AFRAA Air Transport Report 2024

Quarter 1

Better Skies for Africa

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Global Airline industry performance

The global airline industry witnessed a dynamic start to the year 2024, grappling with a multitude of challenges and opportunities. Despite ongoing challenges posed by the post pandemic, the airline industry maintained its trajectory of recovery during the first quarter of 2024 with a rebound in passenger demand. However, the recovery was uneven across regions, with some areas experiencing stronger demand growth than others due to varying government policies and economic conditions.

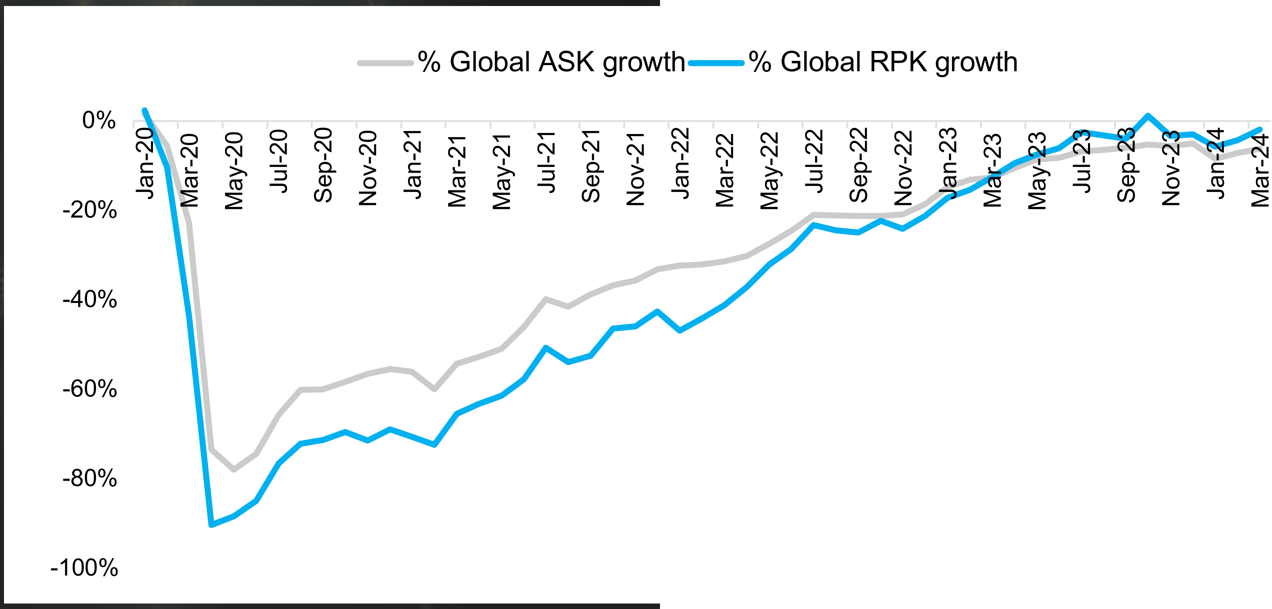
Fuel prices remained a significant concern for airlines, as geopolitical tensions and supply chain disruptions contributed to volatility in oil markets. Fluctuating fuel costs added pressure to airlines' operating expenses, impacting profitability and necessitating careful fuel hedging strategies to manage risks.Intense competition persisted within the airline industry, particularly between legacy carriers and low-cost carriers (LCCs).

Low-cost carriers continued to expand their market share by offering competitive fares and aggressively expanding their route networks. Legacy carriers responded by adjusting their pricing strategies and enhancing customer experience to remain competitive in the evolving market landscape.

The global economy exhibited signs of recovery during the first quarter of 2024, supported by economic measures and improving consumer confidence. However,Climate change inflationary pressures, supply chain disruptions, and geopolitical uncertainties posed challenges to sustained economic growth, influencing travel demand and consumer behavior.Geopolitical tensions and conflicts in various regions had implications for airline operations and route planning. Heightened geopolitical risks, including trade disputes and geopolitical instability, underscored the importance of risk management and contingency planning for airlines operating in volatile regions.

During the first quarter of 2024, Average ASKs reached 92.7% which is 5.5% Increment as compared the Average ASKs in the levels of first quarter 2023. Average RPKs in the first quarter 2024 reached 96% which is 11% Increment as compared the RPKs levels of the first quarter 2023. Figure 1 below illustrates MoM and YoY Global industry ASK and RPK from January 2020 To Date;

