

PRESS RELEASE

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AAPA 2008 Financial Performance **Asia Pacific airlines report significant losses**

Kuala Lumpur, Malaysia – Preliminary financial performance figures for 2008 released today by the Association of Asia Pacific Airlines showed that many leading Asia Pacific airlines suffered significant losses as a result of slowing traffic volumes and sharply higher fuel costs.

Combined revenues for AAPA carriers reached USD109 billion, 6% higher than the USD103 billion reported in 2007, but failed to keep pace with higher fuel costs. Oil prices for the year averaged USD97 per barrel, compared to USD72 per barrel in 2007. As a result, the AAPA fuel bill increased by almost USD 10 billion, to USD38.1 billion in 2008, accounting for 35% of total costs.

Since revenues failed to match the increase in fuel costs, airline profitability suffered a sharp reversal. For 2008, AAPA member airlines reported an aggregate net loss of USD4.3 billion, in marked contrast to the solid profits earned in 2007. In some cases, the results were exacerbated by losses on fuel hedging contracts and adverse currency exchange movements.

Following several years of sustained growth in travel demand, the trend reversed in the second half of 2008, with figures for the full year showing AAPA international passenger numbers down 2.2%, whilst the average passenger load factor fell two percentage points to 75%. AAPA international air cargo traffic for 2008 declined by 6.7%.

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Commenting on the 2008 results, Mr. Andrew Herdman, AAPA's Director General said, "Airlines began the year in good heart, following record traffic levels and solidly positive financial results in 2007. Unfortunately, in 2008, we were hit by skyrocketing oil prices followed by rapidly weakening demand in the second half of the year as a result of the global economic slowdown. Consequently, revenues failed to keep pace with higher fuel costs, squeezing margins and causing many airlines to report significant losses for the year."

Turning to the current outlook, Mr. Herdman added: "Oil prices have fallen back, but in every other respect the challenges we are currently facing in 2009 are even tougher than last year. In the first quarter, international air cargo volumes were down 25%, while international passenger traffic was down 11%. Airlines are taking necessary steps to respond to the crisis, whilst calling on governments, regulatory authorities and other industry partners to work cooperatively towards a sustainable recovery. The current swine flu outbreak adds a further element of unpredictability to the situation."

AAPA 2008 FINANCIAL PERFORMANCE – PRELIMINARY

	2008	2007
Revenue USD billion	109.0	103.0
Net profit/loss USD billion	-4.3	+4.0

-ENDS-

Association of Asia Pacific Airlines (AAPA)

The AAPA is the trade association of major scheduled international airlines based in the Asia-Pacific region. The AAPA permanent secretariat is headquartered in Kuala Lumpur, Malaysia with international representation in Brussels and Washington, D.C. Collectively, the 17 AAPA member airlines carry 290 million passengers and 10 million tonnes of cargo representing approximately one-fifth of global passenger traffic and one-third of global air cargo traffic respectively, and thus play a critically important role in the ongoing development of global aviation.

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