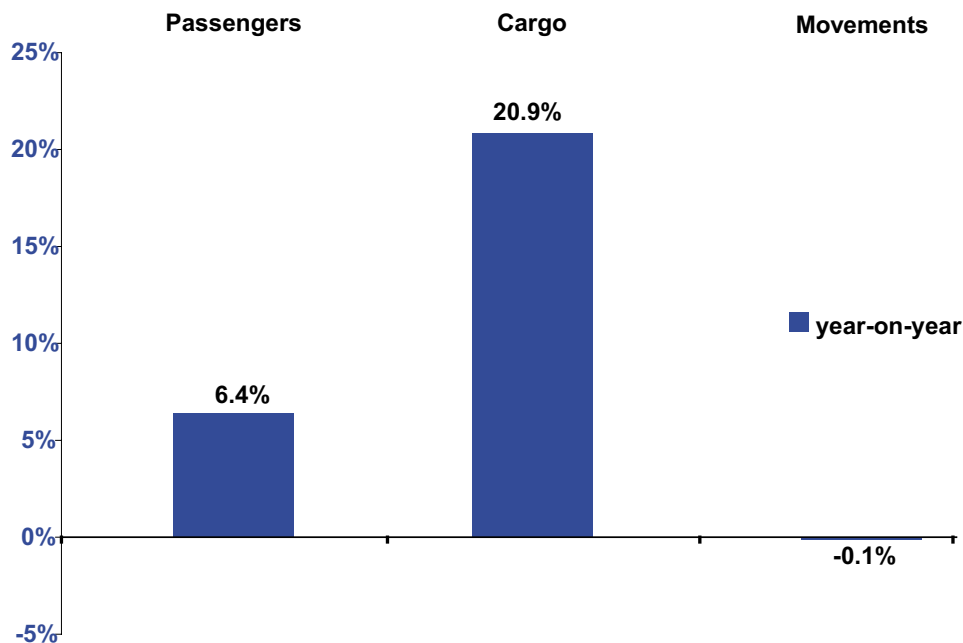


Asia Pacific and Middle East Thrive in First Quarter 2010

Total traffic in the first quarter of 2010 jumped by 6.4 percent (Figure 1), a sharp contrast to the -9 percent decline in Q1 2009.

Cargo grew by 21 percent largely offsetting the 19 percent decline a year earlier. In spite of the strong increases, air traffic movements remained flat at 2009 levels indicating that airlines are cautious on adding capacity and more focused on high load factors and improving yields.

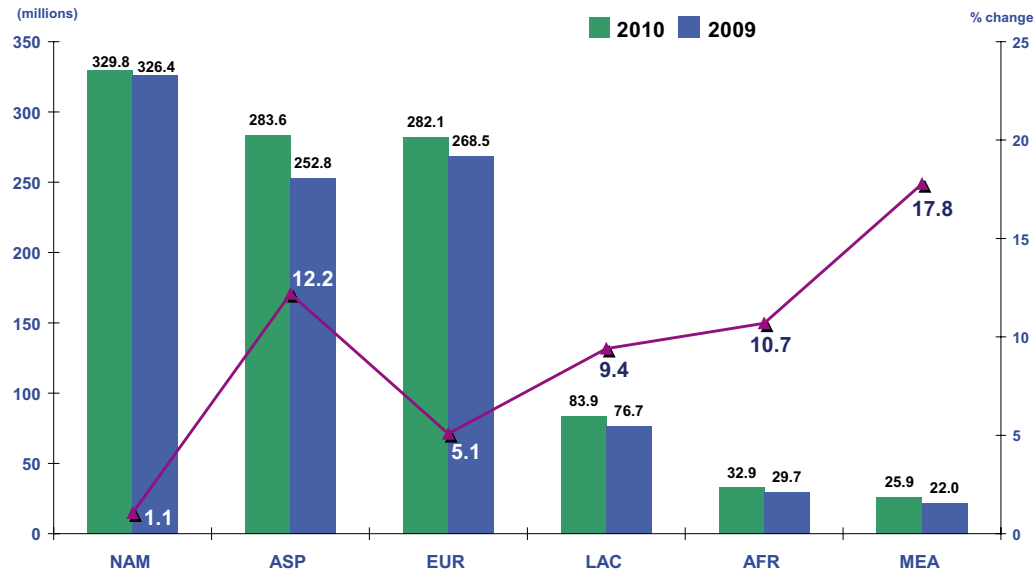
Figure 1: Q1 2010 percentage growth year-on-year



Note: all charts compare Q1 2010 performance to Q2 2009 performance.