Figure 1: Global Industry ASK and RPK growth



Source: AFRAA /OAG

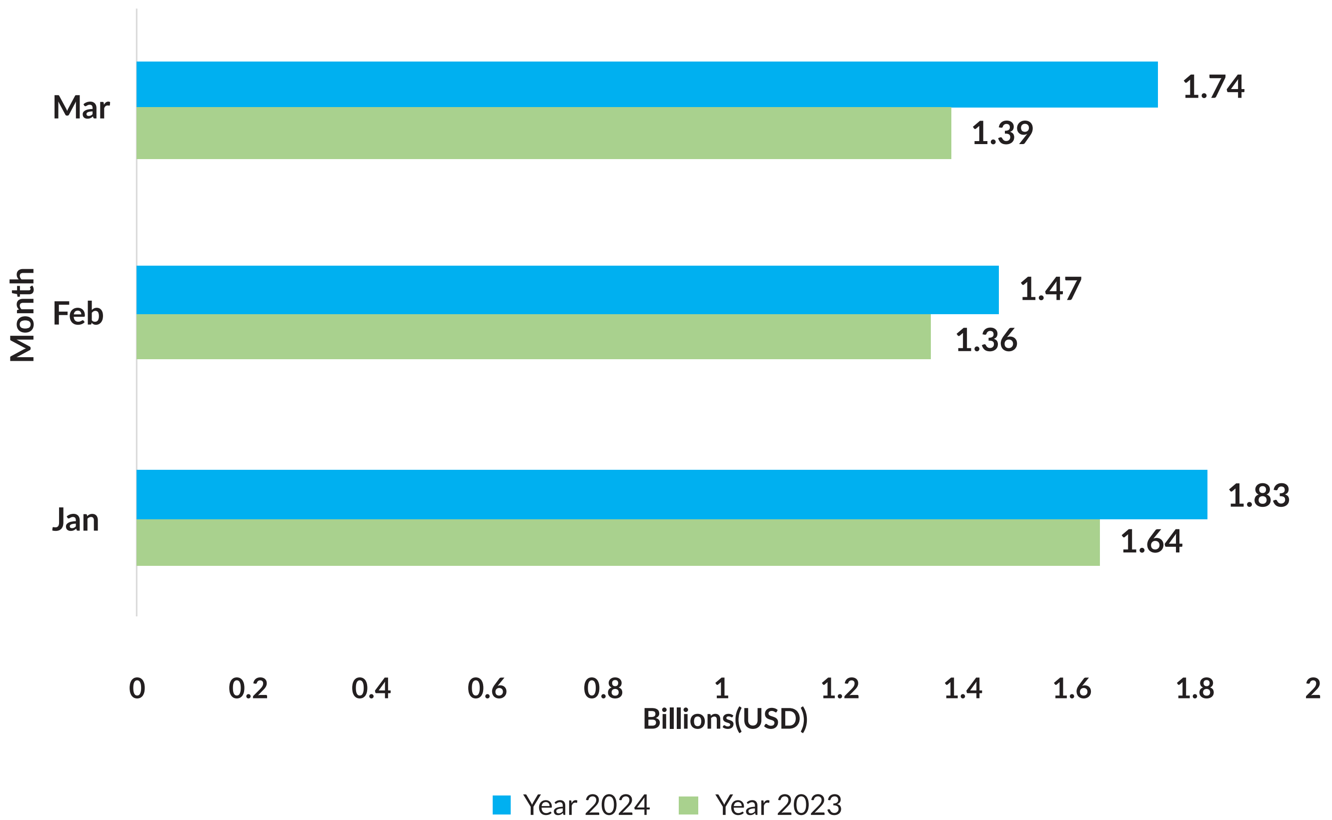
African airlines performance

Financial performance

According to International Monetary Fund (IMF) World Economic Outlook Update for April 2024, growth is expected to be stable at 4.2 percent in 2024 and 2025, with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa. Low-income developing countries are expected to experience gradually increasing growth, from 4.0 percent in 2023 to 4.7 percent in 2024 and 5.2 percent in 2025, as some constraints on near-term growth ease

In the Q1 of 2024, African airlines experienced robust growth in ASKs and RPKs Level exceeding 2023 with 18% and 19% respectively. This uptick signifies a promising trend in air travel demand across the continent, reflecting increased connectivity and economic activity despite ongoing challenges in the aviation industry.It was also noted that Passenger Revenue in the first quarter 2024 was 8% Increment as compared to passenger Revenue in the first quarter 2023.Figure 2 below highlights Comparisons of 2024 VS 2023 on passenger revenue;

Figure 2: Quarterly Passenger Revenue

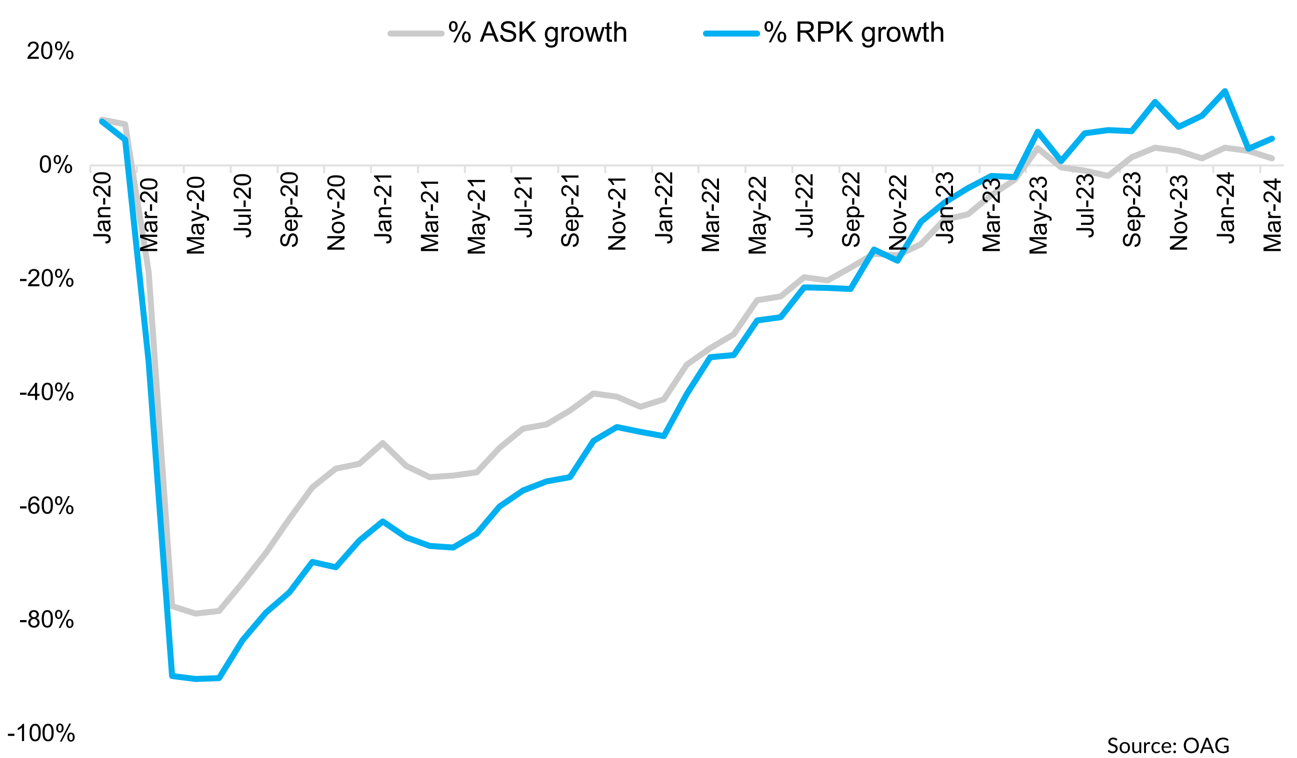


Source: OAG

Passenger traffic Evolution

The first quarter of 2024 witnessed African airlines navigating a complex landscape marked by post pandemic recovery, economic challenges, regulatory dynamics, and competitive pressures. African airlines witnessed a gradual recovery in passenger traffic during the first quarter of 2024. According to data from the International Air Transport Association (IATA), African carriers reported an average increase of 16.8% in revenue passenger kilometers (RPKs) which is higher compared to the same period in 2023. However, this growth varied significantly across regions. On the other hand Avaliable Seats Kilometres(ASK) witnessed 18.9%. Figure 1 below illustrates MoM and YoY African Airlines ASK and RPK from January 2020 To Date

