

A PRESS RELEASE

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A **AAPA SEPTEMBER 2004 TRAFFIC RESULTS**

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PASSENGER TRAFFIC

The passenger traffic of the AAPA members posted a slower year on year growth of 8.7% in revenue passenger kilometres (RPKs) terms compared to the previous month's 10.0%. Coming off the peak of summer travel in July and August, the number of passengers carried (PAX) fell below the 10 million mark this month, despite growing by 10.5%. In comparison to September 2002, RPKs and PAX grew by 5.4% and 7.3%, respectively. Capacity rose by 10.6%. This resulted in a load factor of 72.8%, a decline of 1.3 percentage points.

Similar slower year-on-year growth was seen on regional routes: traffic within the Asia Pacific posted a slightly lower growth rate of 10% in September when compared to the 12.6% growth last month. Nevertheless, traffic both to and from and as well as within the Northeast Asia region still registered remarkably strong double-digit growth rates, with traffic within Northeast Asia growing most dramatically at 17%, while traffic between Northeast Asia and Southeast Asia rose by 14%. With nearly 780,000 passenger boardings, traffic between China and the rest of Asia continued to expand rapidly, posting a robust 32% growth in September.

Trans-Pacific traffic grew marginally more slowly in September (6.2%), as compared to last month (6.5%), but the slower growth was wholly attributable to the contraction of traffic to/from Canada (-5.9%). Traffic to the United States from the Asia Pacific region actually showed a growth rate of 8.7% in September. Passenger travel to/from Europe grew by only 4.6% which translated into 1.0 percentage point less than August.

On an individual airline basis, six carriers experienced double-digit RPK growth in September: Vietnam Airlines (34.3%), Asiana Airlines (20.6%), Philippine Airlines (17.1%), Cathay Pacific Airways (14.3%), and Korean Air (11.1%) and Garuda Indonesia (11.1%). For Garuda, it was the seventh straight month of double-digit growth, but the passenger-kilometres flown to-date have yet to recover to the pre-SARS levels of 2002. Royal Brunei Airlines (-6.6%), on the other hand, was the only carrier to post a negative growth in RPK.

There has been a continued deterioration in the aggregate passenger load factor for the membership, which sank by 1.24 percentage points to 72.8%, as noted above. Seven airlines reported a drop in load factor, ranging from 5.6 percentage points for MAS to -0.05 of a percentage point for Korean Air. Those carriers which managed to increase their load factor did so only marginally, with the exception of JAL, whose load factor rose to 73.6%, an improvement of 4.24 percentage points despite a 2.8% increase in capacity. All Nippon, by contrast, held down its capacity growth and maintained its load factor above 78%.

FREIGHT TRAFFIC

Freight traffic, measured in freight tonne kilometres (FTKs), rose by 13.2% in September. Capacity growth, at 12.8%, was more restrained and therefore the freight load factor rose marginally to 67.2%

Cargo traffic within the Asia Pacific region as a whole rose by only 11.4%, but within this total China traffic grew by 21%.

Freight between Asia and the U.S.A rose by 17%, although Canada traffic was stagnant. There was improvement in the growth rate between the Asia Pacific region and Europe, with traffic in both directions growing by 12% compared to 6% last month.

Looking at routes within Asia more closely, the biggest sub-region, Northeast Asia, grew by 12% and the second biggest route, between Northeast and Southeast Asia, was 9% higher than last year. It is clear that China and the U.S.A are by far the most dynamic freight markets at the moment.

On an individual airline basis, Vietnam Airlines (40.3%) reported the biggest increase in FTK, followed by Malaysia Airlines (27.0%), China Airlines (18.6%), and EVA Air (15.9%). On the other hand, two carriers posted a decline in FTK: Garuda Indonesia (-4.2%) and Royal Brunei Airlines (-12.0%).

In terms of load factor, Garuda Indonesia (6.1 percentage points) registered the biggest improvement but this was achieved by a significant reduction in capacity (-17.7%). Despite increasing capacity by more than 10%, China Airlines and EVA Air still managed to post gains in load factors, to 76.6% and 72.9%, respectively. Korean Air (73.0%) and Asiana Airlines (71.2%) were the other carriers to post load factors in the 70% range.

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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

SEPTEMBER 2004

	Sep 2004	Sep 2003	% Change
Passengers Carried (000)	9,670	8,748	10.5 %
Revenue Passenger Kilometres (000)	41,272,110	37,962,999	8.7 %
Available Seat Kilometres (000)	56,342,816	50,939,661	10.6 %
Passenger Load Factor	73.3 %	74.5%	-1.3 points
Freight Tonne Kilometres (000)	4,138,556	3,656,000	13.2 %
Avail. Freight Tonne Kilometres (000)	6,160,016	5,463,025	12.8 %
Freight Load Factor	67.2 %	66.9 %	0.3 points

JANUARY-SEPTEMBER 2004

	Jan-Sep 2004	Jan-Sep 2003	% Change
Passengers Carried (000)	86,651	67,817	27.8 %
Revenue Passenger Kilometres (000)	371,216,104	301,549,384	23.1 %
Available Seat Kilometres (000)	507,145,395	440,571,612	15.1 %
Passenger Load Factor	73.2 %	68.5 %	4.8 points
Freight Tonne Kilometres (000)	35,380,954	30,863,083	14.6 %
Avail. Freight Tonne Kilometres (000)	52,878,651	46,455,965	13.8 %
Freight Load Factor	66.9 %	66.4 %	0.5 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.