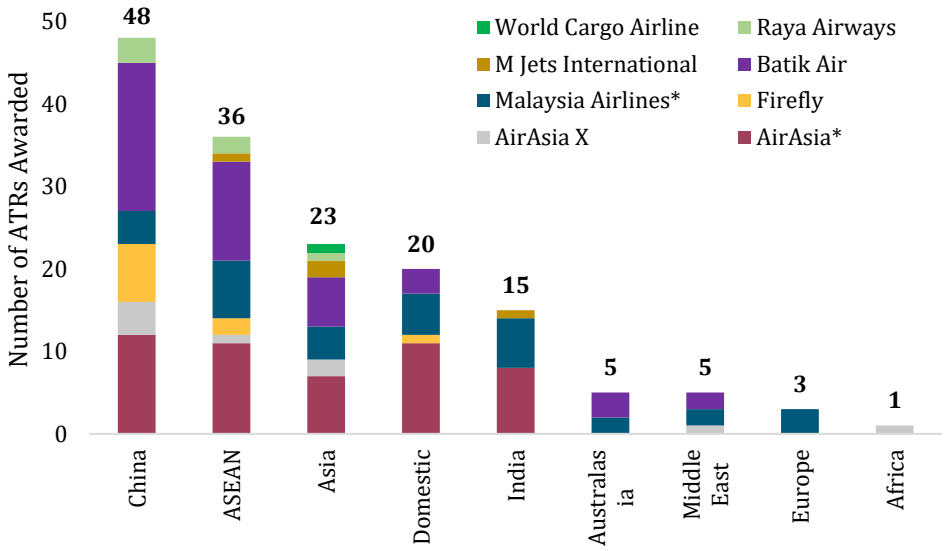
ASL Holder	ATRs Awarded	
	Domestic	International
AirAsia*	11	38
AirAsia X	-	9
Firefly	1	9
Malaysia Airlines*	5	28
Batik Air	3	41
M Jets International	-	4
Raya Airways	-	6
World Cargo Airline	-	1
TOTAL	**20**	**136**

Source: MAVCOM
*Note: *Including cargo operations*

A total of 156 ATRs were awarded, with 20 being domestic and 136 international. AirAsia received the most ATRs, with 11 domestic and 38 international, followed by Batik Air, which was awarded 3 domestic and 41 international ATRs. Malaysia Airlines received 5 domestic and 28 international ATRs. Other carriers like Firefly, AirAsia X, M Jets International, Raya Airways, and World Cargo Airline received fewer ATRs, mostly for international routes.

In terms of regional breakdown, China received the highest allocation of ATRs with 48 approvals, followed by ASEAN with 36 (see Figure 11). AirAsia and Batik Air secured the most ATRs overall, particularly to China and the ASEAN region. Malaysia Airlines also received significant allocations across ASEAN, China, and India. Australasia and the Middle East had limited ATRs, with only 5 ATRs awarded each. The focus on international routes, especially to China and ASEAN, indicates the airlines' strategic emphasis on these regions.

Figure 11: Breakdown of ATRs Awarded by Region, 1H24

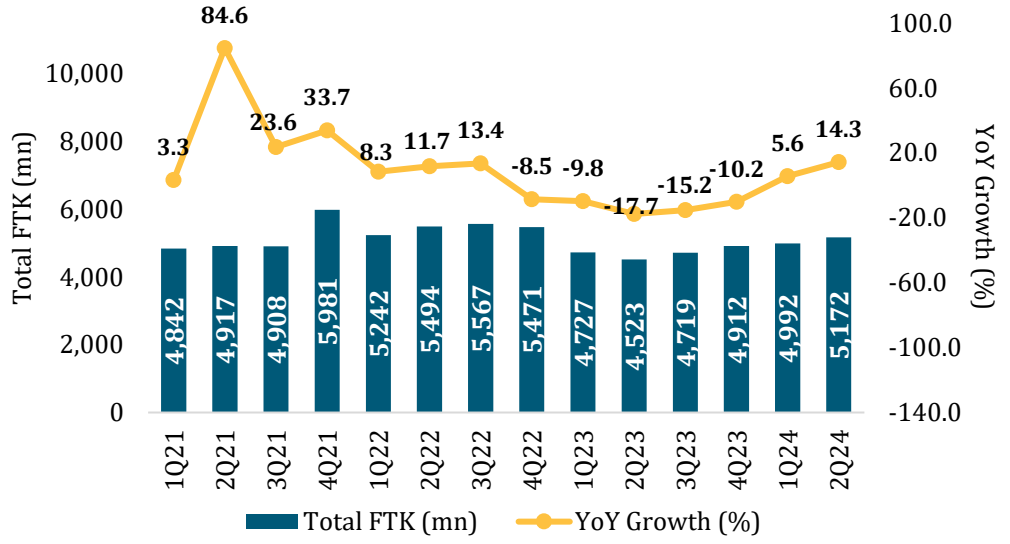


Source: MAVCOM
*Note: *Including cargo operations*

Malaysia's Cargo Volume Performance Increased in 2Q24

Malaysia's cargo performance, measured by FTK, increased by 14.3% YoY (2Q23: -17.7% YoY) to 5,172mn in 2Q24 (2Q23: 4,524mn) (see Figure 12). This growth was driven by a rise in e-commerce shipments and the Red Sea shipping crisis, prompting manufacturers and shippers to turn to air transportation as an alternative. Despite recent efforts by the US to tighten regulations on e-commerce shipments from China[12], Malaysia's air cargo performance appears unaffected.

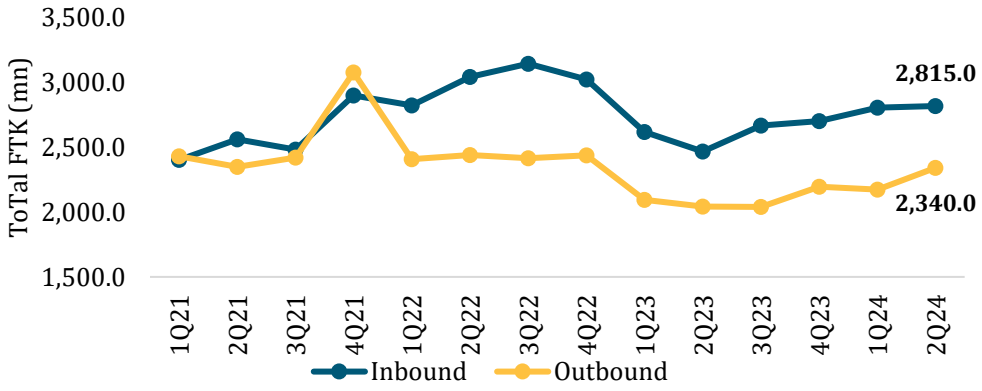
Figure 12: Total FTK in Malaysia, 2021 – 2024



Source: MAVCOM, CargoIS

In 2Q24, Malaysia's inbound cargo saw a YoY growth of 14.2%, with a slight QoQ rise of 0.4%, reaching 2,815mn FTK. Outbound cargo also experienced significant growth, increasing by 14.6% YoY and 7.8% QoQ, bringing the figure to 2,340mn FTK (see Figure 13).

Figure 13: Inbound and Outbound FTK in Malaysia, 2021 – 2024



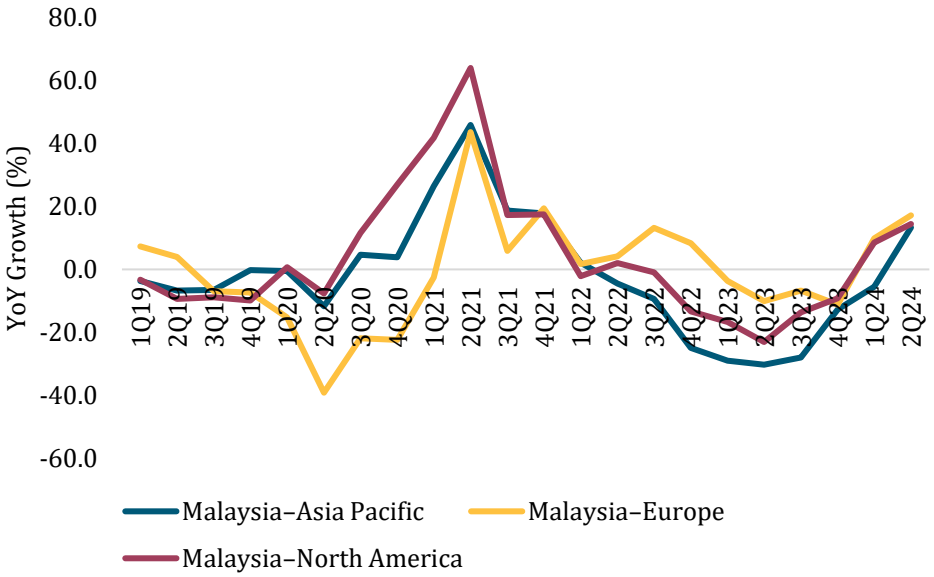
Source: MAVCOM, CargoIS
Note: This figure excludes domestic cargo volume due to small numbers

[12] Air Cargo News, https://www.aircargonews.net/policy/customs/new-us-rules-implemented-to-tackle-rise-in-low-value-import-shipments/ (15 April 2024).

All Malaysia's Key Markets saw Positive Growth in 2Q24

Figure 14 shows the FTK growth in key markets—Malaysia–Asia Pacific, Malaysia–Europe, and Malaysia–North America—which collectively contributed 92.9% of Malaysia's total FTK in 2023. These markets experienced declines in all quarters of 2023. However, in 2024, signs of recovery emerged. The Malaysia–Europe market saw a 17.2% YoY FTK growth in 2Q24. Similarly, the Malaysia–North America route recorded a 14.4% YoY FTK increase in the same quarter, while the Malaysia-Asia Pacific market experienced a 13.3% YoY FTK increase. This positive growth can be attributed to several factors, including the low base effect from 2023 and improved economic conditions in 2024.

Figure 14: FTK Growth in Key Markets, 2019 – 2024

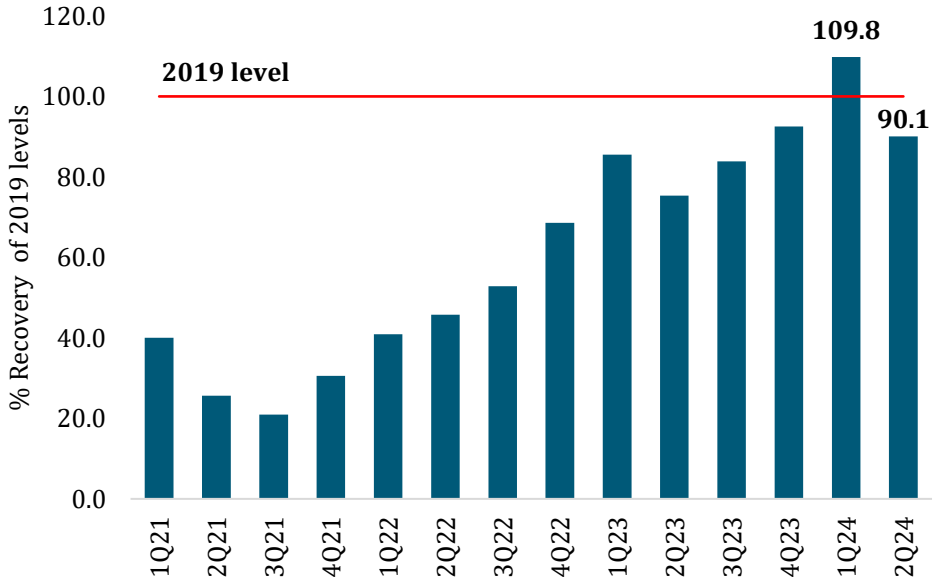


Source: MAVCOM, CargoIS
Note: Malaysia-Asia Pacific excludes air cargo movements between Malaysian airports

Air Cargo Capacity Has Surpassed the Pre-Pandemic Levels

Malaysia's air cargo capacity in 1Q24 reached 109.8% of pre-pandemic levels. This has been attributed to the resumption of international passenger flights, which contributes to overall cargo capacity through belly cargo space. However, 2Q24 saw a dip, with capacity at 90.1% of pre-pandemic levels (see Figure 15). This represents a decrease from the first quarter but still indicates significant recovery compared to the pandemic period. The fluctuations reflected the challenges in aircraft deliveries that are likely to be depressed for the next few years due to supply chain tangles and other challenges.[13] Other factors such as uncertainties in the economic and geopolitical landscapes and skills shortage in the workforce might also influence airlines' operational decisions and future capacity levels.

Figure 15: Recovery of Malaysia's Air Cargo Capacity as a Percentage of 2019 Levels, 2021 – 2024



Source: MAVCOM, CAPA

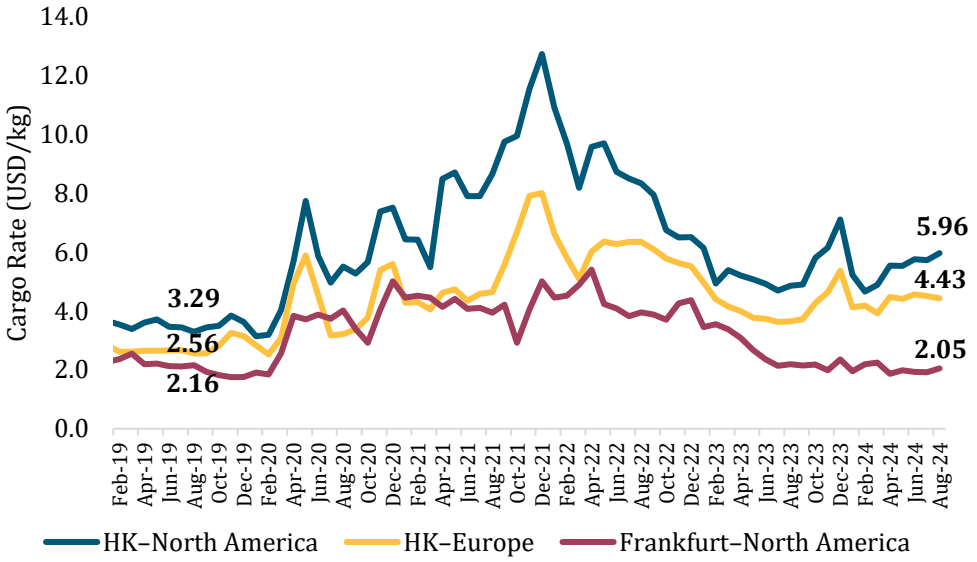
Air Cargo Rates on Asia Routes Face Pressure due to Supply Chain Disruptions

The recent Red Sea shipping crisis has significantly impacted global supply chains, forcing a shift from ocean to air cargo for routes between Asia and Europe, as well as Asia and North America. This surge in air cargo demand has put immense pressure on available capacity, leading to a substantial increase in air cargo rates. The impact of the crisis on air cargo rates is not uniform across all routes. While rates from Hong Kong to North America and Europe have risen significantly above pre-pandemic levels, the Frankfurt to North America route has seen a slight decrease. This variation is attributed to geographic factors and the relative proximity of different routes to the affected region.

[13] CAPA, Mega Trends Report 2024.

In August 2024, air cargo rates from Hong Kong to North America and Europe stood at USD5.96/kg and USD4.43/kg, respectively, higher than pre-pandemic levels of USD3.29/kg and USD2.56/kg (see Figure 16). However, the rate for the Frankfurt to North America routes of USD2.05/kg was lower than in August 2019 (USD2.16/kg).

Figure 16: Air Cargo Rates on Major Trade Lanes, 2019 – 2024



Source: Baltic Exchange

Industry Outlook

Global Traffic Expected to Reach an All-time High in 2024

IATA expects global passenger traffic to grow by 10.4% YoY in 2024, reaching 4.96bn passengers, which would be an all-time high**.** The average passenger load factor is expected to be 82.5% in 2024. This is largely in line with pre-pandemic levels (82.6% in 2019) and reflects tight supply and demand conditions from ongoing supply chain issues for aircraft and engines.

