



Analysts Briefing 2020 Interim Results

12th August 2020

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Agenda



- **Briefing highlights**
- **Operating Performance**
 - COVID-19 Impact
 - CX & KA Passenger Services
 - CX & KA Cargo Services
 - CX & KA Operating costs
 - Subsidiaries and Associates
- **Group Financial Position**
- **Responses to COVID-19**
- **Q&A**
- **Appendices**

Hosted by:

- Martin Murray, Chief Financial Officer
- Ronald Lam, Chief Customer and Commercial Officer



Briefing highlights

Unprecedented impact of COVID-19 on the Group's businesses



HK\$ million	1H 2020	1H 2019	\$m change
Cathay Pacific and Cathay Dragon's profit before taxation	(8,224)	907	-9,131
Taxation	863	(232)	+1,095
Cathay Pacific and Cathay Dragon's profit after taxation	(7,361)	675	-8,036
Share of (losses)/profits from subsidiaries	(2,095)	83	-2,178
Share of profits from associates	(409)	589	-998
Group attributable profit	(9,865)	1,347	-11,212

- The first six months of 2020 were the most challenging that the Cathay Pacific Group has faced in its more than 70-year history.
- The loss for the first half of 2020 included impairment and related charges of HK\$2,464 million.

2020 1H performance summary



- Our 3 year transformation had built a solid foundation
- Social unrest starting in August 2019 impacted demand and operations of the business
- In response, we reduced our passenger capacity from October 2019 and re-built our cash reserves

COVID-19 Pandemic

- COVID-19 has led to a global collapse in the demand for air travel and resulted in a drastic decline in the Group's passenger revenues from February 2020
- Cathay Pacific & Cathay Dragon's passenger capacity was reduced on average by 97% from April to June. Hong Kong Express ceased operations from mid-March until the start of August.
- Cargo flight operations continued to be resilient with cargo capacity in high demand. While Cathay Pacific continues to operate a full freighter schedule, passenger flight reductions have had a significant impact on overall cargo capacity
- Without a domestic segment, management expects the short-term outlook to remain bleak

Financial performance significantly down in 2020 for passenger



Group Financial Statistics		1H 2020	1H 2019	Change
Group Revenue	HK\$m	27,669	53,547	-48.3%
Cathay Pacific and Cathay Dragon's (loss)/profit after taxation	HK\$m	(7,361)	675	-8,036
Group attributable (loss)/profit	HK\$m	(9,865)	1,347	-11,212

Operating Statistics – Cathay Pacific & Cathay Dragon		1H 2020	1H 2019	% Change
Available tonne kilometres (ATK)	million	8,595	16,318	-47.3%
Available seat kilometres (ASK)	million	27,732	80,814	-65.7%
Available cargo & mail tonne kilometres (AFTK)	million	5,958	8,635	-31.0%
Passenger yield	HK¢	55.5	54.9	+1.1%
Cargo yield	HK\$	2.71	1.88	+44.1%
Cost per ATK (with fuel, excluding impairment)	HK\$	3.75	3.12	+20.2%
Cost per ATK (without fuel, excluding impairment))	HK\$	2.95	2.23	+32.3%
Underlying* cost per ATK (without fuel)	HK\$	2.99	2.23	+34.1%

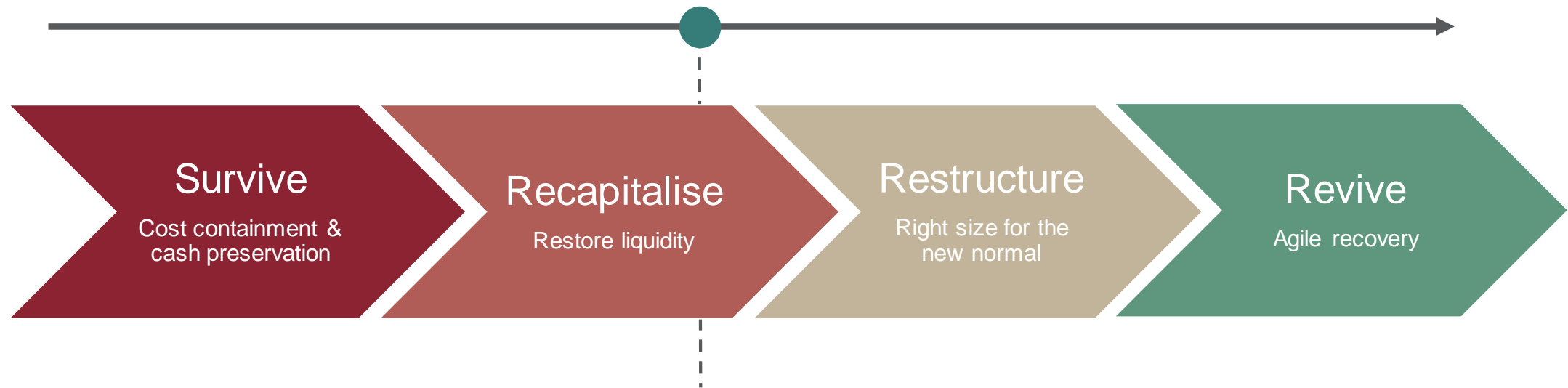
* Excludes exceptional items, impairment and related charges, as well as adjusted for the effect of foreign currency movements



