

**A PRESS RELEASE**

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**A AAPA FULL YEAR 2004 TRAFFIC RESULTS**

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**INTERNATIONAL PASSENGER TRAFFIC – FULL YEAR 2004**

The members of the Association of Asia Pacific Airlines registered a 22.5% increase in international passenger numbers, to 117 million for the full year of 2004. Passenger traffic grew by 18.6% in terms of revenue passenger kilometres (RPKs). Capacity, growing slower than the traffic, was 13.1% above the 2003 level. This allowed the load factor to improve significantly to 73.1% from 69.7% in 2003. The robust growth recorded in 2004 was partly the result of comparing with the low base of 2003. Nevertheless, even in comparison to 2002, passenger numbers and RPK grew by 7.7% and 6.9% respectively.

Within the Asia Pacific region, passenger numbers grew by 23.7% in 2004. Traffic to/from China increased by 51%, which added about 3 percentage points to the overall increase. Traffic within Northeast Asia also enjoyed robust growth, up 30.1%, followed by traffic between Northeast Asia and Southeast Asia, up 28.7%. Traffic within Southeast Asia grew by 15.7% in 2004; while the smaller Southwest Pacific region saw traffic increase by 17.5%.

Long haul routes also experienced a strong rebound in traffic in 2004. Transpacific and European traffic grew by 16.3% and 13.5%, respectively. The Indian subcontinent's traffic grew by 23.0%.

All AAPA carriers posted positive passenger traffic growth in 2004, with ten of them setting new records in terms of traffic volume. In terms of RPK growth, the highest growth rates were recorded by Vietnam Airlines +44.0%, Cathay Pacific Airways +33.9% and China Airlines +25.1%.

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.

Almost all of the carriers also reported improvements in passenger load factor as buoyant demand outpaced capacity increases.

### **INTERNATIONAL FREIGHT TRAFFIC – FULL YEAR 2004**

International freight traffic, measured in freight tonne kilometres (FTKs), rose by 13.8% in 2004. This was matched by capacity growth of 13.2%, resulting in a marginal 0.4 percentage point improvement in load factor, to 67.2%.

Tonnage carried within Asia Pacific grew by 11.0% in 2004, led by traffic involving China which was up 29.6%. Cargo movements within Northeast Asia registered a 12.8% increase, the largest increase among the other sub-regions. Traffic within Southeast Asia grew by 11.3% while traffic within Southwest Pacific suffered a contraction of 6.7%.

Cargo transported on the transpacific and European routes grew by 18.4% and 9.6% respectively. However, it was the smaller Indian Subcontinent market that posted the fastest growth rate at 23.7%.

Nine carriers posted double-digit FTK growth in 2004. Qantas Airways' FTKs, boosted by the launch of its first dedicated freighter services back in February, grew by 38.4%, followed by Vietnam Airlines +35.4%, China Airlines +20.9%, Malaysia Airlines +19.7%, Korean Air +16.7% and EVA Air +16.5%. With the Japanese economy and trades enjoying one of the best years in over a decade, Japan Airlines' FTKs reached a new record, growing by 9.9% in 2004.

## **INTERNATIONAL PASSENGER TRAFFIC – DECEMBER 2004**

In December 2004, international passenger numbers for the AAPA carriers grew by 7.7%. RPKs grew by 5.8% on a capacity increase of 6.2%. As a result, load factor was virtually unchanged from December 2003 at 73.6%.

Intra-Asia Pacific traffic rose by 10.6% in terms of passenger numbers, with traffic within Northeast Asia growing faster at 16.3%. Traffic between Northeast Asia and Southeast Asia enjoyed a growth of 10.6% after posting a slower growth rate of 4.4% in November. Within Southeast Asia, it rose by 5.0%. Traffic between China and the rest of Asia continued to grow at a double-digit pace in December, up 23%.

