



Analysts Briefing

27 November 2015

Cathay Pacific Airways Limited

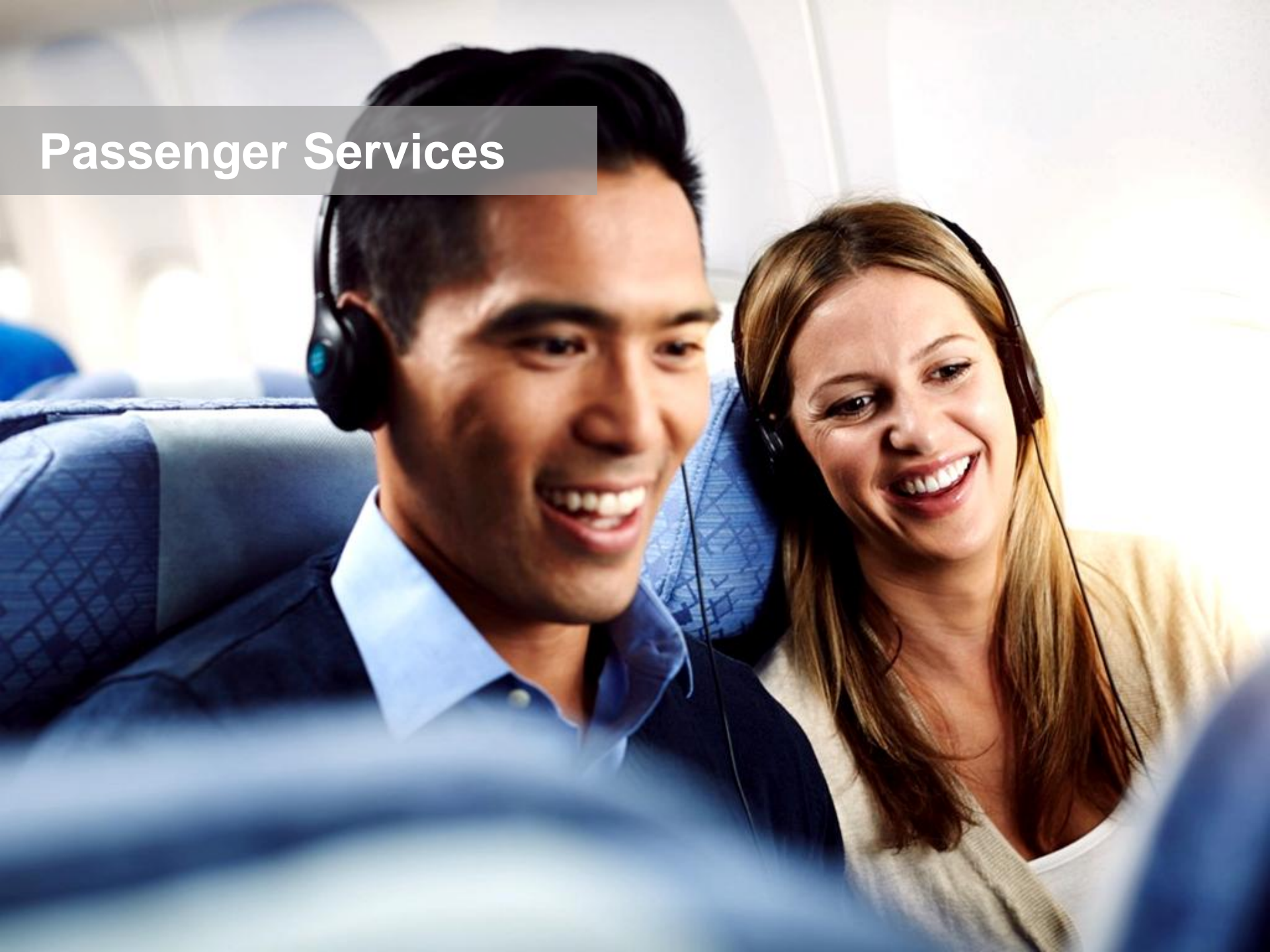


Operating performance - overview



- Passenger load factors are high, driven by strong back-end demand.
- Passenger front-end yield and load factor is lower than expectations.
- The cargo market remains weak.
- We continue to benefit from lower net fuel costs.
- Strong performance from our share in associate companies.
- Increasing air traffic control and congestion issues in our home hub.