Operating performance

COVID-19 Impact & Initial Response

The impact of COVID-19 & our response

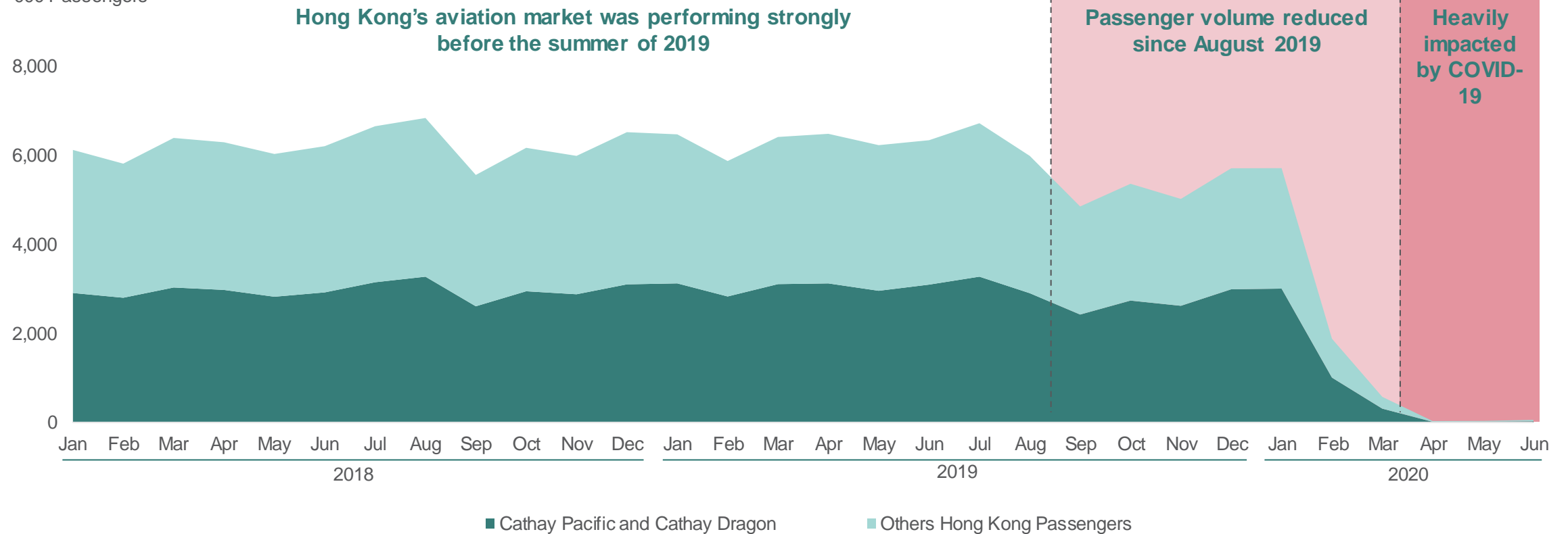


Impact on Hong Kong Aviation Environment



Monthly Air Passengers in Hong Kong

'000 Passengers

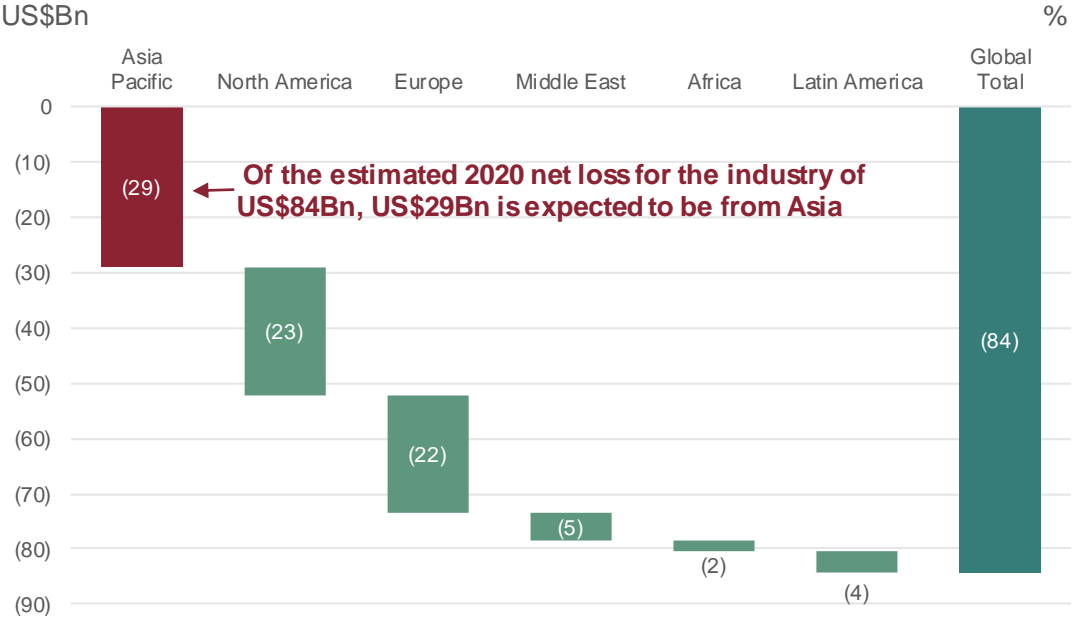


Sources: Hong Kong International Airport, Cathay Investor Relations

COVID-19 Impact on the Global Aviation Industry



Estimated Airline Industry 2020 Net Loss of US\$84Bn Due to COVID-19



Estimated % Reduction in RPKs (2020 vs. 2019)



Sources: Economic Performance of the Airline Industry, IATA 2020 Mid-Report dated 9 June 2020

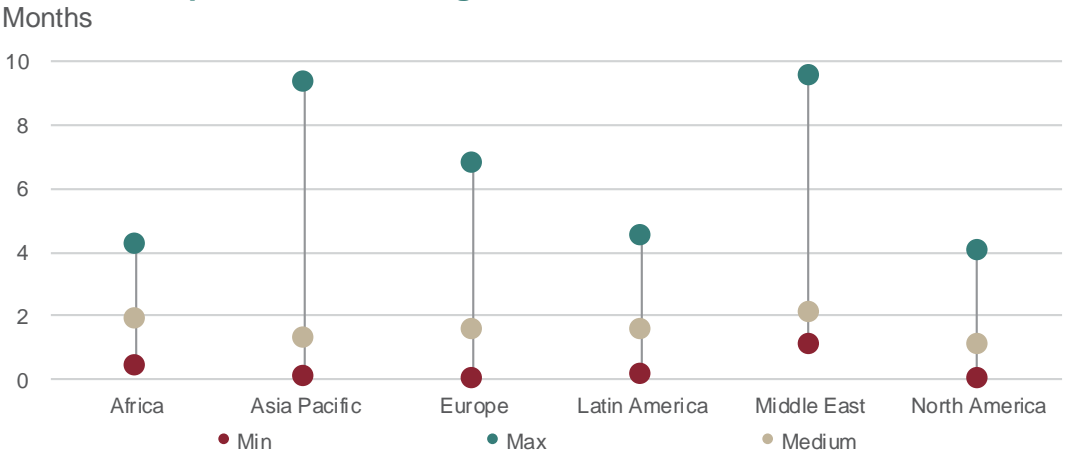
Airlines Face Major Liquidity Concerns

As at beginning of 2020, typical airlines had cash reserves of 2 months of revenues

Considerable risk of airlines running out of cash before recovery or aid arrives

Cathay had committed liquidity of 2.3 months of 2019 revenues at start of 2020

Balance Sheet Liquidity Cash and Equivalents Coverage of Revenues⁽¹⁾



Source: IATA's press release, "Government Financial Aid for Airlines" dated 26 May 2020*

COVID-19 immediate response actions



Flight capacity

- Significant reductions in passenger flight capacity (**97% reduction in total capacity** for April and May 2020, **96% reduction** for June 2020) and skeleton flight schedule in the coming months due to border restrictions and minimal demand
- Cargo capacity loss due to extensive cuts to passenger schedule, but freighters operating at full capacity



Workforce

- **Voluntary unpaid leave scheme** – Two rounds with 80% and 90% employee uptake respectively
- Employee furloughs/ stand-downs are in place in several regions where labor laws allow
- **Two rounds of executive pay cuts**



Operating costs

- **Cut in discretionary spending** (e.g. marketing, training, travel etc)
- Coordinated discussions with priority relationship vendors re **cash deferral, discounts**, etc.
- Working with the HKSAR Government and Hong Kong Airport Authority on **cost saving and cash deferral measures**



Capital expenditure

- **Capex deferrals** where possible
- A321neo and A350 fleet deliveries have been deferred
- Advanced negotiations ongoing with Boeing for the deferral of 777-9 deliveries