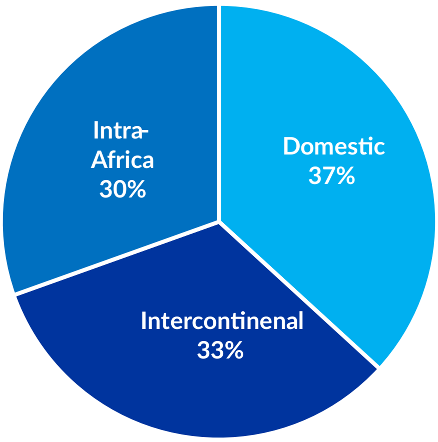
Figure 3: African airlines ASK and RPK growth



Source: OAG

Passenger traffic distribution

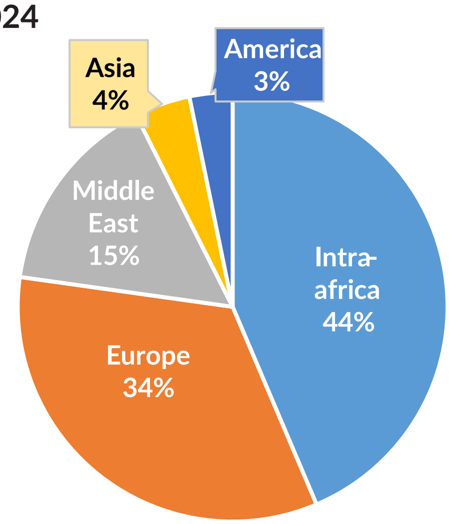
Figure 4: African Airlines passenger distribution Q1- 2024



Source: OAG

African airlines carried more international traffic during the first quarter of 2024, around 33% of the total traffic. This is a seasonal effect due to the Easter Holiday usually rise during Q1, particularly in March. The Intra-African traffic represented 30% whereas Domestic traffic was 37% during this quarter.

Figure 5: African Airlines international passengers destinations Q1– 2024



Source: OAG

International traffic is dominated by the intra-African with 44% Q1 2024. Outside the continent Europe is the first destination region of African airlines. Traffic carried by African airlines to Europe represented 34% due to the Easter holiday seasons during this quarter. Morocco is the leading origin country, while France is the primary destination. Traffic to the Middle East is also significant, around 15%. Traffic to Asia and America both represent around 8%.

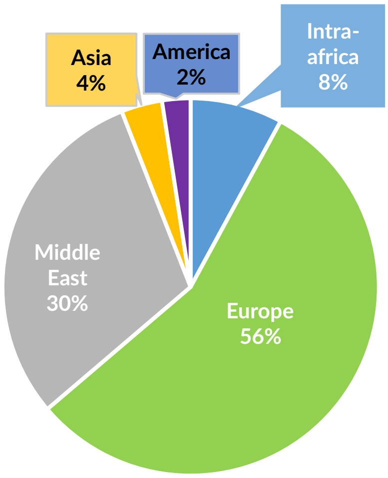
Regional Insights

Northern African is the first region in Africa for passenger traffic, representing 40.4% of the total continental traffic during Q1 of 2024. In the this region, the Domestic traffic represented only 15% during the first quarter of 2024.

The intercontinental traffic is dominating with 92% while intra-african traffic represents only 8%. Morocco is currently is the leading contributor to the traffic from the region toward Europe.

The preferred destinations are France, Italy and Germany, respectively. Middle-East the second destination region, Egypt being the leading contributor. The main destinations from the country are Saudi Arabia and the United Arab Emirates.

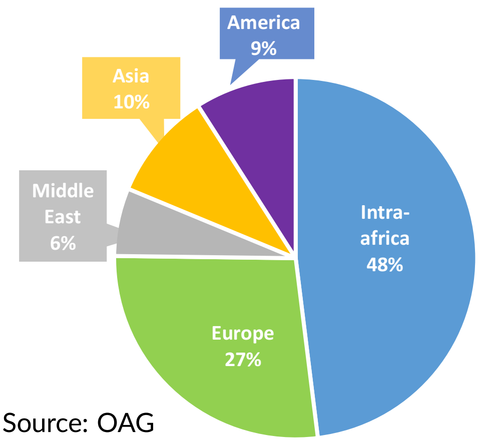
Figure 6: Traffic repartition - Northern Africa Q1 2024



Source: OAG

The **Southern African** region's contribution to continental traffic was 21.4% during the first quarter of the year 2024. The domestic market represents more than half of the traffic in the region, around 62%. Intra-African travel dominates international traffic, with a percentage of 48% during the first quarter 2024. The main market pair is South Africa – Zimbabwe, followed by South Africa – Mauritius. Outside the continent, Europe and Asia are the main destination regions, accounting for 27% and 10% respectively during Q1 2024. America and Middle-East represented 9% and 6% respectively during this period as well.

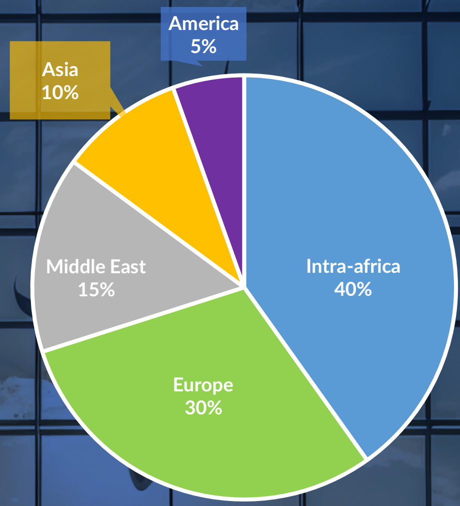
Figure 8: Traffic repartition - Southern Africa Q1 2024



Source: OAG

Eastern Africa represented 20.5% of the continental traffic during the first quarter of 2024. Domestic traffic constituted to 45% in the first Quarter 2024.

Figure 9: Traffic repartition - Eastern Africa Q1 2024

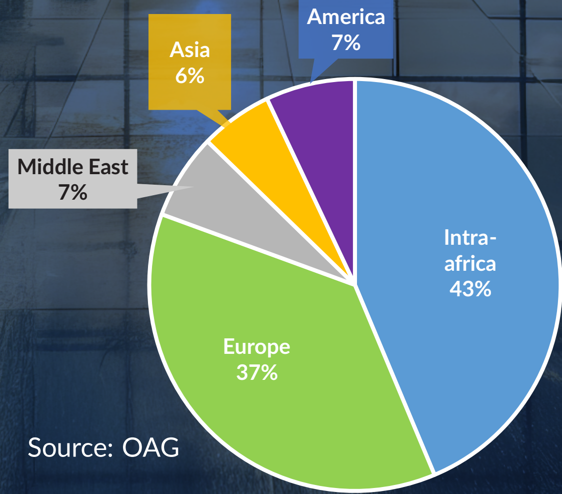


Source: OAG

The non-domestic traffic is dominating for intra-African traffic especially between Kenya, Tanzania, Ethiopia, Uganda, representing 40% of the continental traffic. Traffic to Europe is also significant representing 30% then Middle East at 15% during this Quarter.