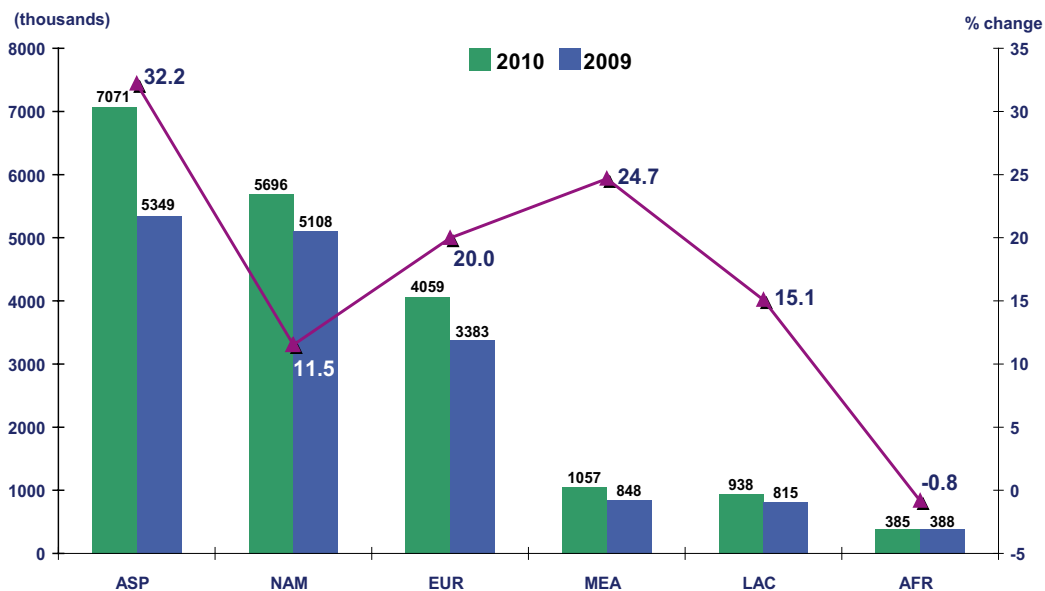
Similar to the downturn, the recovery pattern shows a great deal of disparity between the regions (Figure 2). The Asia-Pacific region is the most dynamic market recording a quarterly growth of 12 percent only topped by the Middle East which leaped 18 percent. The resulting market shifts are evident. While Europe and North America remain far from returning to 2008 traffic volumes, Asia-Pacific for the first time, counted more passengers than Europe. While this for now may be a seasonal phenomenon, partially caused by harsh winter weather in Europe and North America, the manifestation of that trend is certain. The crisis has only accelerated Asia-Pacific's ascent to become the world's largest aviation market.

Figure 2: Q1 2010 total passengers



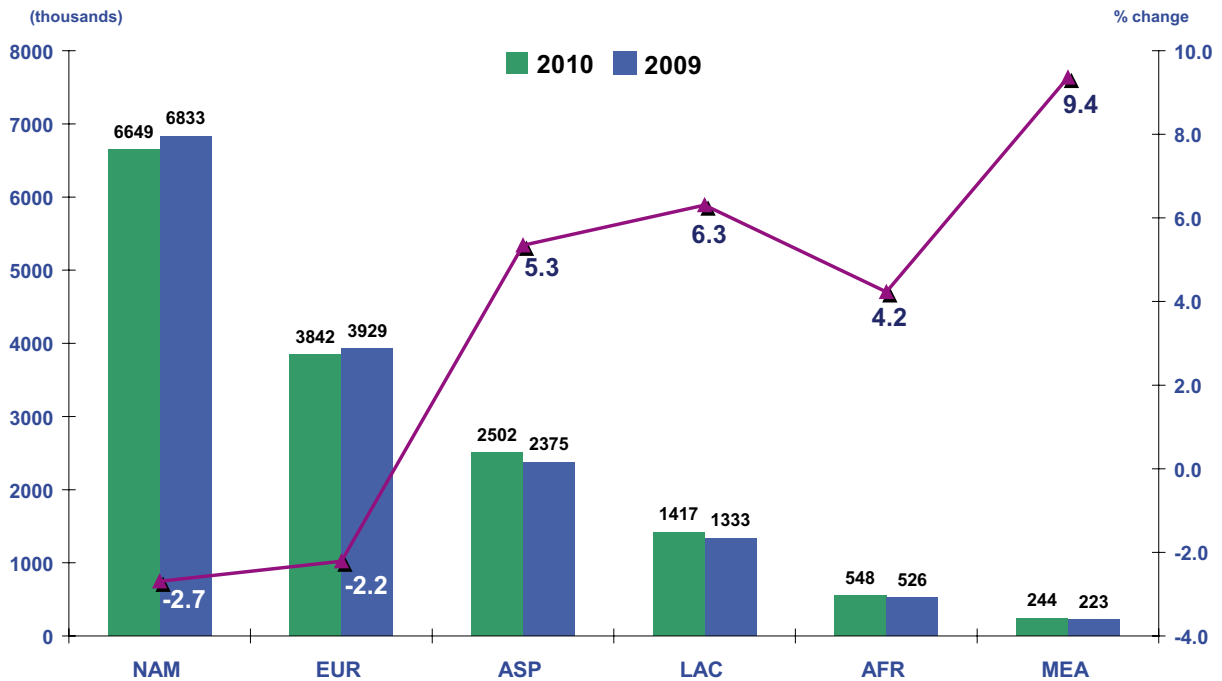
The cargo scenario shows a similar disparity albeit on a much higher level of growth (Figure 3). Asia-Pacific boosted freight volumes by almost a third in quarter one driven by very strong increases in Hong Kong, China, Taiwan, South Korea and Thailand. The five major cargo hubs in Frankfurt, Paris, London Heathrow, Amsterdam and Liege were the key promoters of 20 percent growth in Europe. In North America 40 percent of airports were still losing cargo volumes, partially offsetting strong increases at the major cargo airports like Memphis, Louisville, Miami, Los Angeles, New York JFK and Chicago O'Hare.