Domestic travel rebounded to pre-pandemic levels in the spring of 2023, while international travel only caught up recently. In February 2024, total traffic not only matched but exceeded 2019 levels. China's recovery in international traffic has been slower, hindered by the delayed lifting of travel restrictions, economic instability, and geopolitical tensions. In contrast, domestic traffic in China has surged, driven by internal tourism, reaching record highs. Additionally, travel between Asia and Europe continues to be impacted by the ongoing conflict in Ukraine.[14]

The Asia Pacific Region Expected to Lead Growth in 2024

Most regions are projected to surpass 2019 levels in 2024, with most nations expected to experience steady expansion. The Asia Pacific region stands out as the highest growth area, with a forecasted rise of 17.2% YoY, driven largely by recovery in China and India.

Table 7: IATA's Passenger Traffic Growth Estimation by Region

Region	2024 YoY Growth Estimation (%)
Global	10.4
Asia Pacific	17.2
North America	9.2
Middle East	6.6
Europe	5.9
Latin America & Caribbean	4.5
Africa	-1.6

Source: IATA

Europe is expected to achieve moderate growth at 5.9%, while the Middle East is forecasted to grow by 6.6%, reflecting improved economic conditions despite geopolitical challenges. North America is projected to see a robust 9.2% increase. Latin America and the Caribbean are anticipated to experience more subdued growth at 4.5%. Africa, however, is the only region forecasted to see a contraction in passenger traffic in 2024, albeit from an elevated base due to strong traffic in 2023.

[14] IATA, https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport-june-2024-report/ (23 June 2024).

Global Cargo Traffic is Expected to Grow 5.0% YoY in 2024

The IATA forecasts the global air cargo traffic in 2024 to grow by 5.0% YoY to 258.0bn Cargo Tonne Kilometres (CTK).[15] Global cargo revenue is expected to record USD119.8bn in 2024, which is lower than the USD138.3bn reached last year (see Table 8). Nevertheless, this figure is nearly double the cargo revenue in 2019, which was USD100.8bn.

Table 8: IATA's Global Air Cargo Forecasts, 2024F

Key Figure	2023	2024F
Global Cargo Traffic (CTK, bn)	246	258
Global Cargo Traffic YoY Growth	-1.8%	5.0%
Global Cargo Revenue (USD bn)	138.3	119.8
Global Cargo Load Factor	44.2%	42.7%

Source: IATA

Air cargo faces many of the same challenges as the broader logistics and transportation industry, but it is particularly vulnerable to fluctuations in global trade of manufactured goods and the policies that govern them. Recent trends have seen an increase in trade restrictions, such as tariff hikes, imposed by various countries.

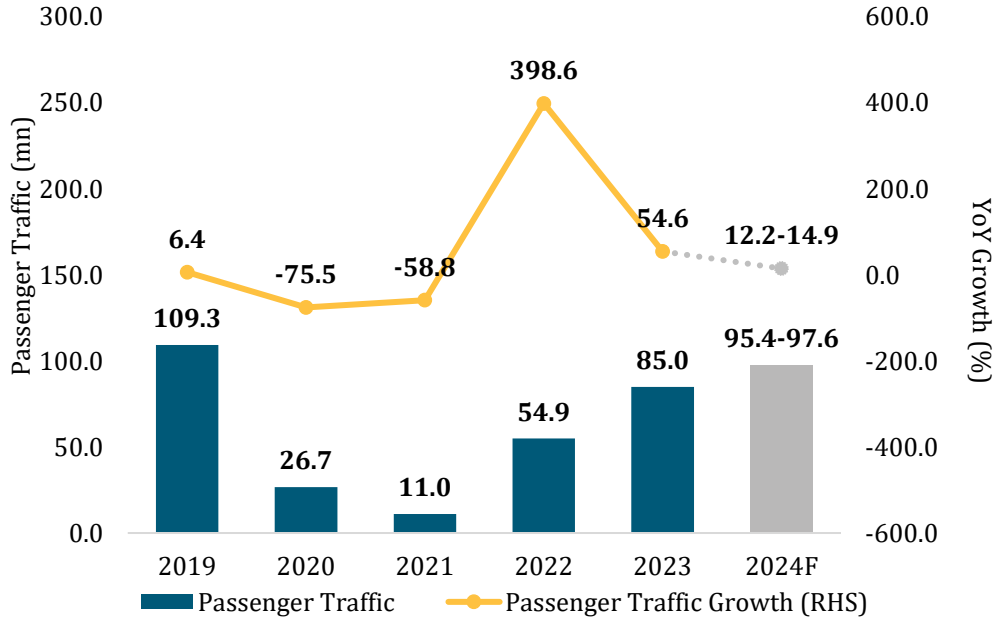
Despite these headwinds, 2024 has witnessed a rebound in trade activity following a challenging 2023. Cyclical indicators suggest continued improvement in the latter half of the year, driven by the rapid growth of e-commerce and ongoing disruptions in maritime shipping, both of which provide favourable conditions for air cargo growth.

[15] IATA, https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport-june-2024-report/ (23 June 2024).

MAVCOM's Air Passenger Traffic Forecast

Based on the latest passenger traffic performance and available seat capacity data, MAVCOM narrows the range of its 2024 air passenger traffic forecast to between 95.4mn and 97.6mn passengers (previous forecast: 93.9mn to 107.1mn).[16] This forecast now translates to a 12.2% YoY to 14.9% YoY growth (see Figure 17) and a recovery of up to 89% of 2019 levels in 2024.

Figure 17: Malaysia's Passenger Traffic, 2019 – 2024F



Source: MAVCOM, AOL Holders

Since MAVCOM's previous forecast in the Waypoint December 2023 report, airlines have continued to deploy additional capacity, predominantly to destinations in Asia and the Middle East (see Table 9).

Table 9: Countries with the Largest Absolute Increase from November 2023 to September 2024

Country	Additional Seats (mn)
China	3.16
Indonesia	0.92
South Korea	0.35
Thailand	0.26
Qatar	0.15
Kazakhstan	0.08
Singapore	0.07
Uzbekistan	0.07
Taiwan	0.06
Nepal	0.06

Source: MAVCOM, AirportIS

[16] The Waypoint December 2023 report covers Malaysia's 2024 passenger traffic forecast's assumptions and scenarios.

However, this growth in seat capacity to international destinations has been mirrored by a reduction in domestic seat capacity. Operational issues and supply chain disruptions have prevented Malaysian carriers from deploying adequate capacity to meet the demand, limiting Malaysia's passenger traffic recovery. For the first 10 months of 2024, the latest planned capacity on domestic routes has seen a reduction of 2 million seats compared to the capacity data utilised in MAVCOM's previous forecast in the Waypoint December 2023 report. Unlike the earlier phases of post-COVID-19 recovery, Malaysian carriers have shifted a portion of their capacity from domestic to international routes to capitalise on the strong demand for international travel.

Upside Opportunities and Downside Risk of Malaysia's Aviation Industry in 2024

The aviation industry in Malaysia is poised for growth in 2024, driven by several key upside opportunities. One of the main factors contributing to this positive outlook is the increased demand for international travel and the ongoing improvement in the tourism sector. The nation's strategic tourism initiatives, such as the visa-free travel for visitors from India and China[17], will continue to boost tourism into Malaysia. In light of this policy, airlines are expected to allocate substantial additional capacity on routes between Malaysia and China in 2024. Additionally, MAVCOM had approved the highest allocation of ATRs to China, with 48 approvals in 1H24.

Favourable economic conditions are also expected to play a pivotal role (see Table 10). The stabilisation of jet fuel prices, a major cost driver for airlines, will help maintain operational costs and enhance profitability. Moreover, the strengthening of the Ringgit against the USD will reduce costs for airlines with dollar-denominated expenses and improve purchasing power, encouraging further investment in the sector.

Table 10: Global Average Jet Fuel Price and Exchange Rate

	September 2023	September 2024
Global Average Jet Fuel (USD/bbl)	131.04	85.23
MYR/USD	4.68	4.30

Source: IATA, BNM

Despite a steady growth, the recovery of air passenger traffic in Malaysia is forecasted to lag slightly behind the global and Asia Pacific regional recovery levels. Several challenges continue to weigh on the Malaysian aviation industry, hindering further passenger traffic growth:

- **Supply chain disruptions and aircraft delivery delays:** Air travel continues to be supply-constrained due to delays in aircraft deliveries, as well as shortage of aircraft components and engine spare parts by OEMs, limiting airline capacity. Such delays have disrupted airlines' strategic plans, hindered fleet expansion efforts, and negatively impacted overall operations.

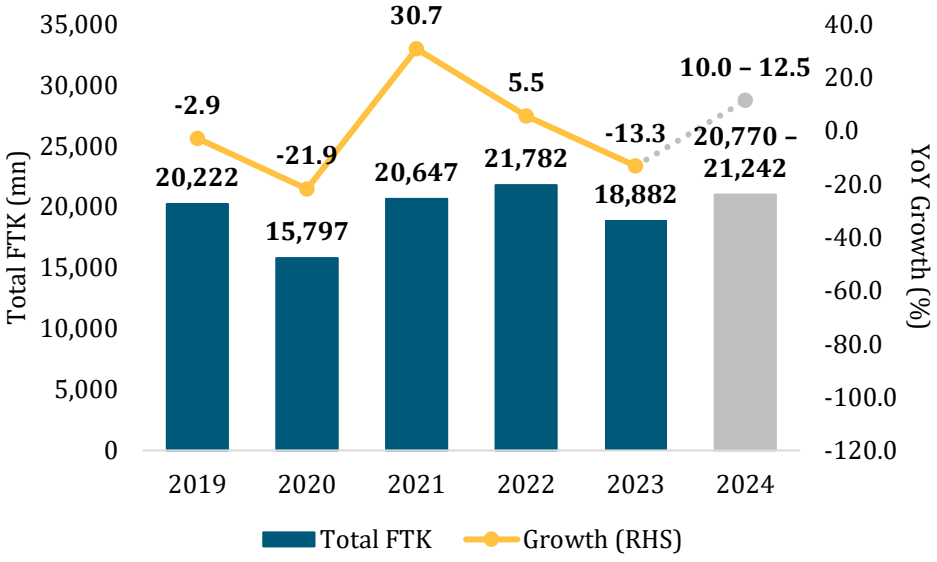
[17] The visa exemption for Chinese travellers has been extended until end of 2026.

- **Skilled workforce shortages:** The Malaysian aviation industry is also grappling with brain drain, as many skilled workers have moved to countries and regions offering higher wages. This has affected aircraft maintenance and repair operations among domestic players. The time-intensive nature of training skilled workers further limits airlines' ability to scale up capacity swiftly.
- **Geopolitical tensions and conflicts:** The ongoing wars in Ukraine and the Middle East present significant risks to the global economy, which could, in turn, impact air traffic in Malaysia. These conflicts may lead to fluctuations in fuel prices, disrupt global trade routes, and heighten economic uncertainty, all of which could dampen demand for air travel.

Malaysia Air Cargo Forecast for 2024 Revised Upwards

MAVCOM has revised its air cargo traffic forecast for 2024 upward to a range of 10.0% to 12.5% YoY growth. This is an increase from the previous forecast of 6.0% to 6.6% YoY issued in December 2023. The revised forecast projects Malaysia's air cargo traffic to reach between 20.8bn and 21.2bn FTK in 2024 (see Figure 18). This growth is driven by a low base effect from 2023, coupled with factors such as the booming e-commerce sector, a technology industry upcycle, and ongoing disruptions in maritime shipping.

Figure 18: Malaysia's Air Cargo Traffic Forecast, 2019 – 2024F



Source: MAVCOM, CargoIS

The World Semiconductor Trade Statistics (WSTS) projected in June 2024 that the Asia Pacific semiconductor market will expand by 17.5% in 2024, further supporting the positive outlook for air cargo. However, the air cargo outlook for 2024 remains subject to downside risks. Persistent geopolitical tensions and rising air cargo rates could potentially dampen its performance.

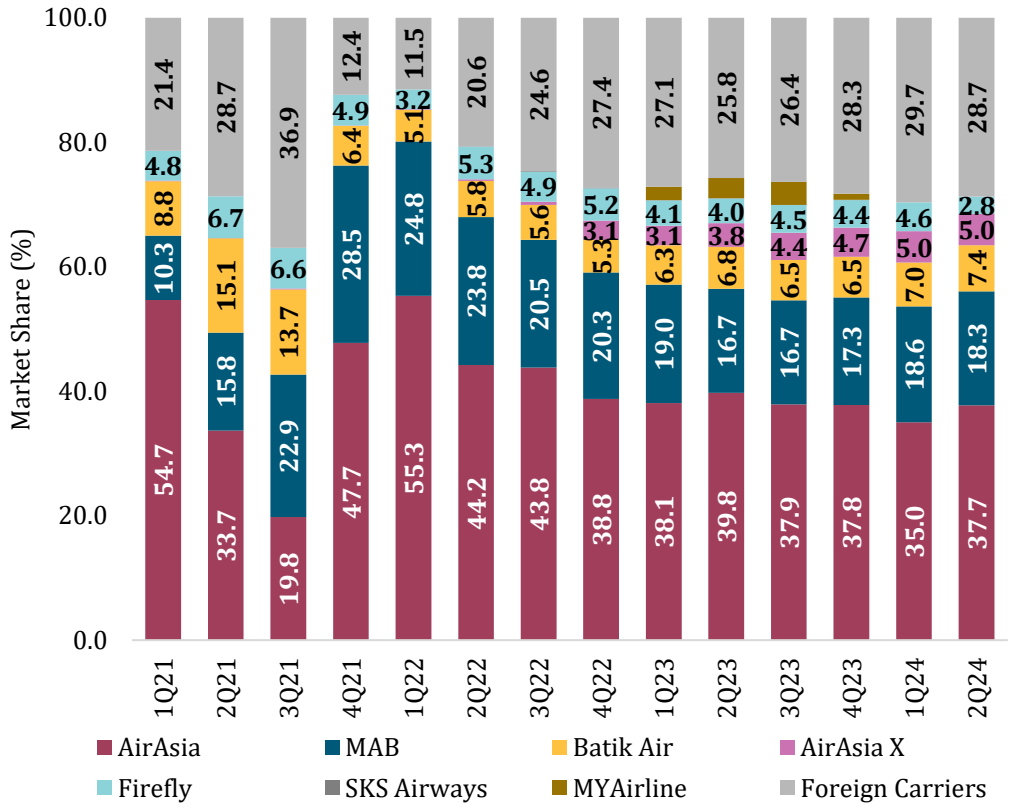
SECTION 3: INDUSTRY STRUCTURE AND PERFORMANCE

Scheduled Passenger Services

AirAsia Carried 37.7% of Passengers in Malaysia

In 2Q24, AirAsia maintained its dominant position in the Malaysia's passenger market with a 37.7% market share (see Figure 19). MAB held the second-largest share at 18.3%, followed by Batik Air and Firefly at 7.4% and 2.8%, respectively. Compared to the same period previous year, AirAsia's market share slightly declined from 39.8% to 37.7%. Firefly also experienced a minor decrease from 4.0% to 2.8%. However, AirAsia X, MAB, and Batik Air all saw increases in their market shares during this period. Foreign carriers, meanwhile, continued their recovery from the pandemic, increasing their share to 28.7% in 2Q24 from 25.8% in 2Q23. Overall, Malaysian carriers still accounted for a significant portion of the passenger market, with a combined share of 71.3%.

