

A PRESS RELEASE

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A **AAPA MARCH 2004 TRAFFIC RESULTS**

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The passenger traffic of the AAPA airlines showed a double-digit increase in March. International revenue passenger kilometres (RPKs) grew by 10.6% from the same month last year, when the outbreak of war in Iraq and SARS began hitting the airlines in the region. The number of passengers carried (PAX) rose by 8.3%. With capacity increasing by only 2.4%, passenger load factor surged 5.2 percentage points to 70.8%.

Regionally, long haul routes reported high growth rates in passenger numbers. Middle East and Africa traffic posted 21.3% growth while traffic to/from the Indian Sub-continent reported an increase of 19.1%. Traffic to/from the key region of North America grew by 14.7%, with the U.S. routes (15.8%) contributing the bulk of the increase. European traffic posted a more modest growth of 7.6%.

Passenger traffic (in PAX terms) within Asia Pacific rose by 4.4% over the same month last year when the outbreak of SARS drove the region's traffic down by 11%. Traffic within Northeast Asia recovered to post a growth of 3.0%, while traffic between Northeast Asia and Southeast Asia surged 5.6%. Traffic between China and the rest of Asia reported a 6.4% increase. Growing highest at 9.6% was traffic within the relatively small Southwest Pacific region.

With the exception of Vietnam Airlines (-10.2%), all the carriers reported positive growth in RPKs in March. Nine of the carriers enjoying RPK increases posted double-digit growth rates – Garuda Indonesia (28.2%), Asiana Airlines (27.6%), Philippine Airlines (24.2%), EVA Air (18.6%), China Airlines (17.1%), Royal Brunei Airlines (16.8%), Cathay Pacific Airways (14.1%), Korean Air (11.4%) and Singapore Airlines (10.5%). All Nippon Airways (1.7%) reported its first RPK increase since February 2003.

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.

The majority of the carriers reported an improvement in load factor, led by Singapore Airlines (8.2 percentage points). However, EVA Air emerged with the highest load factor in March with 76.9% of the seats filled. The other carriers with a load factor in the 70% range were Singapore Airlines (74.1%), China Airlines (73.6%), Cathay Pacific Airways (73.6%), Philippine Airlines (73.3%) and All Nippon Airways (70.6%).

Cargo traffic remains bullish in March, with freight tonne kilometres (FTKs) growing by 9.3%. Capacity rose by 8.5%, resulting in a load factor of 70.4%, up by a marginal 0.5 percentage point.

It was a record month in terms of tonnage carried within the Asia Pacific region, despite cargo posting a slower growth rate as compared to holiday-influenced February. In March, tonnage within Asia Pacific grew by 8.3%, largely driven by buoyant traffic within Northeast Asia (12.8%) and traffic between Northeast Asia and Southeast Asia (6.7%). The smaller sub-region of traffic within Southeast Asia also posted an increase in cargo uplift of 5.4%. Cargo movements between China and the rest of Asia posted an increase of 32.3% this month.

Trans-Pacific routes remained positive with traffic to the world's largest economy growing at 15.5%, while traffic to/from the Europe posted a lesser growth of 2.6%, following a growth of 10% last month.

On an individual airline basis, Garuda Indonesia (20.9%) posted the biggest increase in FTKs. The majority of the Northeast Asia carriers continued to do well in freight traffic – EVA Air (18.5%), China Airlines (16.0%), Korean Air (14.3%) and Cathay Pacific Airways (12.7%).

In terms of load factor, Garuda Indonesia again topped the list with the biggest improvement of 13.8 percentage points, followed by Japan Airlines (7.0 p.p.) and All Nippon Airways (4.1 p.p.). However, it was the Korean and Taiwanese carriers which dominated the highest load factor list – Asiana Airlines (79.6%), China Airlines (78.0%), Korean Air (77.2%) and EVA Air (76.2%).

The first quarter of the year ended with a strong traffic performance from both the passenger and freight sectors. Passenger traffic in terms of RPKs and PAX grew by 5.8% and 4.7%, respectively, for the January-March period. Freight traffic growth was even more impressive, recording an 11.0% increase in FTKs in the same period.

At the time of writing, the latest development that concerns the AAPA airlines is the persistent rise in crude oil prices, which has recently breached the \$40.00 dollars a barrel mark.

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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

MARCH 2004

	Mar 2004	Mar 2003	% Change
Passengers Carried (000)	9,070	8,378	8.3 %
Revenue Passenger Kilometres (000)	39,076,075	35,333,235	10.6 %
Available Seat Kilometres (000)	55,209,263	53,908,416	2.4 %
Passenger Load Factor	70.8%	65.6%	5.2 points
Freight Tonne Kilometres (000)	4,197,566	3,839,093	9.3 %
Avail. Freight Tonne Kilometres (000)	5,966,152	5,497,259	8.5 %
Freight Load Factor	70.4%	69.9%	0.5 points

JANUARY-MARCH 2004

	Jan-Mar 2004	Jan-Mar 2003	% Change
Passengers Carried (000)	27,631	26,383	4.7 %
Revenue Passenger Kilometres (000)	119,739,545	113,174,601	5.8 %
Available Seat Kilometres (000)	164,415,569	160,808,570	2.2 %
Passenger Load Factor	72.8%	70.3%	2.5 points
Freight Tonne Kilometres (000)	11,136,288	10,032,439	11.0 %
Avail. Freight Tonne Kilometres (000)	16,728,955	15,380,077	8.8 %
Freight Load Factor	66.6%	65.3%	1.3 points