Passenger Services



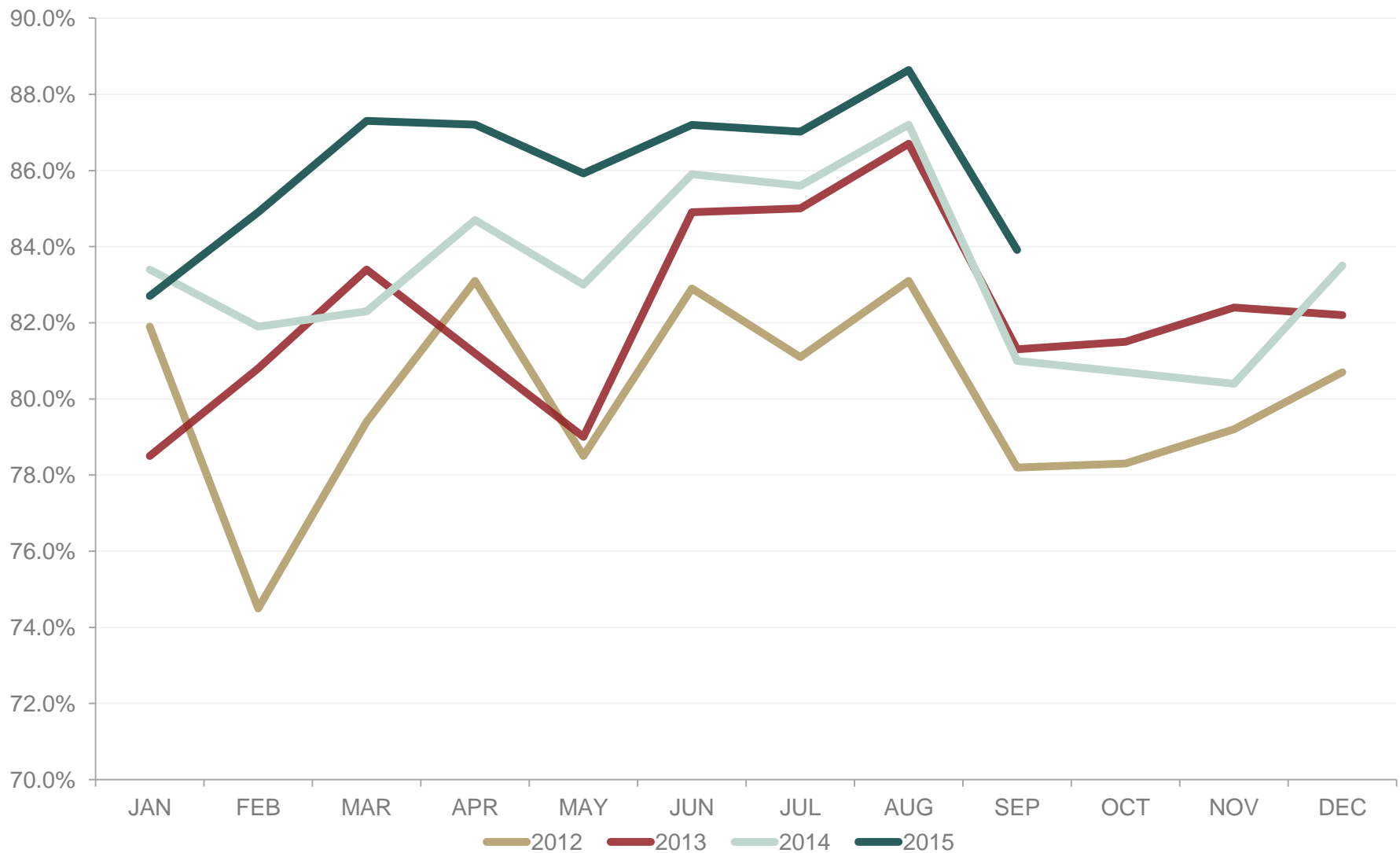
Operating performance - Passenger

- High passenger load factors
 - Strong back-end demand.
 - Front-end lower than expectations.
- Yields remain under pressure
 - Significant reduction in fuel surcharges.
 - Strong competition.
 - Negative impact on currency movements.
- Increased capacity (ASK)
 - Introduction of new routes.
 - Increased frequency on some existing routes.

		Year to Q3 2015	Year to Q3 2014	% Var
ASK	Million	106,241	100,199	+6.0%
Passengers carried	'000	25,509	23,568	+8.2%
Passenger load factor	%	86.1	83.9	+2.2%



Passenger Load Factors



Operating performance – Regions

Sept YTD performance vs 2014

Europe

ASK: +10.9%

LF: +0.6%pt

North Asia

ASK: +2.3%

LF: +2.8%pt

North America

ASK: +6.0%

LF: +0.9%pt

India, Middle East, Pakistan & Sri Lanka

ASK: -7.4%

LF: +4.0%pt

Southeast Asia

ASK: +13.3%

LF: +2.7%pt

Southwest Pacific & South Africa

ASK: +7.2%

LF: +3.5%pt

Dragonair Network

Joint-operating and codeshare services are not shown.
— Cathay Pacific Service — Dragonair Service

* Cathay Pacific service to Madrid commences on 2 June 2016, subject to government approval.

Network Development – Cathay Pacific



2015

March	▪ Introduced a daily service to Zurich .
May	▪ Introduced a 4-times-weekly service to Boston .
June	▪ Increased services to San Francisco to 17 flights per week.
Sept	<ul style="list-style-type: none">▪ Introduced a 4-times-weekly service to Dusseldorf.▪ Announcement of a 4-times-weekly service to Madrid to commence from June 2016.
Oct	▪ Increased to a daily direct service to Colombo .
Nov	▪ Increased services to Ho Chi Minh City to 18 flights per week.

Network Development - Dragonair

2015

- | | |
|---------------|---------------------------------------------------------------------------|
| March | ▪ Launched a daily service to Haneda in Tokyo. |
| May | ▪ Increased service to Kolkata to six flights per week. |
| August | ▪ Launched a twice weekly service to Hiroshima . |
| Nov | ▪ Increased service to Shanghai Hongqiao to nine flights per week. |



