



Cathay Pacific Airways

2008 Annual Results

11 March 2009

Highlights

- Turnover of HK\$86,578m, up 14.9%
- Group loss of HK\$8,558m vs a profit of HK\$7,023m
- Loss per share HK217.5c vs earnings per share of HK178.3c
- Fuel hedging losses of HK\$7,970m vs gains of HK\$933m
- Total dividends HK3c per share, down 96.4%
- Fuel costs up 92.2% to HK\$47,317m
- Pax load factor down 1.0%pt to 78.8%
- Pax yield increased by 5.3% to HK63.6c
- Cargo and mail load factor down 0.8%pt to 65.9%
- Cargo and mail yield increased by 12.4% to HK\$2.54



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Annual Result

Group (Loss) /Profit

Group Turnover

(Loss) / Profit Margin

Return on Capital Employed

Available tonne kilometres

Cost per ATK

Cost per ATK (w/o fuel)

Revenue Load Factor

Breakeven Load Factor

FY 2008

FY 2007

HK\$(8,558)m

HK\$7,023m

HK\$86,578m

HK\$75,358m

(9.9%)

9.3%

(11.3%)

12.6%

24,410m

23,077m

HK\$3.79

HK\$2.87

HK\$1.88

HK\$1.82

75.1%

75.6%

87.1%

67.0%



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Operating Results – Cathay Pacific and Dragonair

	<u>FY 2008</u> HK\$M	<u>FY 2007</u> HK\$M
Turnover	83,325	72,360
Total operating expenses	(92,635)	(66,205)
Reversal of fuel hedging losses/(gains)	7,970	(933)
Operating (loss)/profit before tax and fuel hedging	(1,340)	5,222



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Underlying (loss)/profit

(Loss)/profit attributable to owners of Cathay Pacific

Adjustment to reverse the impact of HKAS39

- Fuel derivatives

- Currency and interest rate derivatives

Adjustment to reverse our share of Air China's MTM

fuel hedging losses in 4Q08

Settlement of the US DOJ Cargo Investigations

Taxation

Underlying (loss) / profit

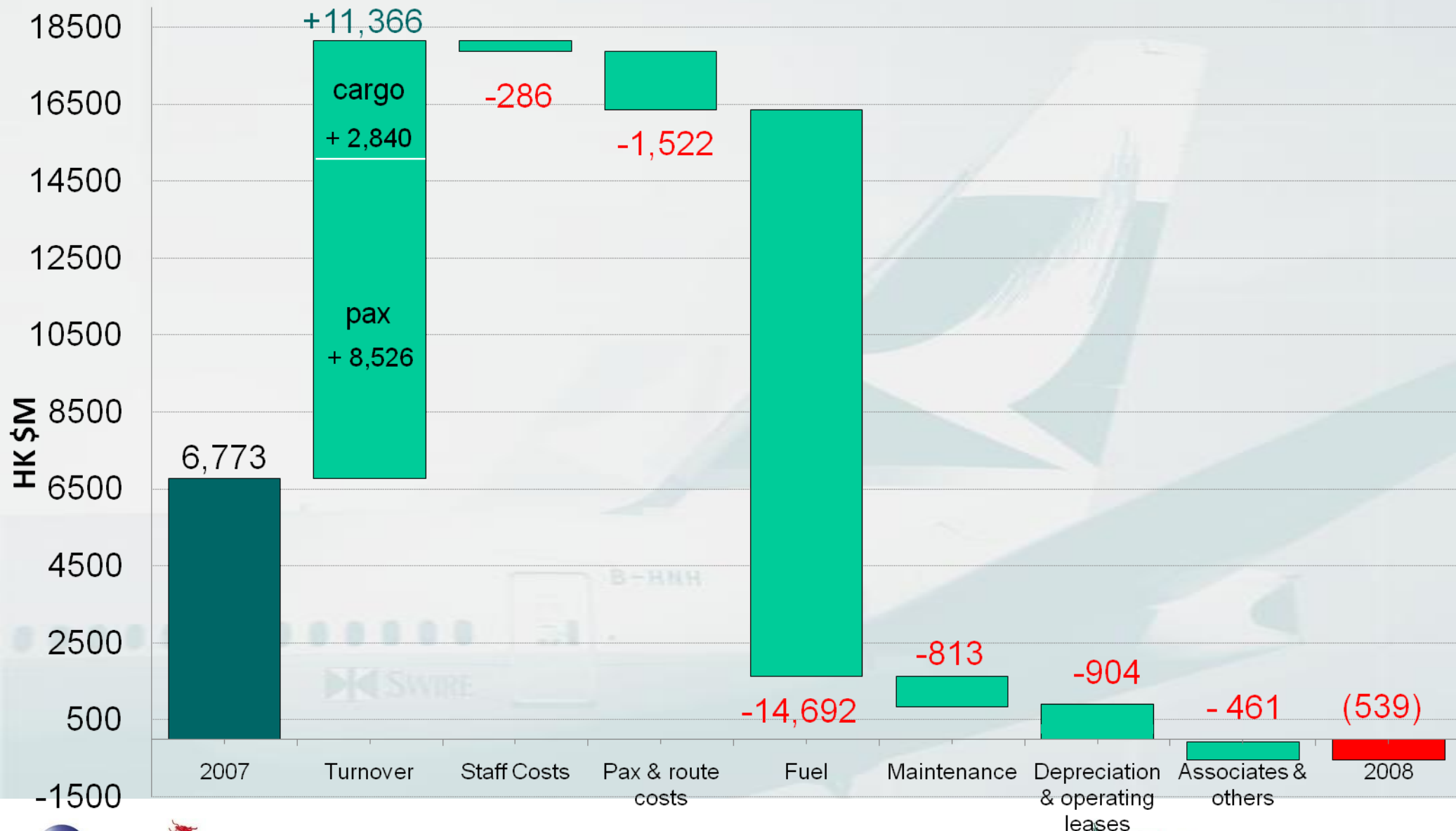
<u>FY 2008</u>	<u>FY 2007</u>
<u>HK\$M</u>	<u>HK\$M</u>
(8,558)	7,023
7,883	(118)
(5)	(162)
1,000	-
468	-
(1,327)	30
(539)	6,773



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Underlying (loss)/profit : 2007 to 2008



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Passenger Service - Key Numbers

	<u>FY 2008</u>	<u>vs 2007</u>
Turnover	HK\$58,046m	+17.2%
Seat Capacity (ASK)	115,478m	+12.7%
Passenger Number	25.0m	+7.3%
Yield per Revenue Pax Km	HK¢ 63.6	+5.3%
Load Factor	78.8%	-1.0%pt



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Passenger Service - by Region