Figure 3: Q1 2010 total freight



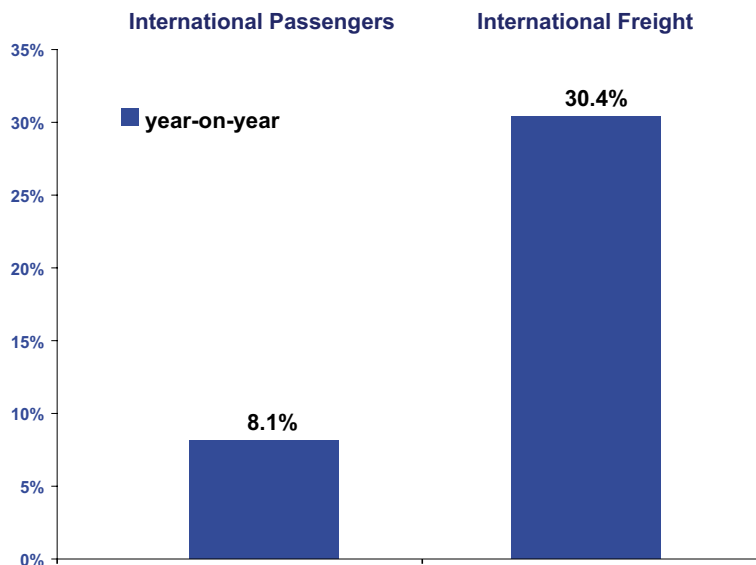
Aircraft movements in North America and Europe have decreased further in the first quarter (Figure 4), a clear sign that markets are far from normal in these two mature markets. Airline strategies are focused on growing yields and full aircraft, not on expansion. And even in the fast growing regions, capacity is being added cautiously, clearly below passenger and cargo growth.

Figure 4: Q1 2010 total movements



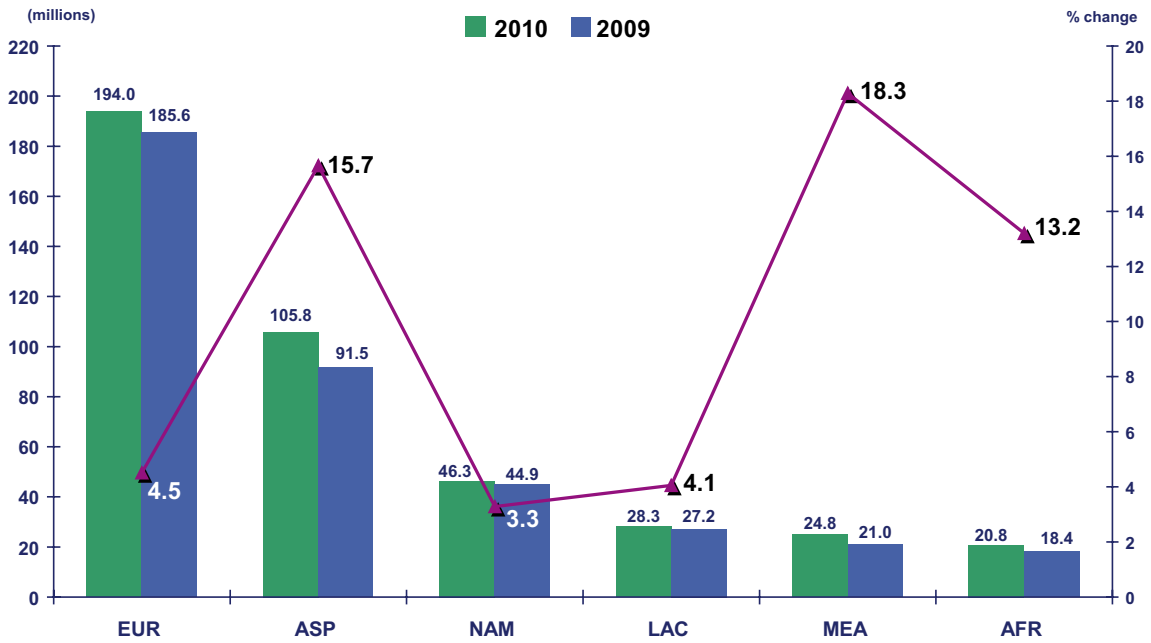
With the exception of Latin America-Caribbean (LAC) and Europe, international traffic growth outpaced domestic growth in all regions. The difference is even more prevalent in the cargo sector where international freight volumes grew by over 30 percent (Figure 5). Once again it is confirmed that during a growth period international traffic grows faster than domestic, while in a downturn it is the other way around. Demand elasticities in international traffic are more pronounced.

Figure 5: Q1 2010 international passenger and freight year-on-year percentage growth rate



