

*Cathay Pacific Airways*

*2007 Interim Results*

*8 August 2007*



**CATHAY PACIFIC**



# ***Highlights***

- Turnover of HK\$34,631m, up 27.9%
- Group profit of HK\$2,581m, up 54.7%
- Earnings per share HK65.6c, up 33.1%
- Interim dividends HK25c per share, up 25%
- Gross fuel costs up 21.6% to HK\$10,553m
- CX pax load factor up 0.5%pt to 79.6%
- CX pax yield increased by 10.9% to HK50.8c
- CX cargo and mail load factor down 1.4%pt to 66.3%
- CX cargo and mail yield decreased by 8.3% to HK\$1.55



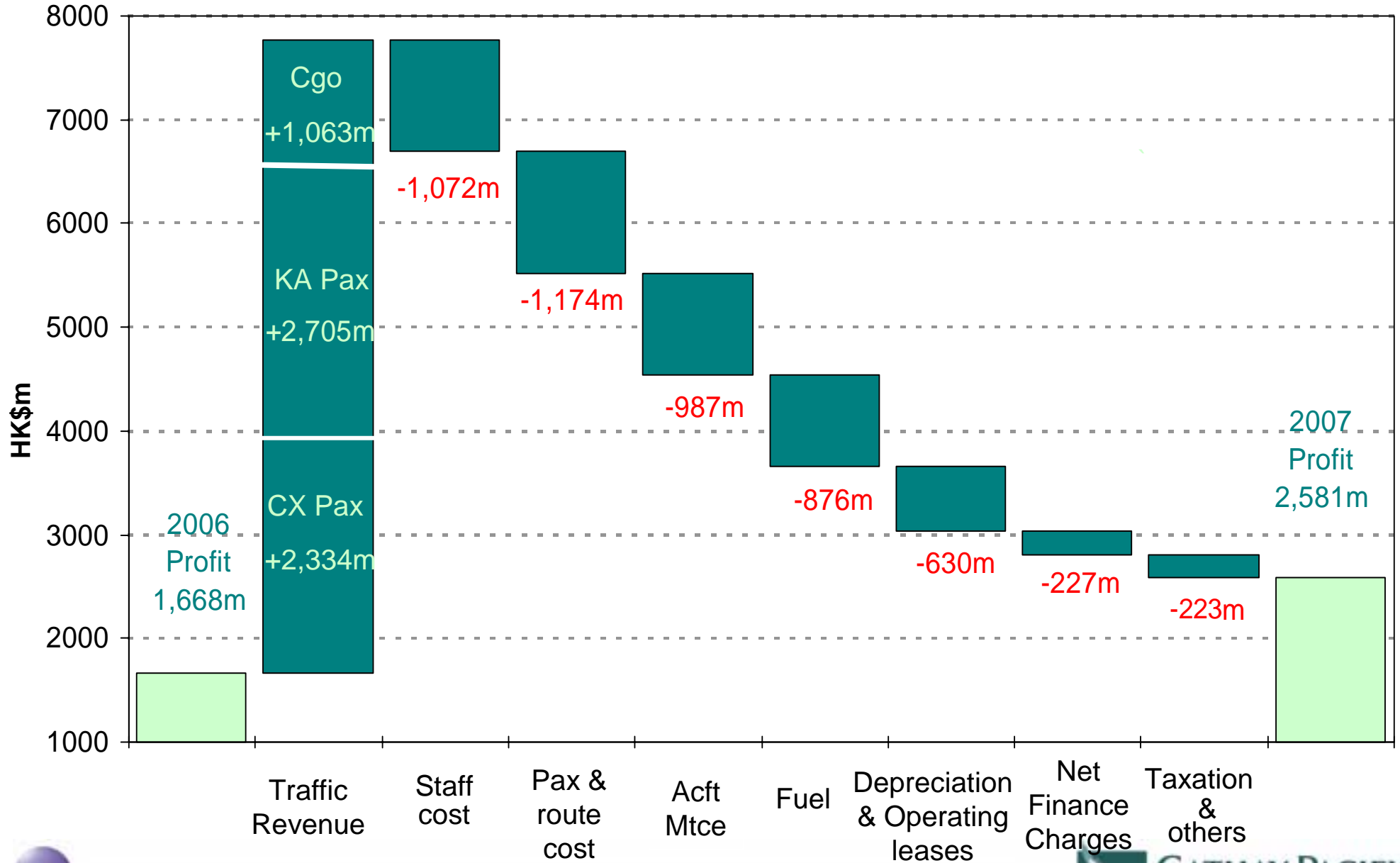
# Interim Result

|                            | <u>1H 2007</u> | <u>vs 2006</u> |
|----------------------------|----------------|----------------|
| Group Profit               | HK\$2,581m     | + HK\$0.9b     |
| Group Turnover             | HK\$34,631m    | + 27.9%        |
| Profit Margin              | 8.9%           | + 1.6%pts      |
| Return on Capital Employed | 4.6%           | +0.5%pts       |
| <hr/>                      |                |                |
| Available tonne kilometres | 10,975m        | + 20.3%        |
| Cost per ATK               | HK\$2.30       | +5.0%          |
| Cost per ATK (w/o fuel)    | HK\$1.69       | + 8.3%         |
| Revenue Load Factor        | 73.9%          | -1.9%pts       |
| Breakeven Load Factor      | 66.8%          | - 2.8%pts      |



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# Interim Profit Reconciliation : 2006 to 2007



# Passenger Service - Key Numbers

|                          | <u>1H 2007</u> | <u>vs 2006</u> | <u>vs 2006 of<br/>CX</u> | <u>vs 2006<br/>including KA</u> |
|--------------------------|----------------|----------------|--------------------------|---------------------------------|
| Turnover                 | HK\$20,980m    | +31.6%         | +14.6%                   | +11.7%                          |
| Seat Capacity (ASK)      | 49,836m        | +13.7%         | +2.9%                    | +1.6%                           |
| Passenger Number         | 10,960k        | +34.6%         | +4.1%                    | +1.3%                           |
| Yield per Revenue Pax Km | HK¢ 53.7       | +17.2%         | +10.9%                   | +9.4%                           |
| Load Factor              | 78.1%          | -1.0%pts       | +0.5%pts                 | +0.4%pts                        |