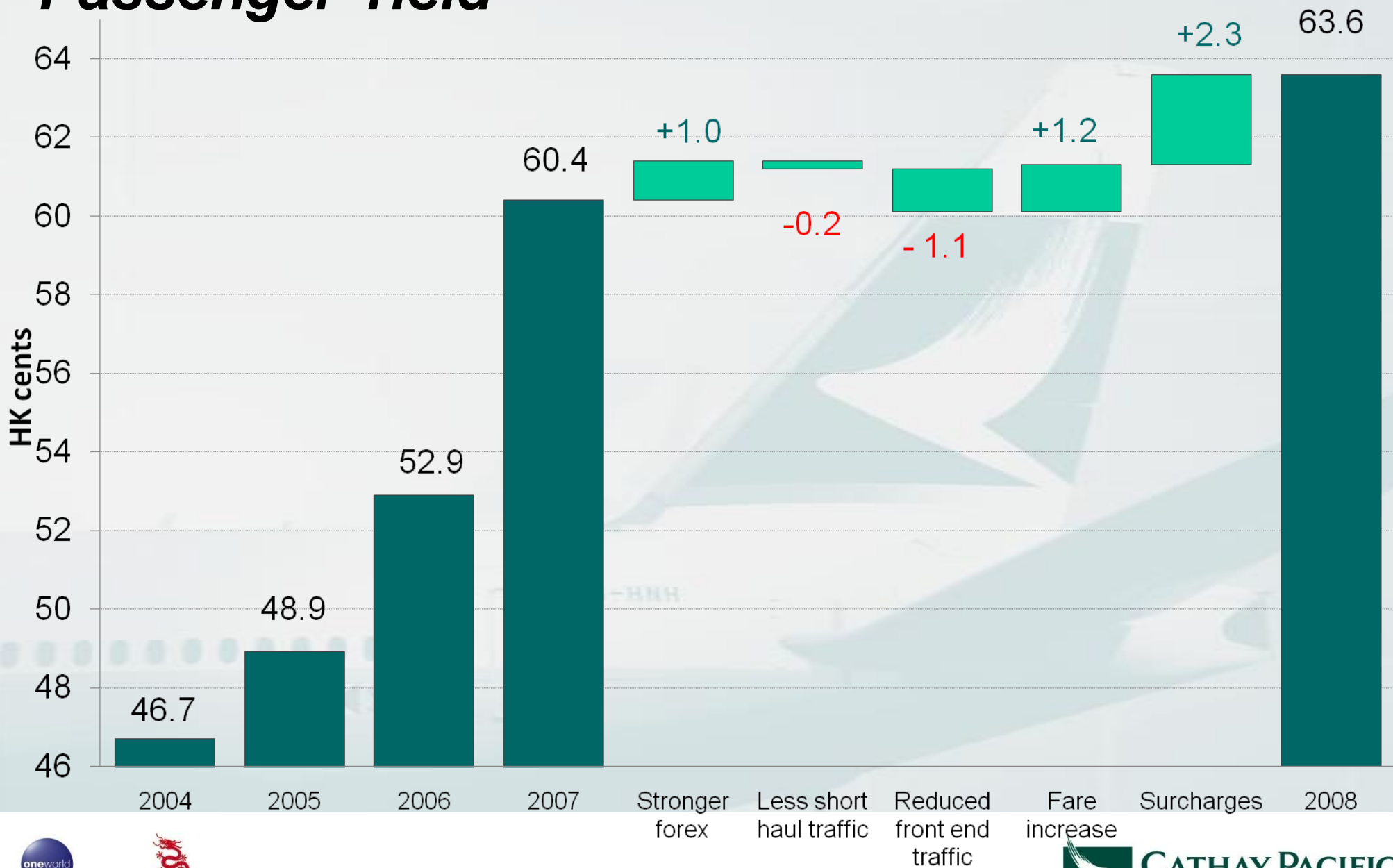
	ASK (m)	vs 2007	Load Factor	vs 2007	Yield Change
SW Pacific & S. Africa	17,689	+21.2%	77.0%	-4.7% pts	+6.9%
Europe	20,017	+1.9%	84.4%	+0.8% pts	+9.0%
SE Asia & Middle East	22,528	+17.2%	77.4%	-2.0% pts	+8.4%
North Asia	24,028	+1.1%	73.0%	+1.1% pts	+6.5%
North America	31,216	+23.6%	81.7%	-1.9% pts	+2.8%
Systemwide	115,478	+12.7%	78.8%	-1.0% pts	+5.3%



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Passenger Yield



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Cargo Service - Key Numbers

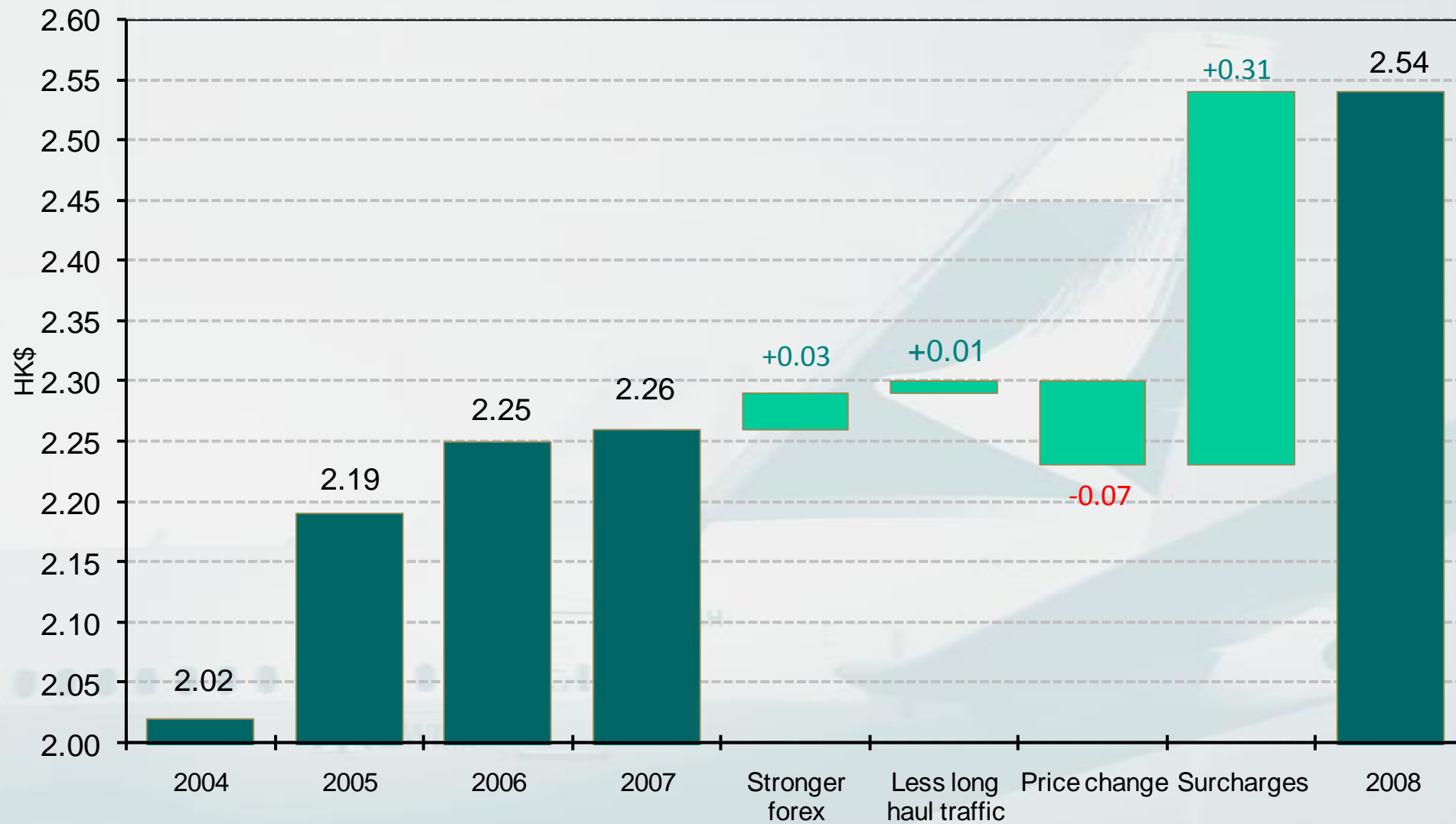
	<u>FY 2008</u>	<u>vs 2007</u>
Turnover	HK\$24,623m	+ 13.0%
Cargo Capacity (ACTK)	13,425m	+ 0.7%
- on passenger aircraft	4,853m	+7.4%
- on freighters	8,572m	-2.8%
Cargo Carried	1,645K tons	-1.6%
Yield per tonne km	HK\$ 2.54	+12.4%
Load factor	65.9%	-0.8%pts



