

A PRESS RELEASE

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A **AAPA AUGUST 2004 TRAFFIC RESULTS**

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The passenger traffic of the AAPA airlines posted a year on year increase of 10.0% in revenue passenger kilometres (RPKs) in August. Despite the double-digit increase, AAPA airlines collectively recorded lower RPKs in the traditionally peak month of travel compared with the previous month. The number of passenger carried (PAX), however, rose 13.3% to a new record level of 10.7 million, 8,000 more than the previous month. Comparing this month's result against that of pre-SARS August 2002, RPKs and PAX increased by 2.5% and 5.4%, respectively. Capacity increases (13.0%), however, outpaced RPK growth for the first time since October 2003, resulting in a 2.1 percentage point decline in load factor, to 75.9%.

Leaving behind the impact of SARS, the year-on-year growth for travel within the Asia Pacific region returned to the regular growth mode. At 15% this month, albeit growing much slower than the 30% growth in July 2004, intra-Asia Pacific traffic held on to the upward trend and surpassed the 2002 pre-SARS traffic levels by 5%. The highest growth, at 19%, was seen in traffic within Northeast Asia and traffic between Northeast Asia and Southeast Asia. Within Southeast Asia, traffic too saw a robust 7.3% growth, almost reaching 1.18 million passenger boardings in August. Looking at traffic between China and the rest of Asia, growth has moderated from a high of 92% in July to 42% this month when the year-on-year growth was no longer influenced by an extremely low base.

With over a million passengers transported between the two regions, trans-Pacific traffic continued to grow, by 6.5%, albeit at a slower pace than July. Travel between Asia and the European continent also achieved 5.6% growth in August. At the higher end of the scale, traffic to/from the Middle East was up 24% as Arab travel to Asia showed strong gains.

Royal Brunei Airlines, EVA Airways, China Airlines, Cathay Pacific Airways, Garuda Indonesia, Japan Airlines, Dragonair, Korean Air, Malaysia Airlines, All Nippon Airways, Air New Zealand, Asiana Airlines, Philippine Airlines, Qantas Airways, Singapore Airlines, Thai Airways International, Vietnam Airlines.

On an individual airline basis, the following carriers continued to post double-digit RPK growth: Vietnam Airlines (57.5%), Philippine Airlines (26.9%), Garuda Indonesia (24.3%), Cathay Pacific Airways (15.8%), Japan Airlines (14.2%), Asiana Airlines (14.0%) and Malaysia Airlines (10.0%). Six other carriers reported increases of less than 10%, while EVA Air (-3.3%) was the only carrier to experience a decline.

In terms of load factor, only six carriers experienced an improvement. On the other hand, load factor for eight carriers deteriorated as a result of capacity increase outpacing RPK growth. Royal Brunei Airlines' 3.7-percentage point improvement in load factor was largely driven by a 4.5% reduction in capacity, as the RPK growth was flat.

Nevertheless, buoyant travel demand ensured the absolute load factors remain high for virtually all the carriers, in spite of the additional capacity mounted. EVA Air (83.9%), China Airlines (81.2%) and Cathay Pacific Airways (80.3%) posted load factors above 80%, while six other carriers managed a load factor in the 75% to 79% range. Malaysia Airlines, on the other hand, reported the lowest load factor of 68.5%, despite carrying a record number of passengers in a single month. Korean Air, Asiana Airlines and Vietnam Airlines were the other carriers to set new one-month records of passengers carried this month.

Freight traffic growth in August moderated; the AAPA freight tonne kilometres (FTKs) grew by 11.7% compared to 21.0% in July. The capacity increase (11.6%) was in line with FTK growth, resulting in only a slight improvement in load factor to 64.8%.

Cargo traffic for Intra-Asia Pacific experienced a slower growth rate of 8%, about half of July's 17%. Traffic between Asia and the fastest growing economy – China – remained strong, up 27%, following 34% growth the month before. The less robust growth rates overall were attributable to the slower 9.6% growth for traffic within Northeast Asia compared to 19.3% growth in July. Similarly, traffic between Northeast Asia and Southeast Asia climbed only 6.0%, compared to the 18.6% jump last month.