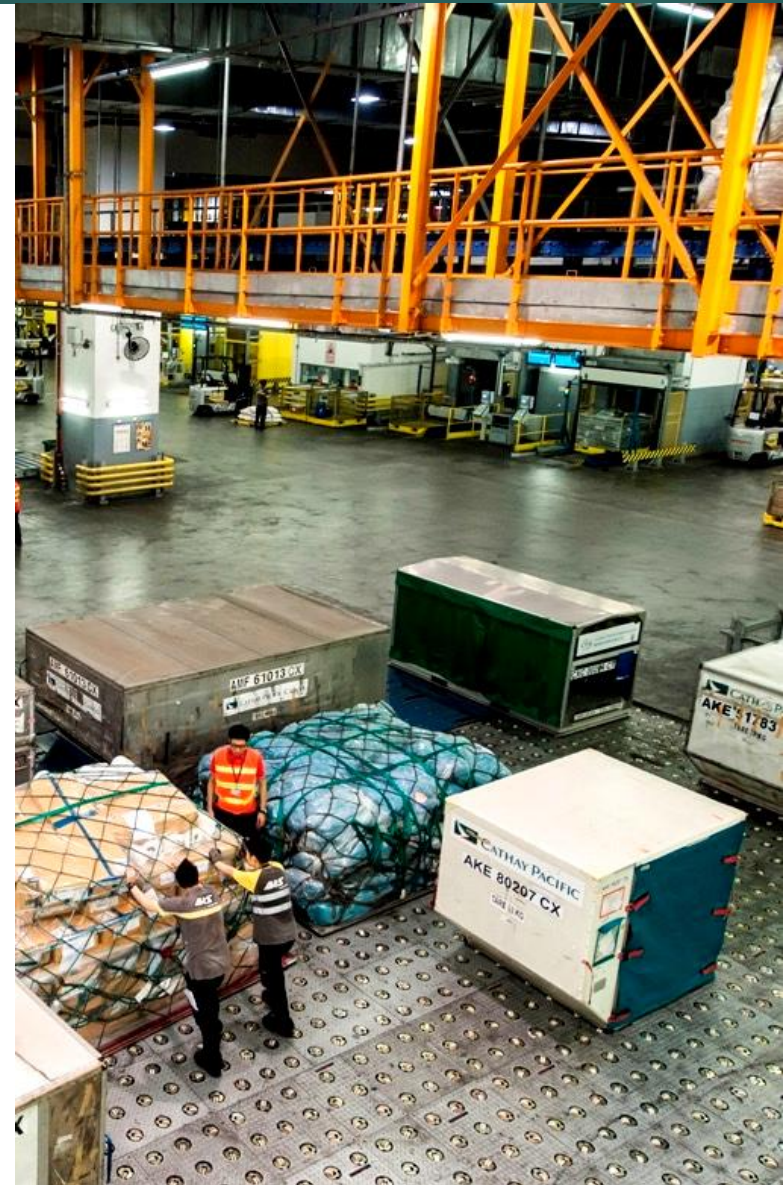
Cargo Services



Operating performance – Cargo

- Increased capacity
 - Load factor remains flat.
- Yields remain under pressure
 - Strong competition.
 - Significant reduction in fuel surcharge collection.
 - Unfavourable currency movements.
 - Over-capacity in the air cargo market.
- Traditional Q4 peak expected

		Year to Q3 2015	Year to Q3 2014	% Var
Cargo capacity (ATK)	Million	22,302	20,904	+6.7%
Cargo & mail carried	'000 tonnes	1,315	1,245	+5.6%
Cargo & mail load factor	%	63.2	63.2	-



Operating performance – Cargo Load Factors



Network Development - Cargo



2015

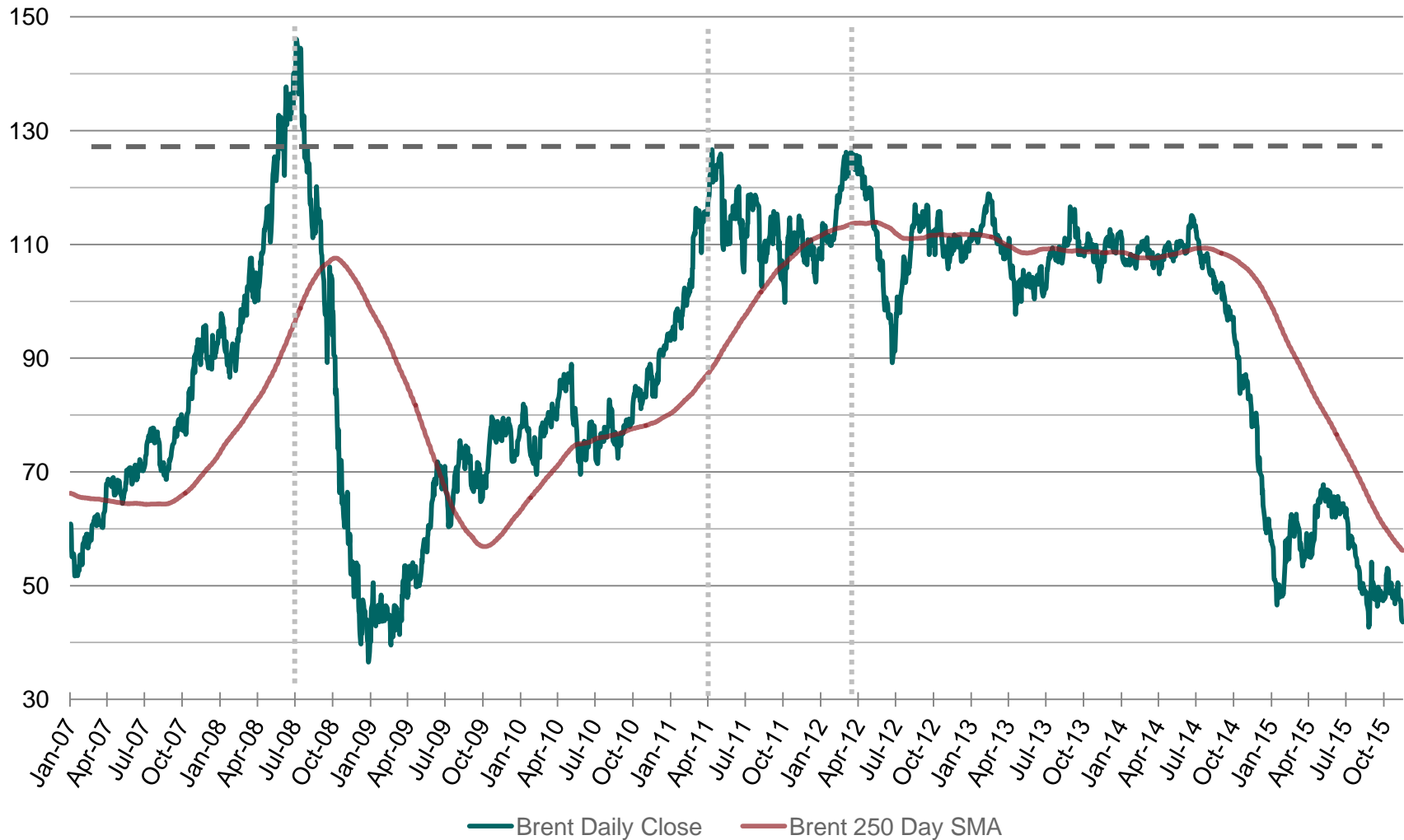
March	<ul style="list-style-type: none">Introduced a twice-weekly freighter service to Kolkata.
April	<ul style="list-style-type: none">Added two additional services to North America to become 37 weekly flights.