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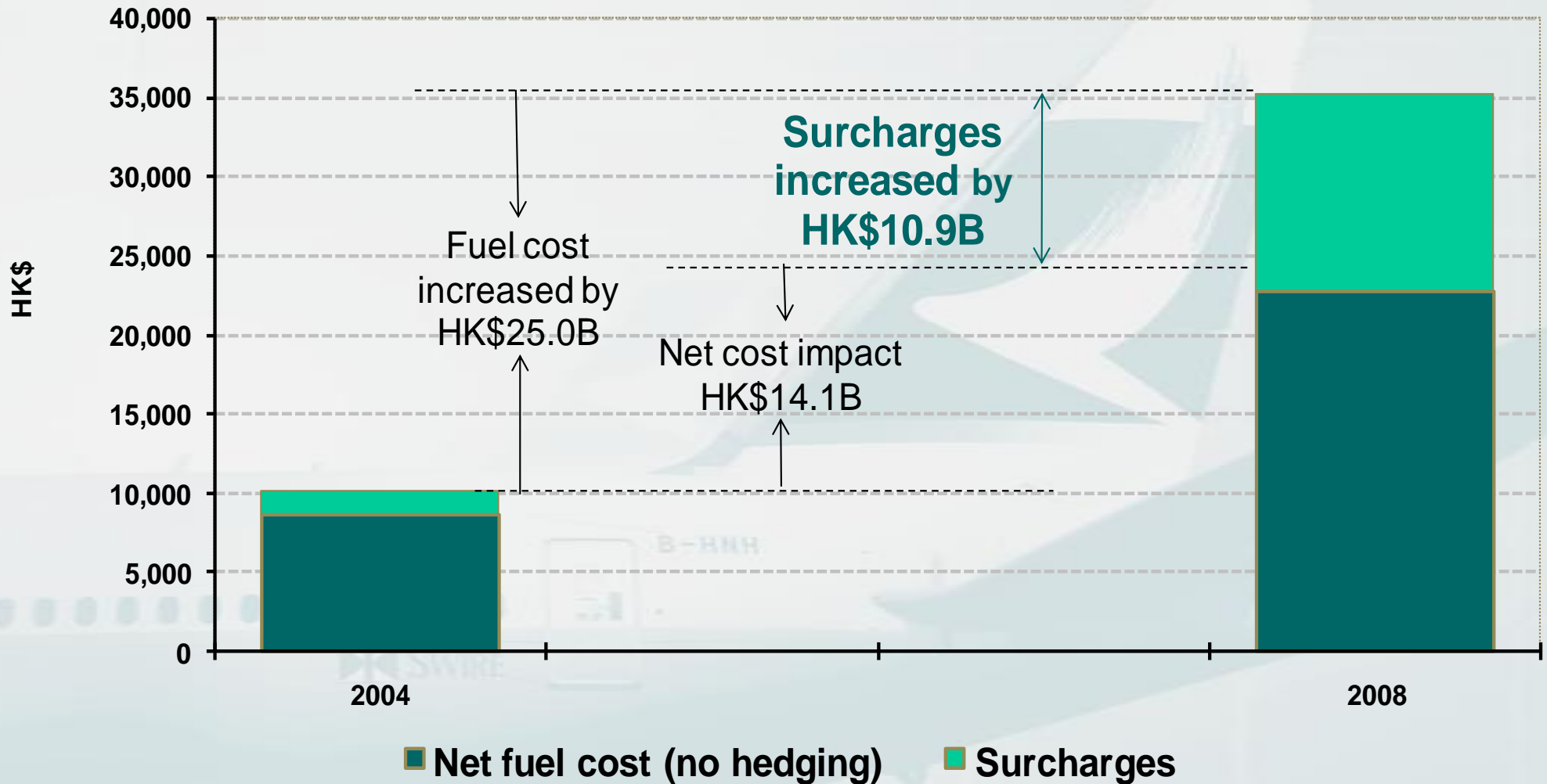
Cargo Yield



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How surcharges helped reduce the impact of fuel price increase for Cathay Pacific



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Group Operating Cost

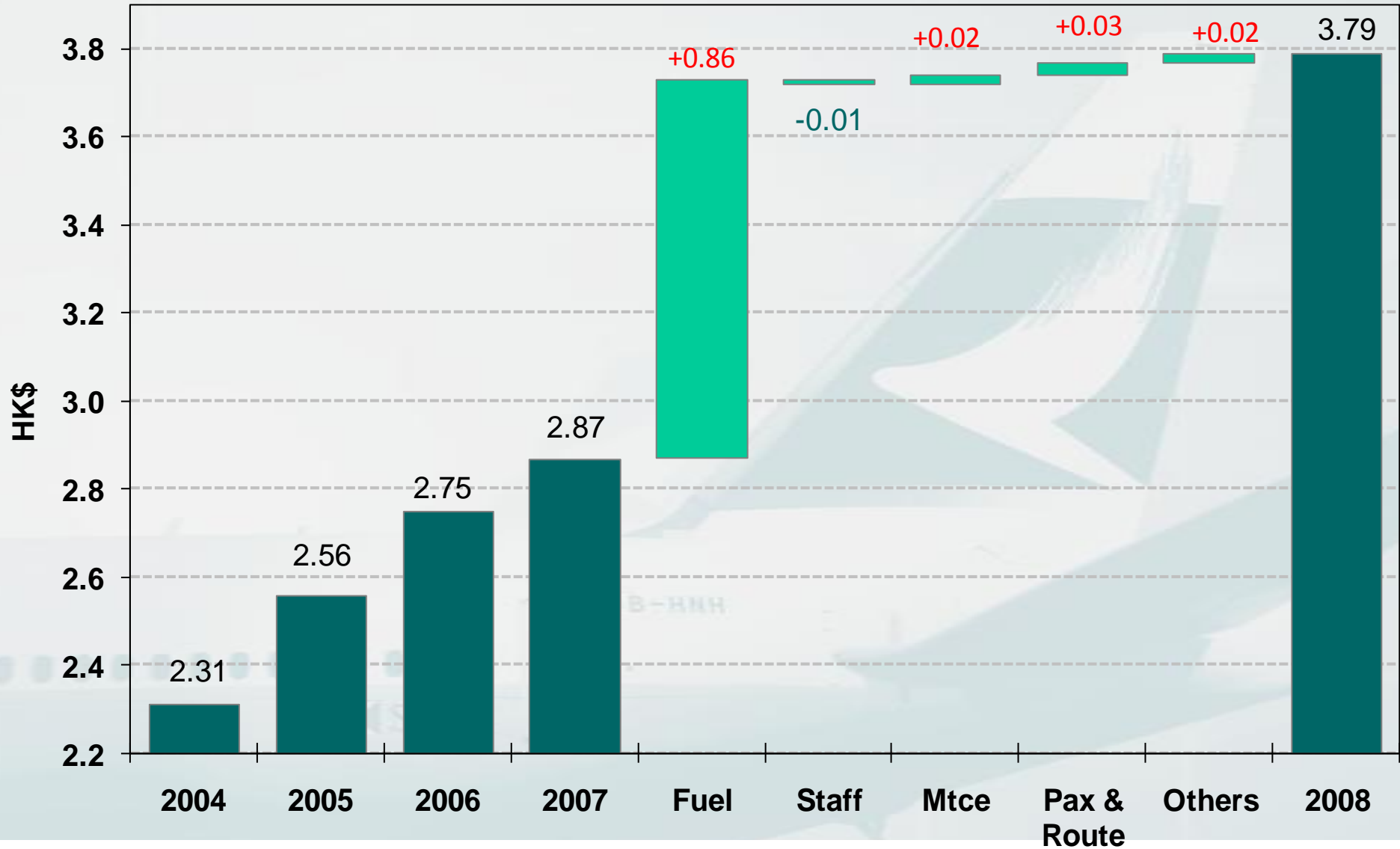
	<u>FY 2008</u>	<u>vs 2007</u>
Staff	12,428	+ 2.4%
Inflight service & passenger expenses	3,336	+ 14.9%
Landing, parking & route	11,039	+ 10.9%
Fuel	47,317	+ 92.2%
Aircraft maintenance	7,643	+ 11.9%
Depreciation & leases	8,271	+ 12.3%
Net finance charges	1,012	+ 28.6%
Others	4,005	+ 5.3%
Total Operating Cost HK\$m	95,051	+ 39.0%



