

## PRESS RELEASE

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### **Asia Pacific Airlines Record Robust Traffic Demand in 2017**

*Expectations of sustained growth amid positive underlying market conditions*

**Kuala Lumpur, Malaysia** – Preliminary traffic figures for the full calendar year 2017 released today by the Association of Asia Pacific Airlines (AAPA) showed that both international air passenger and air cargo markets enjoyed robust growth, underpinned by an acceleration in economic activity across most regions.

Supported by elevated business and consumer confidence levels, the region's airlines carried a combined total of 316.8 million international passengers for the year, a solid 6.2% increase compared to 2016. Demand as measured in revenue passenger kilometres (RPK) increased by 8.2%, reflecting relative strength on long haul routes. Meanwhile, traffic demand within the region remained encouraging, supported by sustained regional economic growth. The average international passenger load factor rose by 1.2 percentage points to reach 79.9% for the year, after accounting for a 6.6% expansion in available seat capacity.

Broad based expansions in new orders precipitated by greater client demand helped boost trade activity significantly, following years of tepid performance. Correspondingly, international air cargo demand for the region's airlines registered its fastest full year growth since the post-crisis rebound in 2010. In freight tonne kilometres (FTK) terms, demand rebounded with a strong 9.8% growth for the year, following a modest increase in 2016. Growth in demand outpaced the 4.4% expansion in offered freight capacity by a considerable margin, lifting the average international freight load factor by 3.2 percentage points to 65.2% for the year.

Commenting on the results, Mr. Andrew Herdman, AAPA Director General said, "Whilst competition remained intense, continued availability of affordable air fares and further expansion of routes, amid a positive global economic environment, culminated in a year of firm traffic growth for air passenger markets."

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“In addition, Asian airlines enjoyed solid increases in air cargo volumes through the year, with continued improvements in business conditions boosting trade activity as demand was transmitted through regional supply chains.”

“Overall, the region’s carriers in 2017 benefitted from the robust growth in demand, at the same time, notably higher load factors provided some relief to airline yields. However, increased cost pressures, particularly significantly higher jet fuel prices, in addition to continued market competition, constrained margins.”

Looking ahead, Mr. Herdman concluded, “The outlook for the year ahead is broadly positive, as the increase in new orders and recent pick-up in business investments are expected to enhance the sustainability of the global economic upswing. This will in turn lend support to air travel demand in the coming months. Nevertheless, market conditions remain highly competitive. As such, airlines are consistently pursuing new sources of additional revenue whilst keeping a tight rein on costs, to support ongoing investments in future growth opportunities.”

#### TRAFFIC UPDATE – PRELIMINARY

##### *International Scheduled Services of Asia Pacific Airlines*

<b>International</b>	<b>Dec-17</b>	<b>Dec-16</b>	<b>% Change</b>	<b>Jan-Dec 2017</b>	<b>Jan-Dec 2016</b>	<b>% Change</b>
Passengers (Thousand)	28,503	26,627	+ 7.0%	316,775	298,283	+ 6.2%
RPK (Million)	106,311	99,237	+ 7.1%	1,184,273	1,094,373	+ 8.2%
ASK (Million)	131,639	123,567	+ 6.5%	1,483,061	1,390,679	+ 6.6%
Passenger Load Factor	80.8%	80.3%	+ 0.5 pp	79.9%	78.7%	+ 1.2 pp
FTK (Million)	6,411	5,963	+ 7.5%	70,778	64,473	+ 9.8%
FATK (Million)	9,659	9,148	+ 5.6%	108,632	104,004	+ 4.4%
Freight Load Factor	66.4%	65.2%	+ 1.2 pp	65.2%	62.0%	+ 3.2 pp

Effective May 2017, the dataset comprises aggregated traffic data from the following 32 Asia Pacific based carriers: 5J, 6E, 9W, AI, AK, BI, BR, CA, CI, CX, CZ, GA, HU, JL, JQ, KA, KC, KE, MH, MU, NH, NZ, OZ, PG, PR, SG, SQ, TG, TR, QF, 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

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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 1,341 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.

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