Fuel

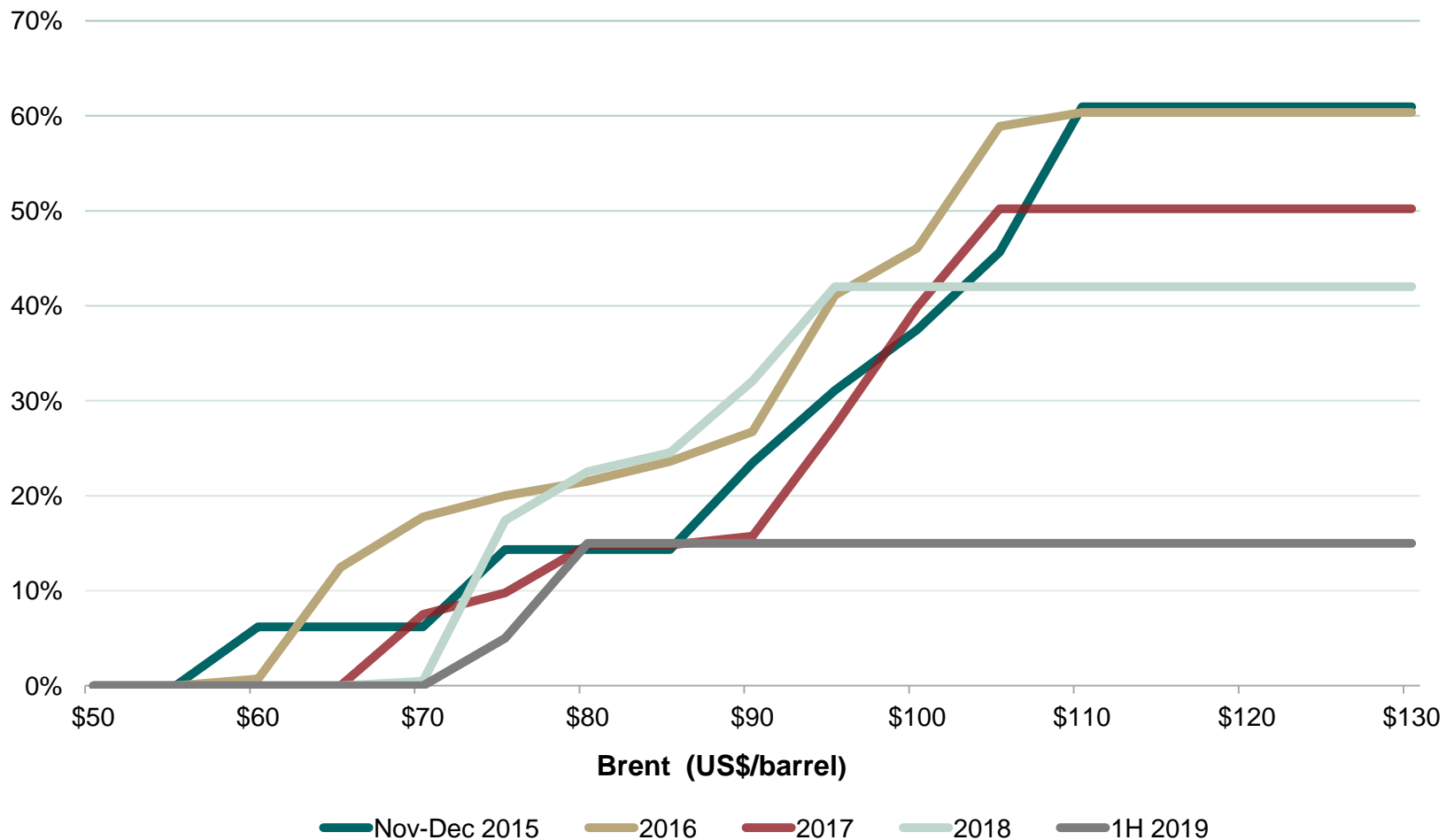
Fuel Hedging - Fuel prices

USD/Bbl - Brent- Daily Closing Price and 250 Day Simple Moving Average
2007 - 2015