Major long-haul routes produced mixed results. Traffic to/from North America declined slightly, from the marginal growth of 1.2% in November to a drop of 0.8% in December. However, traffic between Asia and Europe maintained an upward trend, with an increase of 6.1%. The Indian Subcontinent market +17.9% posted its second straight month of double-digit growth at 17.9%.

On an individual airline basis, Vietnam Airlines reported a RPK increase of 30.8%, followed by Malaysia Airlines +17.4%, Cathay Pacific Airways +15.4% and EVA Air +11.1%. On the other hand, three carriers experiencing declines in passenger-kilometres flown: Royal Brunei Airlines –14.8%, Garuda Indonesia –9.4% and Japan Airlines –3.3%.

The highest load factors in December were posted by Cathay Pacific Airways and Singapore Airlines, both at 79.0%.

## **INTERNATIONAL FREIGHT TRAFFIC – DECEMBER 2004**

International freight traffic peaked in December, registering a FTK increase of 11.3%. Capacity, up 9.6%, grew at a slower rate than FTK's, resulting in a 1.0 percentage point improvement in load factor to 66.7%.

Strong freight movement was seen throughout all major routes flown by the AAPA carriers, with the North America market growing at 10% while traffic between Asia and Europe grew even more robustly, up 14.5%.

Cargo traffic in terms of tonnage carried within the Asia Pacific grew at a slightly faster pace +4.4% in December compared to 2.3% in November. Traffic within Southeast Asia jumped from a marginal growth of 0.3% in November to a robust 7.9% in December. Meanwhile, cargo transported between Northeast Asia and Southeast Asia rose by 5.4%, after posting a growth of 1.3% in November. Traffic to/from China also grew more strongly in December at 15.1%. On the other hand, traffic growth within Northeast Asia slowed to 1.5% from 5.8% in November.

## **OUTLOOK**

The unexpectedly strong rebound in passenger traffic in 2004 was a welcome relief for the AAPA carriers, and has generally resulted in higher revenues and better profitability, despite markedly higher fuel costs.

The challenges of continuing high fuel prices and keen competition will remain important factors affecting profitability in 2005. International carriers are expected to increase their presence on key long haul routes, while new entrants will provide further competition on a number of regional routes.

As the global economy is projected to slow somewhat in 2005, freight traffic growth is likely to moderate slightly this year. However, the ongoing economic development of China and India should provide the impetus for further growth in the Asia Pacific region.

Whilst the business outlook for 2005 therefore remains positive, the AAPA carriers will be maintaining their dual focus on revenue growth at the same time as carefully managing their unit costs through continuous efforts to improve efficiency and boost productivity.

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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](http://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.

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**TRAFFIC UPDATE**

International Scheduled Services of AAPA Member Airlines

**DECEMBER 2004**

	<b>Dec 2004</b>	<b>Dec 2003</b>	<b>% Change</b>
Passengers Carried (000)	10,457	9,710	7.7 %
Revenue Passenger Kilometres (000)	44,325,030	41,883,147	5.8 %
Available Seat Kilometres (000)	60,200,236	56,666,549	6.2 %
Passenger Load Factor	73.6 %	73.9 %	-0.3 point
Freight Tonne Kilometres (000)	4,206,034	3,779,285	11.3 %
Avail. Freight Tonne Kilometres (000)	6,302,098	5,751,999	9.6 %
Freight Load Factor	66.7 %	65.7 %	1.0 point

**JANUARY-DECEMBER 2004**

	<b>Jan-Dec 2004</b>	<b>Jan-Dec 2003</b>	<b>% Change</b>
Passengers Carried (000)	117,326	95,772	22.5 %
Revenue Passenger Kilometres (000)	499,414,609	421,186,035	18.6 %
Available Seat Kilometres (000)	683,653,055	604,677,977	13.1 %
Passenger Load Factor	73.1 %	69.7 %	3.4 points
Freight Tonne Kilometres (000)	48,654,142	42,757,415	13.8 %
Avail. Freight Tonne Kilometres (000)	72,358,956	63,946,781	13.2 %
Freight Load Factor	67.2 %	66.8 %	0.4 points

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.