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Airlines Cost per ATK



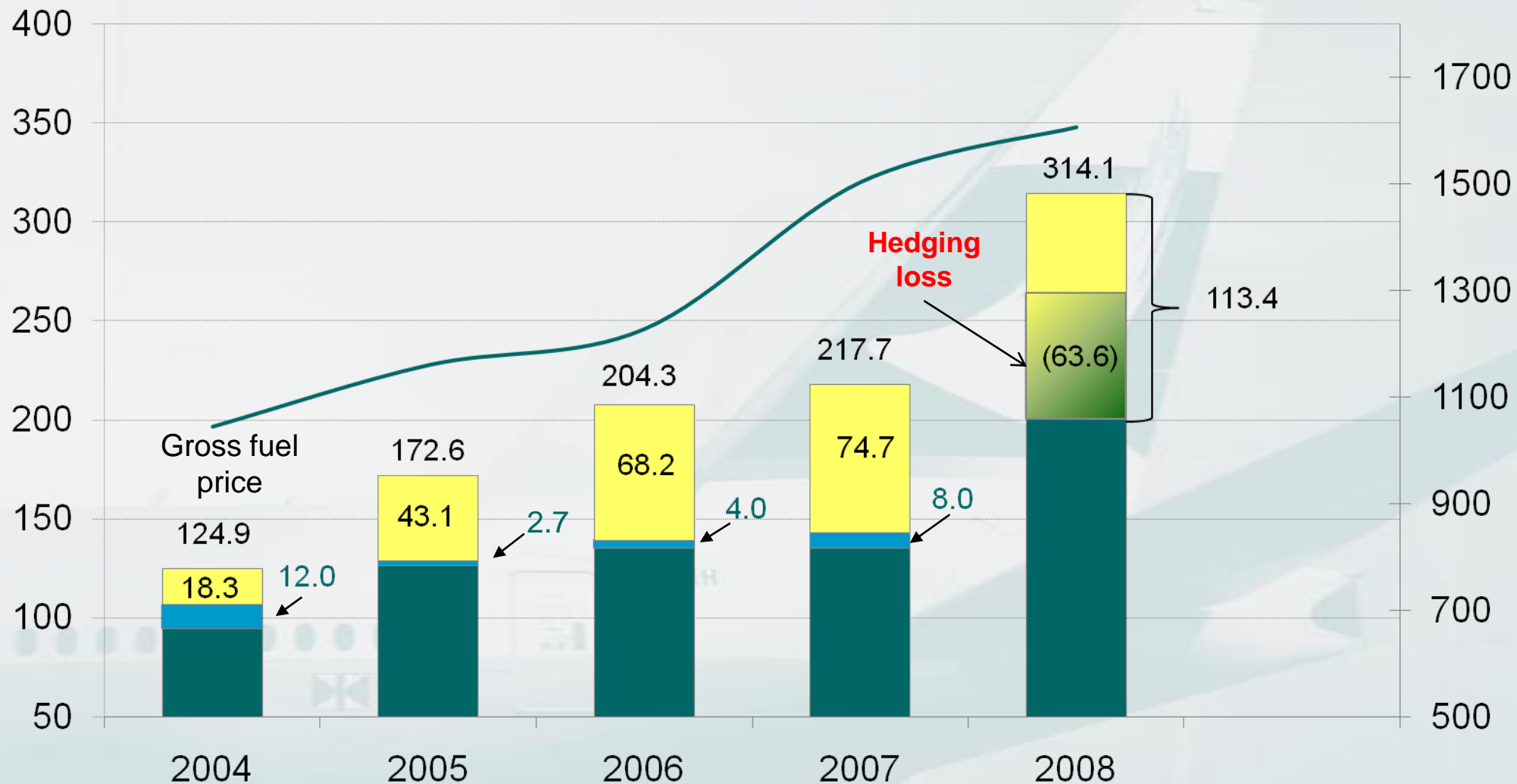
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Fuel price & consumption