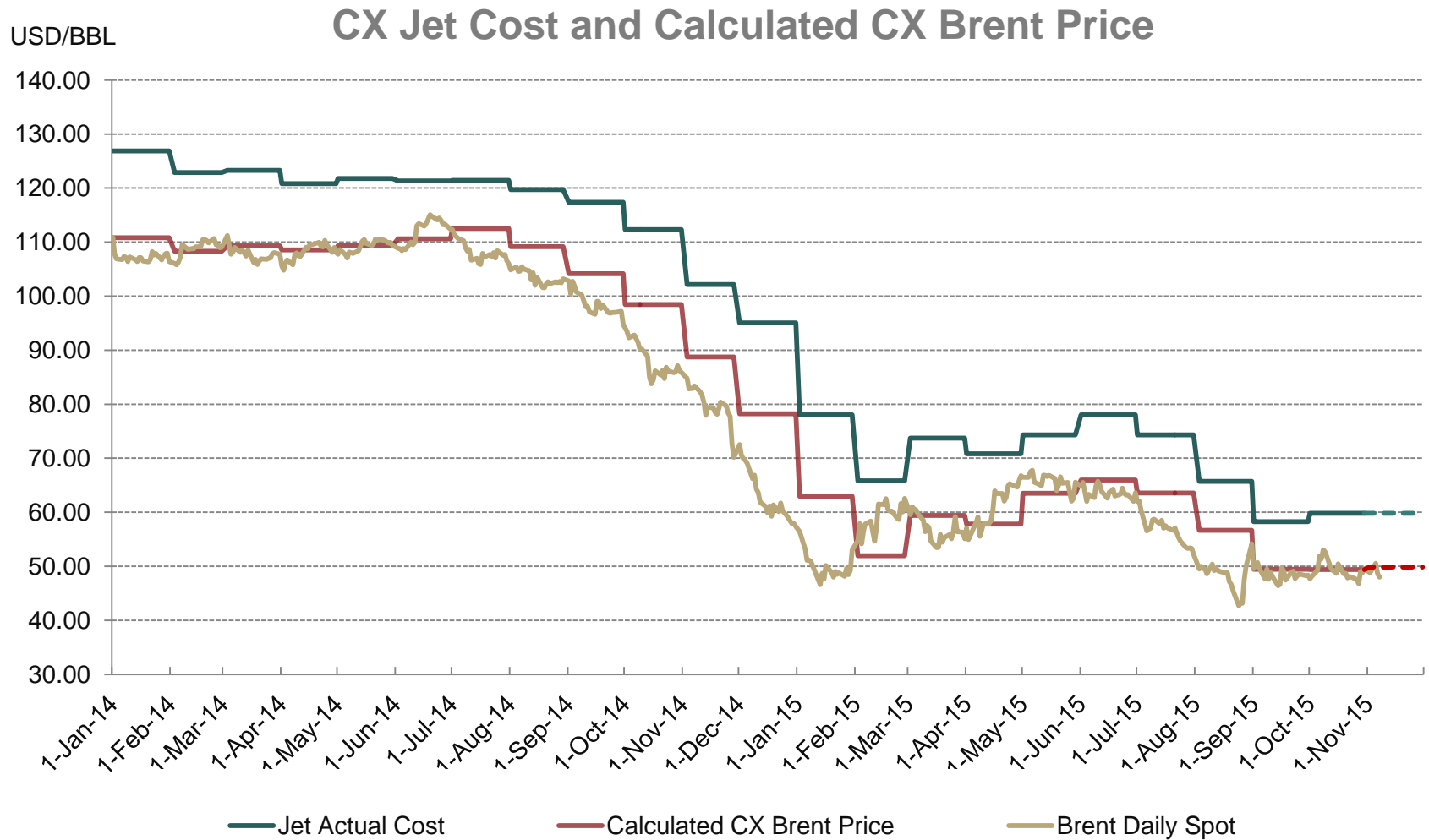


Fuel Hedging

Fuel hedging coverage
(as at 31 Oct 2015)