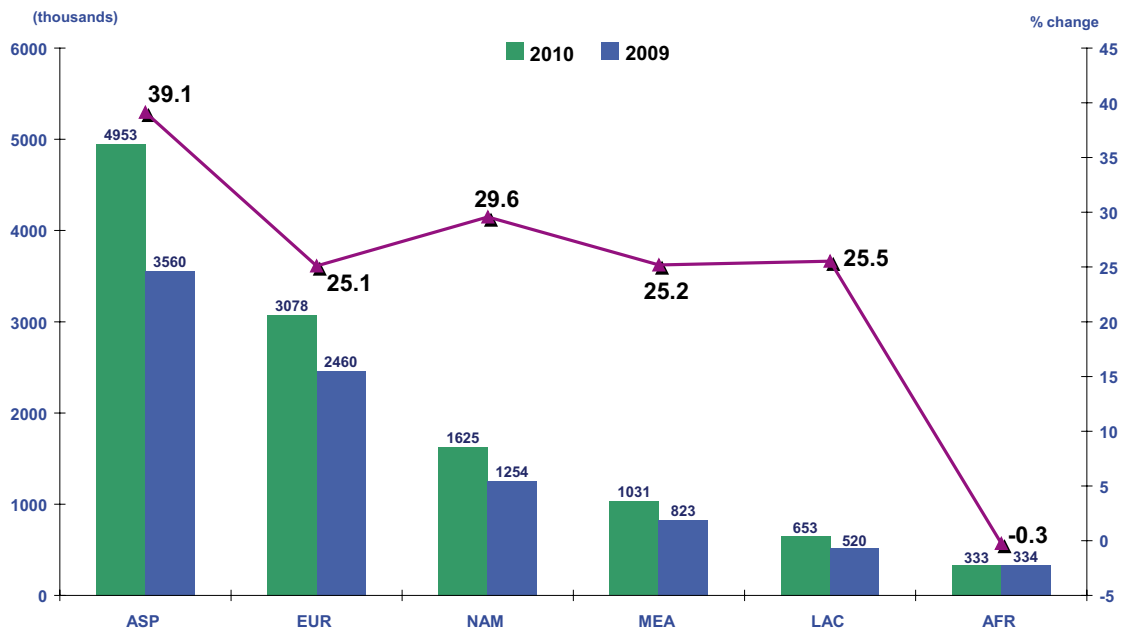
In LAC, Brazil is the dominant driver of the surge in total traffic which is predominantly of domestic nature, therefore international growth is comparatively low. In Europe where the majority of traffic is international, the comparatively tepid growth is a sign that the recovery is still in a nascent stage (Figure 6).

Figure 6: Q1 2010 international passengers



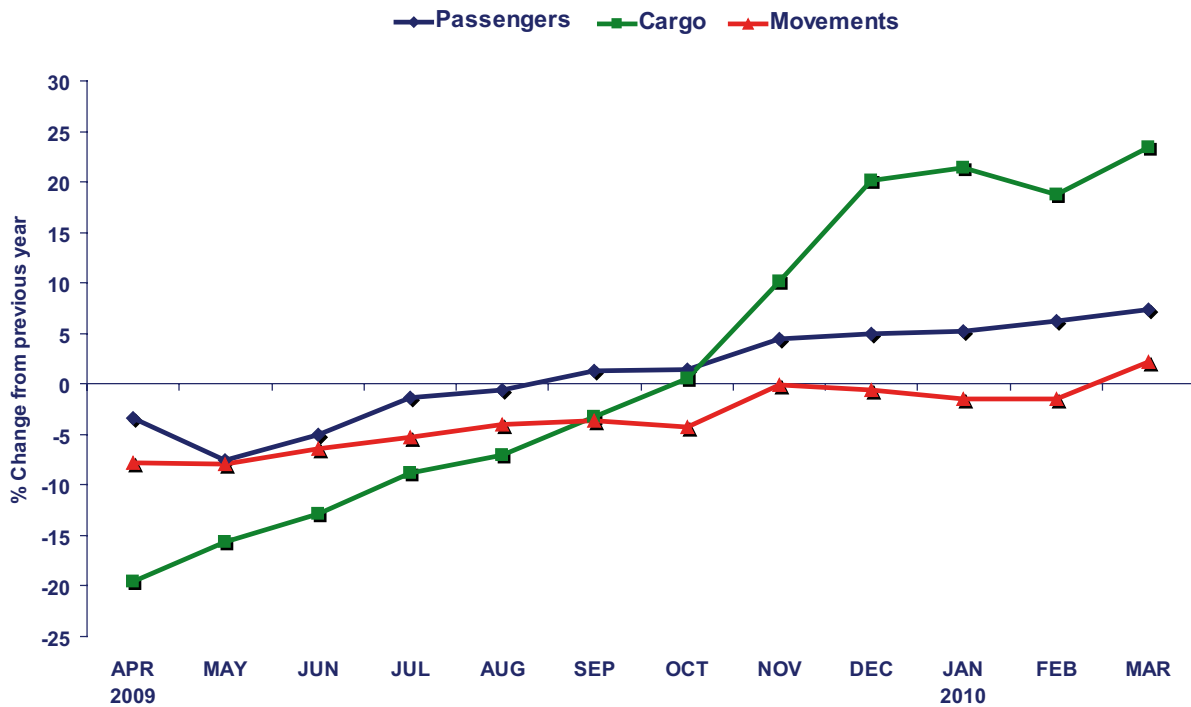
International growth was quite balanced across all region at an exceptional high level. Asia-Pacific in the first quarter exploded by almost 40 percent whereas Africa remained flat (Figure 7). The downturn in freight in Africa was not as steep as in other regions, therefore the recovery is now slower.