Central and Western Africa regions together represented 20.8% of the African traffic during the first quarter 2024.The intra-African traffic accounted for 43% of the non-domestic.

Figure 7: Traffic repartition - Central and Western Africa Q1 2024



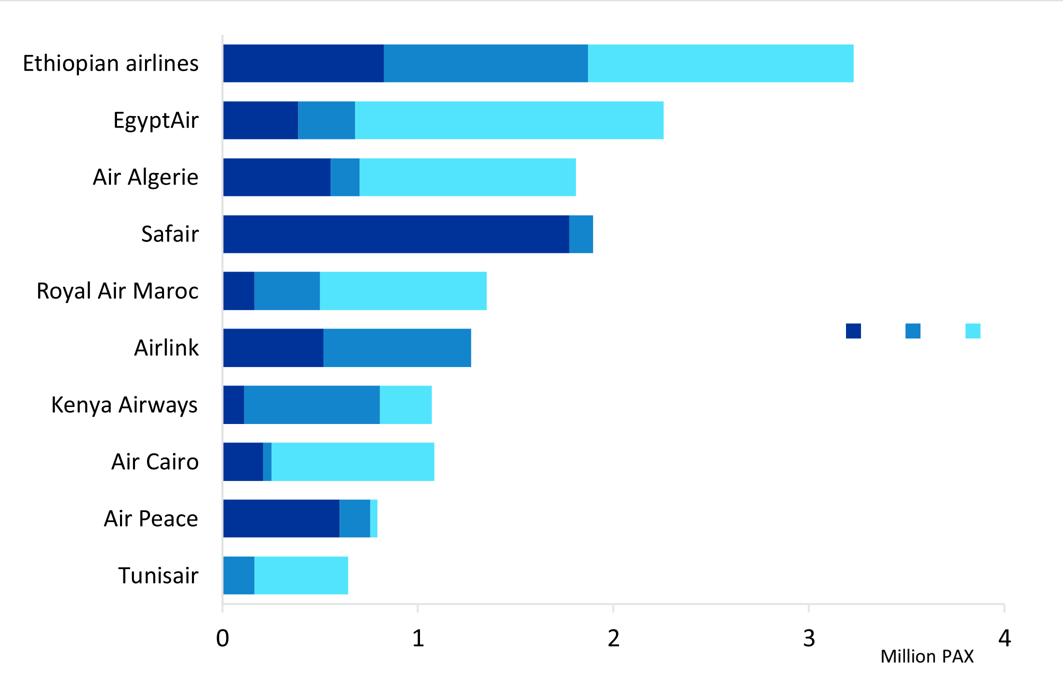
Source: OAG

Outside the continent, Europe is the principal destination, representing 37%. The main destination in this continent are France and UK. The share of Middle East, America, and Asia are 7%, 7%, and 6% respectively.
The domestic market accounted for 47% of the regional traffic.

African Airlines ranking by traffic (OAG estimations)

Figure 10: African Airlines ranking by traffic Q1 2024

(*) The data here are estimations and have not been confirmed by airlines

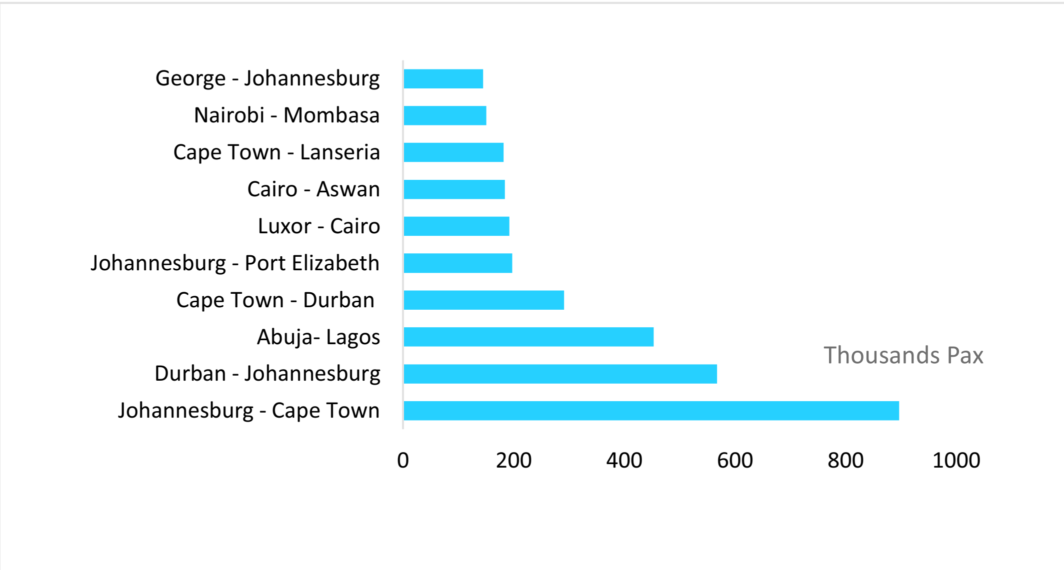


Source: OAG

Routes ranking by traffic (OAG estimations)

Top 10 domestic routes by passengers carried Q1 2024 (AFRAA estimations)