Fuel price - USc/AG

Consumption - AG'm

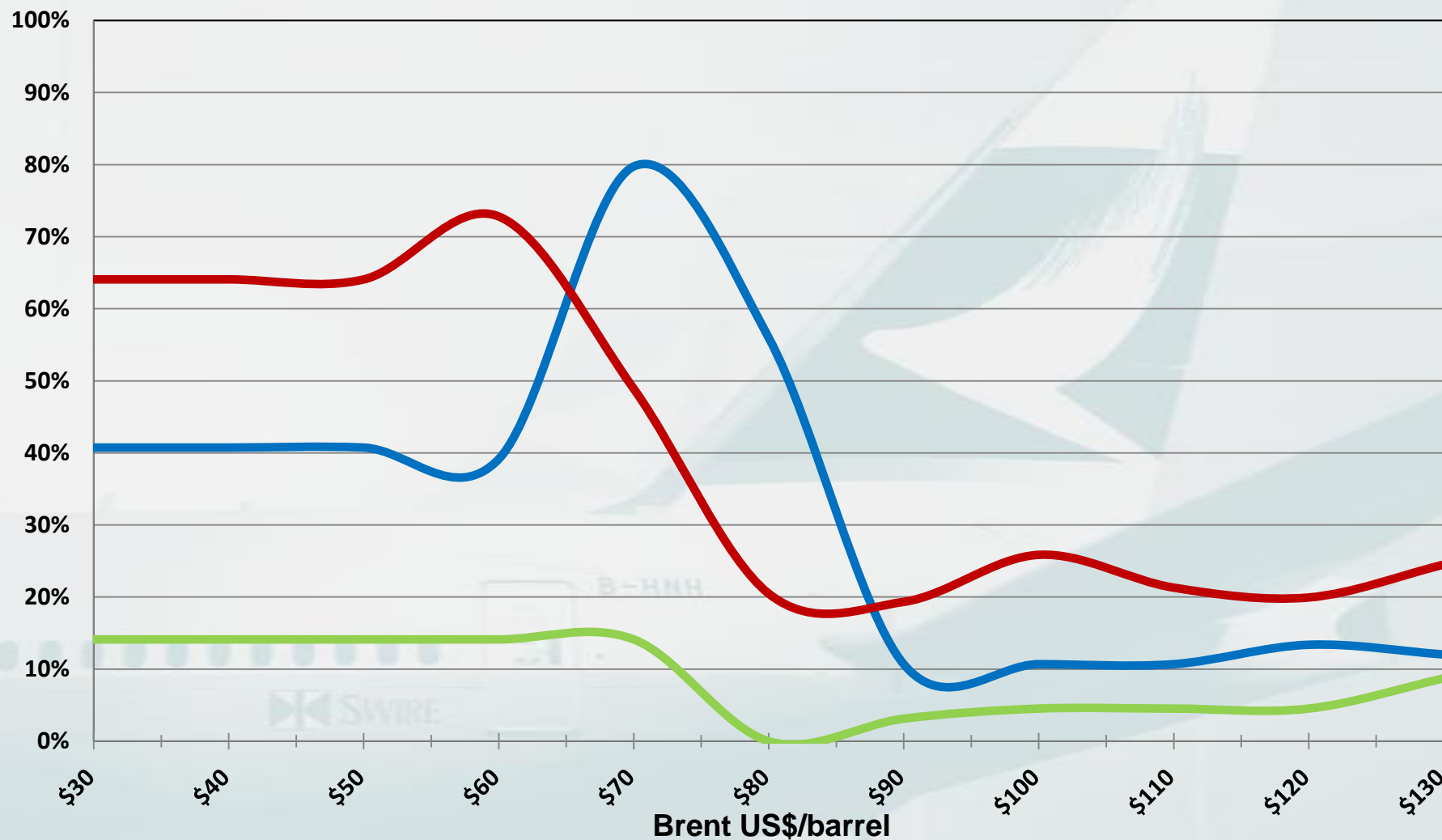


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Maximum fuel hedging exposure

Fuel hedging
coverage



— 2009

— 2010

— 2011



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Balance Sheet

Shareholders' Funds

Gross Borrowings

Less:

Liquid Funds

Net Borrowings

Capital Employed (incl. MI)

Net Debt/Equity Ratio

Goodwill from purchase of
Dragonair

Investment in Air China

2008

2007

vs 2007

HK\$38,325m

HK\$50,549m

24.2% down

HK\$40,280m

HK\$36,368m

10.8% up

HK\$(15,082m)

HK\$(21,637m)

30.3%down

HK\$25,198m

HK\$14,731m

71.1% up

HK\$63,643m

HK\$65,458m

2.8% down

0.66

0.29

+ 0.37 times

7,511m

7,511m

-

8,046m

8,469m

5.0%down



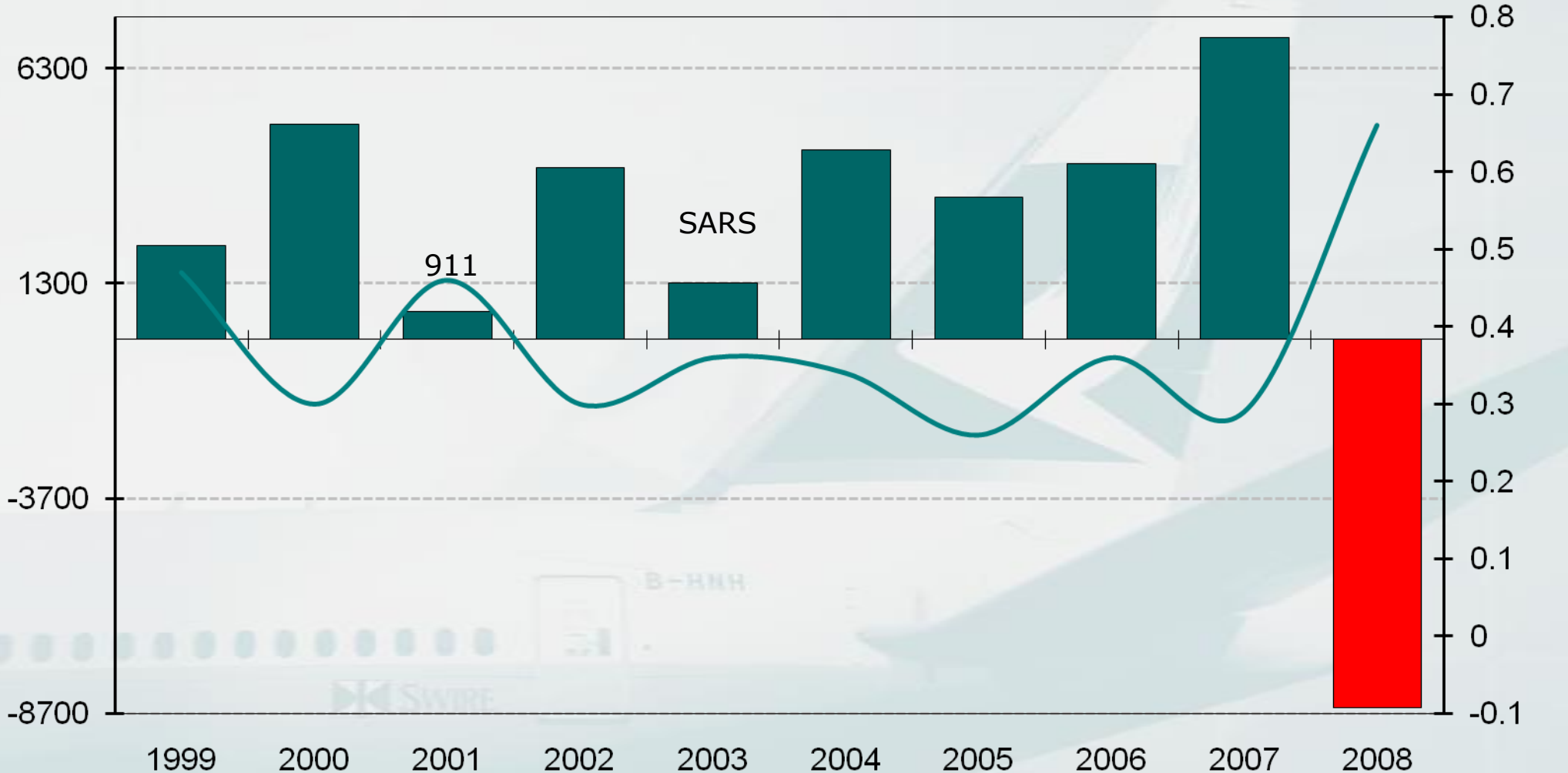
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Profit & Net Debt/Equity Ratio

Profit / (loss) - HK\$ m

D/E ratio - times



Profit/(Loss)