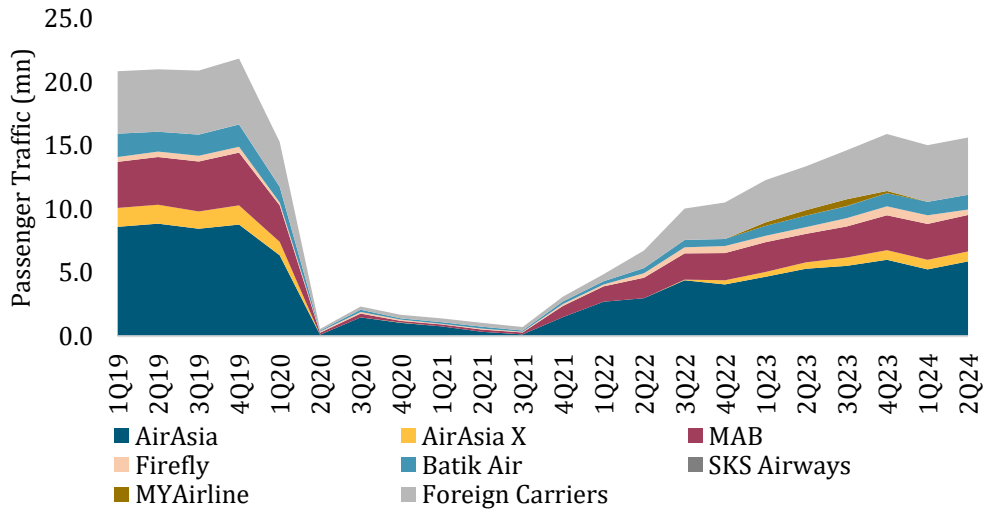
Figure 19: Malaysia's Passenger Market Share by Airlines, 2021 – 2024



Source: MAVCOM, AirportIS

Figure 20 shows that airlines are steadily increasing their passenger numbers, reflecting the industry's rebound. Notably, the share for each carrier in 2Q24 closely aligns with pre-pandemic figures.

Figure 20: Malaysia's Quarterly Passenger Traffic by Airlines, 2019 – 2024



Source: MAVCOM, AirportIS

Increased Average Load Factor and Reduced Market Concentration in 2Q24

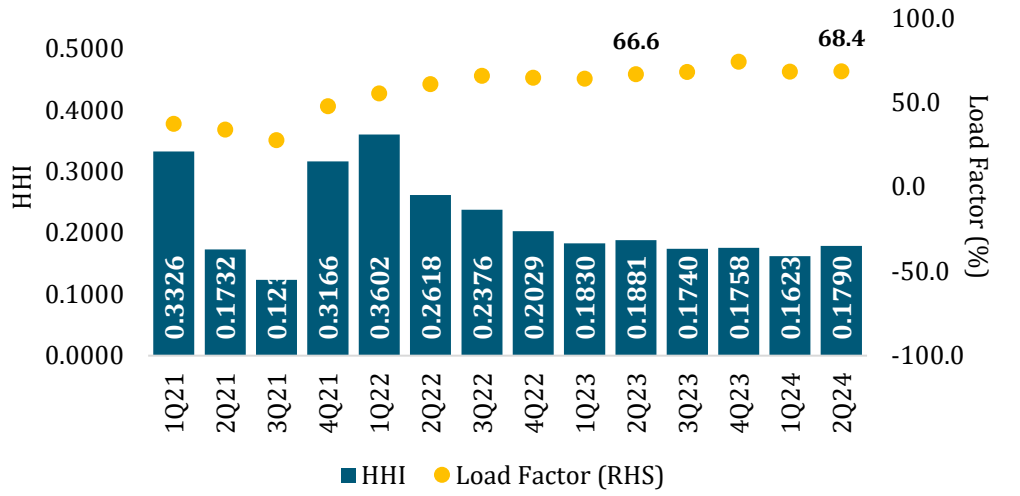
In 2Q24, the average load factor for all carriers increased to 68.4%, compared to 66.6% in the same period last year (see Figure 21), suggesting a growing demand for air travel. 18 Moreover, the market has become more competitive, as evidenced by the decrease in the HHI19 from 0.1881 in 2Q23 to 0.1790 in 2Q24.20 This reduction in concentration is attributed to the introduction of new routes, which have diversified the airlines operating within the country.

Figure 21: Market Concentration Level and Load Factor, 2021 – 2024

[18] This growth was evident across both domestic and international segments. The domestic segment saw its load factor rise to 69.2% in 2Q24 from 68.0% in 2Q23, and the international segment recorded 69.4% in 2Q24 from 67.2% in 2Q23.

[19] Market concentration is measured by using the Herfindahl-Hirschman Index (HHI). The index ranges from '0', which denotes perfect competition, to '1', which denotes a monopoly.

[20] Breaking down the segments, we observe differing competitive trends. In the international segment, competition increased as the HHI dropped from 0.1283 in 2Q23 to 0.1145 in 2Q24. Meanwhile, the domestic HHI rose from 0.3698 in 2Q23 to 0.4343 in 2Q24, due to MYAirline's exit and the reduction of domestic seat capacity deployed in the market.

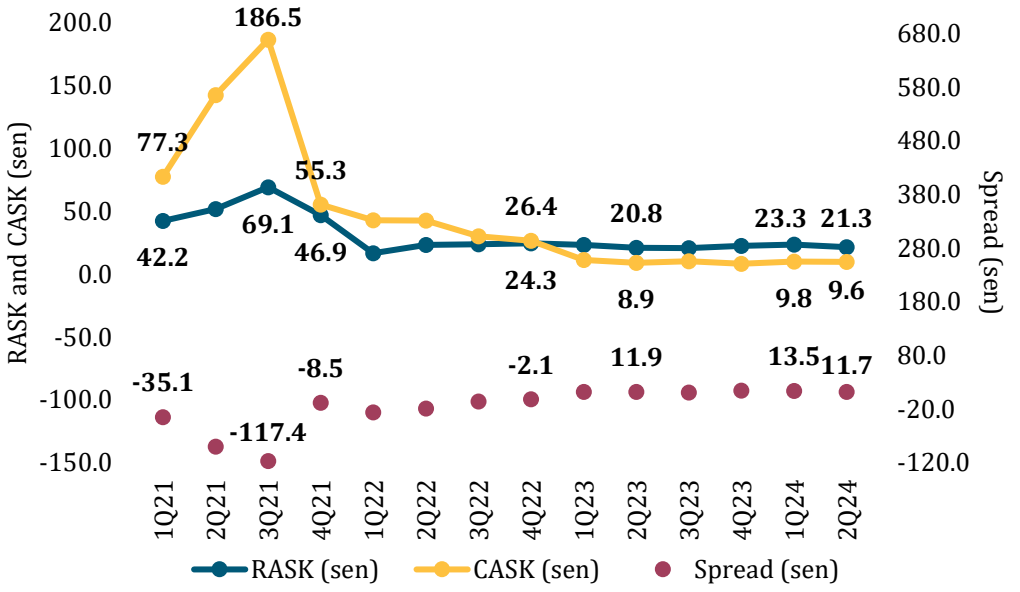


Source: MAVCOM, AirportIS

RASK-CASK Spread Remained Positive in 2Q24

The industry maintained a positive RASK-CASK spread in 2Q24, although it slightly narrowed to 11.7 sen compared to 11.9 sen in 2Q23 (see Figure 22). RASK increased to 21.3 sen in 2Q24 from 20.8 sen in 2Q23, while CASK rose from 8.9 sen to 9.6 sen over the same period. The rebound in international air travel demand has been a key factor contributing to this positive RASK-CASK spread. This trend is anticipated to persist due to growing travel demand and a strengthening Ringgit against the USD that may potentially reduce dollar-denominated costs for Malaysian carriers.

Figure 22: Malaysian Carriers' RASK and CASK Trends, 2021 – 2024

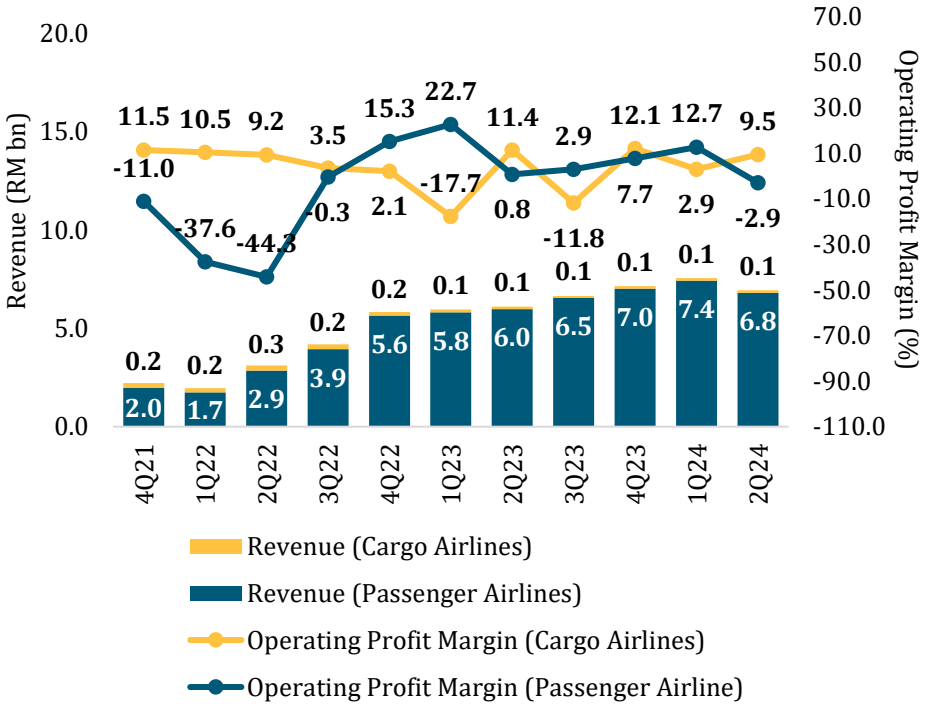


Source: MAVCOM, ASL Holders

Airlines Revenue Grew by 13.7% YoY in 2Q24

In 2Q24, Malaysia's ASL Holders generated RM6.9bn in revenue, growing by 13.7% YoY compared to RM6.1bn recorded in 2Q23 (see Figure 23).

Figure 23: Malaysian Carriers' Revenue and Operating Profit Margin, 2021 – 2024



Source: MAVCOM, ASL Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

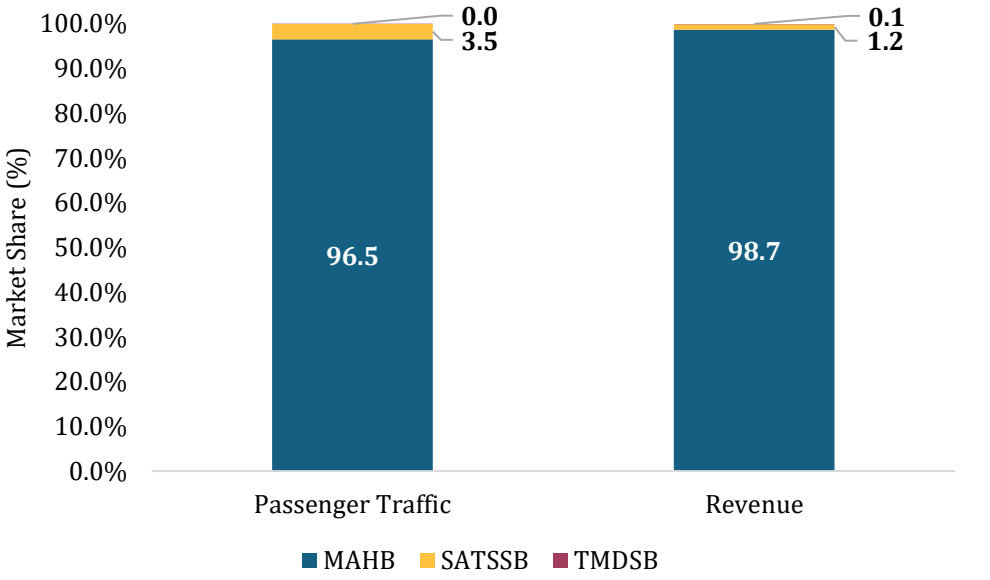
Passenger carriers saw their operating profit margin drop to -2.9%, down from 0.8% in the previous year and from 12.7% in the last quarter, indicating operational challenges. The cargo carriers fared better, maintaining a positive operating profit margin of 9.5%, down slightly from 11.4% in 2Q23. This resilience in cargo operations can be attributed to increased demand for air cargo, driven by strong e-commerce activity and persistent global supply chain disruptions.

Aerodrome Operations Segment

MAHB Handles 96.5% of Total Passenger Traffic in Malaysia

In the aerodrome operator segment, Malaysia Airports Holdings Berhad (MAHB) continues to dominate, handling 96.5% of total passenger traffic and contributing to 98.7% of total revenue in Malaysia during 1H24 (see Figure 24). SATSSB, the operator of Senai International Airport, handled 3.5% of passenger traffic (1H23: 3.6%) and contributed 1.4% to the total revenue (1H23: 1.4%). The highly concentrated nature of this market is reflected in its HHI, which stood at 0.9328 in 1H24 (1H23: 0.9698), indicating the dominance of a single player.

Figure 24: Market Shares of the Aerodrome Operations Segment by Passenger Traffic and Revenue, 1H24

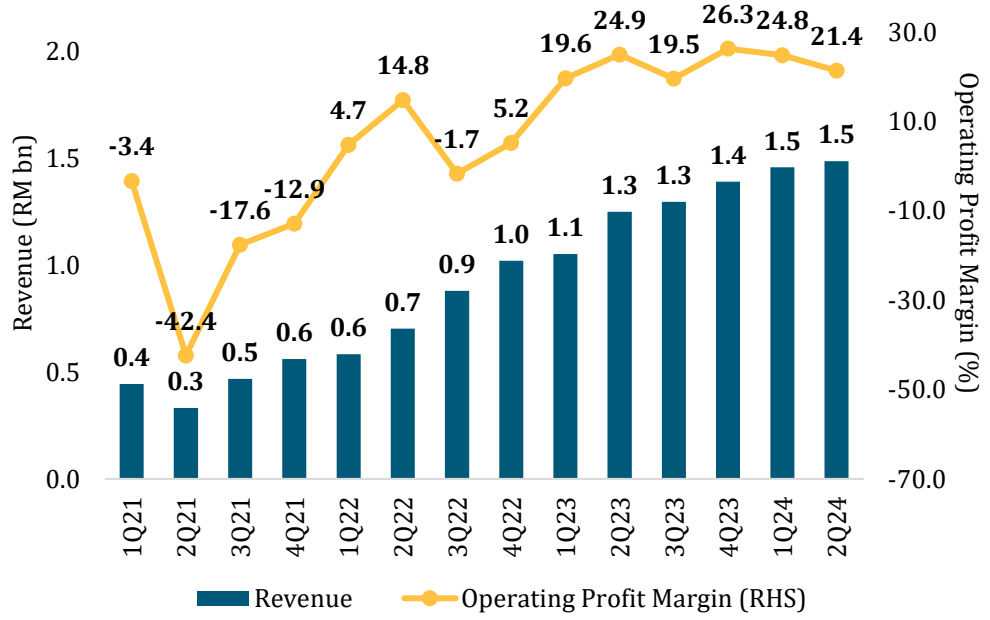


Source: MAVCOM, AOL Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

Airports Revenue Grew by 18.9% YoY Driven by Traffic Recovery

Revenue for aerodrome operators in 2Q24 rose to RM1.5bn, marking an 18.9% YoY increase from RM1.3bn in 2Q23 (see Figure 25). This growth aligns with the ongoing recovery in passenger traffic and aircraft movements, and the entry of new international airlines operating in Malaysia. The operating profit margin for the aerodrome operations segment was at 21.4%, a decrease from 24.9% recorded last year and 24.8% from the previous quarter.

Figure 25: Revenue and Operating Profit Margin of AOL Holders, 2021 – 2024



Source: MAVCOM, AOL Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

The aerodrome operators' airport operations include airport services, duty-free and non-duty-free outlets, while the non-airport operations include project and repair maintenance, hotel operations, agriculture and horticulture, and other activities.

Non-Scheduled Services Segment

On-demand Charter Sub-segment Remains Competitive

In 1H24, there were 14 Air Service Permit (ASP) Holders operating in the non-scheduled services segment. Seven are operating in the on-demand charter sub-segment, four in the oil & gas sub-segment, and two are operating in the 'other' sub-segment (see Table 10).