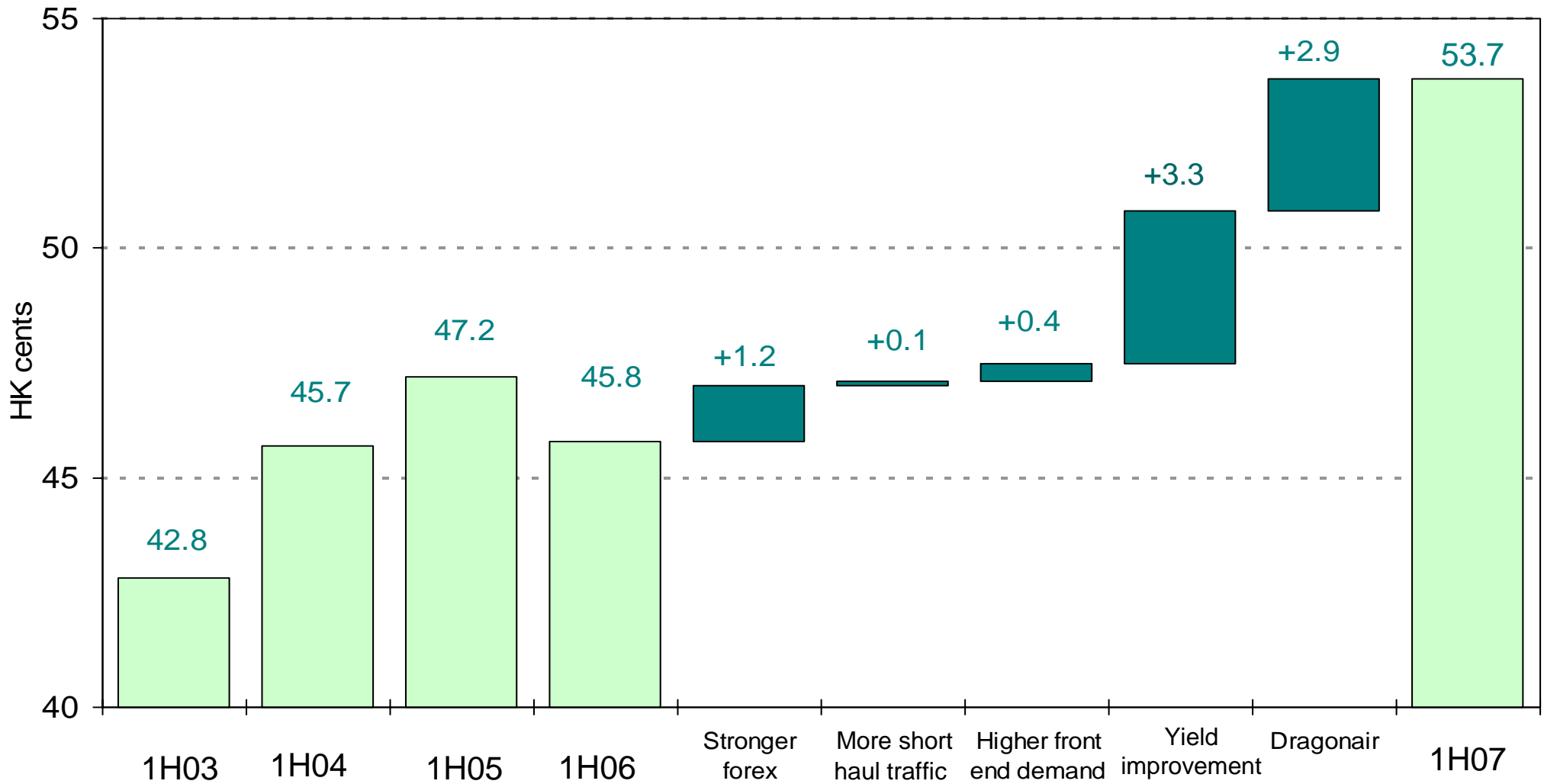


# Passenger Service - by Region

| CX + KA                   | ASK (m) | vs 2006 | vs 2006<br>including<br>KA | Load<br>Factor | vs 2006   | vs 2006<br>including<br>KA | Yield<br>Change | Yield Change<br>including KA |
|---------------------------|---------|---------|----------------------------|----------------|-----------|----------------------------|-----------------|------------------------------|
| SW Pacific &<br>S. Africa | 7,168   | +1.0%   | +1.0%                      | 80.7%          | +2.8% pts | +2.8%pts                   | +14.4%          | +14.4%                       |
| SE Asia &<br>Middle East  | 9,566   | +6.4%   | +2.0%                      | 76.4%          | +1.5% pts | +1.8%pts                   | +9.6%           | +9.1%                        |
| Europe                    | 9,622   | +5.6%   | +5.6%                      | 81.4%          | -1.8% pts | -1.8%pts                   | +14.7%          | +14.7%                       |
| North Asia                | 11,622  | +70.4%  | -0.3%                      | 68.4%          | -1.6% pts | -                          | +10.0%          | +2.9%                        |
| North America             | 11,858  | +0.5%   | +0.5%                      | 84.9%          | -         | -                          | +13.6%          | +13.6%                       |
| Systemwide                | 49,836  | +13.7%  | +1.6%                      | 78.1%          | -1.0% pts | +0.4%pts                   | +17.2%          | +9.4%                        |