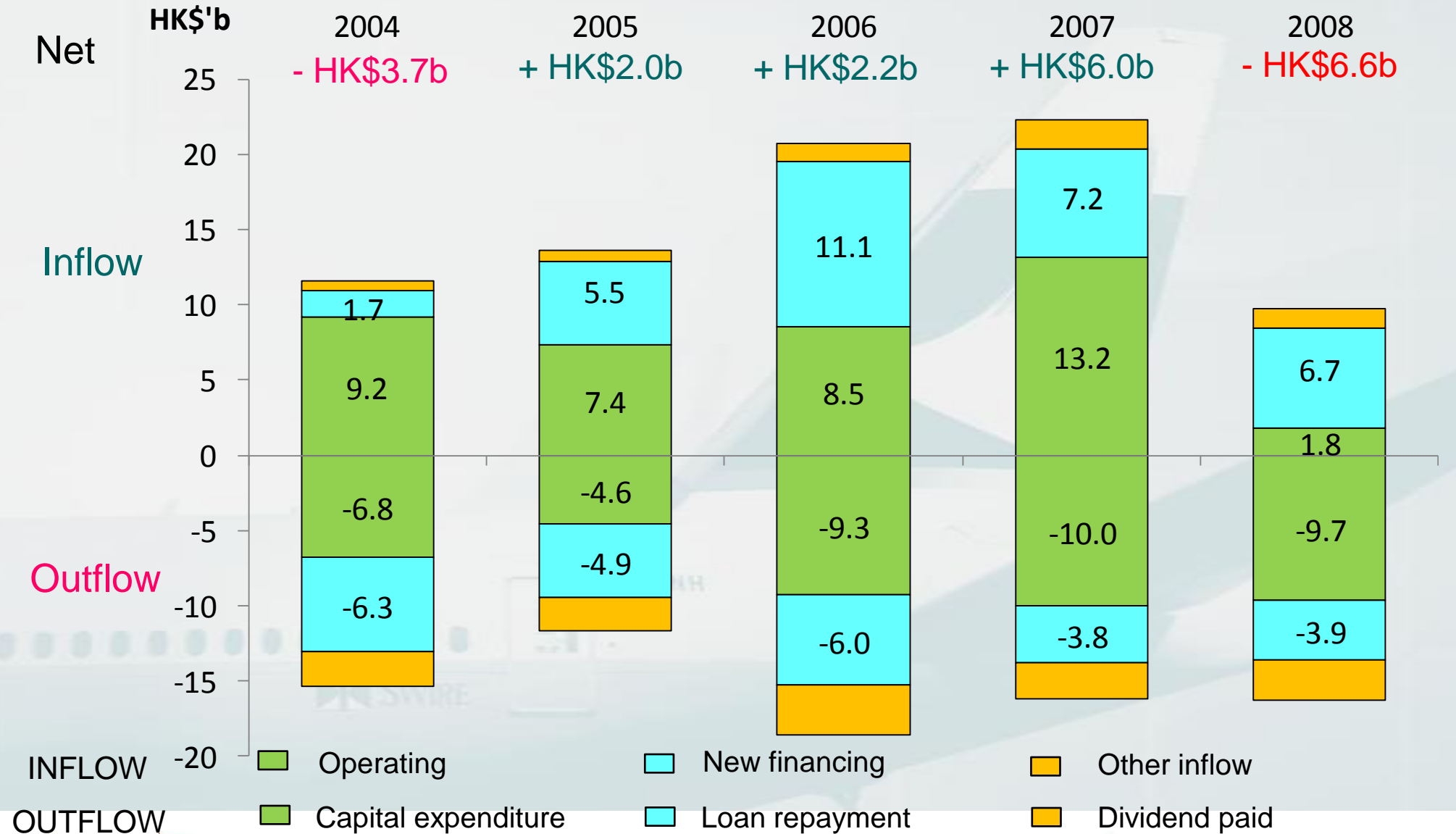
Net debt/equity ratio



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Liquid Fund Flow



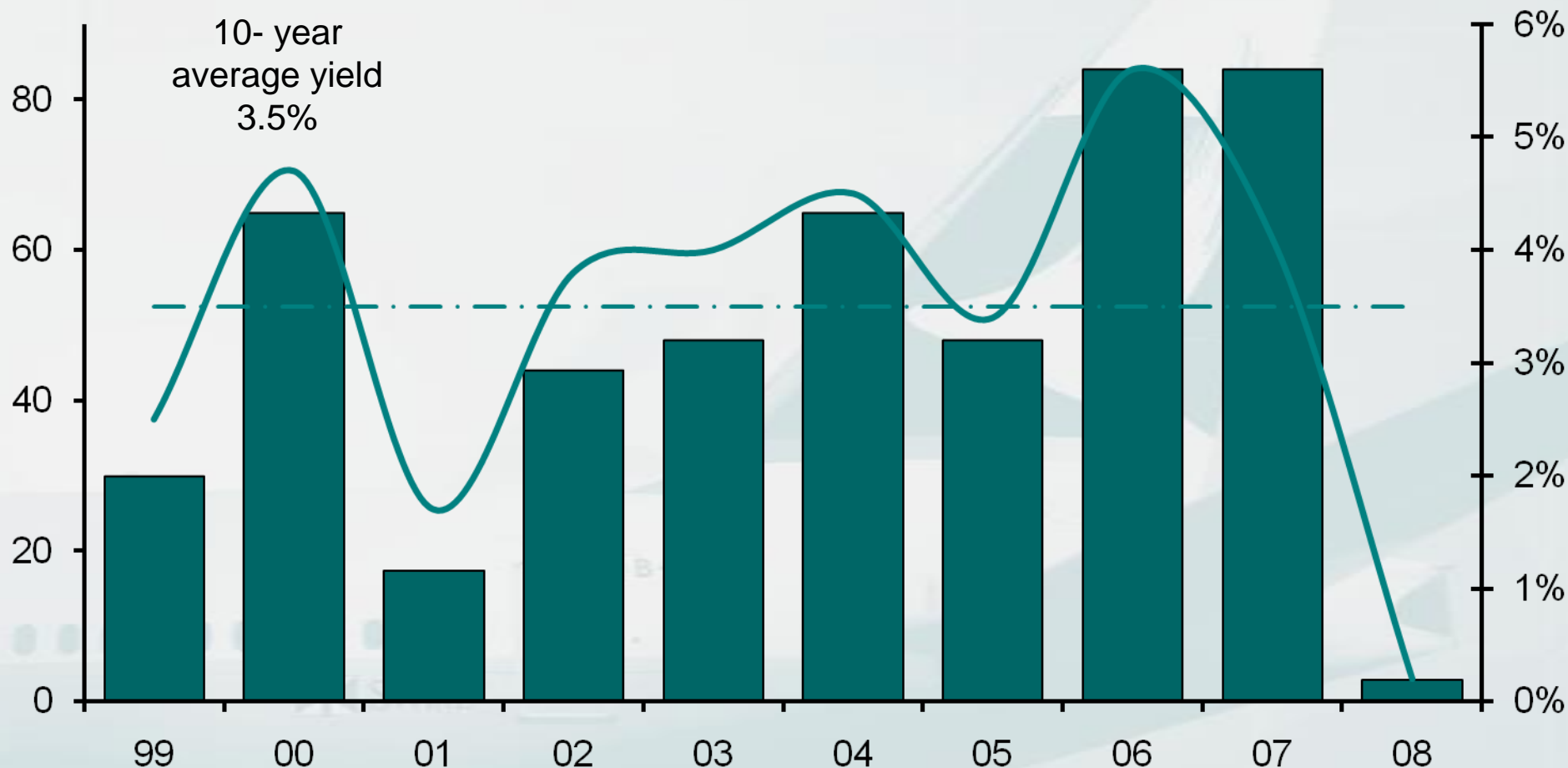
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Dividends

Dividend per share
(HK cents)