Current skeleton passenger flight schedule



CX & KA Capacity Suspensions

All but 21 destinations (airports) in the CX & KA network have been suspended

Services and frequencies maintained:

- Chinese mainland, Hong Kong, Macao, Taiwan regions (5):
Beijing, Shanghai-Pudong, and Taipei (Chengdu and Xiamen resumed from mid-Jul)
- The rest of Asia (7):
Bangkok, Ho Chi Minh City, Jakarta, Kuala Lumpur, Manila, Singapore and Tokyo-Narita
- Europe (3):
Amsterdam and London-Heathrow (Frankfurt resumed from 12th Jul)
- North America (4):
Los Angeles, New York-JFK, San Francisco and Vancouver
- Southwest Pacific (2):
Melbourne and Sydney

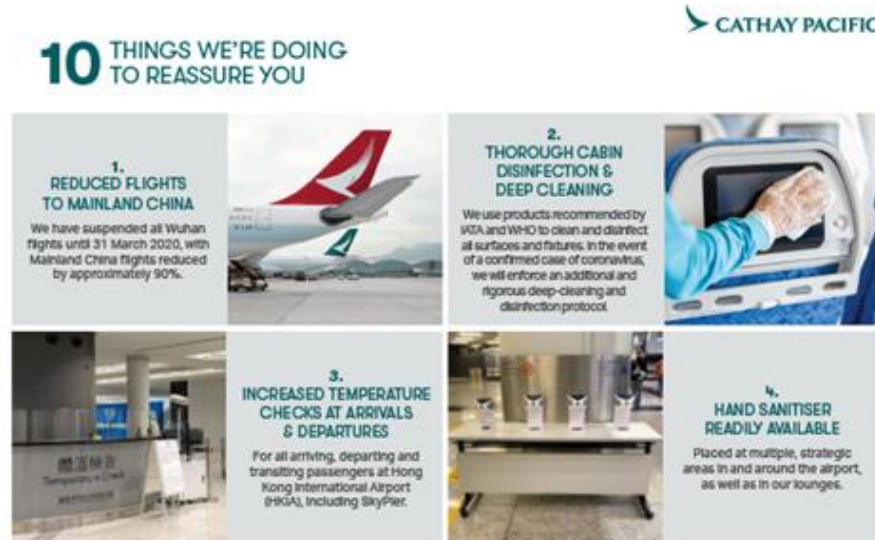
UO Network Suspension

From 23rd March to 1st August 2020, HK Express temporarily suspended flight operations, in response to significantly reduced travel demand and travel restrictions imposed by governments around Asia Pacific due to the COVID-19 pandemic

Customer and staff are a key concern



Protecting Customers



- 10 Step Guide explaining measures taken to ensure safe flying experience provided
- Significant efforts to process refunds or rebooking
- Support for Marco Polo members through points relief
- Reinforcing safety of HEPA filtered cabin air

Supporting Team Members



- Provision of gloves, masks, gowns, eye shields and hand sanitisers to frontline staff
- Modified inflight service introduced on all flights to strengthen health and safety protocols
- Office enhanced cleaning and entry screening, with remote working option & segregated team protocols

Liquidity & government support



Government support to conserve cash and reduce costs

- The Group was initially losing cash at a rate of HK\$2.5 to 3.0 billion per month as it serviced a high level of customer refunds
- This has subsequently reduced (as net refunds have cycled through) and is expected to remain at a rate of approximately HK\$1.5 billion per month whilst minimal passenger services are in place
- The Group has received HK\$1,060 million of government grants globally, mostly in relation to COVID-19
 - HK\$640 million in relation to income grants are recognised as revenue from other services and recoveries
 - HK\$420 million in relation to cost reductions or waivers are recognised net of respective cost categories

Steps taken to increase liquidity

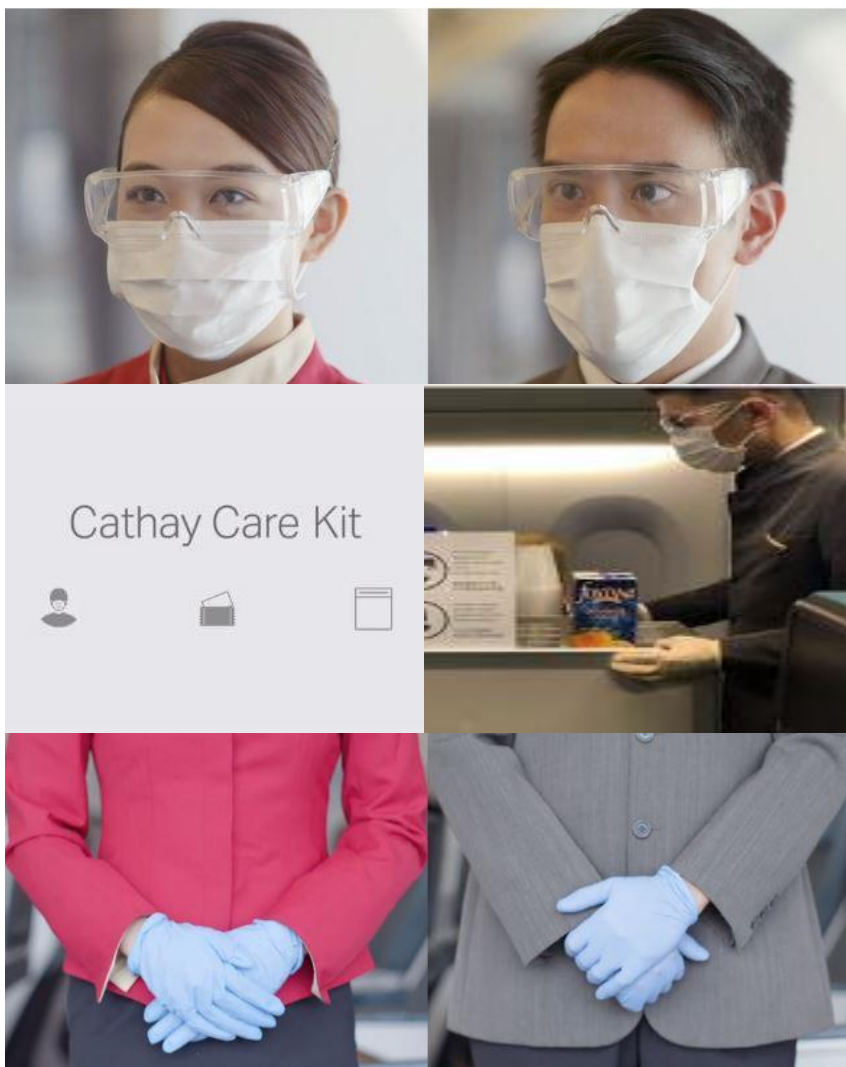
- January – SGD175m public bond issuance (MTN)
- February – HKD400m HK Private Placement issuance
- March – USD304m sale and leaseback of six aircraft
- June – HKD 6.0b in short term bridging loans



