

PRESS RELEASE

Issue 2018: 8

Monday, 14 May 2018
For Immediate Release
2017 / Financial / Preliminary

Association of Asia Pacific Airlines
(Reg.No. 587)
Level 27-1, Menara Prestige
1 Jalan Pinang
50450 Kuala Lumpur
MALAYSIA
Tel +603 2162 1888
Fax +603 2162 6888
www.aapairlines.org

Asia Pacific Airlines Improved Financial Performance in 2017 ***Earnings underpinned by strong air passenger and cargo markets***

Kuala Lumpur, Malaysia – Preliminary aggregated financial performance figures released today by the Association of Asia Pacific Airlines (AAPA) revealed that Asia Pacific airlines achieved US\$8.8 billion in combined net earnings for the full year 2017. The global economy saw broadly based growth in advanced and emerging markets, boosting both business and leisure travel demand, whilst air cargo markets were lifted by an acceleration in global trade activity. At the same time, moderate capacity expansion lent support to airline yields.

Asian airlines saw international passenger traffic, expressed in revenue passenger kilometer terms (RPK), recording a robust annual growth rate of 8.6%, supported by the widespread availability of affordable airfares and continued expansion in network connections. With major manufacturing economies located in the region benefitting from increased trade activity, the region's airlines recorded an impressive 9.6% jump in international air cargo traffic as measured in freight tonne kilometres (FTK) for the year.

Underpinned by the firm increases in both air passenger and cargo markets, Asia Pacific airlines achieved a 6.7% growth in combined operating revenue to US\$176.6 billion in 2017. Passenger revenue increased by 6.0% to US\$135.6 billion. Intense competition led to a marginal 1.0% decline in passenger yields to 7.9 US cents per RPK, although the decline was less severe compared to previous years. Cargo revenue increased significantly, by 14.6% to US\$18.6 billion. Following several years of contraction, cargo yields rebounded with a 6.0% growth to 25.0 US cents per FTK.

Combined operating expenses climbed 8.7% higher to US\$165.0 billion for the year. Fuel costs rose significantly, by 19.6% to US\$40.6 billion, as global jet fuel prices climbed 24.5% to average US\$65.4 per barrel. The share of fuel expenditure as a percentage of total

continued /-

operating expenses rose by 2.2 percentage points to 24.6%. Non-fuel expenditure increased by 5.6% to US\$124.4 billion, in line with higher traffic volumes.

Commenting on the 2017 financial results, Mr. Andrew Herdman, AAPA Director General said, "Overall, Asia Pacific carriers as a group achieved commendable earnings performance in 2017, with the solid 31.6% increase in net earnings to US\$8.8 billion underpinned by strong growth in both air passenger and cargo volumes, and higher average load factors."

Mr. Herdman added, "Nevertheless, the region's airlines continued to face some significant headwinds in the form of stiff competition, and increased cost pressures from markedly higher fuel prices and rising labour costs. Reflecting the highly competitive business environment, the average operating margin was 6.6% for the year, with net profits of just over US\$6 per passenger."

Looking ahead, Mr. Herdman said, "The ongoing expansion in the global economy bodes well for Asian airlines. Business activity is expected to remain relatively robust whilst increased consumer spending should underpin further growth in passenger travel and continue to support air cargo demand in the coming months."

"Overall, Asian airlines continue to evolve in the face of changing market dynamics, implementing measures to increase efficiency and carefully control operating costs whilst seeking opportunities to maximise revenue. In addition, the region's airlines remain focused on enhancing business performance through increased investments in new technologies and modern fuel efficient aircraft."

ASIA PACIFIC AIRLINES 2017 FINANCIAL PERFORMANCE – PRELIMINARY

US\$ billion	2017	2016
Operating revenue	176.6	165.5
Net profit	8.8	6.7

- Aggregated financial data for 24 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

ENDS

14 May 2018

Issue 2018: 8

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 1,341 million passengers and 21 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.

For further information, please contact:

Office of the Director General

Tel +603 2162 1888 Fax +603 2162 6888

Email: odg@aapa.org.my

Website: www.aapairlines.org

Twitter: [@aapairlines](https://twitter.com/aapairlines)