

PRESS RELEASE

Issue 2016: 07

Monday, 23 May 2016
For Immediate Release
2015 / Financial / Preliminary

Association of Asia Pacific Airlines

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Asia Pacific Airlines Return to Profitability in 2015 *Earnings performance boosted by lower fuel costs*

Kuala Lumpur, Malaysia – Preliminary financial performance figures released today by the Association of Asia Pacific Airlines (AAPA) revealed that Asia Pacific airlines recorded US\$6.9 billion in combined net earnings in 2015, an upswing from net losses of US\$1.2 billion reported for the year 2014. The strong results were underpinned by sustained growth in passenger markets, lower fuel prices and operating efficiencies including a record high passenger load factor of 78.4%.

Overall, the region's carriers achieved aggregated operating revenues of US\$166.9 billion for the calendar year, 5.6% less than the US\$176.8 billion in 2014. Passenger revenue fell by 5.4% to US\$128.4 billion, due to a decline in yields despite the growth in traffic demand. Cargo revenue declined by a significant 11.7% to US\$18.5 billion, as a result of the general slowdown in global trade conditions.

During the year 2015, Asia Pacific airlines registered an 8.3% increase in international passenger traffic, measured in revenue passenger kilometre (RPK) terms. International air cargo traffic, expressed in freight tonne kilometres (FTK), grew by 2.1%.

Combined operating expenses fell by 12.6% to US\$153.0 billion, driven by a 31.4% decline in fuel expenditure to US\$41.2 billion. Within the year, global jet fuel prices dropped significantly, by 43.5% to an average of US\$64 per barrel. As a result, the share of fuel expenditure as a percentage of total operating costs declined by 7.4 percentage points to 27.0%. Non-fuel expenditure fell by 2.7% to US\$111.8 billion.

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Commenting on the 2015 financial results, Mr. Andrew Herdman, AAPA Director General said, “Asia Pacific carriers saw a welcome return to profitability in 2015, after suffering aggregate losses in the previous year. The region’s carriers registered a significant operating margin of 8.3%, compared with the 1.0% margin achieved in 2014. Overall, Asian airlines benefitted from strong passenger demand and the significant fall in oil prices, although the financial impact on individual carriers would also depend on currency volatility and variations in individual fuel hedging policies, amongst other factors.”

Looking ahead, Mr. Herdman added, “Asian carriers are encouraged by the sustained growth in passenger demand, but continue to face a challenging operating environment characterized by intense competition, cost pressures and volatile currency markets. Air cargo markets remain weak as a result of the slowdown in global trade. Nevertheless, taking a positive view of the future, Asia Pacific airlines are continuously reviewing their fleet and network development plans in line with evolving market trends, and introducing new customer service initiatives, whilst continuing to focus on disciplined cost management efforts.”

ASIA PACIFIC AIRLINES 2015 FINANCIAL PERFORMANCE – PRELIMINARY

US\$ billion	2015	2014
Operating revenue	166.9	176.8
Net profit	6.9	(1.2)

- Aggregated financial data for 26 Asia Pacific based carriers
- Net profit figures include exceptional items
- Previous year data adjusted for comparison purposes
- All figures, including estimates for missing data, are provisional

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Association of Asia Pacific Airlines (AAPA)

The AAPA is the trade association for 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 region’s airlines carry 1,012 million passengers and 19 million tonnes of cargo, representing one-third of global passenger traffic and two-fifths of global air cargo traffic respectively, and thus play a critically important role in the ongoing development of global aviation.

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