Operating performance

CX & KA Passenger Services

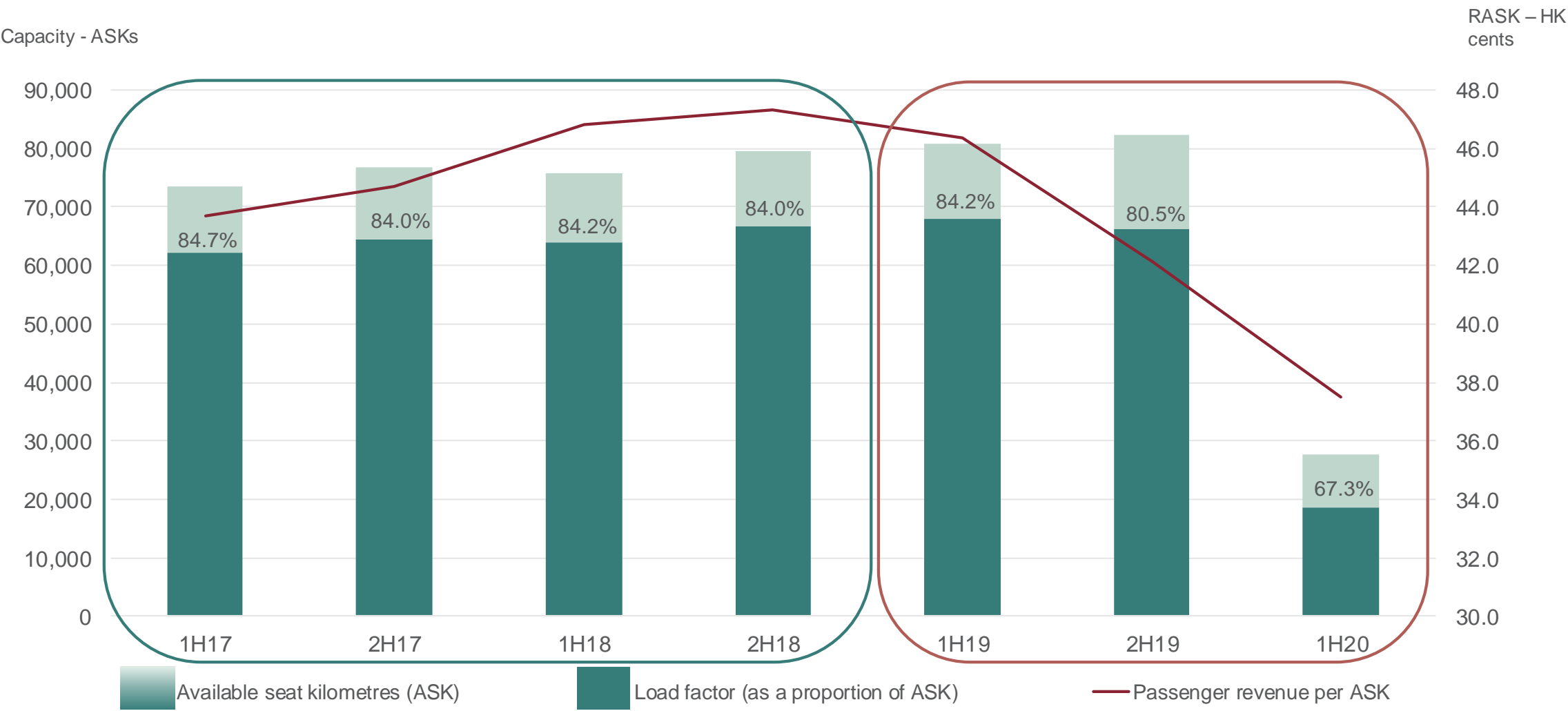
COVID-19 has resulted in severe passenger capacity reductions



		1H 2020	1H 2019	% Var
Available seat kilometres (ASK)	Million	27,732	80,814	-65.7%
Revenue passenger kilometres (RPK)	Million	18,668	68,078	-72.6%
Revenue Passengers carried	'000	4,389	18,261	-76.0%
Passenger load factor	%	67.3	84.2	-16.9%pt
Passenger revenue	HK\$ million	10,396	37,449	-72.2%
Passenger yield	HK cents	55.5	54.9	+1.1%
Passenger Revenue per ASK	HK cents	37.5	46.3	-19.0%

- Very weak demand for passenger travel because of COVID-19 and associated travel restrictions.
- A ban on transit traffic through Hong Kong International Airport (HKIA) and on non-resident arrivals into Hong Kong from overseas countries and regions was implemented from 25 March.
- As a result there were substantial ASK capacity reductions in the first six months of 2020, amounting to 29% in February, 73% in March, and 97% in April and May.

