

A PRESS RELEASE

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A **AAPA MAY 2004 TRAFFIC RESULTS**

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Members of the Association of Asia Pacific Airlines reported an increase in revenue passenger kilometres (RPKs) and number of passengers (PAX) of 91.6% and 123.6%, respectively, in May, albeit from a very weak base in May 2003. Comparing the May 2004 results against those of May 2002 revealed that RPKs and PAX had grown by 9.7% and 8.0%, respectively. Capacity was up by 41.7% year-on-year (up 9.5% from May 2002) and this led to a recovery in load factor to 71.6% from 52.9% recorded a year earlier.

May 2003 was undoubtedly the worst month of the SARS epidemic, with the total number of passengers carried reduced by half as leisure and business travelers alike feared to travel. Growth in 2004 was highest for the hard hit intra-Asia Pacific routes, at 139.9%, for the year-on-year growth. For sub-regional traffic, Northeast Asia (213.9%) recorded the highest growth but more encouragingly, passenger numbers exceeded the level recorded in May 2002 by 2.0%. Traffic between Northeast Asia and Southeast Asia leapt by 187.7% in May this year and rose by 3.0% above the 2002 level. Within Southeast Asia, traffic doubled (106.5%) year-on-year with over a million passengers flown, but was still around 45,000 fewer than May 2002 numbers. Between China and the major cities in Asia, traffic soared by 381.6%, following a growth of 145.9% in April. Traffic within the least SARS distressed region in Southwest Pacific experienced slight growth of 2.9% this month.

The U.S. market grew by 64.4% in May. Because of the widespread Chinese origin population in Canada, traffic recovery (104.4%) in this sector also contributed to the overall growth on North American routes of 67.8%. The Asia-Europe sector grew by 58.3%.

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.

As expected, all carriers posted positive growth in May, with a number of them recording triple-digit RPK growth, notably the carriers whose home base countries were the most severely affected by the SARS outbreak – Cathay Pacific Airways (270.8%), China Airlines (216.7%), Vietnam Airlines (194.3%), EVA Air (151.6%) and Singapore Airlines (122.9%).

There was across the board improvement in load factor, with China Airlines (43.7 percentage points), EVA Air (37.4 p.p.) and Cathay Pacific Airways (32.9 p.p.) reporting a strong recovery. EVA Air (80.1%) posted the highest load factor in May, followed by Philippine Airlines (79.9%) and China Airlines (79.6%).

The AAPA total international cargo traffic in freight tonne kilometres (FTKs) registered a 20.9% increase year-on-year in May. Capacity (21.7%) outpaced FTK growth for the second straight month, dragging the load factor down marginally to 68.2%.

Cargo traffic, largely but not totally insulated from the SARS epidemic, posted an 18.8% increase for traffic within the Asia Pacific region. Contributing mostly to regional growth was traffic within Northeast Asia (21.4%), along with traffic between Northeast Asia and Southeast Asia (21.5%). Cargo transported within Southeast Asia grew by 14.6% while traffic within Southwest Pacific continued to fall, –19.4%. Growth was encouraging for traffic between China, the fastest growing economy in Asia, and other Asian cities, at 30.9%.

Trans-Pacific cargo traffic increased by 30.5%, after posting a 17.0% increase in April. Traffic between Asia and the European nations grew by 20.4%, with traffic originating from Asia Pacific contributing 25.8% growth.

On an individual airline basis, the majority of the carriers experienced a double-digit FTK growth rate, led by Garuda Indonesia (59.1%), Vietnam Airlines (44.0%), China Airlines (31.5%), EVA Air (29.4%), Korean Air (28.1%) and Cathay Pacific Airways (24.2%). All Nippon Airways (-0.2%) and Royal Brunei Airlines (-23.3%), on the other hand, suffered from a decline in tonne-kilometres flown.

Among all the reporting carriers, eight experienced a year-on-year decline in load factor, with Royal Brunei Airlines (-15.7 p.p.) registering the biggest drop. The remaining carriers enjoyed an improvement in load factor. Korean Air (80.2%) reported the highest load factor in May, followed by Asiana Airlines (76.5%), EVA Air (76.4%), China Airlines (76.2%) and Cathay Pacific Airlines (70.4%).

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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

MAY 2004

	May 2004	May 2003	% Change
Passengers Carried (000)	9,534	4,264	123.6 %
Revenue Passenger Kilometres (000)	41,310,740	21,556,086	91.6 %
Available Seat Kilometres (000)	57,725,056	40,752,463	41.7 %
Passenger Load Factor	71.6%	52.9%	18.7 points
Freight Tonne Kilometres (000)	4,044,146	3,348,584	20.9 %
Avail. Freight Tonne Kilometres (000)	5,963,101	4,881,038	21.7 %
Freight Load Factor	68.2%	68.7%	-0.5 points

JANUARY-MAY 2004

	Jan-May 2004	Jan-May 2003	% Change
Passengers Carried (000)	46,722	35,786	30.6 %
Revenue Passenger Kilometres (000)	201,747,289	158,862,681	27.0 %
Available Seat Kilometres (000)	277,738,593	247,396,686	12.3 %
Passenger Load Factor	72.6%	64.2%	8.4points
Freight Tonne Kilometres (000)	19,022,504	16,747,719	11.0 %
Avail. Freight Tonne Kilometres (000)	28,486,191	25,280,568	8.8 %
Freight Load Factor	66.8%	66.3%	0.5 points

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