Dividend yield %



■ Dividend per share

— Dividend yield



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Productivity Measures

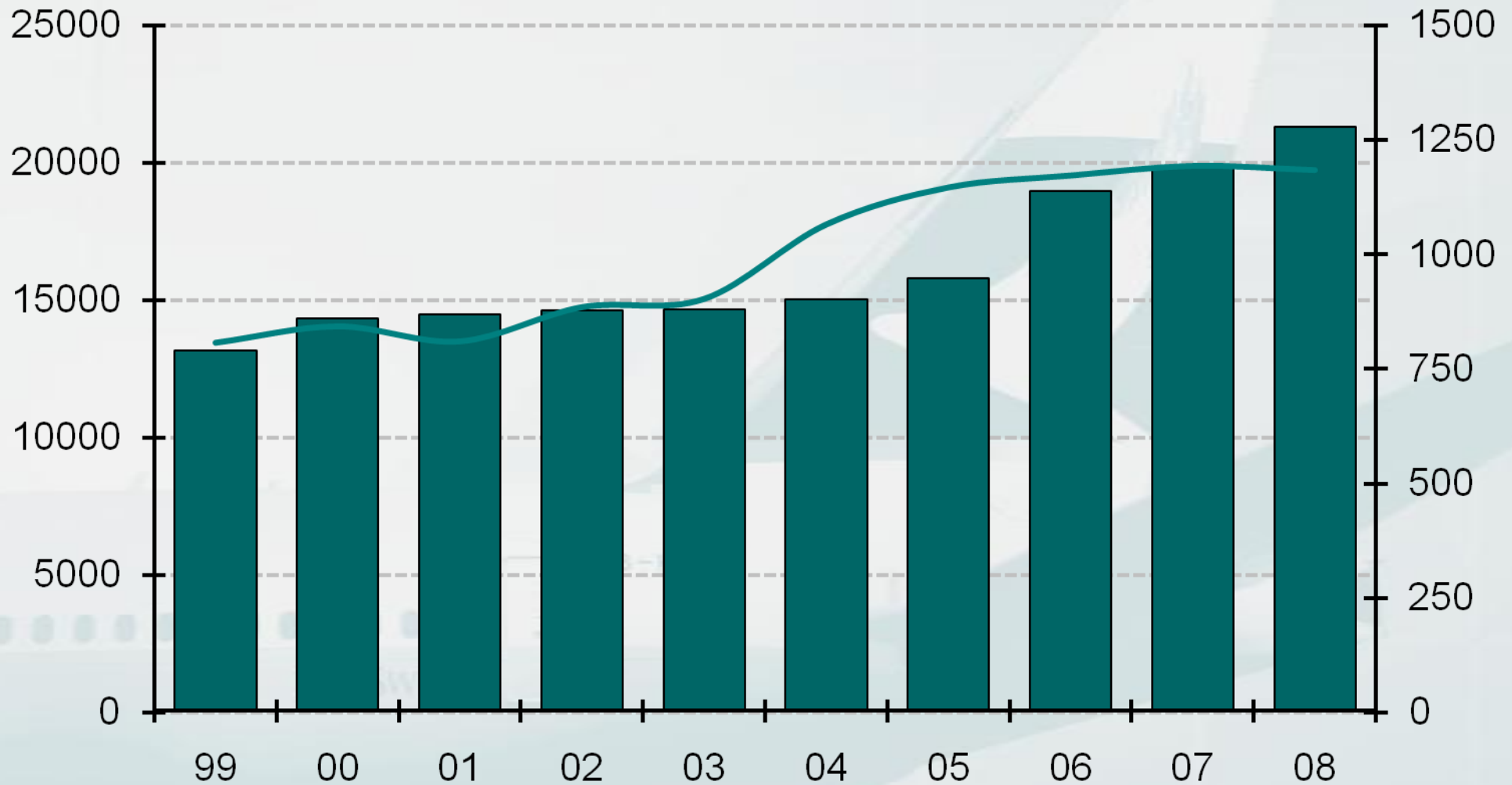
	<u>2008</u>	<u>vs 2007</u>
Cost per ATK - with fuel	HK\$3.79	32.1% up
- without fuel	HK\$1.88	3.3% up
ATK per HK\$1,000 Staff Cost	2,160	2.6% up
Staff Number	21,309	7.4% up
Aircraft Utilisation (Hrs/day)	11.5	1.7% down



ATK per Staff

Staff number

ATK per staff



Staff number

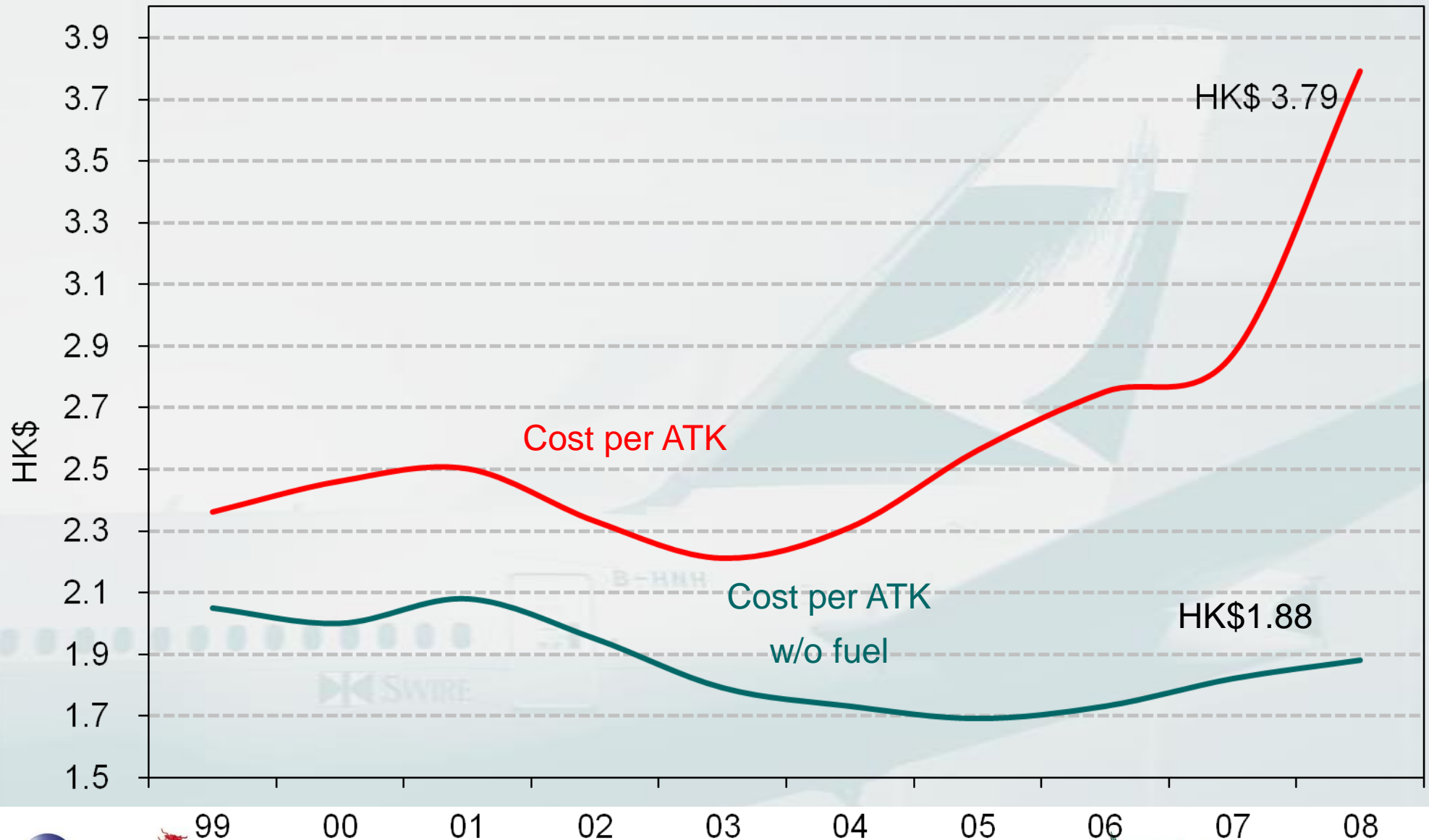
ATK per staff



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Cost per ATK



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Outlook

- Cargo revenue is very weak
- Passenger revenue is down
 - front end collapse
 - weak YCL yield
- Turnover affected by weak currencies
- Fuel price is lower but we don't get the full benefit
- Further fuel hedging losses - MTM loss HKD1.9bn (Jan-Feb)