Fuel Hedging - Fuel prices

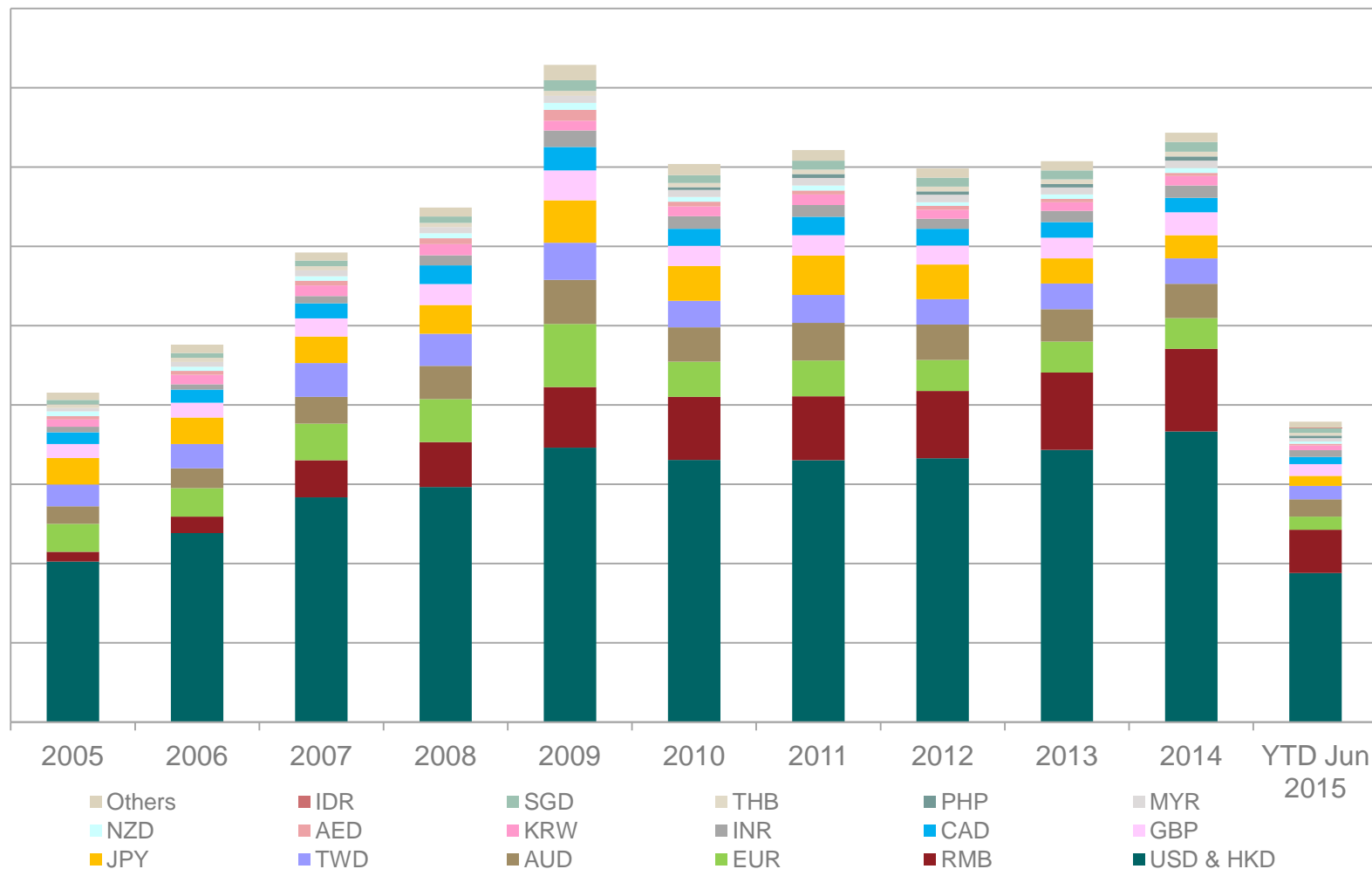


Note: Jet Actual Cost is net of 3rd party handling charges

Calculated CX Brent Price = Jet Actual Cost minus Crack, where Crack is assumed based on prior-month Sing Jet- Brent Crack