# Passenger Yield



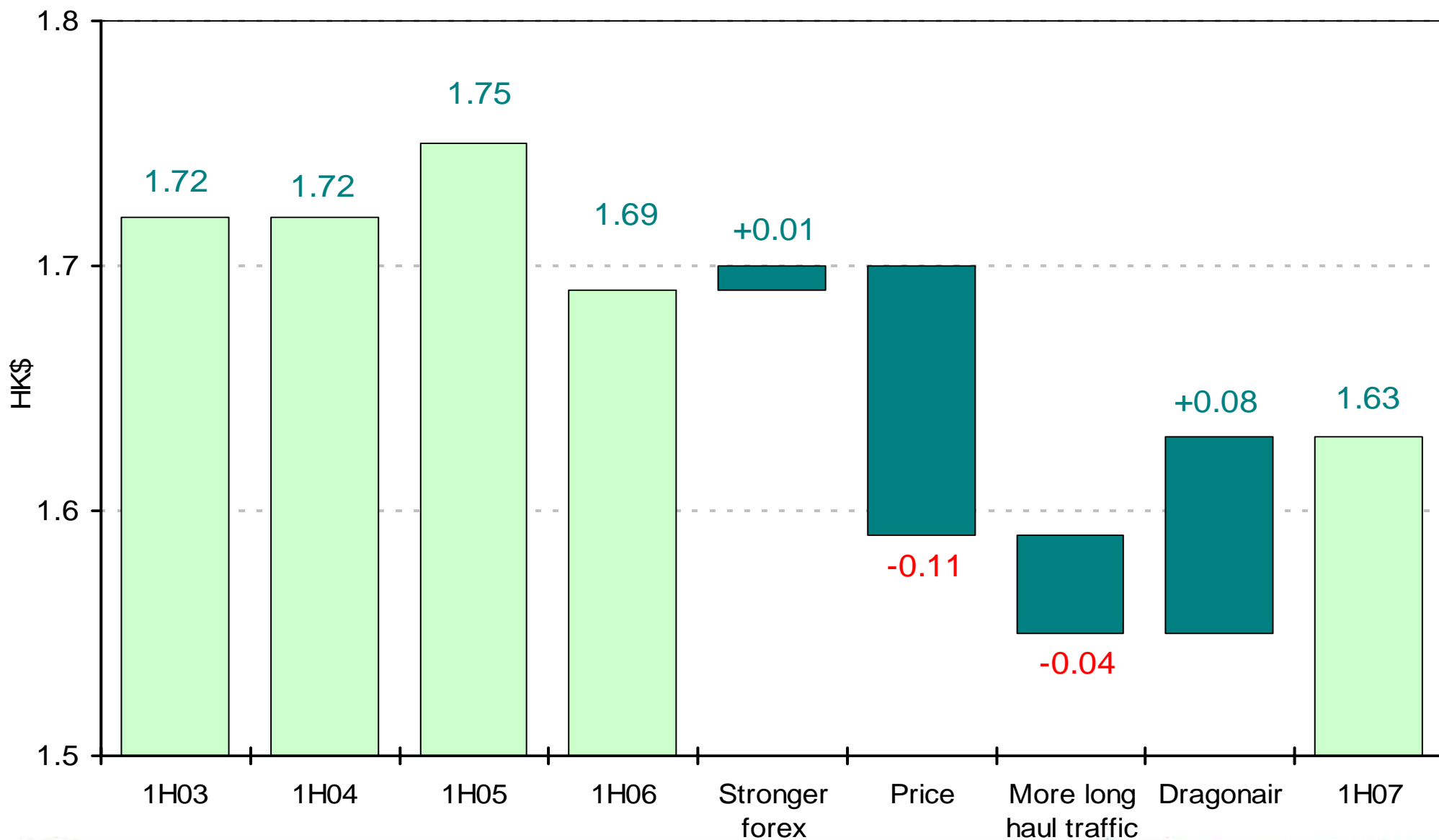
# Cargo Service - Key Numbers

|                         | <u>1H 2007</u> | <u>vs 2006</u> | <u>vs 2006</u><br><u>of CX</u> | <u>vs 2006</u><br><u>including KA</u> |
|-------------------------|----------------|----------------|--------------------------------|---------------------------------------|
| Turnover                | HK\$7,377      | +16.8%         | +4.0%                          | -4.5%                                 |
| Cargo Capacity (ACTK)   | 6,236m         | +25.8%         | +15.7%                         | +4.6%                                 |
| - on passenger aircraft | 2,220m         | +12.7%         | +2.3%                          | +2.7%                                 |
| - on freighters         | 4,016m         | +34.4%         | +24.6%                         | +5.6%                                 |
| Cargo Carried           | 758k tons      | +32.3%         | +8.7%                          | -0.4%                                 |
| Yield per tonne km      | HK\$ 1.63      | -3.6%          | -8.3%                          | -5.8%                                 |
| Load factor             | 65.3%          | -2.4%pts       | -1.4%pts                       | -3.1%pts                              |