Passenger traffic & efficiency significantly impacted



The impact has been felt globally



YTD June 2020 statistics

Americas

ASK: **-64.5%**
LF: **-16.7%pt**
Yield: **+7.3%**

Europe

ASK: **-66.9%**
LF: **-18.4%pt**
Yield: **+1.3%**

Southwest Pacific

ASK: **-53.3%**
LF: **-14.7%pt**
Yield: **+6.1%**

North Asia

ASK: **-73.8%**
LF: **-14.8%pt**
Yield: **+1.5%**

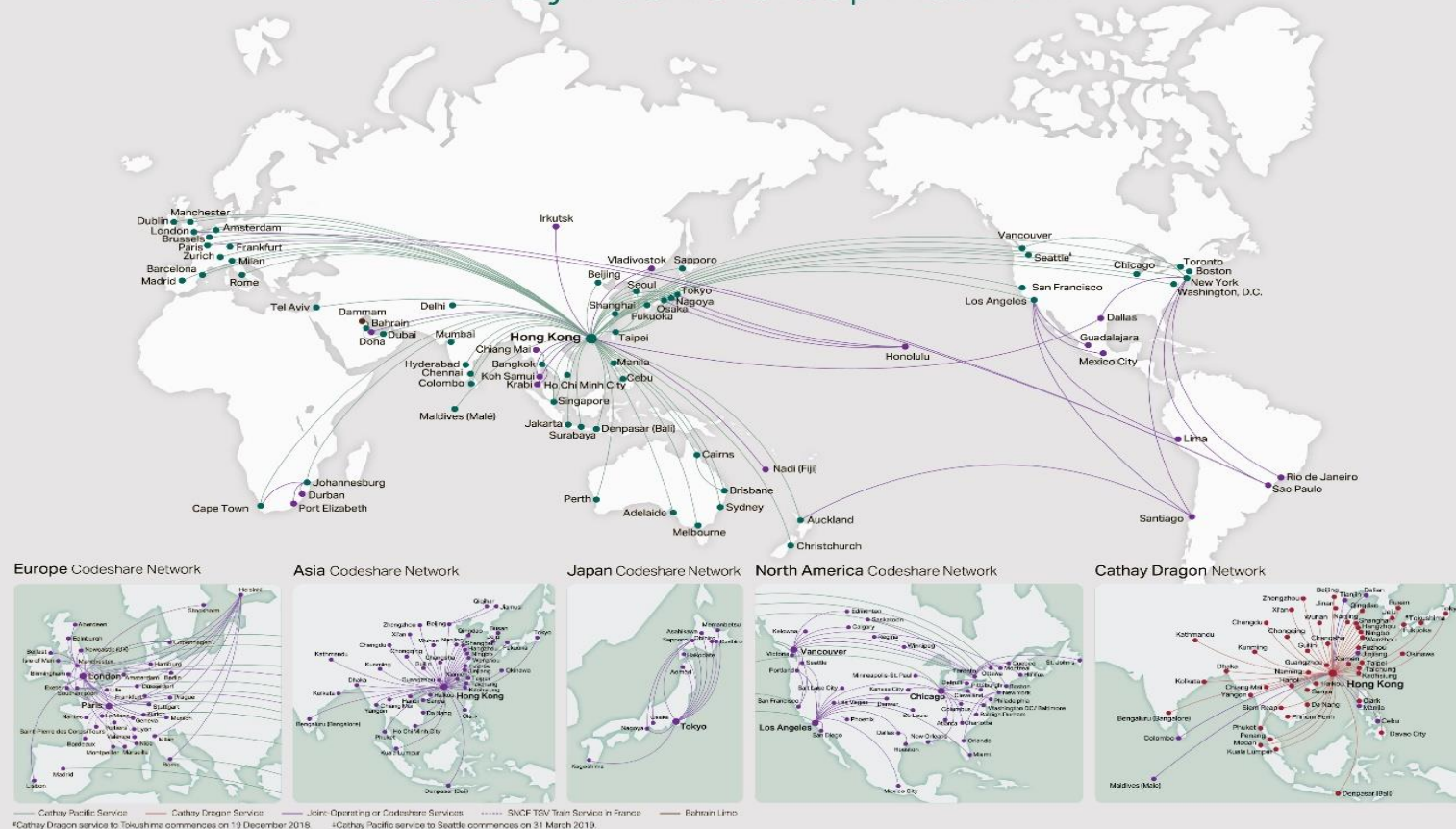
Southeast Asia

ASK: **-65.7%**
LF: **-20.4%pt**
Yield: **+8.0%**

South Asia, Middle East, and Africa

ASK: **-64.1%**
LF: **-19.8%pt**
Yield: **-1.3%**

Cathay Pacific Group Network





Operating performance

CX & KA Cargo Services

Cargo performance strong as a result of the market imbalance



		1H 2020	1H 2019	% Var
Cargo revenue	HK\$ million	11,177	10,275	+8.8%
Available Cargo Tonne Kilometres (AFTK)	Million	5,958	8,635	-31.0%
Cargo RFTK	Million	4,129	5,477	-24.6%
Cargo carried	'000 tonnes	667	979	-31.9%
Cargo load factor	%	69.3	63.4	+5.9%pt
Cargo yield	HK\$	2.71	1.88	+44.1%
Cargo revenue per AFTK	HK\$	1.88	1.19	+58.0%

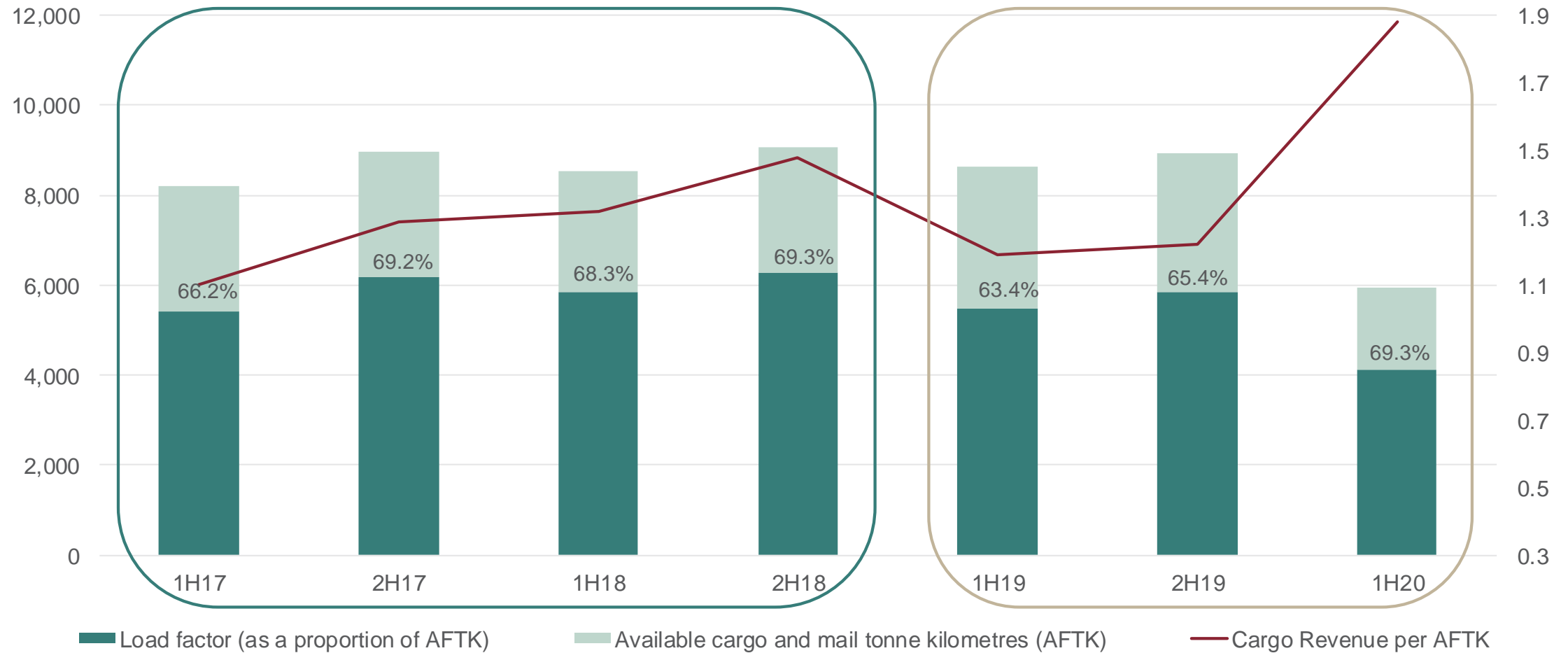
- Considerable loss of available capacity as a result of the extensive cuts to our passenger schedule.
- Yield and load factor improved as a result of an imbalance between capacity and demand in the cargo market.
- Additional cargo-carrying capacity by (1) increasing the utilisation of CX freighters; (2) chartering flights from our all-cargo subsidiary Air Hong Kong; and (3) operating cargo-only passenger flights as well as carrying cargo in the passenger cabins of Boeing 777-300ER aircraft

Higher cargo revenue efficiency due to market capacity reduction



Capacity - AFTKs

Cargo Revenue per
AFTK – HK\$





Operating performance

CX & KA Operating Costs

Operating costs per ATK skewed by reduction in capacity



- Cost per ATK (without fuel) adjusting for exceptional, impairments and foreign exchange movements increased +34.1%.
- This reflected the effect of reducing capacity when some costs are fixed or semi-variable.
- Average into-plane fuel prices fell -22.4%, offset by an increase in fuel hedging losses as a result of fixed volume fuel hedges; an overall -52.6% fuel cost decrease.
- Fuel consumption per ATK declined -8.5%, due to decreased load factors.
- Aircraft utilization decreased -55.0% to 5.4 hours a day reflecting passenger capacity cuts in 1H 2020. Consequently 16 aircraft are not expected to re-enter meaningful economic activity with an impairment of HK\$1,212m.
- On time performance however improved +12.3%pt to 86.5% (within 15 minutes).