Table 11: Summary of Non-Scheduled Services' Market Structure, 1H24

Sub-segment	No. of Permit Holders	HHI	Revenue (RM mn)	Operating Profit Margin (%)
Oil & Gas	4	0.5112	338.9	10.1
On-demand Charter	8	0.4238	227.3	54.2**
Other*	2	0.9957	36.3	16.03
TOTAL	**14**		**602.5**	**27.1**

Source: MAVCOM, ASP Holders

*Notes: *Due to limited number of players, the On-demand cargo, pleasure flying, aerial work (cloud seeding and mapping), and surveying are all categorised under other sub-segments*

***The high margin is due to the sale of an aircraft by one ASP holder*

All sub-segments within non-scheduled services were highly concentrated, especially in the 'other' sub-segment, which has an HHI of 0.9957. In this sub-segment, there are only two players, with one holder contributing to the majority of the revenue share. The most competitive sub-segment in the non-scheduled services segment was the on-demand charter sub-segment with seven operators with an HHI of 0.4238.[21]

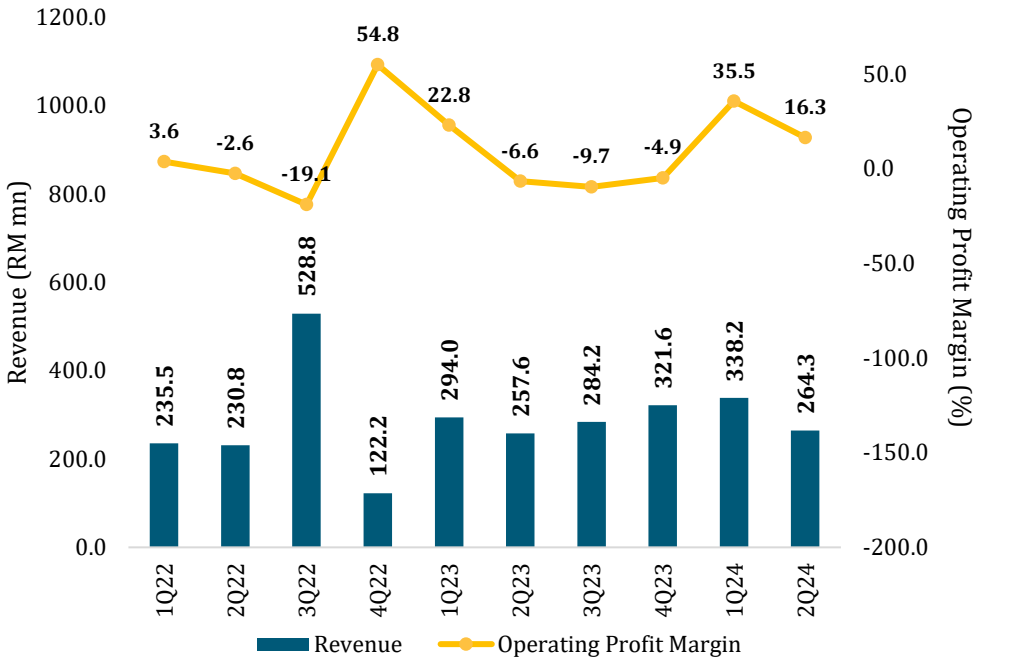
[21] An HHI index above 0.25 generally indicates high concentration in the market.

Revenue for ASP Holders Increased by 9.2% YoY in 1H24

Revenue for the non-scheduled services segment increased by 9.2% YoY in 1H24 to RM602.5mn (1H23: RM551.**7mn). The ASP Holders continued to see a positive operating profit margin of 27.1%, an improvement from 9.0% in 1H23.**

On a QoQ basis, the industry **recorded RM264.3mn of revenue, an increase of 2.6% YoY in 2Q24 (2Q23: RM257.6mn). The segment recorded a double digit operating profit margin of 16.3%, a slight decline from the margin recorded in the previous quarter (1Q24: 35.5%) (see Figure 26).**

Figure 26: Revenue and Operating Profit Margin of ASP Holders, 2022 – 2024

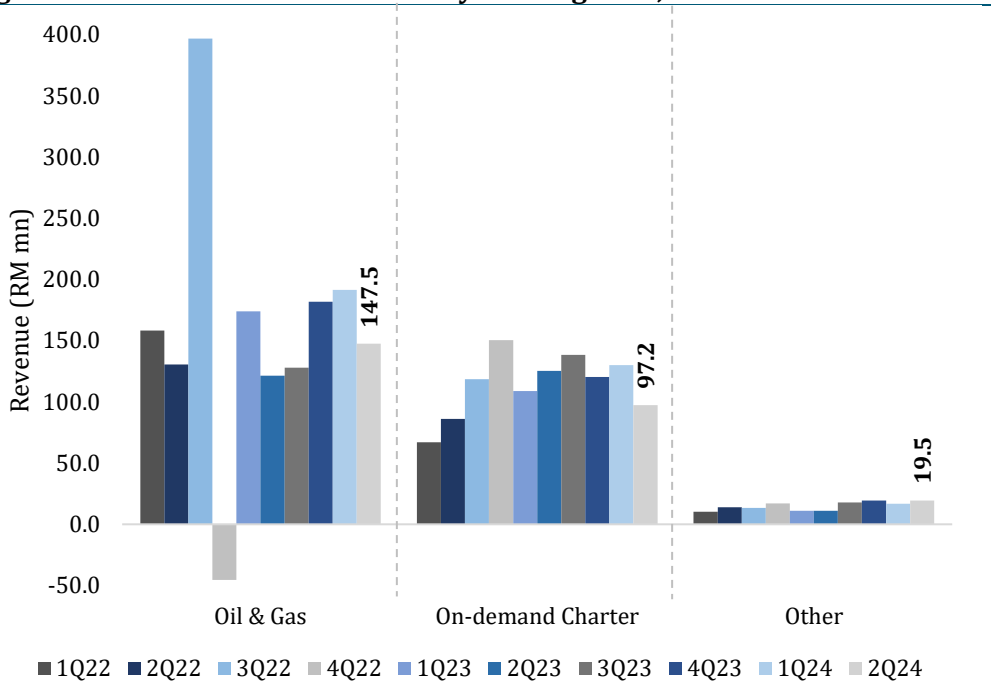


Source: MAVCOM, ASP holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

The **oil and gas sub-segment continued to be the biggest sub-segment in terms of revenue; in 1H24, the sub-segment had a total revenue of RM338.9mn, accounting for 56.3% of the total revenue of the non-scheduled services segment. This was followed by the on-demand charter sub-segment with a revenue of RM227.3mn, 37.7% of the total revenue of the non-scheduled services segment.**

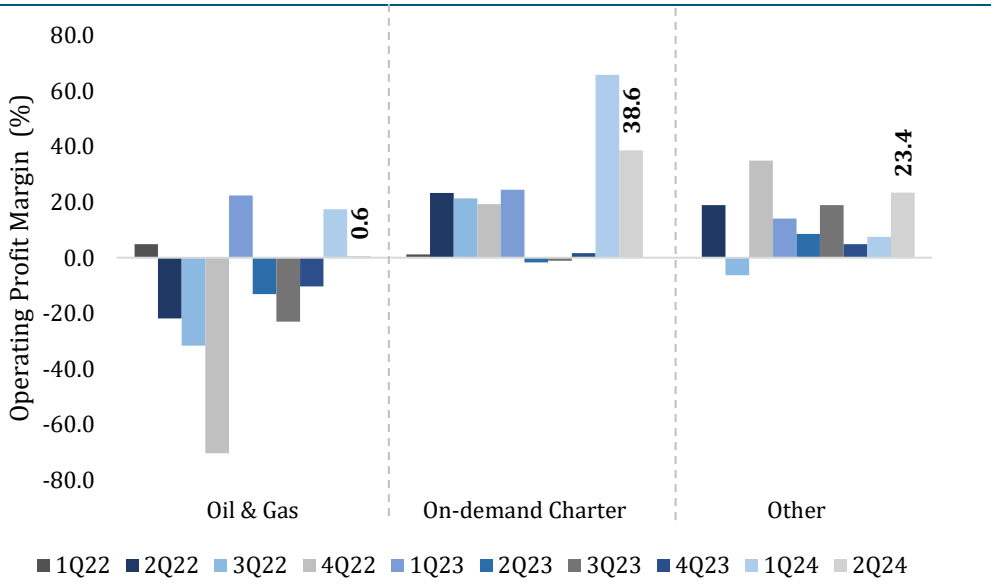
On a quarterly basis, all sub-segments recorded positive operating profit margins in 2Q24. **The quarterly financial performance of each sub-segment of the non-scheduled services segment is illustrated in Figures 27 and 28.**

Figure 27: Revenue of ASP Holders by Sub-Segment, 2022 – 2024



Source: MAVCOM, ASP Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

Figure 28: Operating Profit Margin of ASP Holders by Sub-Segment, 2022 – 2024



Source: MAVCOM, ASP Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

Ground Handling Services Segment

Ground Handling Segment Market Concentration

In 1H24, there were 36 Ground Handling Licence (GHL) holders operating in three ground handling services sub-segments, namely catering, general ground handling, and refuelling. Among the sub-segments, refuelling has the most concentrated market with an HHI of 0.5000 in 1H24. The most competitive sub-segment is general ground handling with an HHI of 0.2484 (see Table 11).

Table 12: Market Structure of the GHL Segment, 1H24

Sub-segment	No. of Licence Holders	HHI	Revenue (RM mn)	Operating Profit Margin (%)
Catering	2	0.5718	241.0	5.2
General Ground Handling	28	0.2484	2,008.1	1.4
Refuelling[22]	6	0.5000	9.5	5.7
TOTAL	**36**		**2,258.5**	**1.7**

Source: MAVCOM, GHL Holders

Note: Revenue figures do not include that of Malindo Airways Sdn. Bhd., Senai Airport Terminal Services Sdn. Bhd., and Hornbill Skyways Sdn. Bhd. as they do not report the revenue from ground handling services separately

The general ground handling sub-segment includes nine types of services. A general ground handler may provide multiple services listed in Table 12.

Table 13: Types of General Ground Handling Services

No.	Ground Handling Services
1	Ground administration and supervision
2	Passenger handling
3	Freight and mail handling
4	Aircraft services
5	Aircraft maintenance
6	Flight operations and crew administration
7	Surface transport
8	Baggage handling
9	Ramp handling

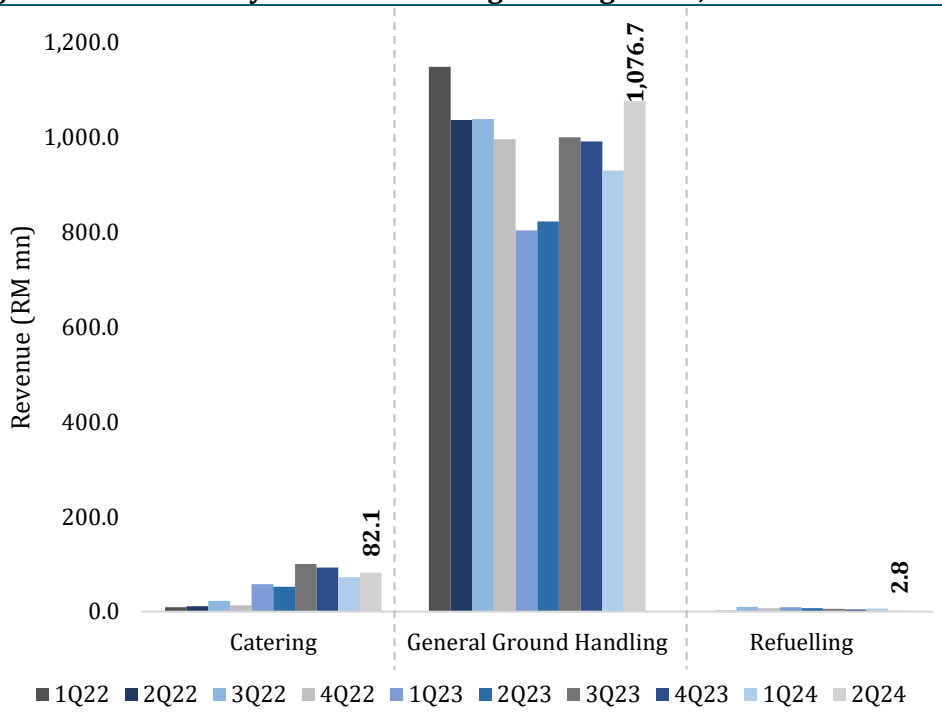
Source: MAVCOM

[22] The calculation of the refuelling sub-segment in this section excludes Petronas, Petron, Shell, and Shell Timur.

Revenue of GHL holders rose by 35.5% YoY in 2Q24

In 2Q24, the revenue of GHL holders rose by 35.5% YoY to RM1,161.6mn (2Q23: RM866.1mn) (see Figure 29). On a QoQ basis, the industry-wide revenue increased by 15.0% (1Q24: RM1,010.3bn). As of 1H24, the general ground handling sub-segment recorded the highest revenue of RM2,007.2mn.

Figure 29: Revenue by Ground Handling Sub-Segments, 2022 – 2024

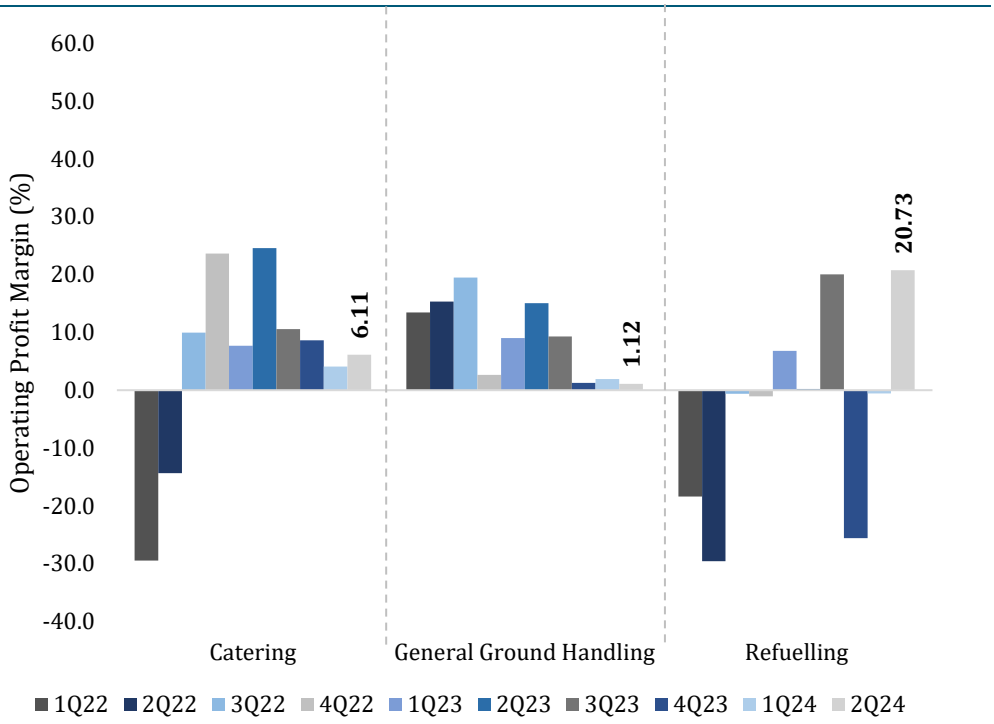


Source: MAVCOM, GHL Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

General Ground Handling Recorded Positive Operating Profit Performance in 2Q24

All sub-segments reported a positive operating margin in 2Q24, where the refuelling sub-segment recorded the highest margin at 20.7%, followed by catering (6.6%) and general ground handling (1.1%). On a QoQ basis, all sub-segments except general ground handling saw an increase in their profit margin (see Figure 30).