Figure 11: Domestic routes ranking

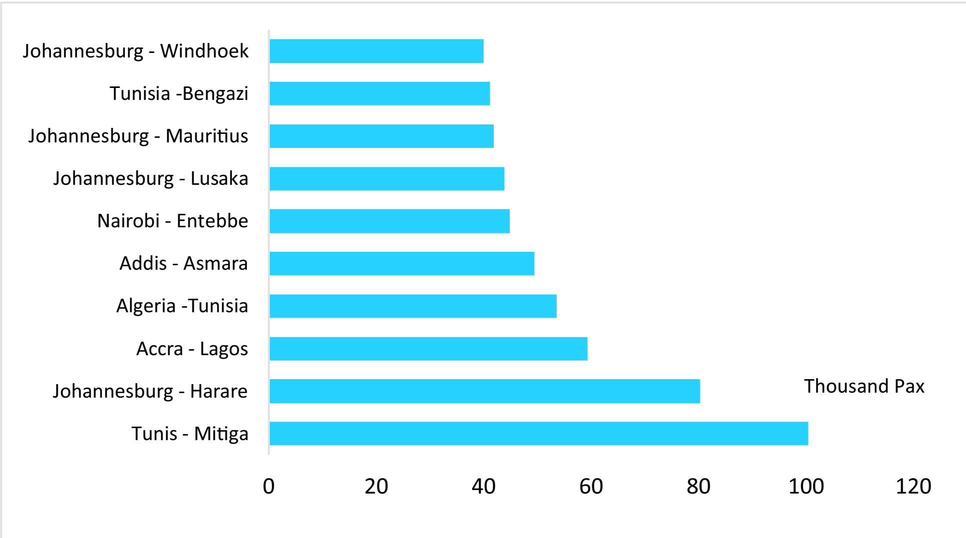


Source: OAG

South Africa is the dominant market in terms of domestic traffic in Africa, it recorded 5 routes amongst top 10 in this first quarter 2024. Egypt, Kenya, and Nigeria also have domestic routes among the ten busiest.

Top 10 Intra - African routes by passengers carried Q1 2024 (OAG estimations)

Figure 12: Intra-African routes ranking

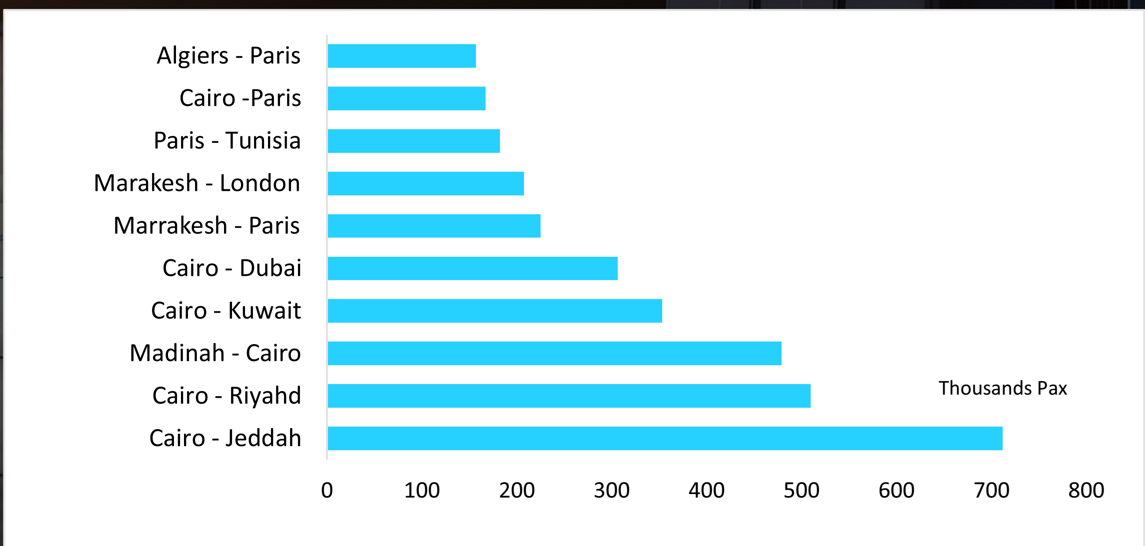


Source: OAG

The ten busiest Intra-African routes are generally within Southern and Northern Africa. Only one Eastern (Nairobi – Entebbe) and Western African route (Accra – Lagos) appeared in the top 10 during the first quarter 2024.

Top 10 Intercontinental routes by passengers carried Q1 2024 (OAG estimations)

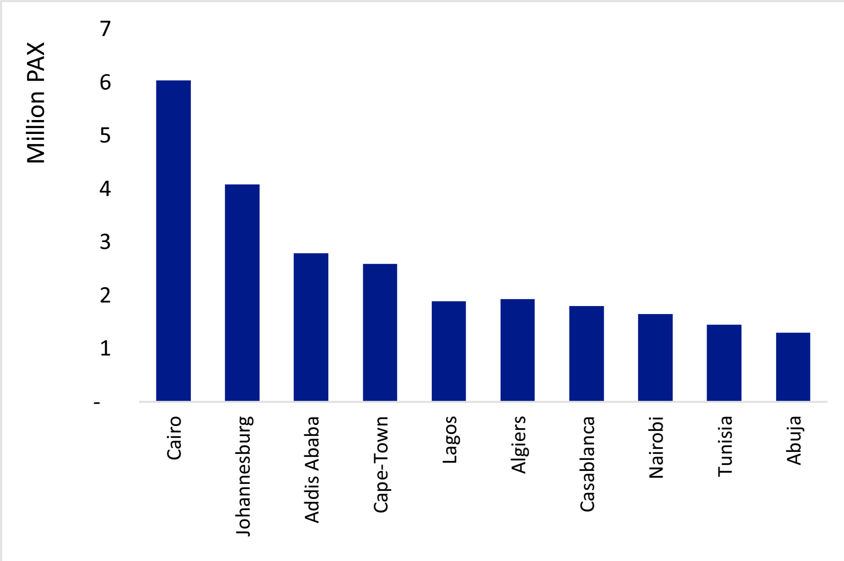
Figure 13: Intercontinental routes ranking



Source: OAG

Airport Ranking by Passengers

Figure 14: African airports ranking by passengers Q1 2024 (OAG estimations)

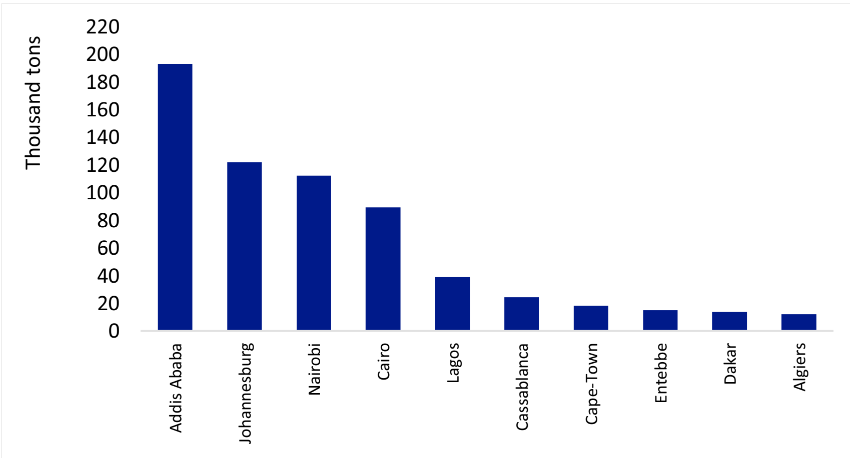


Source: OAG

Northern African airports are well represented in the top 10 hubs during the first quarter of 2023. Cairo, Johannesburg, and Addis Ababa are the leading airports.