Figure 7: Q1 2010 international freight (metric tonnes)



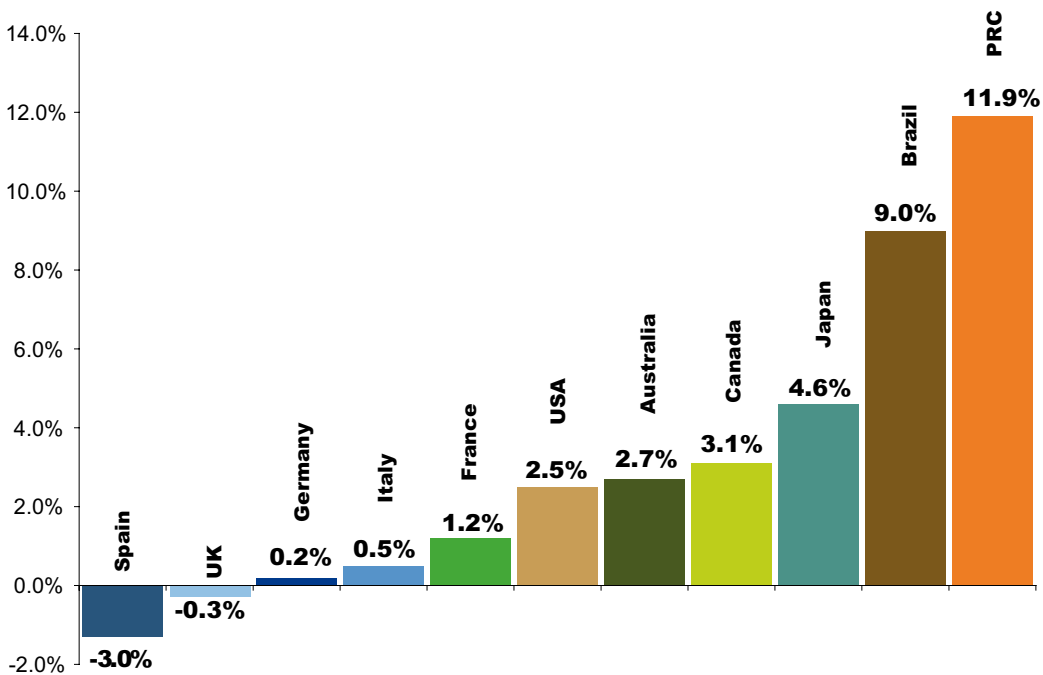
The trend chart illustrates the mirror-image recovery in both the passenger and the freight sector (Figure 8). Aircraft movements are lagging behind and returned to little growth only in March. The three indicators can be categorized by the speed at which they react to crisis and recover. Fast (cargo), medium (passengers) and slow (movements).

Figure 8: Evolution of airport traffic worldwide



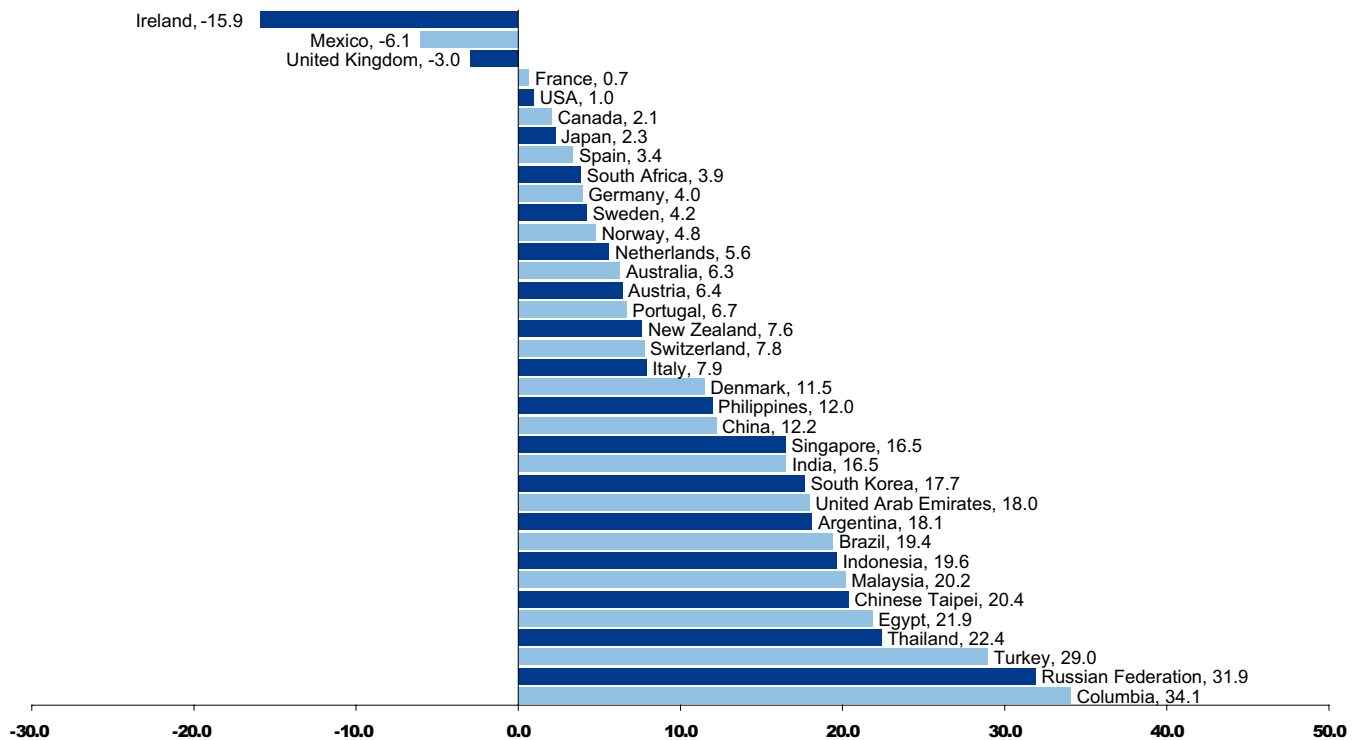
GDP growth in the world's largest aviation markets reflects the disparity in traffic growth across the regions. European countries only recover slowly from the recession while Spain and the UK economy are still down compared to Q1 2009 (Figure 9). China and Brazil show massive GDP growth resulting in strong demand for air travel.

