

A PRESS RELEASE

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AAPA JUNE 2004 TRAFFIC RESULTS

The AAPA international revenue passenger kilometres (RPKs) and the number of passengers carried (PAX) rose by 58.5% and 77.3%, respectively, in June 2004, as the market conditions remained strong. Both were up from June 2002 levels – RPKs by 9.4% and PAX by 12.0%. Capacity (39.3%) grew at a slower pace than the RPKs, enabling the load factor to improve by 9.2 percentage points to 75.8%.

Moving on to regional traffic, intra-Asia Pacific traffic rose by 89.9% with 6.2 million passengers carried (PAX). On a much-improved base, traffic within Northeast Asia surged by 149.7%, as compared to over 200% last month. Similarly, traffic between Northeast Asia and Southeast Asia increased by 96.4% in June while traffic for May registered 187.7%. China routes, however, continued to report the highest growth rate, at 242.1% in June.

All long haul traffic registered double-digit growth over the low base of June 2003, with trans-Pacific traffic growing by 52.2% and traffic between Asia and Europe by 42.8%.

On an individual airline basis, all carriers reported a positive growth, with carriers from SARS-affected countries showing the biggest increase – Vietnam Airlines (135.7%), Cathay Pacific Airways (118.1%), China Airlines (94.7%), EVA Air (89.1%) and Singapore Airlines (61.4%). All carriers also posted an increase in load factor, led by EVA Air (26.5 percentage points) and China Airlines (25.9 p.p.). The two Taiwanese carriers also recorded the highest load factor among the AAPA members in June – EVA Air (85.8%) and China Airlines (84.7%).

The AAPA international freight traffic posted its third straight month of double-digit growth, with freight tonne kilometres (FTKs) expanding by 16.6% in June. Capacity (19.2%) also grew strongly, leading to a 1.5-percentage point decline in load factor, to 68.3%.

Regional freight traffic held on to an upward trend, with total intra-Asia Pacific traffic growing progressively by 18.6% in June, equivalent to over 320,000 tonnes carried. Traffic between Northeast Asia and Southeast Asia increased by 18.9% while traffic within Northeast Asia and traffic within Southeast Asia both posted a growth of over 20%.

Signifying the recovery of the global economy, cargo traffic to/from the United States grew by 15.5%, after posting a robust growth of 30.5% in May. Traffic growth was, however, directional with traffic originating from Asia growing at 20.5% as compared to 7.1% for traffic from the United States. Between Asia and Europe, traffic growth was 14.7%, and again, with westbound traffic posting a larger growth of 20.9%, in contrast to the smaller 8.1% increase for traffic in the opposite direction.

On an individual airline basis, Garuda Indonesia (68.0%) reported the biggest increase in tonne-kilometres flown, followed by Vietnam Airlines (61.6%). On the other hand, All Nippon Airways' FTKs (-0.6%) were down fractionally, but Royal Brunei Airlines experienced a decline of 14.5%. Despite reporting an impressive growth in FTKs, virtually all carriers posted a deterioration in load factor, ranging from -0.03 p.p. (China Airlines) to -9.0 p.p. (Royal Brunei Airlines). Only Garuda Indonesia (20.3 p.p.) and Korean Air (3.5 p.p.) bucked the trend with an improvement in load factor. Asiana Airlines (76.8%), Korean Air (76.7%), China Airlines (76.1%) and EVA Air (75.2%) filled the most space in June, as all of them benefited from their aggressive expansion in cargo operations. Cathay Pacific Airways (70.2%) was the other carrier to post a load factor in the 70% range.

The traffic data for the six months ended June 2004 revealed a very satisfying result for the collective AAPA membership. Year-to-date passenger traffic rose by 31.6% in RPK terms and 36.9% in PAX terms. Comparing this year's January-June period to the corresponding pre-SARS period in 2002, RPKs and PAX registered an increase of 8.5% and 7.4%, respectively. Capacity increased by 16.1% over January-June 2003, helping the load factor to recover to 73.2%, a gain of 8.6 percentage points.

Freight traffic maintained its growth momentum from late last year, with FTKs posting an impressive increase of 14.1% for the first-half of the year. Load factor (0.2 percentage point to 67.0%), however, showed little gain as capacity expansion (13.7%) kept pace with FTK increase.

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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.

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TRAFFIC UPDATE

International Scheduled Services of AAPA Member Airlines

JUNE 2004

	Jun 2004	Jun 2003	% Change
Passengers Carried (000)	9,890	5,578	77.3 %
Revenue Passenger Kilometres (000)	42,570,689	26,861,060	58.5 %
Available Seat Kilometres (000)	56,146,829	40,314,550	39.3 %
Passenger Load Factor	75.8 %	66.6 %	9.2 points
Freight Tonne Kilometres (000)	4,010,087	3,438,536	16.6 %
Avail. Freight Tonne Kilometres (000)	5,868,191	4,922,742	19.2 %
Freight Load Factor	68.4 %	69.9 %	-1.5 points

JANUARY-JUNE 2004

	Jan-Jun 2004	Jan-Jun 2003	% Change
Passengers Carried (000)	56,612	41,364	36.9 %
Revenue Passenger Kilometres (000)	244,317,978	185,723,741	31.6 %
Available Seat Kilometres (000)	333,885,422	287,711,236	16.1 %
Passenger Load Factor	73.2 %	64.6 %	8.6 points
Freight Tonne Kilometres (000)	23,032,591	20,186,255	14.1 %
Avail. Freight Tonne Kilometres (000)	34,354,382	30,203,309	13.7 %
Freight Load Factor	67.0 %	66.8 %	0.2 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.