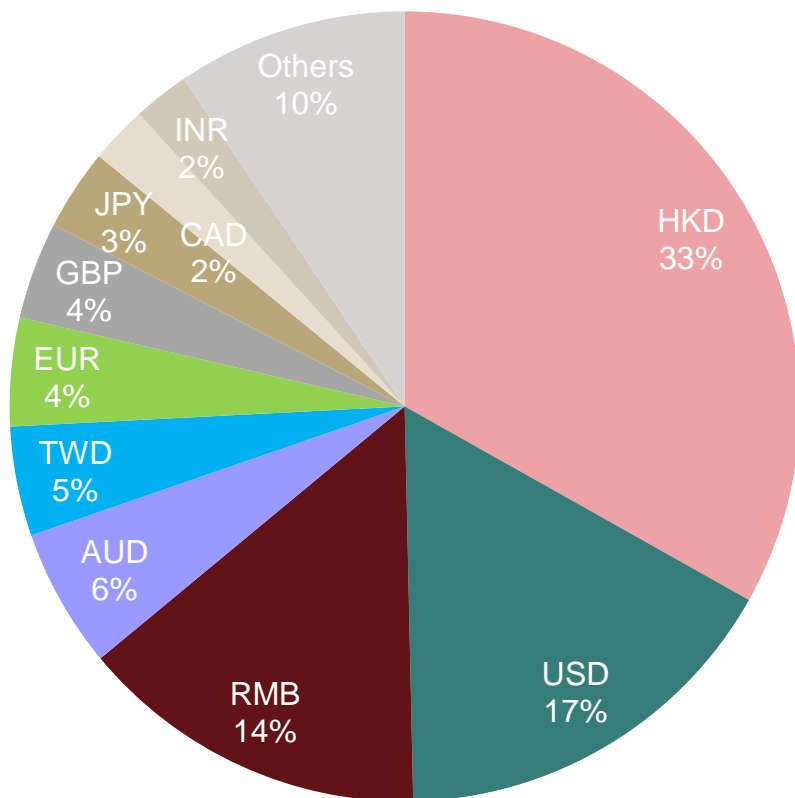
Revenue mix – by currency

Total foreign currency revenue in 2014: 51%

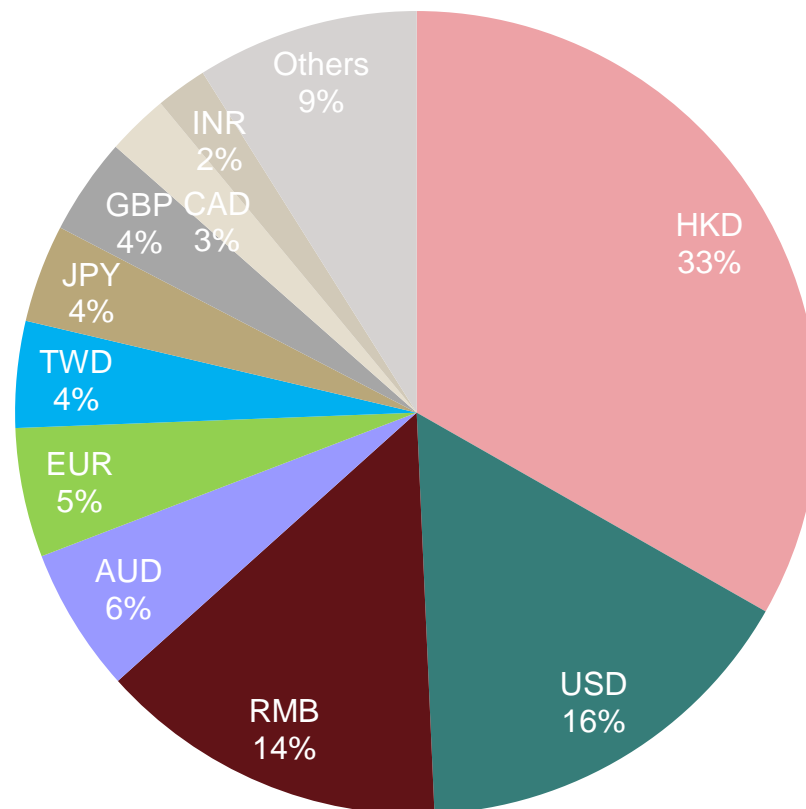


Revenue mix – by currency

YTD June 2015



FY 2014



Foreign Currency Movements – 8 Biggest

	From 1 st Jan to 30 th Oct 2015	From 1 st Jan to 31 st Dec 2014
RMB	-1.74%	-2.42%
AUD	-12.77%	-8.00%
EUR	-9.07%	-12.10%
TWD	-2.95%	-5.77%
JPY	-0.73%	-12.13%
GBP	-1.01%	-5.97%
CAD	-11.23%	-8.41%
INR	-2.93%	-1.81%

Fleet Profile



CX and KA Fleet Profile

	In operations			Parked		
	Passenger	Freighter	Total	Passenger	Freighter	Total
1 Jan 2015	163	22	185	-	3	3
New deliveries	9	-	9	-	-	-
Return to lessors	-	-	-	-	-	-
Parked aircraft	-	1	1	-	(1)	(1)
Deregistered	(8)	-	(8)	-	(1)	(1)
31 October 2015	164	23	187	-	1	1

CX Fleet Profile – as at 31 Oct 2015

Aircraft type (includes parked aircraft)	Owned	Finance Leased	Operating Leased	Total
A330-300	23	14	6	43
A340-300	5	2	-	7
747-400	3	-	0	3
747-400F	4	-	-	4
747-400BCF	-	-	1	1
747-400ERF	-	6	-	6
747-8F	2	11	-	13
777-200	5	-	-	5
777-300	10	2	-	12
777-300ER	19	11	23	53
Total	71	46	30	147

CX Cargo Fleet Profile – as at 31 Oct 2015

Aircraft type	Number	Parked	In operations
747-400F	4	(1)	3
747-400ERF	6	-	6
747-400BCF	1	-	1
747-8F	13	-	13
Total	24	(1)	23



KA Fleet Profile – as at 31 Oct 2015

Aircraft type	Owned	Finance Leased	Operating Leased	Total
A320-200	5	-	10	15
A321-200	2	-	6	8
A330-300	10	-	8	18
Total	17	-	24	41

Aircraft Delivery & Retirement Plans

Deliveries

Aircraft type	2015	2016	2017	2018	2019	2020	>2021	Total
B747-8F		1						1
A350-900		12	10					22
A350-1000				6	10	10		26
B777-300ER								0
B777-9X							21	21
Total		13	10	6	10	10	21	70

Retirements

B744 - As at 31 October 2015

Exit date	Number	Remaining
2016	-3	0

A340 - As at 31 October 2015

Exit date	Number	Remaining
By end of 2015	-4	7
2016	-3	4
2017	-4	0

Subsidiaries & Associates



Associates

Air China

- Cathay Pacific has a **20.13%** interest in Air China.
- Profits from Air China have **increased significantly** in 2015 compared to the same period in 2014 due to:
 - Significant decrease in fuel prices.
 - increase in revenue from an increase in demand.
- Positive profit alert of the results for the first three quarters of 2015 was issued in October.

Air China Cargo

- Improved results in a weak market.

We account for Air China's results three months in arrears, but Air China Cargo on actual.

- The impact of the devaluation of the RMB in August on Air China will be recognised in our November accounts.
- As disclosed in the Air China 2014 Annual Report, a 1% movement in RMB will lead to a RMB466m impact on the P&L.
- An unfavourable movement in RMB will have an unfavourable impact on the P&L, and vice versa on both companies.

Major Subsidiaries

AHK Air Hong Kong



- Capacity and load factor increased marginally compared with the same period in 2014. Revenue tonne kilometres increased by 2%.
- **Higher profit** in the first half of 2015 compared to first half of 2014.

Cathay Pacific Catering Services



- Growth in the number of meals produced.
- **Lower turnover and profit** in the first half of 2015 compared to first half of 2014.