Focus on reducing operating cost and cash burn

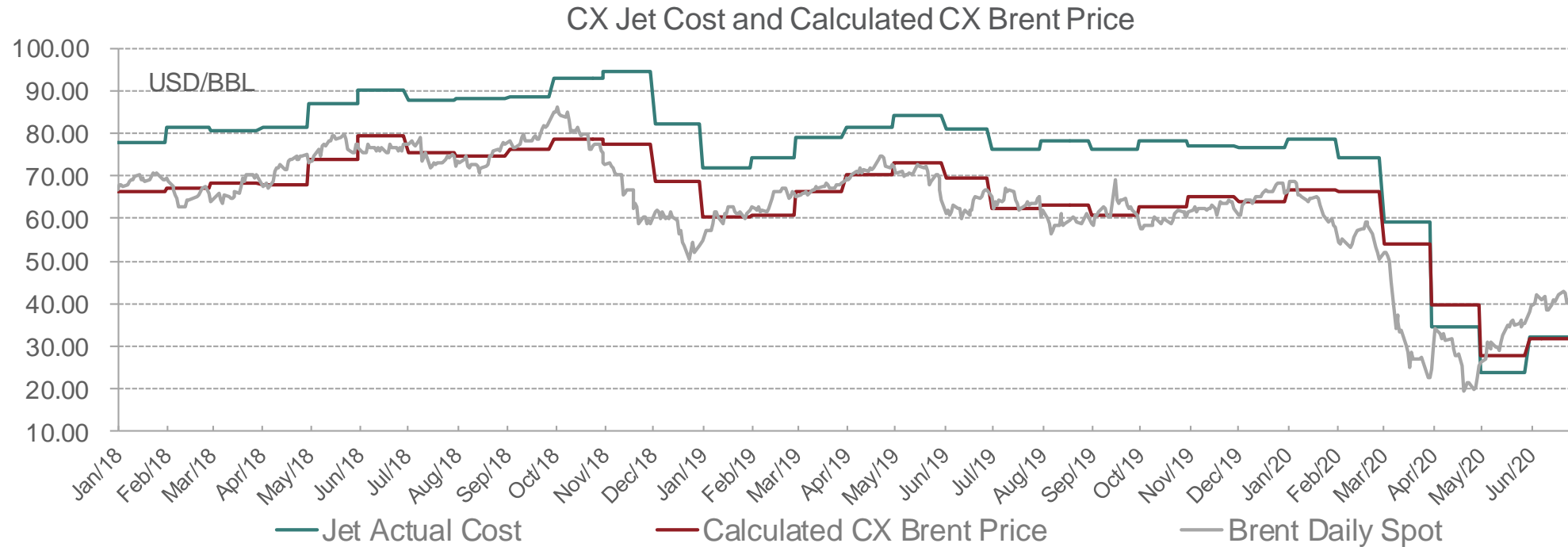


As reported (HK\$M):	1H 2020	1H 2019	% Var
Staff	7,420	9,042	-17.9%
Inflight service and passenger expenses	941	2,682	-64.9%
Landing, parking and route expenses	3,861	8,451	-54.3%
Aircraft maintenance	3,193	4,592	-30.5%
Depreciation, amortisation and operating leases	6,751	6,917	-2.4%
Net finance charges	1,327	1,241	+6.9%
Others (including commissions)	1,891	3,494	-45.9%
Total operating costs (without fuel)	25,384	36,419	-30.3%

Cost per ATK (without fuel, excluding impairment and related charges)	2.95	2.23	+32.3%
Underlying * cost per ATK (without fuel)	2.99	2.23	+34.1%

* Underlying costs exclude exceptional items, impairment and related charges, and are adjusted for the effect of foreign currency movements. Exceptional items included redundancy costs of HK\$42 million in connection with the closure of outport crew bases and HK\$2 million credit associated with the acquisition of HK Express. (2019: data security costs of HK\$20 million and costs of HK\$39 million associated with the acquisition of HK Express.)

Into plane fuel prices & hedging losses



Fuel costs and KPI's	1H 2020	1H 2019	% Var
Group gross fuel cost (HK\$m)	5,719	14,693	-61.1%
Group fuel hedging losses (HK\$m)	1,599	114	1302.6%
Group fuel cost (HK\$m)	7,318	14,807	-50.6%
Average into-plane fuel price ex hedges (US\$/bbl)	\$151.96	\$195.76	-22.4%
CX&KA Fuel consumption per mATK (bbl)	1,253	1,369	-8.5%

Forward fuel hedging position



Cash Flow Hedge reserve at 30 June 2020 a loss of HK\$3.0 billion (pre tax)

Period	Fuel hedged (in thousand barrels)	Average strike price (Brent, USD/Bbl)
3 rd Quarter 2020 *	4,740	63.42
4 th Quarter 2020	4,586	61.08
1 st Quarter 2021	4,499	59.49
2 nd Quarter 2021	4,111	58.03
3 rd Quarter 2021	3,706	56.17
4 th Quarter 2021	3,221	52.28
1 st Quarter 2022	2,770	47.26
2 nd Quarter 2022	1,864	44.61

* Note: due to a forecast over hedged position, a HK\$95m ineffectiveness charge has been booked as at 30 June 2020



Operating performance

Subsidiaries and Associates

Hong Kong Express performance update



Financial Performance		1H 2020
Total Revenue	HK\$m	844
Loss after taxation	HK\$m	(779)
Ancillary revenue penetration	%	17.1

Operating Statistics – HKE		
Available seat kilometres (ASK)	Million	1,726
Revenue passenger kilometres (RPK)	Million	1,480
Passenger yield	HK cents	44.6
Cost per ASK (with fuel)	HK cents	92.3
Passenger load factor	%	85.7
Aircraft utilisation	Hours/day	3.1
On-time performance	%	91.5
Average age of fleet	Years	5.4

- HK Express reported a significant loss for 1H 2020.
- The airline stopped flying in mid-March because of COVID-19 and associated travel restrictions, and only recently reintroduced some flights.
- As at 30 Jun 2020, HK Express operated an all Airbus narrow-body fleet of 24 aircraft. The young fleet had an average age of just over five years.
- On-time performance was 91.5% within 15 minutes.
- The average load factor was 85.7% during the period.