Figure 30: Operating Profit Margin by Ground Handling Sub-Segments, 2022 – 2024



Source: MAVCOM, GHL Holders
Note: Data submitted is available up to 2Q24 only and has yet to be audited

SECTION 4: CURRENT STATE OF MALAYSIA'S AVIATION INDUSTRY

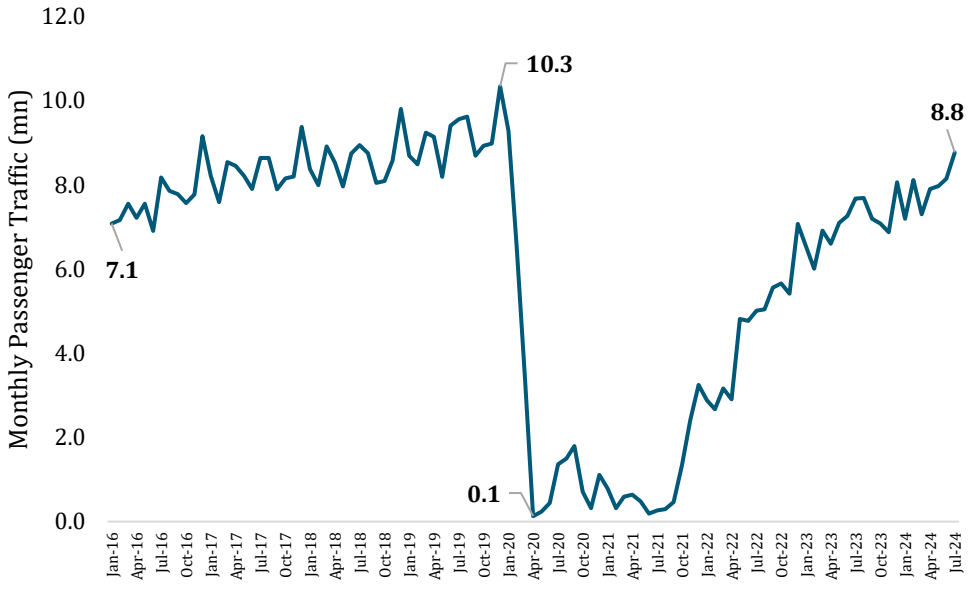
Introduction

The aviation industry has undergone significant transformations, particularly in response to the challenges posed by the COVID-19 pandemic. This section aims to highlight the current performance of Malaysia's aviation industry and explore the shifts in Malaysia's aviation landscape by comparing key metrics from the pre-pandemic and post-pandemic periods. This section will analyse indicators such as passenger traffic, seat capacity deployment, and MAVCOM's Air Connectivity Index to provide insights into Malaysia's performance, as well as its standing when compared with other ASEAN countries.

Overview of Passenger Traffic

Prior to 2020, Malaysia's monthly passenger traffic grew steadily, fluctuating between 7.0mn to 10.3mn passengers per month. The CAGR for Malaysia's passenger traffic from January 2016 to December 2019 was approximately 9.85**%,** indicating steady growth over the period.

Figure 31: Malaysia's Passenger Traffic Trend, 2016 – 2024



Source: MAVCOM, AOL Holders

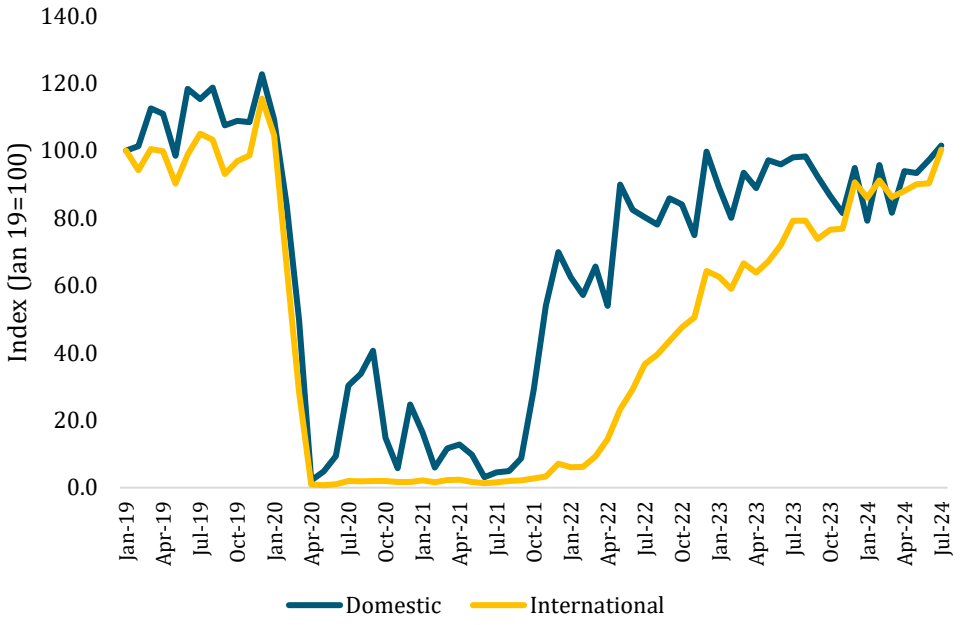
Despite a steady increase in passenger traffic throughout the years, passenger traffic drastically declined in April 2020, plummeting to a mere 0.1mn passengers. This decline aligns with the onset of the global COVID-19 pandemic, which had a devastating effect on the aviation industry. In April 2020, Malaysia's passenger traffic experienced a historic decline of 98.6% YoY, marking the largest drop ever recorded in the country's aviation history.

Following this drastic drop, a strong recovery was evident after the reopening of domestic borders in 2021, with monthly passenger traffic steadily increasing by an average of 362.6% YoY. In August 2024, Malaysia's monthly passenger traffic had reached 8.7mn passengers, equivalent to a 90.0% recovery from the same month in 2019. This trend underscores the resilience of Malaysia's aviation industry as market conditions improve and air travel demand rebounds.

Trends in Malaysia's Domestic and International Air Passenger Traffic

Figure 32 illustrates the indexed performance of Malaysia's domestic and international air passenger traffic from January 2019 to July 2024, with January 2019 as the base month. The domestic segment began showing signs of recovery by late 2020, with a more robust rebound observed from mid-2021 onwards, albeit with fluctuations. In contrast, international traffic remained significantly depressed until a gradual recovery commenced in late 2021, gaining momentum through 2022 and 2023. By July 2024, both segments had nearly returned to their pre-pandemic levels, although domestic traffic showed a more consistent and earlier recovery compared to international traffic.

Figure 32: Malaysia's Domestic and International Passenger Traffic Breakdown, Indexed (Jan 2019 = 100)



Source: MAVCOM, AOL Holders

However, in 2024, domestic traffic growth slightly tapered whilst international traffic grew robustly, as airlines actively focused on restoring international routes and frequencies. This is in line with the shift in consumer travel preferences towards international destinations as the global tourism industry recovers from pandemic restrictions. Table 15 presents the domestic passenger traffic across selected Malaysian airports for 1H24 compared to 1H19, highlighting a slower growth in the domestic segment in 1H24.

Table 14: Domestic Passenger Traffic at Selected Airports, 1H24

Airport	1H19	1H23	1H24	Recovery Level	1H24 Growth (YoY)
KUL T-1	2,713,506	2,344,195	3,282,707	121%	40%
KUL T-2	5,783,934	4,924,905	4,050,787	70%	-18%
BKI	3,078,337	2,723,155	2,828,672	92%	4%
PEN	2,220,550	1,807,308	1,755,778	79%	-3%
KCH	2,669,302	2,456,220	2,386,728	89%	-3%

Source: AOL Holders

KUL Terminal 1 (KUL T-1) has surpassed its pre-pandemic domestic traffic levels, achieving a 121% recovery, reflecting a 40% YoY growth in 1H24. This robust performance contrasts sharply with KUL Terminal 2 (KUL T-2), which, despite handling the highest traffic in 2019, has only recovered 70% of its pre-pandemic levels, experiencing an 18% YoY decline.

BKI and KCH have also shown strong recovery, reaching 92% and 89% of their pre-pandemic traffic, respectively, albeit with modest YoY growth. Meanwhile, PEN lags with a 79% recovery, registering a 3% YoY decline. These figures indicate that while overall domestic air travel is rebounding, the pace of domestic growth in these selected airports has tapered, likely influenced by the market demand and capacity deployed by airlines.

In contrast, the international passenger traffic in 1H24 is recording double-digit growth in all selected airports (see Table 16).

Table 15: International Passenger Traffic at Selected Airports, 1H24

Airport	1H19	1H23	1H24	Recovery Level	1H24 Growth (YoY)
KUL T-1	11,166,625	8,410,699	11,478,478	103%	36%
KUL T-2	10,676,380	6,283,824	8,538,699	80%	36%
BKI	1,554,737	582,345	987,031	63%	69%
PEN	1,841,800	1,455,955	1,912,575	104%	31%
KCH	252,319	169,714	221,146	88%	30%

Source: AOL Holders

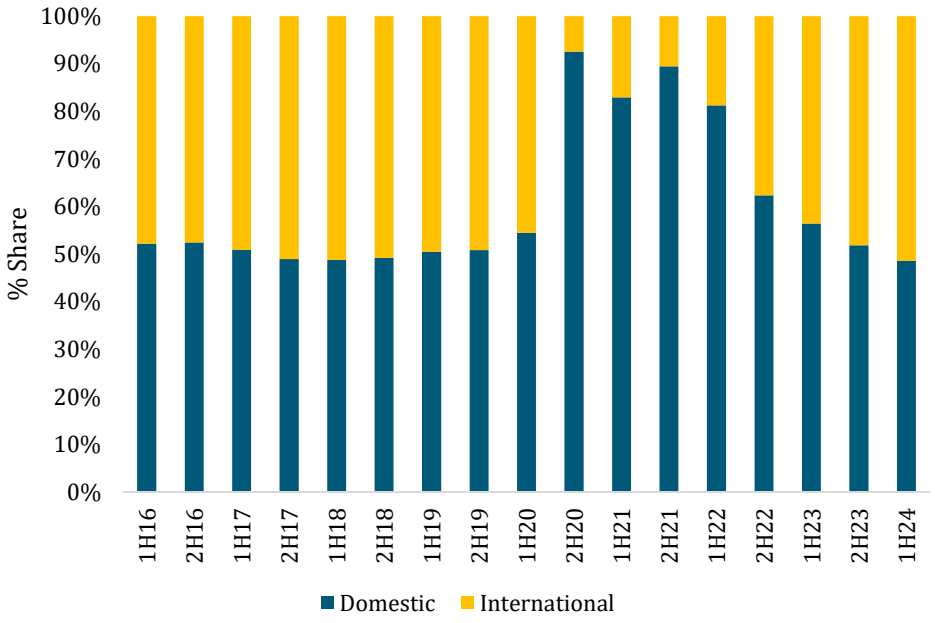
KUL T-1 has achieved 103% recovery, surpassing its 2019 international traffic volume with 36% YoY growth in 1H24. Similarly, PEN has fully recovered, reaching 104% of its 2019 levels, with 31% YoY growth.

On the other hand, KUL T-2 and KCH show partial recovery, reaching 80% and 88% of their 2019 levels, respectively. KUL T-2 also achieved 36% YoY growth, while KCH reached 30%. BKI, however, lags significantly, recovering only 63% of its 2019 traffic, though it has seen a strong 69% YoY growth in 1H24, indicating a potential upward trend.

Malaysia's Air Passenger Traffic Composition back to Pre-Pandemic Levels

Prior to 2020, the breakdown between the domestic and international passenger traffic segments was close to equal. However, starting in the first half of 2020, there was a noticeable shift, with domestic traffic expanding its share dramatically and peaking in 2H20 and 1H21, indicative of the pandemic's impact on international travel (see Figure 33). The sharp increase in domestic traffic during the pandemic years underscores the shift in travel behaviour as international restrictions forced more reliance on local travel.

Figure 33: Malaysia's Air Passenger Traffic Composition, 2016 – 2024



Source: MAVCOM, AOL Holders

This trend, however, reverses gradually as international traffic recovers. The most recent data from 1H24 suggest a steady recovery in international travel, and the segment composition has gradually returned to its pre-pandemic equilibrium.

Capacity Deployment

New International Routes and Destinations in 2024

Airlines are strategically deploying additional capacity to international destinations, responding to growing demand for air travel and the resurgence of tourism and business activity post-pandemic. Table 17 and 18 highlight the new routes that have either already been approved by MAVCOM and commenced or are planned for later in 2024.

Table 16: New routes approved and operated in 2024

Country	Origin	Destination
China	Kota Kinabalu	Tianfu
	Johor Bahru	Haikou
	Kuala Lumpur	Changsha
		Xi'an
		Chongqing
Indonesia	Kuala Lumpur	Labuan Bajo
Macao	Tawau	Macao

Source: MAVCOM

Table 17: New routes approved and planned to be operated in 2024

Country	Origin	Destination
China	Kota Kinabalu	Shantou
	Kuala Lumpur	Qinghai
Indonesia	Penang	Surabaya
	Kuching	Balikpapan
Japan	Kuala Lumpur	Fukuoka
Philippines	Kuala Lumpur	Boracay
Singapore	Subang	Singapore

Source: MAVCOM

New routes from key Malaysian hubs such as KUL, BKI, and PEN to various destinations in China, Indonesia, Macao, and beyond illustrate airlines' efforts in increasing regional connectivity and capitalising on the country's position as a key aviation hub in ASEAN. The move to open new routes to Tier 2 cities in China, such as Tianfu and Xi'an, reflects the growing importance of China's outbound travel market.

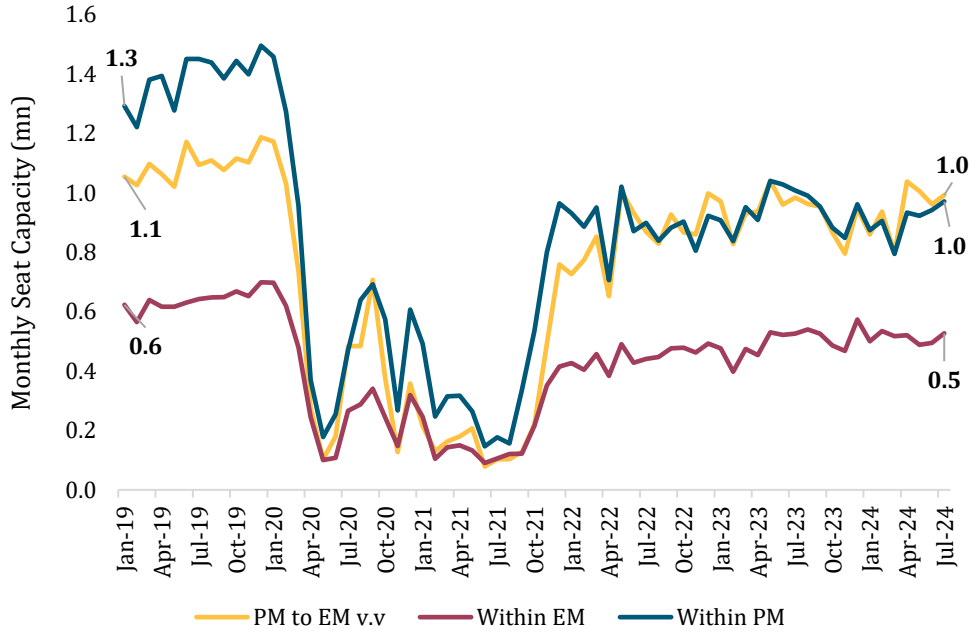
The approved and planned routes also highlight a diversified approach, with a mix of established tourism markets like Indonesia, Japan, and the Philippines, alongside newer and emerging markets. For instance, the inclusion of destinations such as Labuan Bajo in Indonesia and Qinghai in China suggests a focus on tapping into underutilised or growing travel corridors, likely driven by rising leisure demand and the emergence of new travel trends.

Malaysia's air connectivity with Singapore is further reinforced by the planned Subang–Singapore route, which aligns with the strong business and leisure demand between the two countries. Overall, these new routes highlight airlines' recovery strategy in the aviation sector, with a balanced approach between traditional tourism markets and emerging destinations to foster sustained growth in Malaysia's international air traffic.