Royal Brunei Airlines, EVA Airways, China Airlines, Cathay Pacific Airways, Garuda Indonesia, Japan Airlines, Dragonair, Korean Air, Malaysia Airlines, All Nippon Airways, Air New Zealand, Asiana Airlines, Philippine Airlines, Qantas Airways, Singapore Airlines, Thai Airways International, Vietnam Airlines.

Traffic within Southeast Asia showed a similar pattern, up 12%, compared to 20% growth in July. Traffic within the relatively small Southwest Pacific sector was down 14.3%.

Trans-Pacific cargo traffic was up 11%, after posting a 28% growth in July, with traffic to the U.S. still holding strong at 11.5% growth unlike the 6.6% contraction to/from Canada. Hitting slightly over 80,000 tonnes, cargo movement between Asia and Europe grew by 6%, compared to the 14% growth in July.

On an individual airline basis, eight carriers managed to post double-digit increases in cargo tonne-kilometres flown. Garuda Indonesia (34.8%), Vietnam Airlines (30.7%) and China Airlines (20.5%) experienced the highest FTK growth rates. On the other hand, Royal Brunei Airlines (-11.3%) was the only carrier to post a decline in FTKs.

In terms of load factor, Garuda Indonesia (12.2 p.p.) reported the biggest improvement, followed by All Nippon Airways (6.9 p.p.) and Korean Air (4.6 p.p.). On the other hand, seven carriers experienced a decline in load factor, with Asiana Airlines (-9.0 p.p.) posting the biggest decrease. Korean Air, the largest carrier among AAPA members in terms of cargo tonne-kilometres flown, recorded the highest load factor this month, at 75.3%, followed by China Airlines (74.4%) and EVA Air (70.9%).

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About the AAPA

The AAPA is a grouping of 17 scheduled international airlines based in the Asia-Pacific region. It is the trade association of the region's airlines, created to represent their interests and to provide a forum for all members to exchange information and views on matters of common concern. For more information about the AAPA, please visit the web site at www.AAPAAirlines.org.

The 17 members comprises Air New Zealand, All Nippon Airways, Asiana Airlines, Cathay Pacific Airways, China Airlines, Dragonair, EVA Air, Garuda Indonesia, Japan Airlines, Korean Air, Malaysia Airlines, Philippine Airlines, Qantas Airways, Royal Brunei Airlines, Singapore Airlines, Thai Airways International and Vietnam Airlines.

TRAFFIC UPDATE

International Scheduled Services of AAPA Member Airlines

AUGUST 2004

	Aug 2004	Aug 2003	% Change
Passengers Carried (000)	10,667	9,414	13.3 %
Revenue Passenger Kilometres (000)	45,092,878	41,009,357	10.0 %
Available Seat Kilometres (000)	59,427,031	52,606,740	13.0 %
Passenger Load Factor	75.9 %	78.0 %	-2.9 points
Freight Tonne Kilometres (000)	3,944,678	3,531,161	11.7 %
Avail. Freight Tonne Kilometres (000)	6,089,027	5,455,228	11.6 %
Freight Load Factor	64.8 %	64.7 %	0.1 points

JANUARY-AUGUST 2004

	Jan-Aug 2004	Jan-Aug 2003	% Change
Passengers Carried (000)	76,982	59,069	30.3 %
Revenue Passenger Kilometres (000)	329,943,995	263,586,385	25.2 %
Available Seat Kilometres (000)	450,802,580	389,631,951	15.7 %
Passenger Load Factor	73.2 %	67.7 %	5.5 points
Freight Tonne Kilometres (000)	31,242,398	27,207,083	14.8 %
Avail. Freight Tonne Kilometres (000)	46,718,635	40,992,940	14.0 %
Freight Load Factor	66.9 %	66.4 %	0.5 points

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Royal Brunei Airlines, EVA Airways, China Airlines, Cathay Pacific Airways, Garuda Indonesia, Japan Airlines, Dragonair, Korean Air, Malaysia Airlines, All Nippon Airways, Air New Zealand, Asiana Airlines, Philippine Airlines, Qantas Airways, Singapore Airlines, Thai Airways International, Vietnam Airlines.