Figure 9: GDP growth in major markets year-on-year Q1 2010



On a country-by-country basis the picture looks friendlier. However, one of the largest aviation markets in the world, the UK, lags behind (Figure 10). Reasons for that are the weak Pound which makes travel abroad more expensive. That particularly affects the charter market where traffic to Spain is down significantly. Also, domestic traffic in the UK is still decreasing. Russia has returned to the top of growth countries to the benefit of holiday destinations like Turkey, Egypt and Thailand. The fastest growing European countries were Switzerland, Denmark and Italy.

Figure 10: Q1 2010 percentage growth in world's largest aviation markets year-on-year



Not surprisingly, the fastest growing airports in quarter one are located in the fastest growing countries (Figure 11). Sabiha Gökçen Airport (SAW) has recently opened its new Terminal and has an ambitious new home carrier. Thailand was very affected by the crisis as well as the aftermath from the airport siege at the end of 2008.

The non-Asian airports in the list are Milwaukee (AirTran established 2nd hub), Sao Paulo/ GRU (largely domestic traffic) and Bogota (domestic traffic).

Figure 11: 30 airports reporting biggest year-on-year growth in Q1 2010

Airport, country	CODE	total passengers	% change
ISTANBUL, TR	SAW	2 201 573	96.4
PHUKET, TH	HKT	2 459 949	52.5
MILWAUKEE WI, US	MKE	2 262 597	39.6
MOSCOW, RU	DME	4 286 707	35.8
BOGOTA, CO	BOG	4 317 261	33.4
SHARM EL SHEIKH, EG	SSH	2 149 413	32.2
MOSCOW, RU	SVO	3 569 151	28.5
SÃO PAULO, BR	GRU	6 540 165	25.7
BANGALORE, IN	BLR	2 559 886	24.9
SHANGHAI, CN	PVG	8 881 019	24.1
BANGKOK, TH	BKK	12 130 133	24.0
KUALA LUMPUR, MY	KUL	7 936 300	23.7
TELAVIV, IL	TLV	2 327 810	23.2
CHENGDU, CN	CTU	6 025 169	22.2
TAIPEI, TW	TPE	6 095 746	22.0
JAKARTA, ID	CGK	9 838 831	21.3
JEJU, KR	CJU	3 335 034	21.0
CALCUTTA, IN	CCU	2 063 411	20.6
DUBAI, AE	DXB	11 470 520	20.4
XIAMEN, CN	XMN	3 079 351	20.2
SEOUL, KR	GMP	3 940 797	19.1
BRASILIA, BR	BSB	3 339 199	18.5
HA NOI, VN	HAN	2 256 616	18.4
NANJING, CN	NKG	2 778 693	17.3
ISTANBUL, TR	IST	6 922 790	16.9
SINGAPORE, SG	SIN	9 941 334	16.5
CAIRO, EG	CAI	3 530 160	15.6
INCHEON, KR	ICN	8 097 114	15.2
NEW DELHI, IN	DEL	6 803 510	14.7
KUNMING, CN	KMG	4 968 740	14.5