Airport Ranking by Freight Traffic

Figure 15: African airports ranking by freight Q1 2024 (ACI AFRICA estimations)



Source: ACI AFRICA

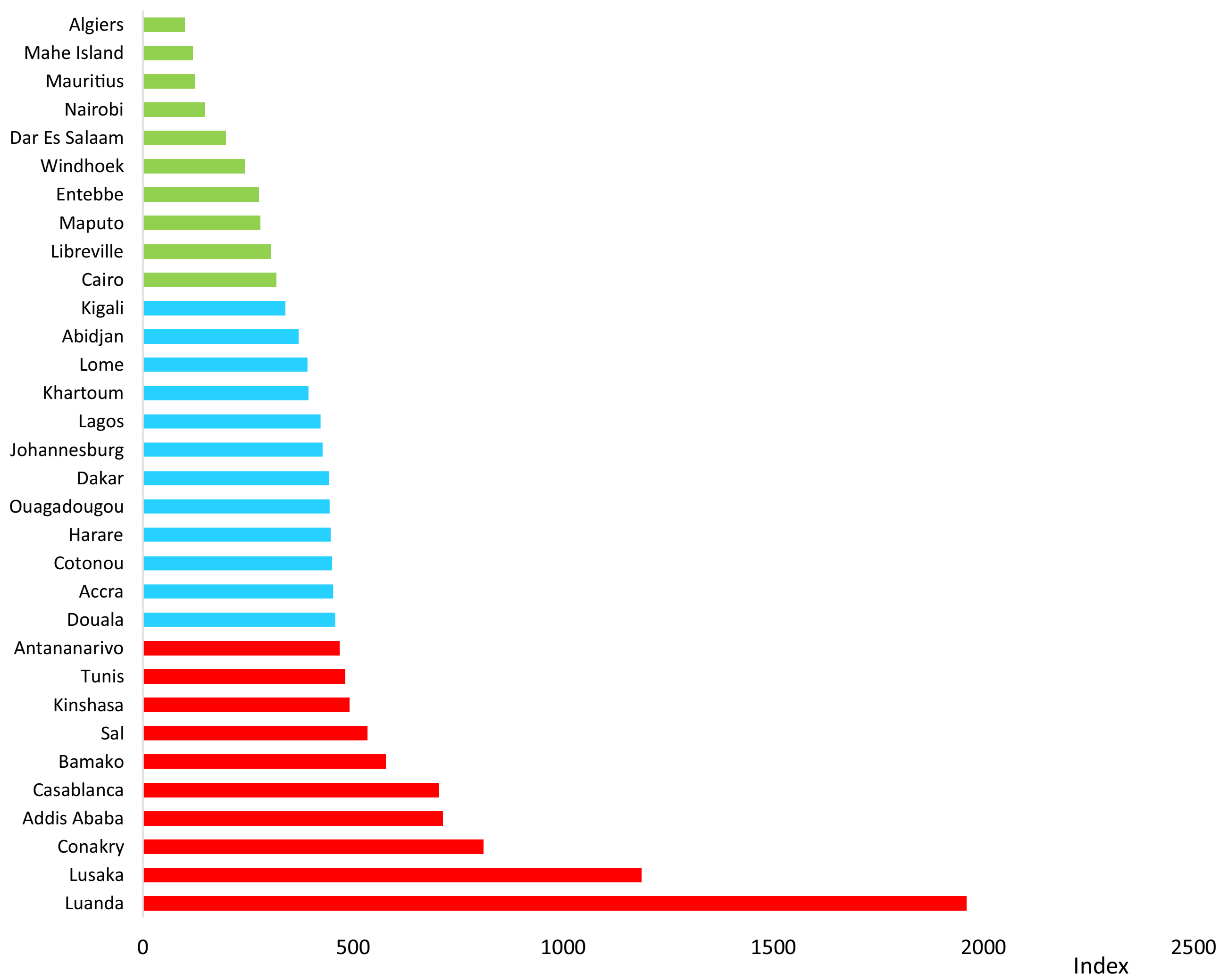
Addis Ababa airport handled around 192 thousand tons of cargo during Q1 2024. Johannesburg and Nairobi followed with 121 thousand and 112 thousand tons, respectively. Two West and East African airports are part of the top 10: Lagos ,Dakar,Nairobi and Entebbe.

Airport charges

Methodology:
A comparative study based on a single aircraft type applies to all airports with more than 300 thousand passengers in Q1 2024. The aircraft type chosen is the B737, the most popular aircraft type in the region. Following the applied criteria:

Aircraft Type	B737
MTOW	70.08 Metric Ton
Flight Type	International
Origin & Destination Pax	100
Total Departing Pax	100
Parking Time	2 Hour
Boarding bridge time	1 Hour
Arrival Time	12:00
Cargo	0 Kilograms

Figure 28: African airports ranking by charge index Q1 2024



Source: IATA ACIC

Luanda has the highest level of charges among the selected airports, and Algiers has the lowest level. Addis, Johannesburg, Casablanca and Nairobi, among the busiest airports in Africa, charge less than the average. This indicates that lowering airport charges can have a positive effect on traffic.