Other major subsidiaries



air Hongkong - Air Hong Kong recorded an increase in profit in the first half of 2020 compared with the first half of 2019 due to additional cargo-carrying capacity



VOGUE LAUNDRY
雅 緻 洗 衣

- Lower volumes (-64%) of laundry items handled and an impairment charge of HK\$658 million on VLS assets, plus HK\$18m of associated goodwill written off at group level



- Suffered from significantly (-73%) lower meal volumes and an impairment charge of HK\$526 million on CPCS assets, plus HK\$21m of associated goodwill written off at group level



- Decrease in cargo tonnage handled

Major associates



- Cathay Pacific has an **18.13%** interest in Air China.
- Our share of Air China's results is based on its financial statements drawn up three months in arrear. Consequently the results do not reflect the impact of COVID-19 on Air China from 1st April 2020 to 30th June 2020.
- Air China's financial results declined in the six months to 31st March 2020.



- Air China Cargo's (ACC) financial results significantly improved from the same period last year due to the higher utilisation of freighters and lower fuel prices.



Group Financial Position

Financial position and cash flows



Cash Flow	30 Jun 2020 HK\$M	30 Jun 2019 HK\$M	% Var
Net cash (outflow)/inflow from operating activities	(8,117)	9,868	-182.3%
Net cash outflow from investing activities*	(1,601)	(9,869)	-83.8%
Net cash outflow pre financing	(9,718)	(1)	n/a
Net cash inflow/(outflow) from financing activities	2,264	(2,844)	-179.6%

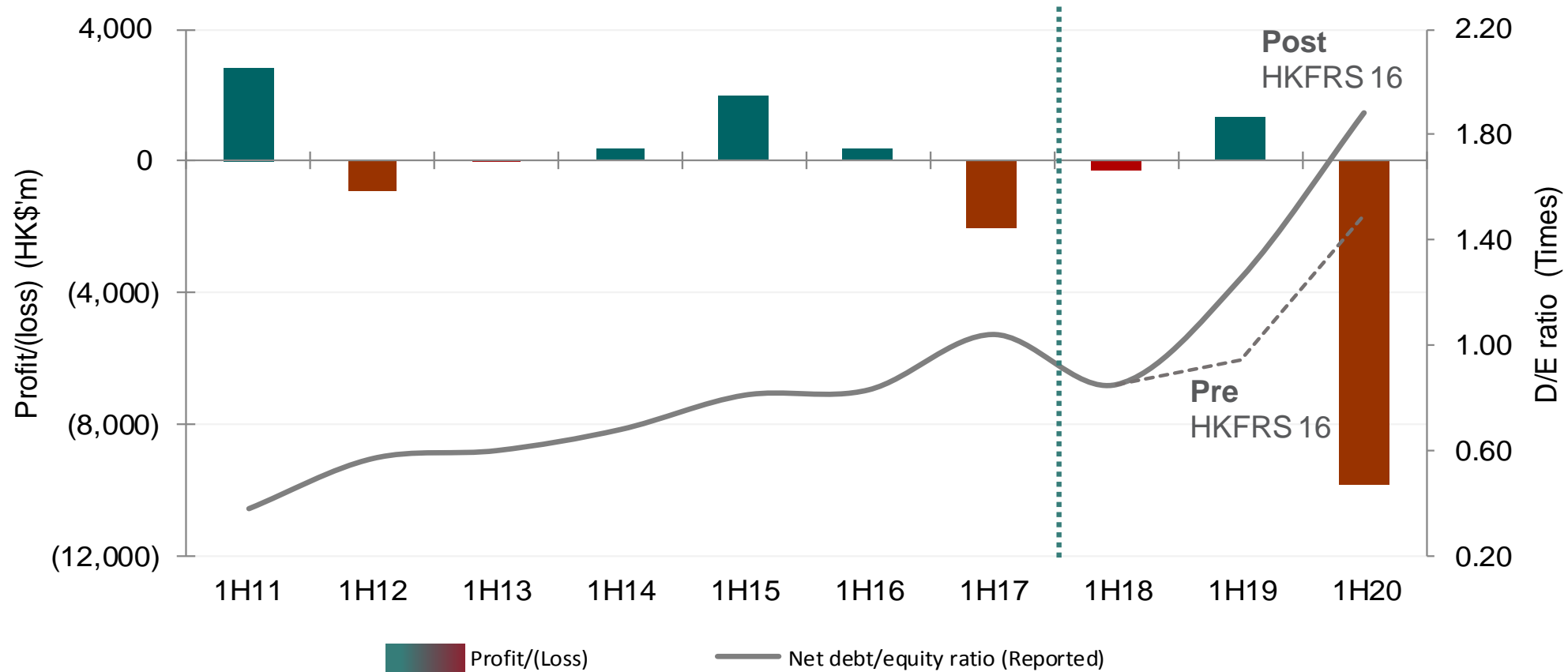
* Excluding movement in other liquid funds (non-cash & non-cash equivalents)

Balance Sheet	30 Jun 2020 HK\$M	31 Dec 2019 HK\$M	% Var
Shareholders' Funds	49,371	62,773	-21.3%
Net Borrowings	93,033	82,396	+12.9%
Capital Employed (including non-controlling interests)	142,408	145,172	-1.9%

Liquidity metrics

Available unrestricted liquidity to the Group	15,432	20,011	-22.9%
Net Debt/Equity Ratio	1.88	1.31	+0.57 times
Net Debt (pre HKFRS 16)/Equity Ratio**	1.50	0.99	+0.51 times

Group profit/(loss) and net debt/equity ratio ten year comparison



	1H 2011	1H 2012	1H 2013	1H 2014	1H 2015	1H 2016	1H 2017	1H 2018	1H 2019	1H 2020
Profit/(Loss) Margin %	6.0	(1.9)	0.1	0.7	3.9	0.8	(4.5)	(0.5)	2.5	(35.7)



Recapitalisation Plan



Recapitalisation commitment from HKSAR Government and all major shareholders



- ✓ **HKSAR Government committed a total of HK\$27.3Bn to Cathay**
 - HK\$19.5Bn investment via Preference Shares subscription
 - HK\$7.8Bn Bridge Loan Facility
 - Appointment of two observers to Cathay's board
- ✓ **Continued Commitment from All Major Shareholders**
 - Swire Pacific, Air China, and Qatar Airways have signed irrevocable undertakings to take up their pro-rata portion of the Rights Issue (HK\$10Bn)
- ✓ **Investment into Cathay as Core to Hong Kong's Status as an International Aviation Hub and Global Financial Centre**
 - Cathay is responsible for 55.3% of passenger traffic at the Hong Kong International Airport
 - The aviation and foreign tourism sector contributes to 10.2% of Hong Kong's GDP, with aviation supporting ~333,000 jobs