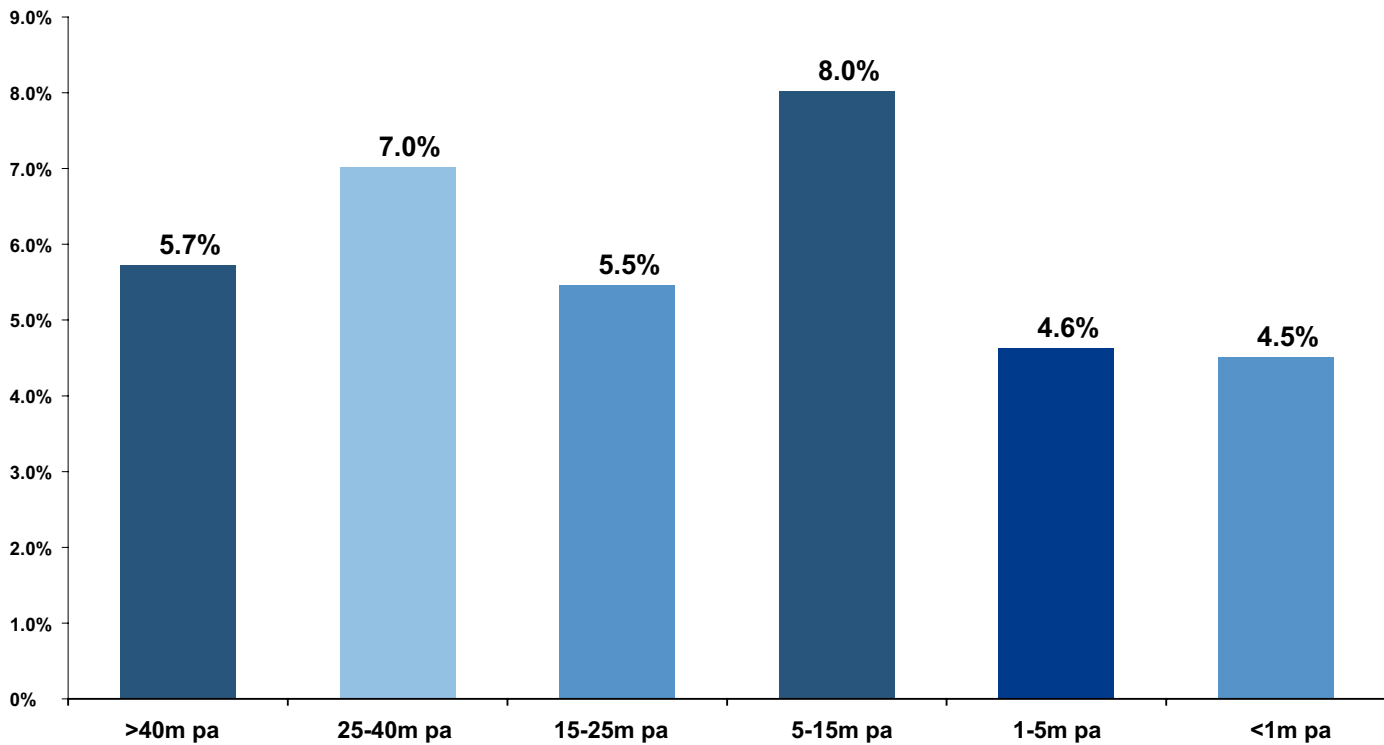
With the exception of Brisbane and Nagoya, all airports in the list (Figure 12) are in Europe or the Americas. Cincinnati is suffering from the abolition as a Delta Airlines hub, while Dublin continues to see the impact of a severe recession. Mexico City's domestic traffic is down because of the economy that recovers only slowly and the security situation in the country, while Manchester (UK) digests the departure of Ryanair from its airport.

Figure 12: Airports reporting biggest year-on-year declines in Q1 2010

Airport, country	CODE	total Q1 passengers	% change
CINCINNATI OH, US	CVG	2 004 020	- 19.8
DUBLIN, IE	DUB	3 913 153	-14.2
MEXICO CITY, MX	MEX	5 691 820	- 11.5
MANCHESTER, GB	MAN	3 345 530	- 10.4
LONDON, GB	STN	3 924 914	- 4.7
TAMPA FL, US	TPA	4 283 296	- 3.7
LAS VEGAS NV, US	LAS	9 351 753	- 3.5
NAGOYA, JP	NGO	2 351 470	- 3.5
DETROIT MI, US	DTW	7 166 050	- 3.4
MINNEAPOLIS MN, US	MSP	7 476 491	- 2.7
PALMA DE MALLORCA, ES	PMI	2 588 641	- 2.5
PHILADELPHIA PA, US	PHL	6 604 353	- 2.4
WASHINGTON DC, US	DCA	3 831 885	- 2.3
CANCUN, MX	CUN	3 609 927	- 2.1
ST LOUIS MO, US	STL	2 804 830	- 1.9
FORT MYERS FL, US	RSW	2 483 785	- 1.8
WASHINGTON, DC, US	IAD	5 010 670	- 1.7
MEMPHIS TN, US	MEM	2 211 789	- 1.1
CLEVELAND OH, US	CLE	2 107 337	- 0.9
ATLANTA GA, US	ATL	20 033 934	- 0.8
PARIS, FR	ORY	5 538 439	- 0.5
NEWYORK NY, US	JFK	9 977 621	- 0.4
SEATTLE WA, US	SEA	6 679 994	- 0.4

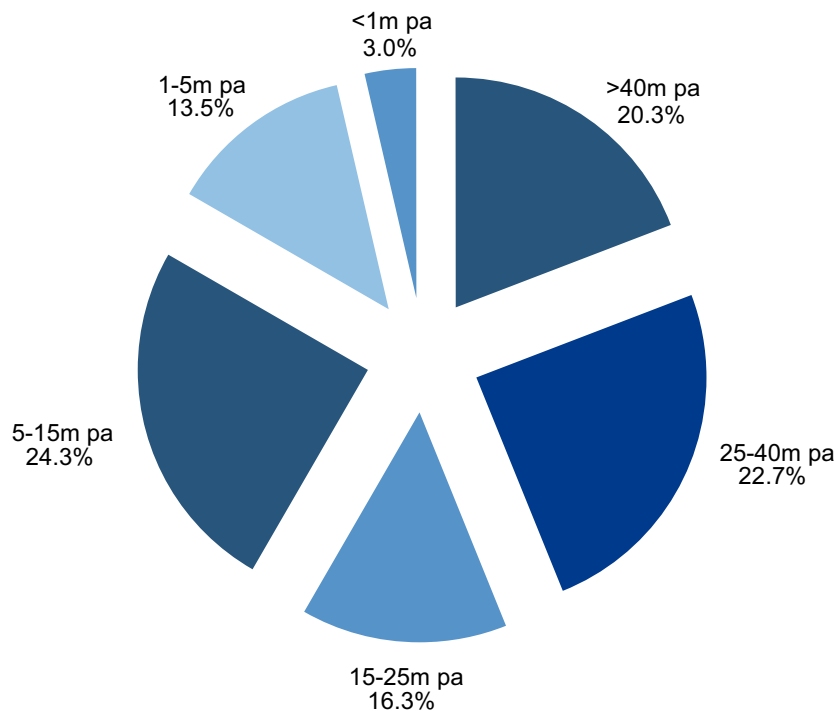
A third of the airports in the 5-15 million pax p.a. category grew by double digits in quarter one, ten of these airports grew by more than 30 percent (Figure 13). The majority of the fastest growing airports in the sample are also located in this category. Overall, the fastest growing airports (>20 percent) tend to be airports with less than 10 million passengers per year.