Seat Capacity Recovery Within the Peninsular Malaysia Region Lags Compared to Other Domestic Regions

The pandemic had prompted airlines to reevaluate and shift their capacity deployment strategies across Malaysia's domestic routes. Figure 34 presents a breakdown of the seat capacity deployed by airlines across three key domestic regions: Peninsular Malaysia to East Malaysia (PM to EM v.v.), within East Malaysia, and within Peninsular Malaysia. The data spans from January 2019 to November 2024, capturing both the pre-pandemic trends and the subsequent disruptions and recovery patterns triggered by COVID-19.

Figure 34: Malaysia's Monthly Domestic Seat Capacity by Region, 2019 – 2024



Source: MAVCOM, OAG Analyser

The Peninsular Malaysia to East Malaysia routes displayed a stronger initial rebound following the sharp decline due to COVID-19, with capacity stabilizing at around 1.0mn monthly seats by mid-2024. In contrast, the within Peninsular Malaysia routes lagged significantly in recovery, struggling to reach pre-pandemic levels and maintaining a plateau at roughly 1.0mn seats by 2024. Routes within Peninsular Malaysia recorded the slowest recovery at 67% (see Table 19), with capacity dropping from 8,012,312 in 1H19 to 5,369,025 in 1H24. This indicates that intra-peninsular travel, which makes up a significant portion of domestic travel in Malaysia, is still struggling to fully rebound, potentially due to shifting travel patterns or a strategic shift in capacity deployment by airlines.

Table 18: Domestic Seat Capacity by Region and Recovery Level

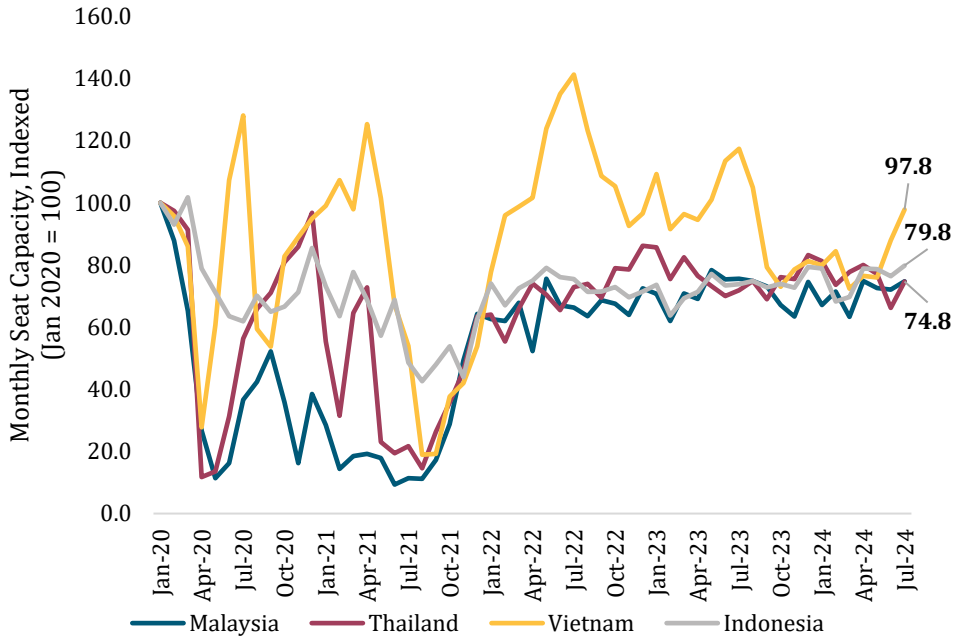
Region	1H19	1H24	Recovery
Peninsular Malaysia to East Malaysia v.v.	6,430,248	5,598,410	87%
Within Peninsular Malaysia	8,012,312	5,369,025	67%
Within East Malaysia	3,688,606	3,054,850	83%

Source: MAVCOM, OAG Analyser

Comparison of Seat Capacity Recovery with selected ASEAN countries

Figure 35 compares the monthly seat capacity trends of Malaysia, Thailand, Vietnam, and Indonesia, highlighting the recovery trajectory of the domestic aviation markets in these countries.

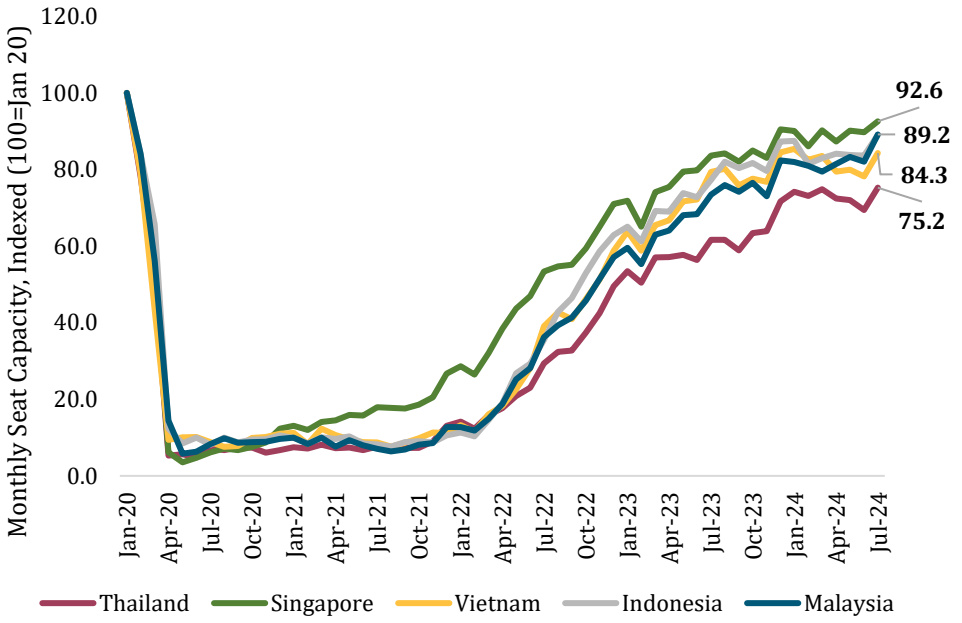
Figure 35: Domestic Seat Capacity, Indexed (Jan 2020 = 100)



Source: MAVCOM, OAG Analyser

By July 2024, Vietnam leads the recovery with an index of 97.8, followed by Thailand at 79.8, Malaysia at 74.8, and Indonesia at 74.7. While Vietnam's seat capacity has approached close to pre-pandemic levels, the fluctuations in its past trajectory suggest that capacity deployment has not yet stabilized, unlike in other countries. In Malaysia, Thailand, and Indonesia, domestic seat capacity appears to have plateaued since early 2023. This trend contrasts with the capacity deployed in the international market (see Figure 36).

Figure 36: International Seat Capacity, Indexed (Jan 2020 = 100)



Source: MAVCOM, OAG Analyser

Since the reopening of international borders in 2022, the international seat capacity for all countries has grown steadily. Thailand, Singapore, Vietnam, Indonesia, and Malaysia have all shown a consistent upward trend in capacity, reflecting the gradual recovery of international travel demand. As of mid-2024, Singapore leads the recovery with a seat capacity index of 92.6, nearing pre-pandemic levels, followed by Malaysia at 89.2 and Indonesia at 89.0. Vietnam and Thailand are trailing behind, with indices of 84.3 and 75.2, respectively.

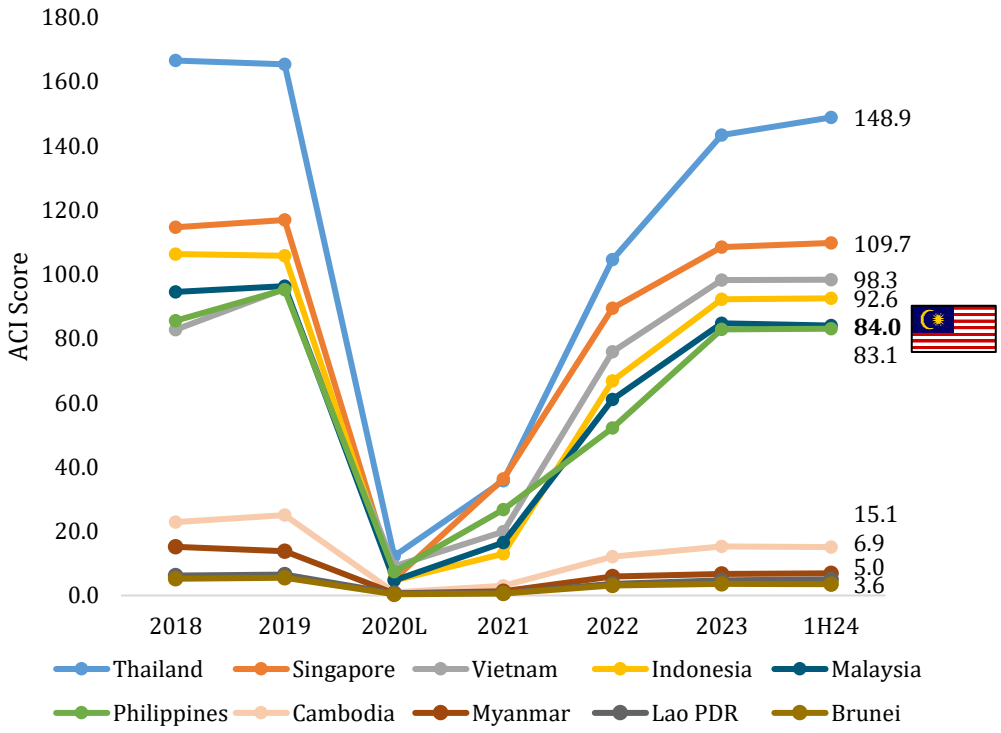
These trends show that airlines have shifted their seat capacity deployment strategy, allocating fewer resources to the domestic market and focusing more on regional and international flights. Since the domestic markets have recovered more quickly than international markets during the pandemic, this may lead to a saturation point where growth opportunities are limited. In contrast, international markets, especially in regions like ASEAN, present stronger growth potential as countries reopen. This makes the international market more attractive for capacity deployment.

MAVCOM's Air Connectivity Index

Malaysia Stood as the Fifth Most Connected Country in ASEAN in 1H24

According to MAVCOM's Air Connectivity Index (ACI), Malaysia sustained its position from 2023, ranking fifth in ASEAN with a connectivity score of 84.0 in 1H24. This marks an improvement from the score of 61.0 in 2022 and a marginal decrease from 84.7 recorded in 2023 (see Figure 37). Malaysia's ACI score for full year 2024 is expected to surpass the score recorded in 2023.

Figure 37: Air Connectivity Indices of Selected ASEAN Countries, 2018 – 2024



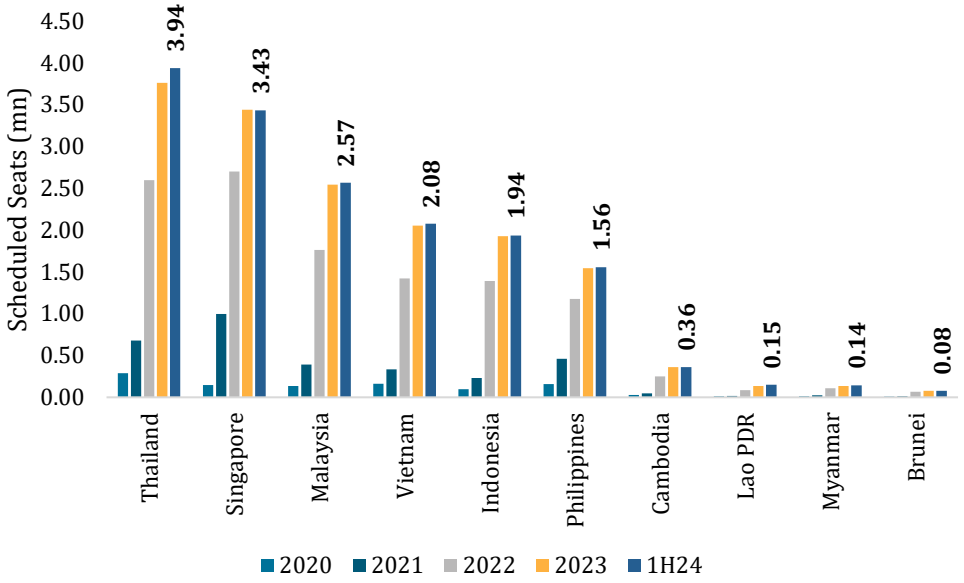
Source: MAVCOM

All ASEAN countries saw improvement in 1H24 compared to 2022, especially Thailand with an increase of 37.1% YoY (ASEAN's average growth rate: 31.0%). The improvement in the ACI reflects the industry-wide recovery propelled by the resilient growth in international passenger traffic.[23]

Figure 38 illustrates the total monthly scheduled international seat capacity deployed by ASEAN countries during the busiest months from 2020 to 1H24. Thailand consistently leads the region, reaching 3.94mn monthly seats in 1H24. Singapore follows closely with 3.43mn seats and Malaysia with 2.57mn seats.

[23] IATA, Air Passenger Market Analysis, https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-market-analysis-december-2023/ (December 2023).

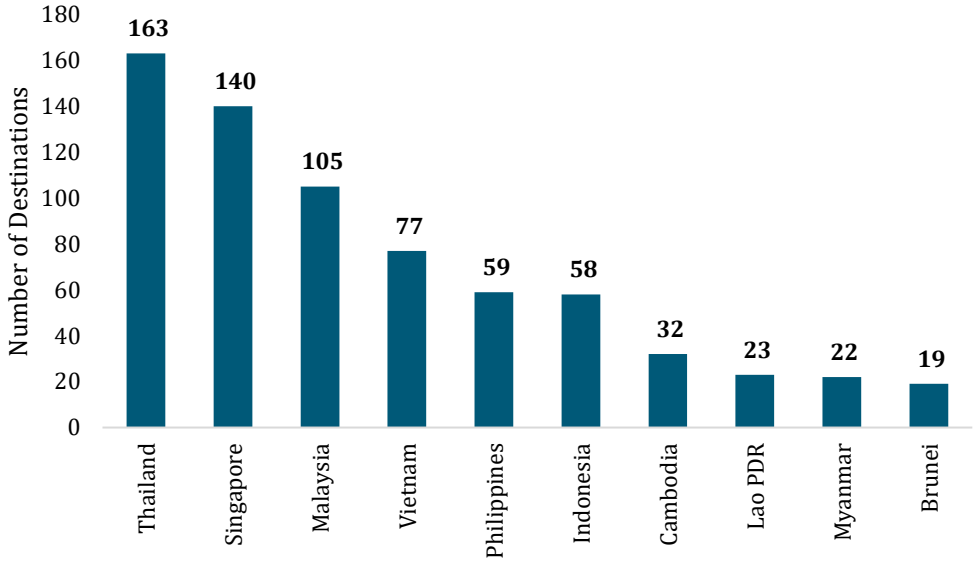
Figure 38: Total Monthly Scheduled Seats from ASEAN Countries during Busiest Month, 2020 – 2024



Source: AirportIS

As of 1H24, Malaysia was connected to 105 international destinations during the busiest month in May, behind Thailand (busiest month in March 2024: 163) and Singapore (busiest month in March 2024: 140) (see Figure 39). Similar to 2023, most of the seat capacity deployed from Malaysia was to SIN (364,308 seats), CGK (164,575 seats), and DMK (95,841 seats). These three destinations accounted for 24% of the total international seat capacity from Malaysia in May 2024.

Figure 39: Number of International Destinations for ASEAN Countries, 1H24



Source: MAVCOM, AirportIS

At Airport Level Connectivity, KUL Ranked Third in ASEAN in 1H24

MAVCOM's Air Connectivity Index shows that KUL ranked third among major ASEAN airports in 1H24, with a connectivity score of 64.7, up from fourth place and a score of 47.5 in 2022. SIN remained as the most connected airport with a score of 109.7, followed by BKK at 103.0 (see Table 21).

