

## PRESS RELEASE

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### **Asia Pacific Airlines Record Encouraging Growth in 2018**

*Prospects remain positive, but some uncertainties could affect future growth*

**Kuala Lumpur, Malaysia** – Preliminary traffic figures for the full calendar year 2018 released today by the Association of Asia Pacific Airlines (AAPA) showed solid growth in international air passenger demand, with continued expansion in the global economy lending support to business and leisure travel markets throughout the year. Meanwhile, air cargo demand growth eased after a strong 2017, reflecting slowing export activity amid increasing uncertainty over international trade policies.

Overall, the region's airlines recorded a firm 7.0% increase in the number of international passengers carried to a combined total of 356.6 million in 2018. In revenue passenger kilometres (RPK) terms, demand increased by 6.9%, reflecting broad-based demand on both short and long haul markets. After accounting for a 6.0% increase in available seat capacity, the average international passenger load factor edged 0.6 percentage points higher to 80.6% for the year.

Meanwhile, international air cargo demand as measured in freight tonne kilometres (FTK) grew by 3.9% in 2018, moderating somewhat compared with the strong 9.6% increase registered in the previous year. Offered freight capacity for the year grew by 6.6%, outpacing demand. As a result, the average international freight load factor for the year 2018 declined by 1.6 percentage points to 63.3%.

Commenting on the results, Mr. Andrew Herdman, AAPA Director General said, "International passenger traffic carried by Asian airlines grew by 7% in 2018, even stronger than the 6.4% growth achieved in the preceding year. New routes and frequencies provided more options to travellers, sustaining the growth in demand. In addition, whilst air fares rose in response to higher oil prices, ticket prices remained relatively affordable, capped by stiff competition."

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“Whilst international air cargo demand recorded an encouraging 3.9% increase for the full year, growth slowed significantly in the closing months of the year as business confidence in the global manufacturing sector weakened in response to trade policy tensions.”

“Overall, in 2018, the region’s airlines benefitted from robust growth in passenger traffic and further expansion in cargo demand. Higher average airfares and record high load factors lifted passenger yields after several years of declines. Cargo yields also firmed slightly despite falling load factors. However, cost pressures continued to increase, with higher fuel expenditure driven by a 30% increase in jet fuel prices which averaged US\$85 per barrel for the year, despite falling back significantly towards the end of the year.”

Looking ahead, Mr. Herdman said, “Whilst expectations of continued moderate growth in the global economy should lend further support to travel markets in the coming months, there are some downside risks including weakness in trade activity and potential erosion in business and consumer sentiment. The region’s airlines are alert to such factors which may affect the market environment, but remain focused on cost management, and investing in future growth opportunities.”

**TRAFFIC UPDATE – PRELIMINARY**

*International Scheduled Services of Asia Pacific Airlines*

| <b>International</b>  | <b>Dec-18</b> | <b>Dec-17</b> | <b>% Change</b> | <b>Jan-Dec 2018</b> | <b>Jan-Dec 2017</b> | <b>% Change</b> |
|-----------------------|---------------|---------------|-----------------|---------------------|---------------------|-----------------|
| Passengers (Thousand) | 31,806        | 30,103        | + 5.7%          | 356,568             | 333,215             | + 7.0%          |
| RPK (Million)         | 117,570       | 111,391       | + 5.5%          | 1,319,392           | 1,234,076           | + 6.9%          |
| ASK (Million)         | 144,833       | 137,562       | + 5.3%          | 1,635,959           | 1,543,015           | + 6.0%          |
| Passenger Load Factor | 81.2%         | 81.0%         | + 0.2 pp        | 80.6%               | 80.0%               | + 0.6 pp        |
| FTK (Million)         | 6,337         | 6,381         | - 0.7%          | 73,219              | 70,503              | + 3.9%          |
| FATK (Million)        | 10,200        | 9,705         | + 5.1%          | 115,716             | 108,564             | + 6.6%          |
| Freight Load Factor   | 62.1%         | 65.7%         | - 3.6 pp        | 63.3%               | 64.9%               | - 1.6 pp        |

Effective January 2018, the dataset comprises aggregated traffic data from the following 36 Asia Pacific based carriers: 3K, 5J, 6E, 9C, 9W, AI, AK, BI, BR, CA, CI, CX, CZ, D7, GA, HO, HU, JL, JQ, KA, KC, KE, MH, MU, NH, NZ, OZ, PG, PR, QF, SG, SQ, TG, TR, VA and VN.

- Previous year data adjusted for comparison purposes
- RPK = revenue passenger kilometres
- ASK = available seat kilometres
- FTK = freight tonne kilometres
- FATK = available freight tonne kilometres
- All figures, including estimates for missing data, are provisional

**ENDS**

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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 1,486 million passengers and 22 million tonnes of cargo, representing over one-third of global passenger and air cargo traffic, and thus play a leading role in the ongoing development of global aviation.

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