

A PRESS RELEASE

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A **AAPA OCTOBER 2004 TRAFFIC RESULTS**

9th Floor, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel: +60 (3) 2145 5600
Fax: +60 (3) 2145 7500
Homepage: www.AAP Airlines.org

PASSENGER TRAFFIC

AAPA traffic reached another milestone in October, as the number of passengers carried surpassed the 10 million mark for the first time in that month after growing by 10.5%. Passenger traffic in revenue passenger kilometres (RPKs) terms posted a 9.2% increase. Capacity grew, at 8.2%, resulting in a one-percentage point improvement in load factor, to 73.3%. The improvement halted the deterioration in load factor for the past two months. In comparison to October 2002, passenger traffic (RPKs) and passengers carried rose by 8.4% and 9.0%, respectively.

On regional traffic, growth on Intra-Asia Pacific routes at 11.9% was twice as strong as long-haul traffic, similar to September's results (11.7%). Traffic within Northeast Asia, the largest sub-region, grew fastest at 18.5%, 1.4 percentage points higher than last month. Traffic between Northeast Asia and Southeast Asia, however, remained unchanged from last month's result, at 13.9%, while traffic within Southeast Asia was up just 1.3%. Traffic within the relatively small Southwest Pacific increased by 17.5%, comparatively higher than the 9.7% growth in September. Traffic between China and the rest of Asia maintained the strong upward trend, at 32.7% growth this month.

Contributing 11% of total AAPA traffic, the North America routes (+7.7%) continued to post positive growth rates this year, in line with the stronger global economy. Likewise, traffic between Asia and Europe was 5.0% higher than the same month last year. On the other hand, traffic to/from the Middle East weakened, falling 5.5% after posting a rather insignificant 4% growth in September in comparison with the strong double-digit growth rates during the summer period.

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, with the exception of Royal Brunei Airlines, all carriers recorded an increase in passenger traffic. The fast-expanding Vietnam Airlines reported RPK growth of 41.0%. Other carriers recording double-digit growth were Asiana Airlines (19.3%), Cathay Pacific Airways (15.7%), Singapore Airlines (12.5%), Malaysia Airlines (12.0%) and Philippine Airlines (11.8%).

Stronger than expected October traffic allowed the majority of the carriers to enjoy improved load factors compared to last month, in spite of the additional amount of capacity mounted, albeit at a slower pace. Vietnam Airlines (34.8%), Asiana Airlines (16.6%), Malaysia Airlines (15.4%), Singapore Airlines (13.9%) and Cathay Pacific Airways (10.1%) were the notable carriers mounting double-digit increases in capacity. Among them, only Malaysia Airlines (-2.1 percentage points) and (Singapore Airlines -0.9 p.p.) experienced a slight deterioration in load factors.

All Nippon Airways (78.0%) emerged with the highest load factor in October, followed by nine other carriers with load factors in the 70% range. Among them were Cathay Pacific Airways (77.6%), EVA Air (76.8%) and China Airlines (73.9%).

FREIGHT TRAFFIC

Freight traffic, measured in freight tonne kilometres (FTKs), rose by 10.7% in October. Capacity grew by 10.5%, resulting in a fractional increase in freight load factor to 69.3%.

Growth in cargo movements for the intra-Asia Pacific region was slower this month, at 6.1%, when compared to the double-digit growth in September. Contributing to the result was traffic within Northeast Asia (5.8%), growing half as strongly as in September. Similarly, traffic between Northeast Asia and Southeast Asia moderated, growing by only 5.2% this month, after 9.0% growth in September. Within Southeast Asia, cargo traffic growth was 7.2%, after posting almost 19% growth last month. Traffic to/from China, however, maintained strong double-digit growth, up 20.4%.

Generally, October saw marginally slower traffic growth in all major regions. Traffic between Asia and Europe grew at 8.6%, when compared to the 11.8% growth in September. Meanwhile, traffic to the USA remained robust, up 14.1%, albeit not as strong as in September (17.0%).

On an individual airline basis, Vietnam Airlines (53.4%) posted the largest FTK increase, followed by Malaysia Airlines (32.5%), China Airlines (17.0%), EVA Air (12.4%) and Korean Air (11.0%). On the other hand, Garuda Indonesia (-0.1%) and Asiana Airlines (-1.5%) experienced slight declines in FTKs.

Garuda Indonesia reported another big improvement in load factor (9.9 p.p.), but this was achieved on the back of a significant reduction (-19.3%) in capacity as in the previous month. Vietnam Airlines enjoyed an 8.6-percentage point improvement in load factor, despite boosting its capacity by 21% year-on-year. Six other carriers also reported improvements in load factor, ranging from 3.8 percentage points for All Nippon Airways to 1.8 percentage points for EVA Air.

Carriers with the highest freight load factors were China Airlines (77.4%), EVA Air (75.2%), Korean Air (74.9%), Cathay Pacific Airways (71.3%) and Asiana Airlines (71.2%).

CONCLUSION

With the year coming to an end, passenger demand is expected to remain bullish in the light of the year-end holiday season. Buoyant travel demand throughout the year is expected to translate into full year increases in passenger traffic (RPKs) and passengers carried of 18% and 20%, respectively. Freight traffic has also been robust throughout the year, and is expected to end the year with an estimated FTK growth of 13%.

The rapid recovery in passenger traffic and buoyant freight traffic for the year has resulted in welcome revenue growth, although bottom-line results will of course be tempered by the impact of high fuel prices.

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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.

For further information, please contact :

Ms Usha Veeriah
Executive Assistant to the Director General
Tel : 603-2145 5600, Fax : 603- 2145 2500
email : ushav@aapa.org.my

TRAFFIC UPDATE

International Scheduled Services of AAPA Member Airlines

OCTOBER 2004

	Oct 2004	Oct 2003	% Change
Passengers Carried (000)	10,116	9,158	10.5 %
Revenue Passenger Kilometres (000)	42,625,561	39,035,244	9.2 %
Available Seat Kilometres (000)	58,192,377	53,779,028	8.2 %
Passenger Load Factor	73.3 %	72.6%	0.7 points
Freight Tonne Kilometres (000)	4,503,456	4,070,130	10.7 %
Avail. Freight Tonne Kilometres (000)	6,500,613	5,882,591	10.5 %
Freight Load Factor	69.3 %	69.2 %	0.1 points

JANUARY-OCTOBER 2004

	Jan-Oct 2004	Jan-Oct 2003	% Change
Passengers Carried (000)	96,767	76,975	25.7 %
Revenue Passenger Kilometres (000)	413,841,665	340,582,628	21.5 %
Available Seat Kilometres (000)	565,337,772	494,350,640	14.4 %
Passenger Load Factor	73.2 %	68.9 %	4.3 points
Freight Tonne Kilometres (000)	39,884,410	34,933,213	14.2 %
Avail. Freight Tonne Kilometres (000)	59,379,264	52,338,556	13.5 %
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.