# Cargo Yield



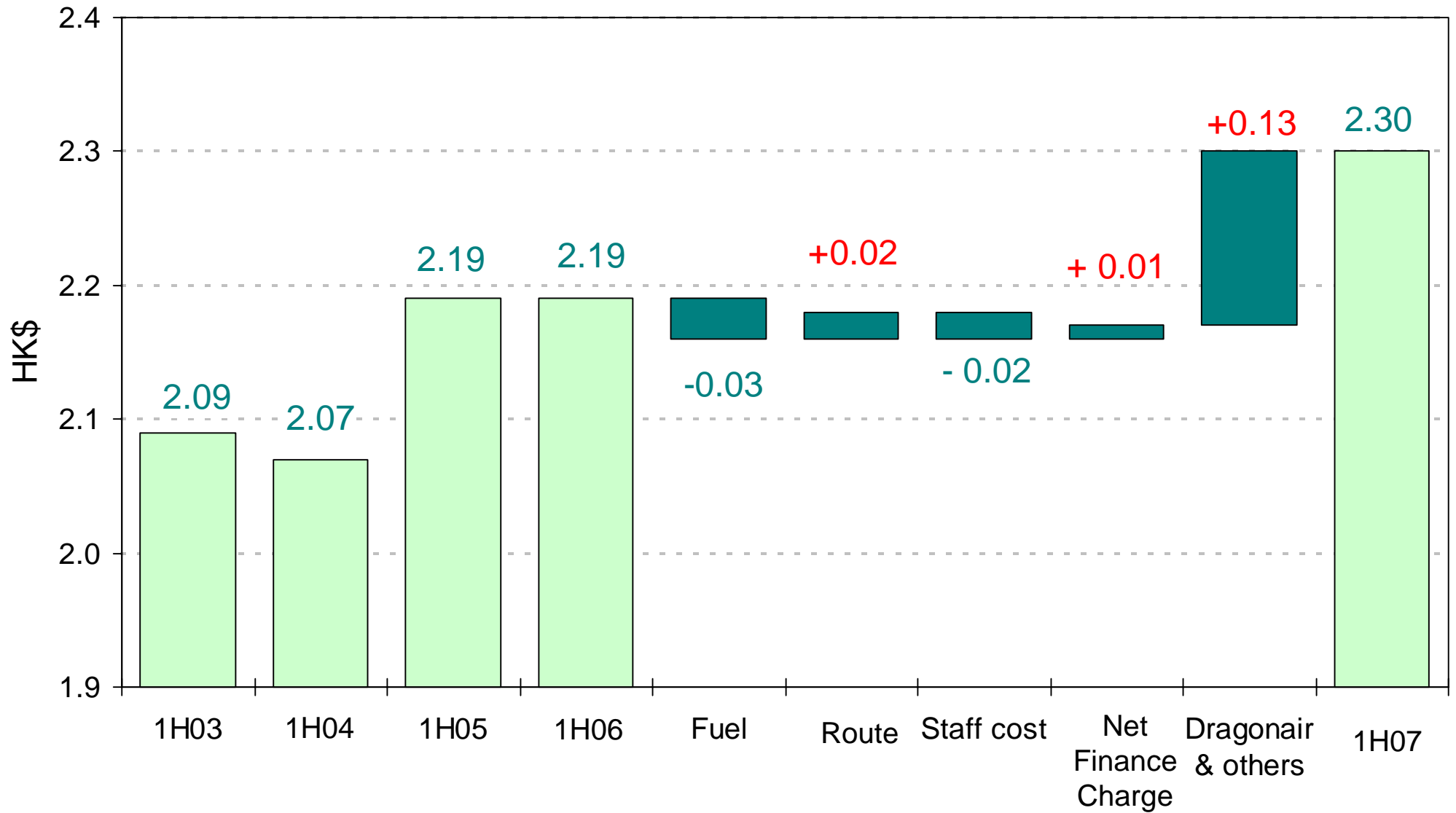
# Net Operating Cost

|                              | <u>1H 2007</u> | <u>vs 2006</u> | <u>vs 2006</u><br><u>of CX</u> |
|------------------------------|----------------|----------------|--------------------------------|
| Staff                        | 5,781          | +22.8%         | +5.1%                          |
| Inflight service & passenger | 1,150          | +26.8%         | +6.7%                          |
| Landing, parking & route     | 4,119          | +29.2%         | +15.0%                         |
| Fuel                         | 6,772          | +14.9%         | +4.7%                          |
| Aircraft maintenance         | 3,499          | +39.3%         | +12.8%                         |
| Depreciation & lease         | 3,455          | +22.3%         | +8.6%                          |
| Net finance charges          | 404            | +128.2%        | +99.2%                         |
| Others                       | 1,107          | +42.1%         | +7.6%                          |
| Net Operating Cost HK\$m     | 26,287         | +25.2%         | +8.7%                          |