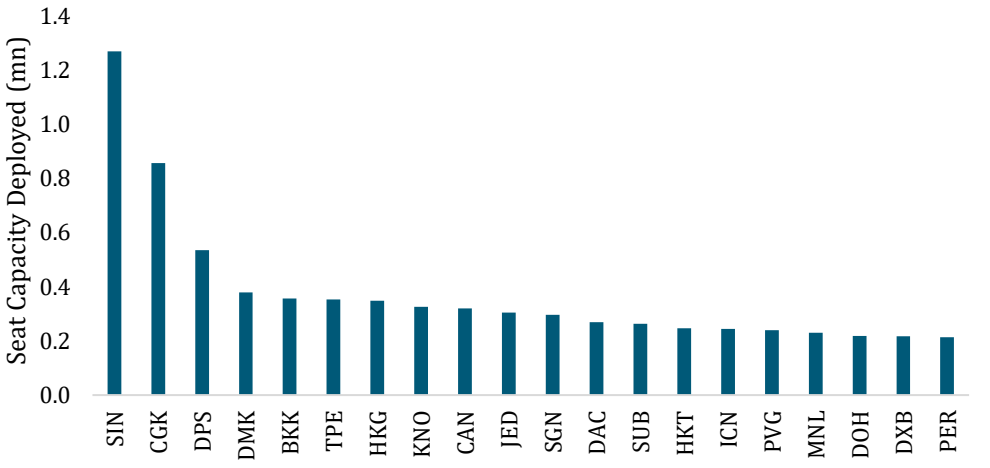
Table 19: Airport-level Air Connectivity Index, 1H24

Rank	Airport	Connectivity Score	Highest Monthly Seats (mn)	International Destinations
1	SIN	109.7	3.4	138
2	BKK	103.0	2.5	126
3	**KUL**	**64.7**	**2.1**	**104**
4	MNL	62.9	1.2	54
5	CGK	42.6	0.9	47
6	SGN	39.4	0.9	58
7	PNH	13.0	0.3	26
8	RGN	6.5	0.1	20
9	VTE	4.5	0.1	21
10	BWN	3.6	0.1	19

Source: MAVCOM, AirportIS

KUL saw a notable improvement in connectivity in the 1H24, driven by increased demand for international travel. KUL's passenger traffic surged by 36.2% YoY rising from 14.7mn in 1H23 to 20.0mn in 1H24. International passenger traffic reached 91.6% of pre-pandemic levels, reflecting a robust recovery in international travel. **The airport also welcomed new airlines during this period, including Cambodia Airways (KR), Flydubai (FZ), Iraqi Airways (IA), Juneyao Airlines (HO), Thai Lion Air (SL), and Turkmenistan Airlines (T5). Additionally, KUL expanded its international network from 98 to 104 destinations,** further solidifying its role as a key aviation hub in the ASEAN region. Figure 40 shows the seat capacity deployed to the top 20 destinations from KUL in 1H24.

Figure 40: Top 20 International Capacity Deployment from KUL, 1H24



Source: MAVCOM, AirportIS

A Steady Path Towards Recovery

The Malaysian aviation industry has demonstrated a solid and steady recovery as of 1H24, underscoring its resilience in the post-pandemic landscape. Passenger traffic, which had dramatically plunged during the pandemic, has now rebounded, with total traffic reaching 90% of pre-pandemic levels by August 2024. This revival is particularly evident at KUL, where international passenger traffic surged by 36.2% YoY, from 14.7mn in 1H23 to 20.0mn in 1H24. This growth in passenger numbers signifies a robust recovery, with KUL's international traffic achieving 91.6% of pre-pandemic levels.

One of the key drivers of this recovery has been the return of international travel, with airlines actively restoring and expanding routes to meet growing demand. KUL's international network grew from 98 destinations to 104 in 1H24, reinforcing its position as a regional hub. The introduction of new airlines, including Super Air Jet, Sichuan Airlines, and Iraqi Airways, operating routes from KUL to various destinations such as Lombok, Baghdad, Chengdu, and others, further emphasizes Malaysia's strategic role in the ASEAN aviation market.

Additionally, MAVCOM's Air Connectivity Index ranked KUL third among major ASEAN airports in 1H24, with a connectivity score of 64.7—a significant improvement from its previous fourth place ranking in 2022—highlighting its growing regional importance.

However, the recovery has not been uniform across all segments. While KUL T-1 showed impressive growth, KUL T-2 has lagged behind, achieving only 70% of pre-pandemic levels. Domestic traffic growth has also slowed, with key airports like PEN and KCH showing only modest gains. This suggests that while international routes are recovering rapidly, the domestic segment continues to face challenges, potentially due to shifting travel preferences and airline capacity deployment strategies.

Overall, Malaysia's aviation industry is on a path to recovery, buoyed by international traffic and strategic expansions. However, continued efforts to boost domestic connectivity and address capacity deployment challenges will be crucial for sustaining long-term growth.

APPENDIX A: DATA TABLES

Table A1: Malaysia's Quarterly GDP Growth, 2021 – 2024

Year	YoY Growth (%)
1Q21	-0.5
2Q21	16.2
3Q21	-4.2
4Q21	3.6
1Q22	4.8
2Q22	8.8
3Q22	14.1
4Q22	7.1
1Q23	5.5
2Q23	2.8
3Q23	3.1
4Q23	2.9
1Q24	4.2
2Q24	5.9

Source: DOS

Table A2: Malaysia's External Trade, 2021 – 2024

Quarter	Total Export (RM bn)	Total Import (RM bn)	Export YoY Growth (%)	Import YoY Growth (%)
1Q21	282.2	223.5	18.2	10.8
2Q21	303.3	247.0	44.2	35.2
3Q21	303.7	242.5	16.5	21.1
4Q21	350.5	274.3	29.1	29.6
1Q22	345.0	279.9	22.3	25.2
2Q22	394.2	336.1	30.0	36.1
3Q22	419.6	355.1	38.2	46.4
4Q22	393.0	325.1	12.1	18.5
1Q23	354.6	290.2	2.8	3.7
2Q23	348.7	294.8	-11.6	-12.3
3Q23	356.3	297.3	-15.1	-16.3
4Q23	366.2	289.2	-6.8	-11.0
1Q24	362.3	290.4	2.2	0.0
2Q24	368.8	298.0	5.8	1.1

Source: DOS

Table A3: Oil, Jet Fuel, and Exchange Rate Trends, 2021 – 2024

Quarter	Crude Oil (USD/bbl)	Jet Fuel (USD/bbl)	RM/USD
1Q21	61	66	4.06
2Q21	69	74	4.15
3Q21	73	80	4.20
4Q21	80	92	4.18
1Q22	95	121	4.19
2Q22	114	167	4.41
3Q22	101	141	4.64
4Q22	89	137	4.40
1Q23	81	126	4.41
2Q23	78	95	4.53
3Q23	87	120	4.63
4Q23	84	115	4.70
1Q24	83	110	4.72
2Q24	85	103	4.73

Source: EIA, BNM

Table A4: Malaysia's Annual GDP Growth, 2015 – 2024F

Year	Malaysia YoY Growth (%)
2015	5.1
2016	4.2
2017	5.9
2018	4.7
2019	4.3
2020	-5.6
2021	3.1
2022	8.7
2023	3.7
2024F	4.0 – 5.0

Source: BNM

Table A5: Malaysia's Tourist Arrivals, 2021 – 2024

Quarter	Total Tourist Arrivals (mn)	Total Tourist Arrivals YoY Growth (%)
1Q21	0.03	-99.4
2Q21	0.03	29.8
3Q21	0.02	-51.2
4Q21	0.06	84.4
1Q22	0.10	288.2
2Q22	2.03	7,921.9
3Q22	3.42	15,016.2
4Q22	4.51	7,250.6
1Q23	4.39	4,374.7
2Q23	4.77	134.6
3Q23	5.31	55.0
4Q23	5.67	25.7
1Q24	5.80	32.5
2Q24	6.00	25.7

Source: MAVCOM, Tourism Malaysia

Table A6: Malaysia's Quarterly Passenger Traffic, 2021 – 2024

Quarter	Passenger Traffic (mn)	YoY Growth (%)
1Q21	1.7	-91.2
2Q21	1.3	62.0
3Q21	1.0	-78.2
4Q21	7.0	228.2
1Q22	8.7	415.6
2Q22	12.4	853.8
3Q22	15.6	1,445.1
4Q22	18.1	158.7
1Q23	19.4	124.2
2Q23	20.9	68.6
3Q23	22.5	44.8
4Q23	22.0	21.3
1Q24	22.6	16.1
2Q24	24.0	14.6

Source: MAVCOM, AOL Holders

Table A7: Malaysia's Passenger Traffic by Region, 2021 – 2024

Quarter	Passenger Traffic (mn)		
	Domestic	ASEAN	Non-ASEAN International
1Q21	1.4	0.1	0.2
2Q21	1.0	0.1	0.1
3Q21	0.8	0.9	0.2
4Q21	6.1	0.2	0.3
1Q22	7.7	0.4	0.6
2Q22	9.4	1.8	1.2
3Q22	10.2	3.3	2.1
4Q22	10.8	4.3	2.9
1Q23	10.9	4.7	3.8

Quarter	Passenger Traffic (mn)		
	Domestic	ASEAN	Non-ASEAN International
2Q23	11.8	5.2	4.0
3Q23	12.0	5.5	4.9
4Q23	11.0	5.8	5.2
1Q24	10.7	6.0	5.8
2Q24	11.9	6.3	5.8

Source: MAVCOM, AOL Holders

Table A8: Malaysia's Top Domestic Routes in Terms of Passengers, 1H19 and 1H24

Route	Passenger Traffic (mn)	
	1H19	1H24
KUL–BKI	1.3	1.2
KUL–KCH	1.1	1.1
KUL–LGK	0.9	0.8
KUL–PEN	1.2	0.9
KUL–KBR	0.5	0.5

Source: MAVCOM, AirportIS

Table A910: Malaysia's Top ASEAN International Routes in Terms of Passengers, 1H19 and 1H24

Route	Passenger Traffic (mn)	
	1H19	1H24
KUL–SIN	1.9	1.8
KUL–CGK	1.1	1.1
PEN–SIN	0.7	0.8
KUL–DMK	0.5	0.5
KUL–DPS	0.6	0.6

Source: MAVCOM, AirportIS

Table A10: Malaysia's Top Non-ASEAN International Routes in Terms of Passengers, 1H19 and 1H24

Route	Passenger Traffic (mn)	
	1H19	1H24
KUL–DAC	0.3	0.4
KUL–TPE	0.5	0.5
KUL–JED	0.3	0.4
KUL–CAN	0.4	0.5
KUL–HKG	0.7	0.5

Source: MAVCOM, AirportIS

Table A11: Air Connectivity Indices of ASEAN Countries, 2019 – 1H24

Country	2019	2020	2021	2022	2023	1H24
Thailand	165.4	12.3	35.7	104.6	143.4	148.9
Singapore	116.9	5.1	36.3	89.4	108.5	109.7
Vietnam	95.5	9.1	19.9	75.9	98.1	98.3
Indonesia	105.7	4.7	13.0	66.8	92.3	92.6
Malaysia	96.3	4.7	16.5	61.0	84.7	84.0
Philippines	95.2	7.4	26.8	52.1	82.8	83.1
Cambodia	25.0	1.0	3.0	12.1	15.3	15.1
Myanmar	13.8	0.7	1.3	5.9	6.7	6.9
Lao PDR	6.5	0.7	0.7	3.6	4.7	5.0
Brunei	5.5	0.4	0.7	3.1	3.6	3.6

Source: MAVCOM

Table A12: Air Connectivity Indices of Major Airports in ASEAN Countries, 2019 – 1H24

Airport	2019	2020	2021	2022	2023	1H24
SIN	114.6	116.9	5.1	36.3	89.4	108.5
BKK	109.9	109.2	8.4	27.5	76.7	98.0
KUL	71.8	73.2	3.6	14.7	47.5	64.1
MNL	61.1	66.1	5.2	21.1	52.4	62.5
CGK	50.1	48.1	4.2	12.4	31.1	42.1
SGN	38.1	39.7	3.9	8.8	35.4	40.4
PNH	14.7	16.6	0.6	2.0	10.2	12.1
RGN	13.9	12.9	0.7	1.3	5.6	6.3
VTE	4.7	5.0	0.5	0.7	2.8	4.1
BWN	5.2	5.5	0.4	0.7	3.1	3.6

Source: MAVCOM

Table A13: Scheduled Seats from ASEAN Countries in Busiest Month, 2019 – 1H24

Country	Scheduled Seats (mn)					
	2019	2020	2021	2022	2023	1H24
Thailand	5.0	0.3	0.7	2.6	3.8	3.9
Singapore	4.0	0.1	1.0	2.7	3.4	3.4
Malaysia	3.2	0.1	0.4	1.8	2.5	2.6
Vietnam	2.2	0.2	0.3	1.4	2.1	2.1
Indonesia	2.3	0.1	0.2	1.4	1.9	1.9
Philippines	1.9	0.2	0.5	1.2	1.5	1.6
Cambodia	0.7	0.0	0.0	0.3	0.4	0.4
Lao PDR	0.2	0.0	0.0	0.1	0.1	0.2
Myanmar	0.4	0.0	0.0	0.1	0.1	0.1
Brunei	0.1	0.0	0.0	0.1	0.1	0.1

Source: MAVCOM, AirportIS

Table A14: Number of International Destinations for ASEAN Countries, 1H24

Country	Number of Destinations
Thailand	163
Singapore	140
Malaysia	105
Vietnam	77
Philippines	59
Indonesia	58
Cambodia	32
Lao PDR	23
Myanmar	22
Brunei	19

Source: MAVCOM, AirportIS

Table A15: Malaysia's International Seat Capacity According to Region, 2023 and 1H24

Country	International Seat Capacity (%)	
	2023	1H24
ASEAN	53.3	51.4
East Asia	21.1	24.6
South Asia	10.3	11.7
Middle East	7.9	6
Pacific	5.5	4
Europe	1.8	1.8
Central Asia	0.1	0.5
Africa	0.1	0.1

Source: MAVCOM, AirportIS

Table A16: Total FTK in Malaysia, 2021 – 2024

Quarter	Total FTK (mn)	YoY Growth (%)
1Q21	4,842	3.3
2Q21	4,917	84.6
3Q21	4,908	23.6
4Q21	5,981	33.7
1Q22	5,242	8.3
2Q22	5,494	11.7
3Q22	5,567	13.4
4Q22	5,471	-8.5
1Q23	4,727	-9.8
2Q23	4,523	-17.7
3Q23	4,719	-15.2
4Q23	4,912	-10.2
1Q24	4,992	5.6
2Q24	5,172	14.3

Source: MAVCOM, CargoIS

Table A17: Inbound and Outbound FTK in Malaysia, 2021 – 2024

Quarter	Inbound (mn)	Outbound (mn)	Within (mn)
1Q21	2,400.4	2,428.1	13.1
2Q21	2,558.7	2,347.5	10.4
3Q21	2,480.2	2,417.6	10.1
4Q21	2,897.2	3,074.4	9.1
1Q22	2,821.6	2,406.0	14.3
2Q22	3,039.9	2,439.2	15.0
3Q22	3,141.4	2,412.9	12.4
4Q22	3,019.7	2,436.0	15.6
1Q23	2,615.9	2,094.2	16.9
2Q23	2,465.9	2,041.5	16.0
3Q23	2,664.8	2,038.6	15.8
4Q23	2,699.5	2,194.7	17.7
1Q24	2,802.7	2,171.4	18.0
2Q24	2,815.0	2,340.0	16.7

Source: MAVCOM, CargoIS

Table A18: FTK Growth in Key Markets, 2021 – 2024

Quarter	YoY Growth (%)		
	Malaysia–Asia Pacific	Malaysia–Europe	Malaysia–North America
1Q21	26.3	-2.5	41.7
2Q21	45.8	43.6	63.9
3Q21	18.7	5.8	17.3
4Q21	17.7	19.4	17.5
1Q22	2.1	1.7	-2.2
2Q22	-4.5	4.1	2.0
3Q22	-9.4	13.2	-0.9
4Q22	-24.9	8.3	-13.3
1Q23	-28.9	-3.6	-16.7
2Q23	-30.2	-10.1	-23.0
3Q23	-28.0	-6.7	-13.7
4Q23	-12.7	-11.1	-9.2
1Q24	-5.5	9.8	8.5
2Q24	13.3	17.2	14.4