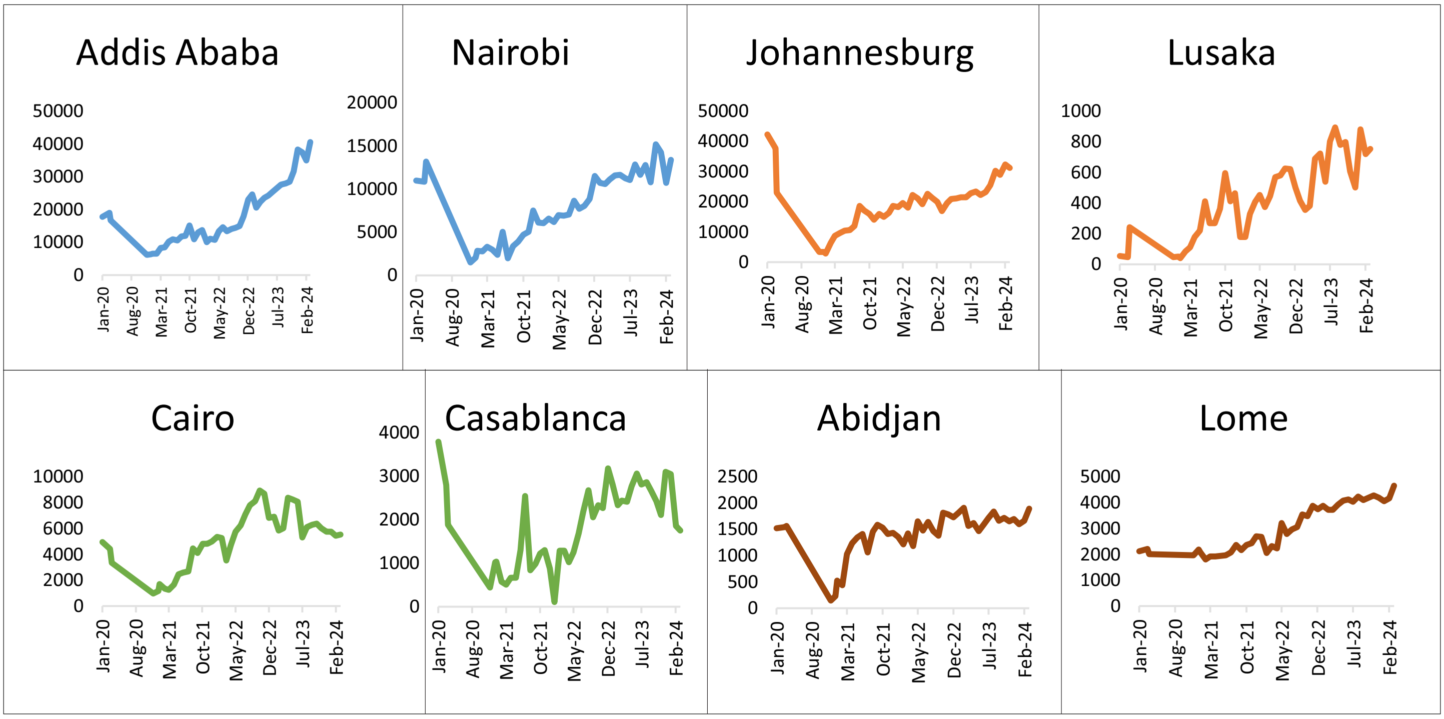
Intra-African Connectivity

Methodology:
We calculate the total number of possible Intra-African connections between inbound and outbound flights on 20 important African hubs in Q4 2024.
The rules selected for the computation are as follows:

- Single connections only to/from the chosen airports,
- Minimum Connection Time from OAG table,
- Maximum Connection Window of 6 hours

The intra-African connectivity reached new heights in Q1 2024 showcasing a significant expansion in air travel links within the Africa continent, Q1 2024 achieved 92% as compared to what was recorded in the same period Q1 2023. This highlights Africa's commitment to enhancing regional integration and facilitating easier movement of people and goods, driving economic development and fostering closer ties among African nations.

Table 1: Intra-African connectivity index per Regional hubs in Q1 2024

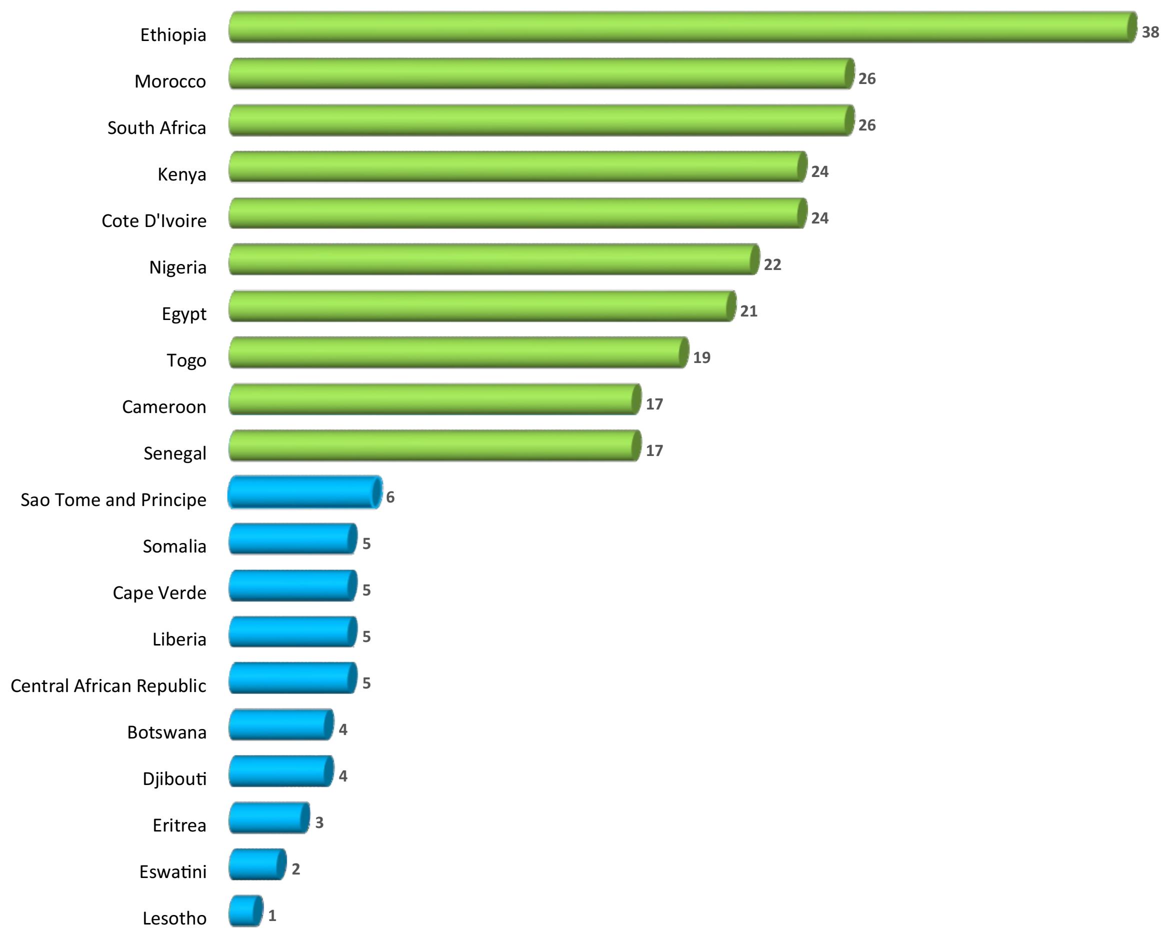


Source: OAG

Airports like Addis Ababa, Nairobi, Johannesburg, Lusaka, Abidjan and Lome have exceeded the levels in Q1 2023,this is as a result of expansion of regional airlines.