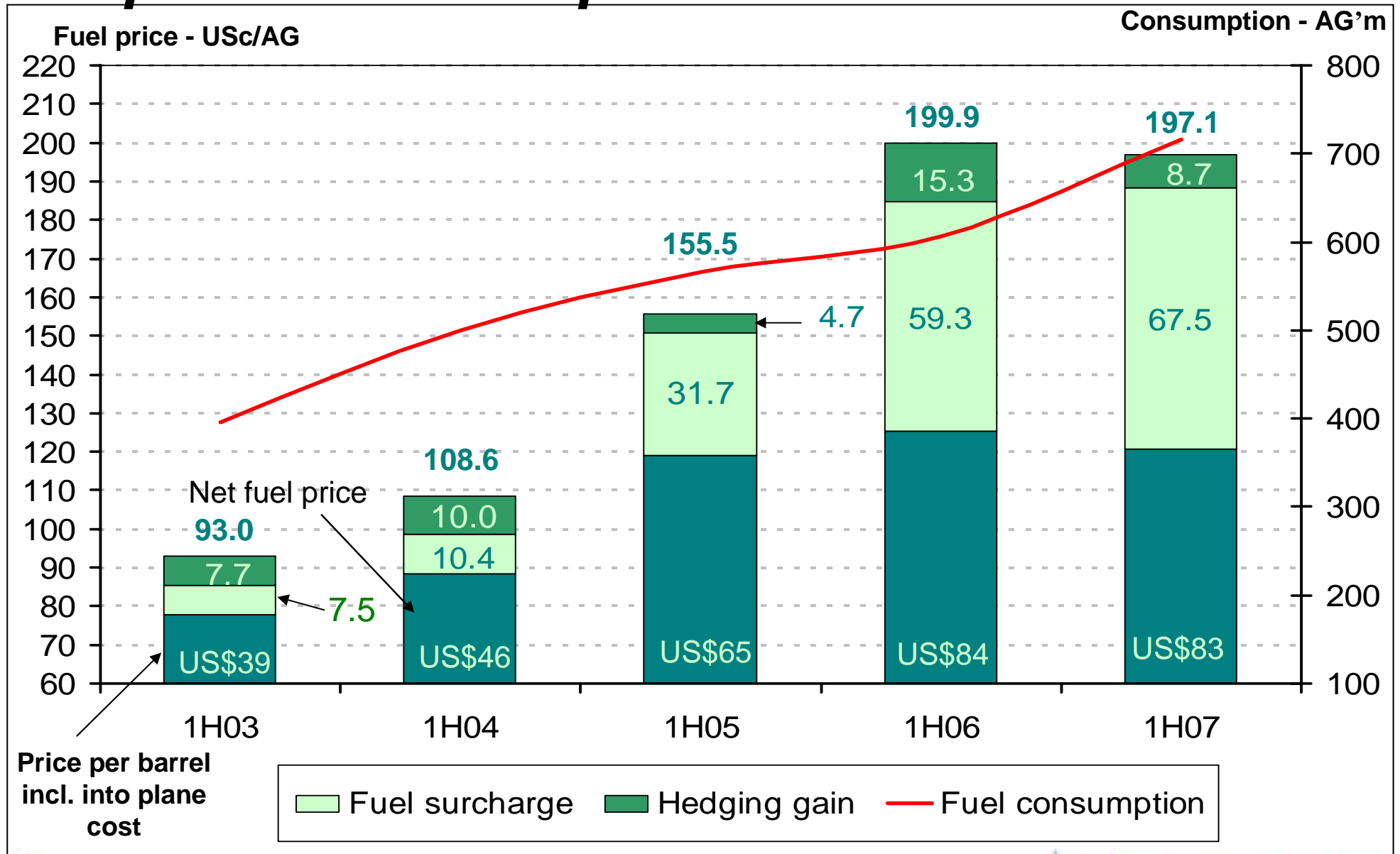


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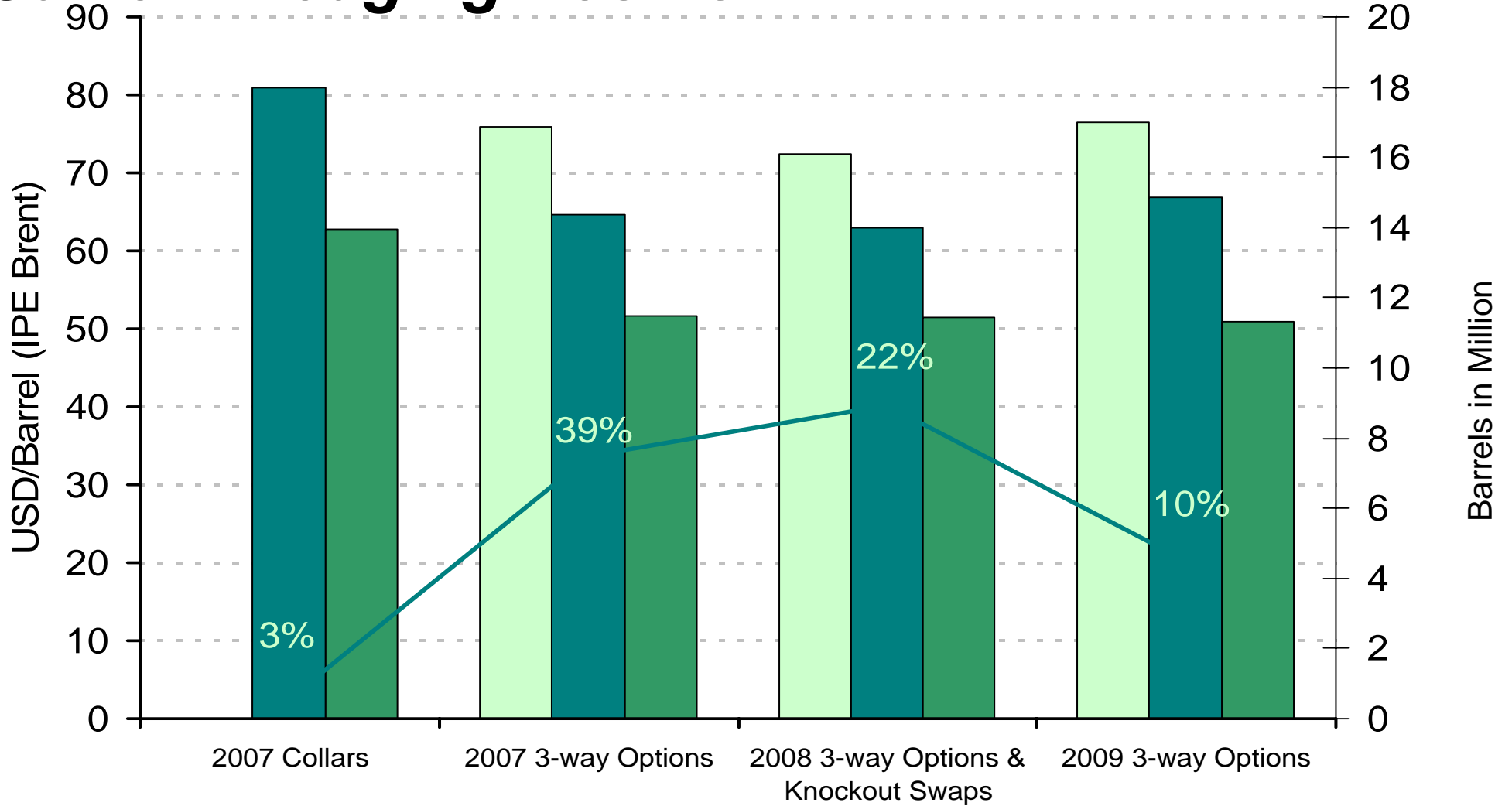
# Cost per ATK



# Fuel price & consumption



# Current Hedging Position



Call Written
  Call Bought
  Put Written
  + Volume Hedged/% age of volume hedged