Figure 13: Q1 2010 year-on-year growth per size category



The 5-15 million p.a. category also accounts for the largest share of traffic worldwide (Figure 14) closely followed by the 25-40 million p.a. group and the largest airports with over 40 million pax.

Figure 14: Q1 2010 airport size category and market share



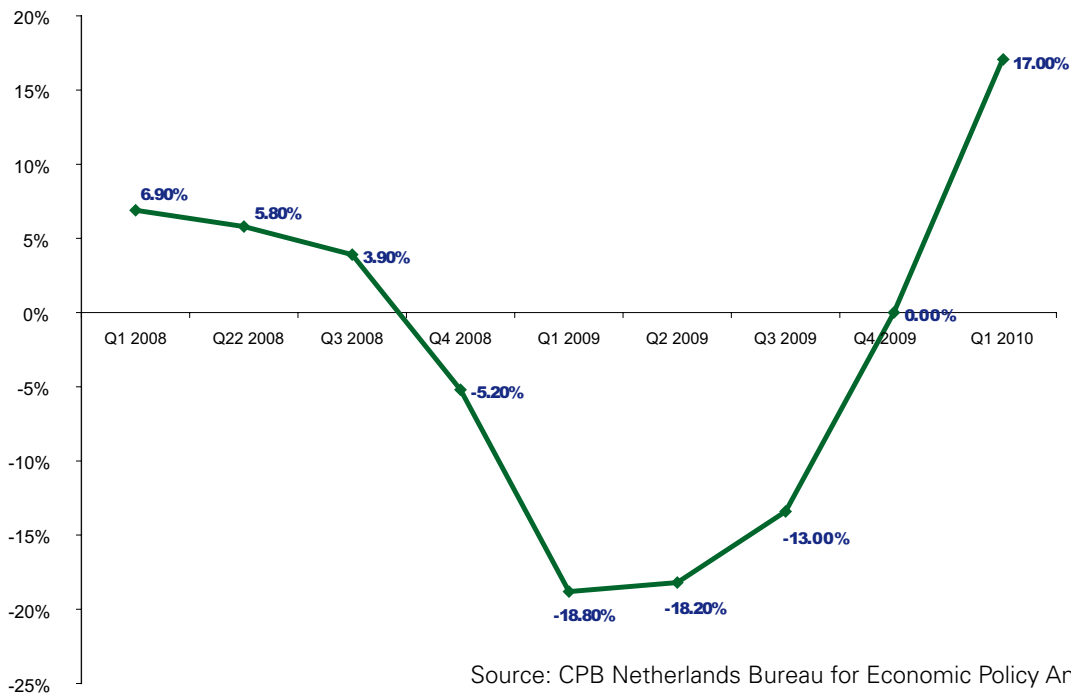
Some top performers can be found in the top 20 international airport list by size (Figure 15). Eight out of the twenty registered more than 14 percent international passenger growth in quarter one, and none of them showed a decrease. Dubai continues its journey to the top helped by a 21 percent quarterly gain.

Figure 15: Top 20 international airports Q1 2010
(international traffic only - year-on-year percentage change)

Airport	Code	Passengers	% change
LONDON, GB	LHR	13 551 655	2.6
HONG KONG, HK	HKG	11 733 000	7.3
PARIS, FR	CDG	11 549 312	1.4
DUBAI, AE	DXB	11 274 193	20.9
FRANKFURT, DE	FRA	9 811 155	4.3
SINGAPORE, SG	SIN	9 667 840	17.1
AMSTERDAM, NL	AMS	9 256 734	4.8
BANGKOK, TH	BKK	8 816 908	20.3
TOKYO, JP	NRT	8 018 993	7.4
INCHEON, KR	ICN	7 943 519	15.1
MADRID, ES	MAD	6 649 505	6.9
TAIPEI, TW	TPE	5 553 415	22.9
LONDON, GB	LGW	5 545 046	0.6
KUALA LUMPUR, MY	KUL	5 425 583	30.0
MUNICH, DE	MUC	5 051 684	5.9
ZURICH, CH	ZRH	4 787 267	8.1
NEW YORK NY, US	JFK	4 732 059	4.1
TORONTO ON, CA	YYZ	4 711 209	2.0
ROME, IT	FCO	4 470 942	14.6
ISTANBUL, TR	IST	4 165 435	20.0

In the air cargo sector the picture has improved significantly (Figure 16). World trade has stopped its five quarters long contraction and skyrocketed to 17 percent growth in the first quarter. Overall volumes however still remain 5 percent below pre-crisis levels (Q1 2008).

Figure 16: World trade volume



The range of international freight growth is rather consistent across the regions except for Africa where declines in the reference period were not as drastic as in other regions leading to a more gentle recovery track (Figure 17).

Figure 17: International freight regional trends