Direct flights between African countries
During the first quarter of 2024, Among the 54 countries in the African continent, 7 Countries have direct flights to more than 20 African countries, an increase compared to the first quarter 2023 where 4 countries had direct flights toward other countries. Ethiopia is leading with direct services to other countries within Africa.

Figure 30: Number of direct flights between African countries



Source: OAG

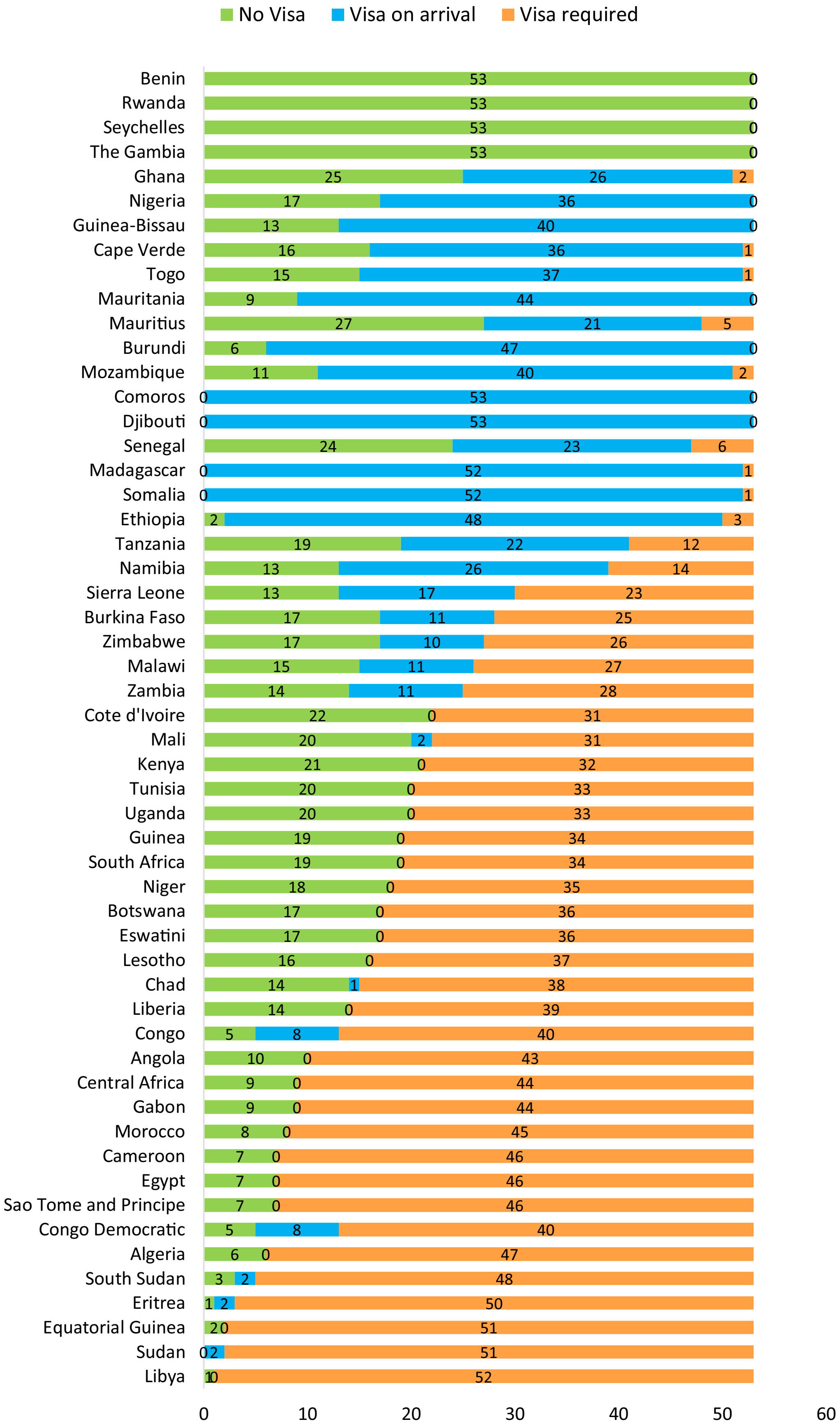
Table 1: Connectivity between African regions

Africa Sub Region	Central Africa	Eastern Africa	North Africa	Southern Africa	Western Africa
Central Africa	53%	13%	12%	11%	17%
Eastern Africa		46%	11%	18%	15%
North Africa			61%	5%	46%
Southern Africa				46%	5%
Western Africa					55%

Table 1 above represents the percentage of direct connections between all the countries within a region or toward another African region in relation to the total number of possible connections. While connectivity is relatively high within regions, particularly Northern Africa which is 61%, we can see that connectivity across regions remains poor. The highest rate is between Northern and western Africa, with only 46% Southern Africa Sub Region is the less connected with other subregions in Africa

Visa Openness within Africa

Figure 20: Visa openness in African countries



Source: visaopenness.com as at 7th May 2024

By the end of 2023, Africa experienced a significant enhancement in visa openness, marked by a surge in intra-continental travel facilitation. Several African nations implemented visa-free or visa-on-arrival policies for citizens of fellow African countries, promoting regional integration and tourism. Initiatives like the African Continental Free Trade Area (AfCFTA) spurred this momentum, aiming to ease movement of people and goods across the continent. Additionally, digital visa platforms and streamlined visa procedures were introduced to simplify entry processes for international travelers. This concerted effort toward visa openness in Africa aimed to foster economic growth, strengthen regional cooperation, and unlock the continent's tourism potential.

ANNEX: GLOSSARY

ACIC:	Aviation Charges Intelligence Center
AFDB:	African Development Bank
AFRAA:	African Airlines Association
FMTK:	Freight and Mail Tons Kilometers
ICAO:	International Civil Aviation Organization
IATA:	International Air Transport Association
MoM:	Month on month
RPK:	Revenue Passenger Kilometers
WCAF:	West and Central Africa
YoY:	Year on Year

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