# Balance Sheet

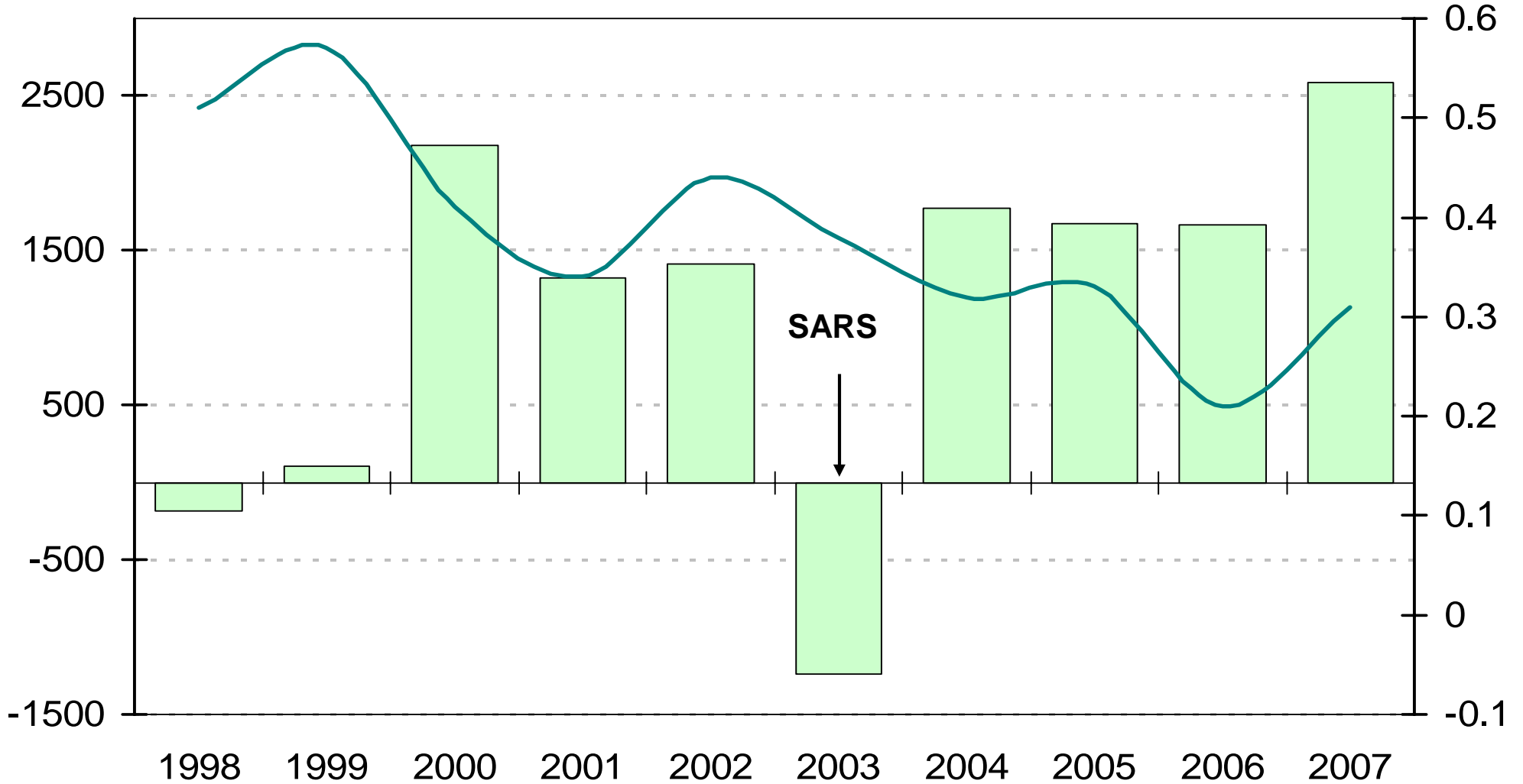
|  | <u>Jun 2007</u> | <u>Dec 2006</u><br><u>(restated)</u> | <u>vs Dec 2006</u> |
|--|-----------------|--------------------------------------|--------------------|
| Shareholders' Funds                    | HK\$46,745m     | HK\$45,411m                          | 2.9%up             |
| Gross Borrowings                       | HK\$32,499m     | HK\$31,943m                          | 1.7%up             |
| Less:                                  |                 |                                      |                    |
| Liquid Funds                           | HK\$(17,856m)   | HK\$(15,595m)                        | 14.5%up            |
| Net Borrowings                         | HK\$14,643m     | HK\$16,348m                          | 10.4%down          |
| Capital Employed                       | HK\$61,388m     | HK\$61,759m                          | 0.6%down           |
| Net Debt/Equity Ratio                  | 0.31            | 0.36                                 | -0.05 times        |
| Goodwill from purchase<br>of Dragonair | HK\$7,227m      | HK\$7,227m                           | -                  |
| Investment in Air China                | HK\$7,573m      | HK\$7,464m                           | 1.5%up             |



# Interim Profit & Net Debt/Equity Ratio

Profit / (loss) - HK\$ m

D/E ratio - times



Profit/(Loss)

Net debt/equity ratio



# Productivity Measures

|                                | <u>1H 2007</u> | <u>vs 2006</u> | <u>vs 2006</u><br><u>of CX</u> |
|--------------------------------|----------------|----------------|--------------------------------|
| Cost per ATK - with fuel       | HK\$2.30       | 5.0%up         | 0.9%down                       |
| - without fuel                 | HK\$1.69       | 8.3%up         | 0.6%up                         |
| ATK per HK\$1,000 Staff Cost   | 2,103          | 1.5% down      | 4.4%up                         |
| Staff Number                   | 19,207         | 18.8%up        | 2.1%up                         |
| Aircraft Utilisation (Hrs/day) | 11.7           | 7.9%down       | -                              |





# Cost per ATK - First Half

