

Vietnam Airlines eyes \$126m of annual savings

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Vietnam Airlines is focusing on cost management through negotiated price reductions and deferred payments, aiming to cut costs by an estimated VND3.2 trillion (\$126 million) this year.

Vietnam Airlines said it has also restructured loans and is flexibly using short-term borrowings.

The flag carrier further noted that the current global economic and political landscape “will remain challenging with prolonged geopolitical conflicts and high fuel prices at US\$104 per barrel”.

Vietnam Airlines believes that USD interest rates will remain high, affecting exchange rates and input costs.

Global passenger volume is forecast to fully recover to 2019 levels, but the Asia-Pacific region will need more time, especially Northeast Asia, Vietnam Airlines said.

“Macro risks and airport infrastructure overloads remain. Pratt & Whitney's global engine recalls are causing aircraft shortages therefore impacting operations.

“Vietnam's macroeconomic outlook shows positive signs, with the economy expected to grow steadily and the domestic aviation market growing by 6-8 per cent. This sets a foundation for Vietnam Airlines to further reduce remaining losses and balance revenue and expenditure,” the airline said.

On the revenue side, Vietnam Airlines hopes that new routes to Europe and Southeast Asia in 2024 will bring in more cash.

In the domestic market, Vietnam Airlines said it will adjust flight frequencies to capitalise on demand, maintain a strong market share on key routes, and increase capacity on tourism routes.

For its fleet, Vietnam Airlines said it will continue to focus on investing in narrowbody aircraft and converting the configuration of A321 aircraft to improve efficiency.

The flag carrier reiterated that it is still seeking opportunities to negotiate cost reductions, deferrals and payment postponements with its creditors.

“The company will focus on restructuring assets, capital, investment portfolio, organizational structure and corporate governance reforms. The primary goal is to reduce losses and balance revenue and expenditure in 2024,” said airline chairman Dang Ngoc Hoa.

Vietnam Airlines booked a \$179 million net profit for the first three months ended 31 March 2024, ending 16 quarters of consecutive losses.

The flag carrier posted a 19% year-on-year revenue gain to \$1.17 billion.

Vietnam Airlines said that lessors forgiving lease debt accumulated by defunct subsidiary Pacific Airlines were instrumental in it returning to the black last quarter.

Pacific Airlines, a low-cost carrier, had racked up more than \$220 million in lease debt but lessors were amenable to writing off debt in exchange for [smooth repossession of the aircraft out of Vietnam](#).

However, despite returning to profitability in the first quarter of 2024, Vietnam Airlines shareholders' equity remains negative.

Its current fleet stands at 97 active aircraft, including 29 widebodies. Going forward, Vietnam Airlines has four additional 787-10s and 50 737

Max aircraft on order.

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