Source: MAVCOM, CargoIS

Table A19: Recovery of Malaysia's Air Cargo Capacity as a Percentage of 2019 Levels, 2021 – 2024

Year	Recovery of 2019 Levels (%)
1Q21	40.1
2Q21	25.6
3Q21	20.9
4Q21	30.6
1Q22	40.9
2Q22	45.8
3Q22	52.8

Year	Recovery of 2019 Levels (%)
4Q22	68.6
1Q23	85.5
2Q23	75.4
3Q23	83.8
4Q23	92.5
1Q24	109.8
2Q24	90.1

Source: MAVCOM, CAPA

Table A20: Air Cargo Rates on Major Trade Lanes, 2021 – 2024

Quarter	Cargo Rate (USD/kg)		
	HK–North America	HK–Europe	Frankfurt–North America
1Q21	6.1	12.6	13.4
2Q21	8.4	13.7	12.6
3Q21	8.8	14.8	12.3
4Q21	11.4	22.6	12.0
1Q22	9.6	17.5	13.9
2Q22	9.3	18.6	13.7
3Q22	8.3	18.8	11.6
4Q22	6.6	16.9	12.3
1Q23	5.5	13.5	10.4
2Q23	5.1	11.5	8.1
3Q23	4.8	11.0	6.5
4Q23	6.4	14.3	6.5
1Q24	4.9	12.2	6.4
2Q24	5.6	13.4	5.8

Source: MAVCOM, Baltic Exchange

Table A21: Total Passenger Traffic Forecast vs. 2019 by Region (%), 2021 – 2025

Total Passenger Traffic Forecast vs. 2019	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
North America	56.0	94.0	102.0	107.0	112.0
South America	51.0	88.0	97.0	103.0	108.0
Europe	40.0	86.0	96.0	105.0	111.0
Middle East	42.0	81.0	90.0	98.0	105.0
Africa	46.0	76.0	85.0	93.0	101.0
Asia Pacific	40.0	68.0	84.0	97.0	109.0
Malaysia	10.0	39.4	65.5	84.1	96.5

Source: IATA

Table A22: Malaysia's Passenger Traffic, 2019 – 2024F

Year	Passenger Traffic (mn)	YoY Growth (%)
2019	109.3	6.6
2020	26.7	-75.6
2021	11.0	-58.9
2022	54.8	399.1

Year	Passenger Traffic (mn)	YoY Growth (%)
2023	85.0	54.6
2024F	95.4 – 97.6	12.2 to 14.9

Source: MAVCOM, AOL Holders

Table A23: Malaysia's Air Cargo Traffic, 2019 – 2024F

Year	Total FTK (mn)	YoY Growth (%)
2019	20,222	-2.9
2020	15,797	-21.9
2021	20,647	30.7
2022	21,669	5.2
2023	18,710 – 18,841	-14.1 to -13.5
2024F	19,833 – 19,971	6.0 to 6.6

Source: MAVCOM, CargoIS

Table A24: Malaysia's Passenger Market Share by Airlines, 2021 – 2024

Quarter	AirAsia	AirAsia X	Firefly	MAB	Batik Air	Others
1Q21	54.7	0.1	4.8	10.3	8.8	21.4
2Q21	33.7	0.0	6.7	15.8	15.1	28.7
3Q21	19.8	0.1	6.6	22.9	13.7	36.9
4Q21	47.7	0.1	4.9	28.5	6.4	12.4
1Q22	55.3	0.1	3.2	24.8	5.1	11.5
2Q22	44.2	0.2	5.3	23.8	5.8	20.6
3Q22	43.8	0.5	4.9	20.5	5.6	24.6
4Q22	38.8	3.1	5.2	20.3	5.3	27.4
1Q23	38.2	3.5	4.4	17.2	5.1	29.2
2Q23	39.8	3.7	3.9	16.1	6.9	29.5
3Q23	37.7	3.8	4.5	16.5	6.8	31.0
4Q23	37.8	4.7	4.4	17.3	6.5	29.3
1Q24	35.0	5.0	4.6	18.6	7.0	29.8
2Q24	37.7	5.0	4.6	18.3	7.4	27.0

Source: MAVCOM, AirportIS

Table A25: Market Concentration Level and Load Factors, 2021 – 2024

Quarter	HHI	Load Factor (%)
1Q21	0.3326	37.3
2Q21	0.1732	33.9
3Q21	0.1233	27.5
4Q21	0.3166	47.8
1Q22	0.3602	55.3
2Q22	0.2618	60.7
3Q22	0.2376	65.8
4Q22	0.2029	64.6
1Q23	0.1830	64.0
2Q23	0.1881	66.1
3Q23	0.1740	66.1
4Q23	0.1758	74.0
1Q24	0.1623	68.2

Quarter	HHI	Load Factor (%)
2Q24	0.1790	68.4

Source: MAVCOM, AirportIS

Table A26: Market Shares of the Aerodrome Operations Segment by Revenue and Passenger Traffic, 1H24

Company	Market Share (%)	
	Revenue	Passenger Traffic
MAHB	98.7	96.5
SATSSB	1.2	3.5
TMDSB	0.1	0.0*

Source: MAVCOM, AOL Holders
*Note: *Figure is zero due to rounding*

Table A27: Breakdown of ATRs Awarded by Region, 2023 and 1H24

Region	AirAsia*	AirAsia X	Firefly	MAB*	Batik Air**	Raya Airways	MASwings	My Jet Xpress	SKS Airways	Mjets	MYAirline	WCA	Total
2023													
Domestic	12	-	6	5	10	4	5	-	-	3	12	-	57
ASEAN	17	2	4	5	7	2	-	-	-	5	10	-	52
Rest of ASIA	12	3	2	5	9	-	-	-	-	2	-	-	33
China	8	-	2	2	8	-	-	-	-	2	-	-	22
India	8	1	-	12	4	-	-	-	-	-	-	1	26
Australasia	1	4	-	2	7	-	-	-	-	-	-	-	14
Europe	-	-	-	1	-	-	-	-	-	-	-	-	1
Middle East	-	3	-	2	6	-	-	-	-	-	-	-	11
TOTAL	**58**	**13**	**14**	**34**	**51**	**6**	**5**	**0**	**0**	**12**	**22**	**0**	**216**
1H24													
Domestic	11	-	1	5	3	-	-	-	-	-	-	-	20
ASEAN	11	1	2	7	12	2	-	-	-	1	-	-	36
Rest of ASIA	7	2	-	4	6	1	-	-	-	2	-	1	23
China	12	4	7	4	18	3	-	-	-	-	-	-	48
India	8	-	-	6	-	-	-	-	-	1	-	-	15
Australasia	-	-	-	2	3	-	-	-	-	-	-	-	5
Europe	-	-	-	3	-	-	-	-	-	-	-	-	3
Africa	-	1	-	-	-	-	-	-	-	-	-	-	1
Middle East	-	1	-	2	2	-	-	-	-	-	-	-	5
TOTAL	**49**	**9**	**10**	**33**	**44**	**6**	**0**	**0**	**0**	**4**	**0**	**0**	**156**

Source: MAVCOM
*Note: *Including Cargo*
***Batik Air was previously known as Malindo Air*

Table A28: Malaysian Carriers' RASK and CASK Trends, 2021 – 2024

Quarter	RASK (sen)	CASK (sen)	RASK-CASK Spread (sen)
1Q21	42.2	77.3	-35.1
2Q21	51.8	142.3	-90.5
3Q21	69.1	186.5	-117.4
4Q21	46.9	55.3	-8.5
1Q22	16.6	42.8	-26.3
2Q22	23.2	42.6	-19.4
3Q22	23.7	29.9	-6.2
4Q22	24.3	26.4	-2.1
1Q23	23.1	11.2	11.9
2Q23	20.8	8.9	11.9
3Q23	20.5	10.1	10.4
4Q23	22.5	8.2	14.3
1Q24	23.3	9.8	13.5
2Q24	21.3	9.6	11.7

Source: MAVCOM, ASL Holders

Table A29: Malaysian Carriers' Revenue and Operating Profit Margin, 2021 – 2024

Quarter	Revenue (RM bn)	Operating Profit Margin (%)
1Q21	1.0	-653.1
2Q21	1.0	-2,510.4
3Q21	1.1	-79.3
4Q21	2.2	-8.6
1Q22	2.0	-32.3
2Q22	3.1	-39.9
3Q22	4.2	-0.1
4Q22	5.8	14.9
1Q23	6.0	21.7
2Q23	6.1	1.1
3Q23	6.6	2.7
4Q23	7.1	7.8
1Q24	7.5	12.6
2Q24	6.9	-2.7

Source: MAVCOM, ASL Holders

Table A30: ASP Holders' Revenue and Operating Profit Margin, 2021 – 2024

Quarter	Revenue (RM mn)	Operating Profit Margin (%)
1Q21	301.53	17.6
2Q21	188.08	6.1
3Q21	336.82	21.1
4Q21	774.07	15.1
1Q22	235.62	3.5
2Q22	230.95	-2.7
3Q22	529.14	-19.1
4Q22	122.53	54.2
1Q23	294.14	22.8

Quarter	Revenue (RM mn)	Operating Profit Margin (%)
2Q23	257.65	-6.6
3Q23	284.17	-9.7
4Q23	321.58	-4.9
1Q24	339.57	35.0
2Q24	264.97	16.2

Source: MAVCOM, ASP Holders

Table A31: AOL Holders' Revenue and Operating Profit Margin, 2021 – 2024

Quarter	Revenue (RM bn)	Operating Profit Margin (%)
1Q21	0.4	-3.4
2Q21	0.3	-42.4
3Q21	0.5	-17.6
4Q21	0.6	-12.9
1Q22	0.6	4.7
2Q22	0.7	14.7
3Q22	0.9	-1.7
4Q22	1.0	5.2
1Q23	1.1	19.6
2Q23	1.3	24.9
3Q23	1.3	19.5
4Q23	1.4	26.3
1Q24	1.5	24.8
2Q24	1.5	21.4

Source: MAVCOM, AOL Holders

Table A32: Revenue by Ground Handling Sub-Segments, 2021 – 2024

Year	Revenue (RM mn)		
	Catering	General Ground Handling	Refuelling
1Q21	10.5	797.3	6.1
2Q21	9.8	791.5	6.4
3Q21	11.1	888.0	4.4
4Q21	19.5	1228.0	0.9
1Q22	9.1	1149.3	1.4
2Q22	11.2	1036.6	1.9
3Q22	23.1	1038.7	9.8
4Q22	13.6	996.2	7.7
1Q23	57.9	815.0	9.3
2Q23	52.4	834.0	7.2
3Q23	100.5	1018.2	5.8
4Q23	93.4	1011.0	4.4
1Q24	110.1	930.5	6.7
2Q24	130.9	1077.5	2.8

Source: MAVCOM, GHL Holders

Table A33: Operating Profit Margin by Ground Handling Sub-Segments, 2021 – 2024

Year	Operating Profit Margin (%)		
	Catering	General Ground Handling	Refuelling
1Q21	-176.2	27.4	-11.6
2Q21	-167.7	10.0	-12.7
3Q21	-53.7	11.1	-16.5
4Q21	-36.4	16.6	-30.9
1Q22	-29.4	13.4	-18.4
2Q22	-14.3	15.3	-29.6
3Q22	9.9	19.5	-0.6
4Q22	23.6	2.7	-1.0
1Q23	7.7	9.1	6.8
2Q23	24.6	15.0	0.2
3Q23	10.6	9.5	20.0
4Q23	8.6	1.4	-25.6
1Q24	5.3	2.0	-0.5
2Q24	6.6	1.1	20.7

Source: MAVCOM, GHL Holders

APPENDIX B: LISTS OF LICENCE AND PERMIT HOLDERS IN 1H24

Table B1: AOL Holders

No.	Company Name
1	Malaysia Airports (Sepang) Sdn. Bhd.
2	Malaysia Airports Sdn. Bhd.
3	Senai Airport Terminal Services Sdn. Bhd.
4	Tanjung Manis Development Sdn. Bhd.

Source: MAVCOM

Table B2: ASL Holders

No.	Company Name
1	AirAsia Berhad
2	AirAsia X Berhad
3	FlyFirefly Sdn. Bhd.
4	Malaysia Airlines Berhad
5	Malindo Airways Sdn. Bhd.
6	MASwings Sdn. Bhd.
7	MJets Air Sdn. Bhd. (previously M Jets International Sdn. Bhd.)
8	Raya Airways Sdn. Bhd.
9	True Air Sdn. Bhd. (previously SKS Airways Sdn. Bhd.)
10	World Cargo Airline Sdn. Bhd.
11	My Jet Xpress Airlines Sdn. Bhd.[24]

Source: MAVCOM

[24] ASL of My Jet Xpress Airlines Sdn. Bhd. was revoked effective 2 May 2024.

Table B3: ASP Holders

No.	Company Name
1	Asia Jet Partners Malaysia Sdn. Bhd.
2	Berjaya Air Sdn. Bhd.
3	HAS International Sdn. Bhd. (previously Hevilift (M) Sdn. Bhd.)
4	Helistar Resources Sdn. Bhd.
5	Hornbill Skyways Sdn. Bhd.
6	Jet Premier One (M) Sdn. Bhd.
7	Layang Layang Aerospace Sdn. Bhd.
8	MHS Aviation Berhad
9	Myballoon Adventure Sdn. Bhd.
10	Prima Air Sdn. Bhd.
11	Sabah Air Aviation Sdn. Bhd.
12	Sazma Aviation Sdn. Bhd.
13	Weststar Aviation Services Sdn. Bhd.
14	Systematic Aviation Services Sdn. Bhd.[25]

Source: MAVCOM

[25] ASL of Systematic Aviation Services Sdn. Bhd. lapsed effective 1 March 2024.

Table B4: GHL Holders

No.	Company Name
1	AeroDarat Services Sdn. Bhd.
2	Aerohandlers Sdn. Bhd.
3	Asia Digital Engineering Sdn. Bhd.
4	BCS Contract & Supply Services Sdn. Bhd.[26]
5	Brahim's Food Services Sdn. Bhd.
6	Cloudera Aviation Services Sdn. Bhd.
7	Dviation Solutions Sdn. Bhd.
8	Execujet Handling Services Sdn. Bhd.
9	Ground Team Red Sdn. Bhd.
10	Hasrat Asia (M) Sdn. Bhd.[27]
11	Hornbill Skyways Sdn. Bhd.
12	Jet Fuels Sdn. Bhd.
13	KLM Line Maintenance Sdn. Bhd.
14	Layang Layang Aerospace Sdn. Bhd.
15	MAB Engineering Services Sdn. Bhd.
16	MAB Kargo Sdn. Bhd.
17	Malindo Airways Sdn. Bhd.
18	Mas Awana Services Sdn. Bhd.
19	MAZ Gerbang Sdn. Bhd.
20	MJets Air Sdn. Bhd. (previously M Jets International Sdn. Bhd.).
21	MNM Aviation Services Sdn. Bhd.
22	Nusantara Aviation Services Sdn. Bhd.
23	Petron Malaysia Refining & Marketing Berhad
24	Petronas Dagangan Berhad
25	POS Aviation Engineering Services Sdn. Bhd.
26	POS Aviation Sdn. Bhd. (previously KL Airport Services Sdn. Bhd.)
27	Prosky Services Sdn. Bhd.
28	Raya Airways Sdn. Bhd.
29	Sabah Air Aviation Sdn. Bhd.
30	Safeair Technical Sdn. Bhd.
31	Senai Airport Terminal Services Sdn. Bhd.
32	Shell Malaysia Trading Sdn. Bhd.
33	Shell Timur Sdn. Bhd.
34	Skypark FBO Malaysia Sdn. Bhd.
35	Smooth Route Sdn. Bhd.
36	TransAsia Services Sdn. Bhd.

Source: MAVCOM

[26] GHL of BCS Contract & Supply Services Sdn. Bhd. lapsed effective 1 May 2024 and was renewed on 1 August 2024.
[27] GHL of Hasrat Asia (M) Sdn. Bhd. lapsed effective 1 May 2024.

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