Asia Miles



- Membership has hit 8 million worldwide. **11%** increase in redemptions by Asia Miles members in the first half of 2015 compared to the same period last year.
- More than **90%** of Cathay Pacific and Dragonair flights carry passengers who have redeemed frequent flyer miles through the Asia Miles programme.

Cathay Pacific Services Limited (Cargo Terminal)



- Improved results in the first half of 2015 compared to first half of 2014.
- This reflects some additional customers and tighter management of operating costs.



Our Products / Services



The Pier First Class Lounge

Reopened June 2015



Manila, Bangkok and Taipei Lounges

Opened from May - November 2015





New livery



Life Well Travelled



Technology

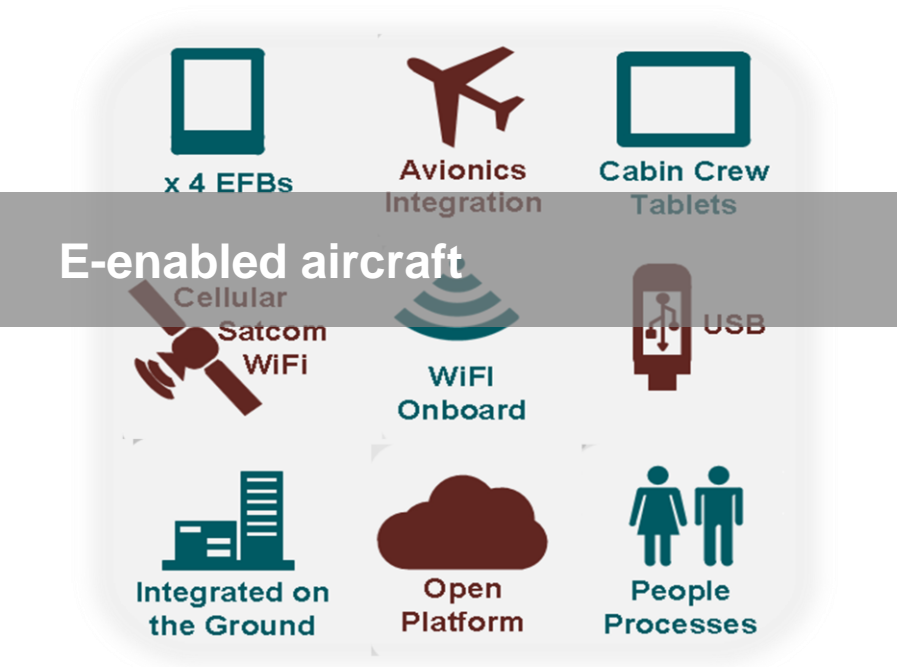




Mobile boarding pass



Cargo mobile applications



Passenger reservation system

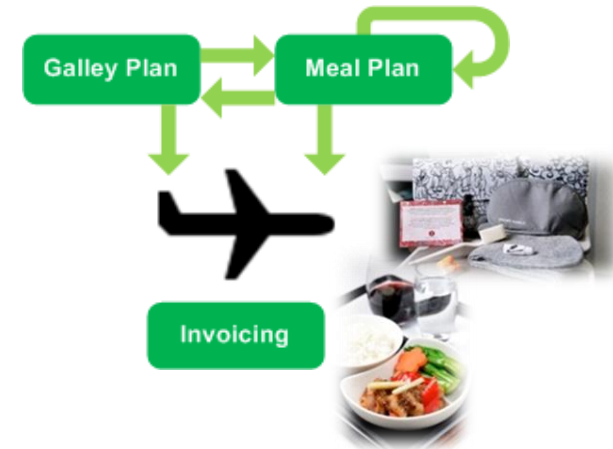
Information Technology systems



Mobile Apps



Cargo Services System



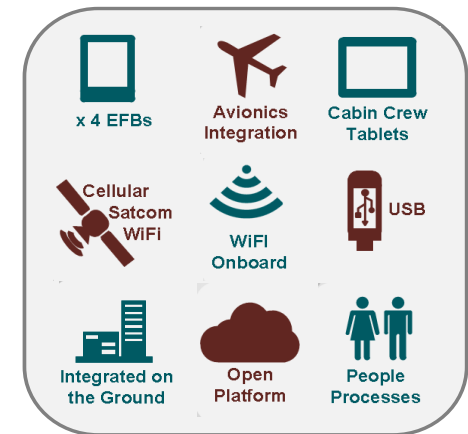
Integrated Catering Solutions
(ICATS)



Integrated Channel Experience

Horizon 8

PSS
Check-in to the future



E-enabled aircraft



Cathay

Best Transpacific Airline
Skytrax World Airline Awards 2015



Dragonair

World's Best Regional Airline
Best Regional Airline in Asia
Skytrax World Airline Awards 2015



Best Frequent flyer programme
Business Traveller Asia-Pacific Awards 2015



Cathay Pacific Cargo

Best Airline - Asia-Pacific
Cargo of the Year Awards 2015



Best airline lounge Asia Pacific
Business Traveller Asia-Pacific Awards 2015

2015 Outlook



- Remain positive about the overall improvement in our business in 2015.
- Demand in the back-end continues to remain strong.
- Front-end demand and yield under pressure.
- The cargo business remains weak.
- We continue to benefit from lower net fuel prices, partially offset by adverse currency movements.
- Air China continues to perform well.
- Congestion and operational issues in our home hub remains a challenge.



Q&A

For more information, please visit our website
www.cathaypacific.com