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What we are doing

- Conserving cash
 - expenditure reductions
 - capex restraint
- Managing capacity
 - parking aircraft
 - sale of aircraft
 - no extension of operating leases



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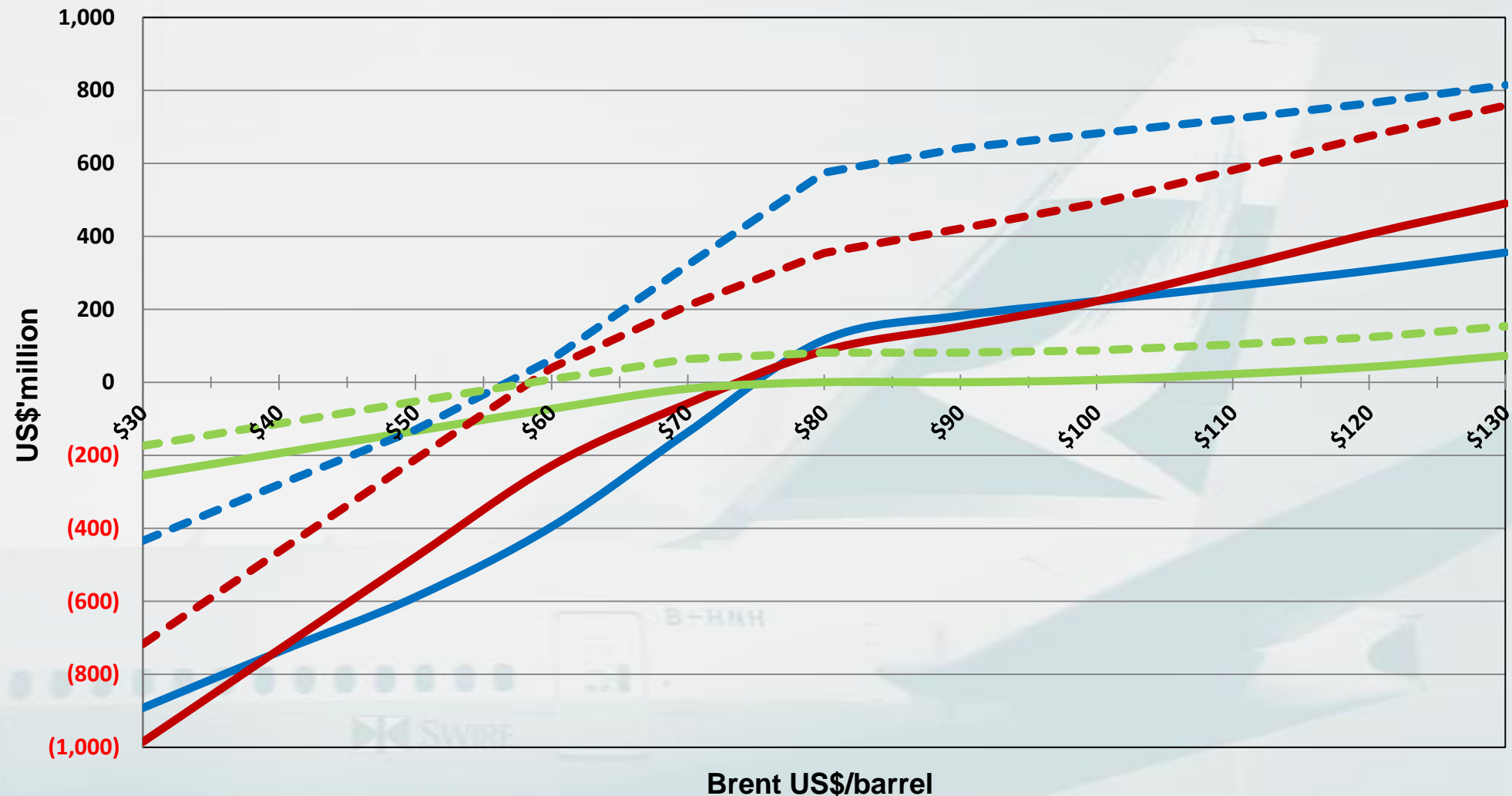
Q & A



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Sensitivity analysis of cash and profit and loss impact of fuel price movements on fuel hedging contracts



Cash impact in 2009 of contracts maturing in 2009
 Cash impact in 2011 of contracts maturing in 2011
 Overall P&L sensitivity for contracts maturing in 2010

Cash impact in 2010 of contracts maturing in 2010
 Overall P&L sensitivity for contracts maturing in 2009
 Overall P&L sensitivity for contracts maturing in 2011



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Fuel Surcharge

Pax Surcharge

Effective Date		Long Haul	Short Haul
01-Feb-07	US\$	56.1	13.6
01-Apr-07	US\$	53.8	13.1
01-Jun-07	US\$	52.8	12.8
01-Aug-07	US\$	54.4	13.2
01-Oct-07	US\$	54.9	13.3
01-Dec-07	US\$	59.7	14.5
01-Feb-08	US\$	65.1	15.8
01-Apr-08	US\$	66.4	16.0
01-Jun-08	US\$	91.0	21.9
01-Aug-08	US\$	118.5	29.6
01-Oct-08	US\$	106.7	25.1
01-Dec-08	US\$	64.0	13.8
01-Feb-09	US\$	35.9	7.8



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Fuel Surcharge

Cargo Surcharge

Effective Date	Level		Long Haul	Short Haul
06-Feb-07	9	US\$ / kg	0.45	0.225
27-Mar-07	10	US\$ / kg	0.50	0.250
01-May-07	11	US\$ / kg	0.55	0.275
18-Jul-07	12	US\$ / kg	0.60	0.300
23-Oct-07	13	US\$ / kg	0.65	0.325
30-Nov-07	14	US\$ / kg	0.70	0.350
21-Dec-07	16	US\$ / kg	0.80	0.400
01-Apr-08	18	US\$ / kg	0.90	0.450
22-Apr-08	20	US\$ / kg	1.00	0.500
20-May-08	22	US\$ / kg	1.10	0.550
17-Jun-08	25	US\$ / kg	1.25	0.625



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Fuel Surcharge

Cargo Surcharge

Effective Date	Level		Long Haul	Short Haul
08-Jul-08	26	US\$ / kg	1.30	0.650
01-Aug-08	27	US\$ / kg	1.35	0.675
25-Aug-08	25	US\$ / kg	1.25	0.625
15-Sep-08	21	US\$ / kg	1.05	0.525
08-Oct-08	20	US\$ / kg	1.00	0.500
14-Nov-08	13	US\$ / kg	0.65	0.325
01-Dec-08	12	US\$ / kg	0.60	0.300
05-Jan-09	8	US\$ / kg	0.40	0.200
22-Jan-09	7	US\$ / kg	0.35	0.175



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