Source: IATA The Importance of Air Transport to Hong Kong 2018 Report, OAG 2019

Recapitalisation plan updates



Instruments	Size (HK\$)	
Bridge Loan Facility	HK\$7.8Bn	HKSAR Government provided the Bridge Loan Facility ⁽¹⁾ on 9 June 2020
Rights Issue to Existing Shareholders	HK\$11.7Bn	Fully subscribed and proceeds received on 11 August 2020
Preference Shares (with Warrants)	HK\$19.5Bn	Fully subscribed by HKSAR Government and proceeds received on 12 August 2020
Total Capital Raise	HK\$39.0Bn	Potentially further access equity and debt markets to strengthen balance sheet

Note: (1) Available for 12 months in one or more drawdowns, each loan matures 18 months after the date of the relevant drawdown

Pro Forma Financial Impact

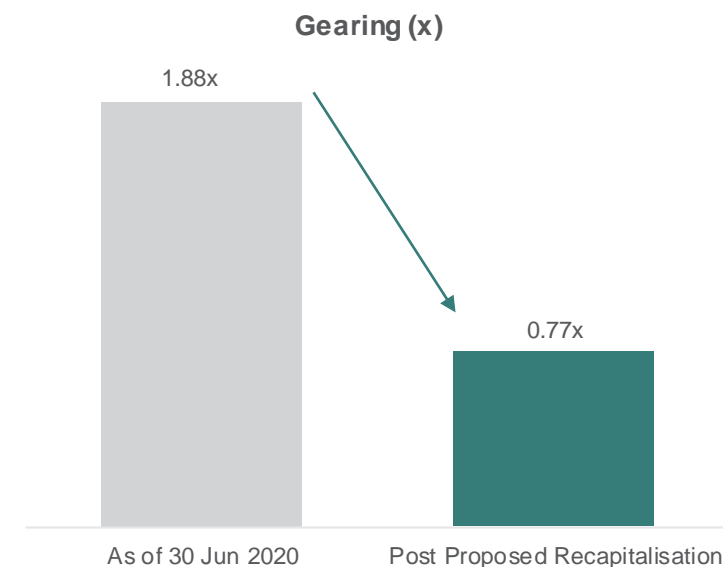
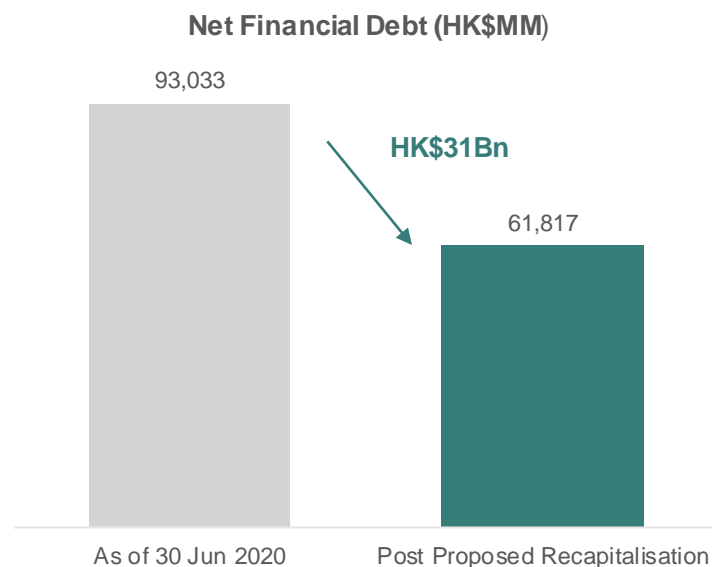
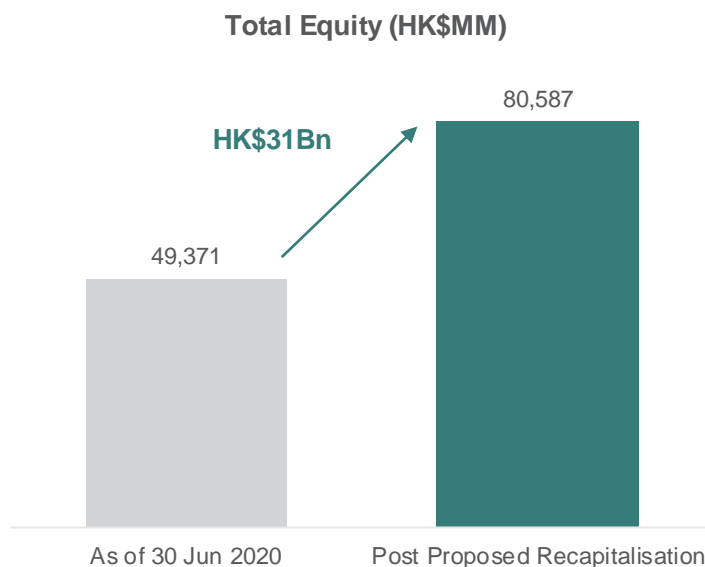


Based on Post-HKFRS 16 Financials as of 30 June 2020

Increase equity balance by at least HK\$31Bn

Reduce net debt by at least HK\$31Bn

Reduce gearing to 0.77x



* Includes Preference Shares

* Net Financial Debt = Total Financial Debt - Cash

* Gearing = Net Debt / Total Equity (post-HKFRS 16)

Notes: Refer to previous slide for detailed information on size, maturity and mechanism. Assumes that the Preference Shares and Rights Shares had been issued, in respect of balance sheet on 30 June 2020. The pro forma financial effects of the Recapitalisation Plan as presented (a) are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of Cathay immediately after the completion of the Recapitalisation Plan, (b) are based on the audited consolidated financial statements of Cathay for Interim 2020



Restructure



Overview of restructure plan



Fleet and Network

- Fleet & network optimization
- Fleet deliveries deferred to meet the Group's requirement
- Grounding and transfer of approximately one-third of passenger aircraft to parking locations outside of Hong Kong
- Accelerated retirement of older fleet types

Impairments

- Reduction in asset values and the provision for onerous contracts on 16 aircraft that are unlikely to re-enter meaningful economic service again before retirement or return to lessors
- Reduction in carrying value of assets of Cathay Pacific Catering Services and Vogue Laundry Services
- To reassess carrying values at end of 2020

Rationalisation

- By fourth quarter of 2020, management will recommend to the Board the optimum size and shape of the Group to meet the air travel needs of Hong Kong
- Inevitably this will involve rationalisation
- Early voluntary retirement for older cockpit crew announced

Realignment of fleet deliveries and retirements



Deliveries (including Hong Kong Express)

Airline	Aircraft type	2020 deliveries (latest fleet plan)	Delayed
UO	A320neo	4	-
KA	A321neo	2	4
CX	A350-900	3	1
CX	A350-1000	1	2
	Total	10	7

Retirements (owned and leased)

Airline	Aircraft type	Retired or impaired in 2020	Accelerated
CX/KA	A330-300	7	4
CX	777-300ER	2	1
KA	A320-200	7	2
KA	A321-200	1	-
	Total	17	7

Net 14 less aircraft than previously planned.

Fleet simplification and transfer



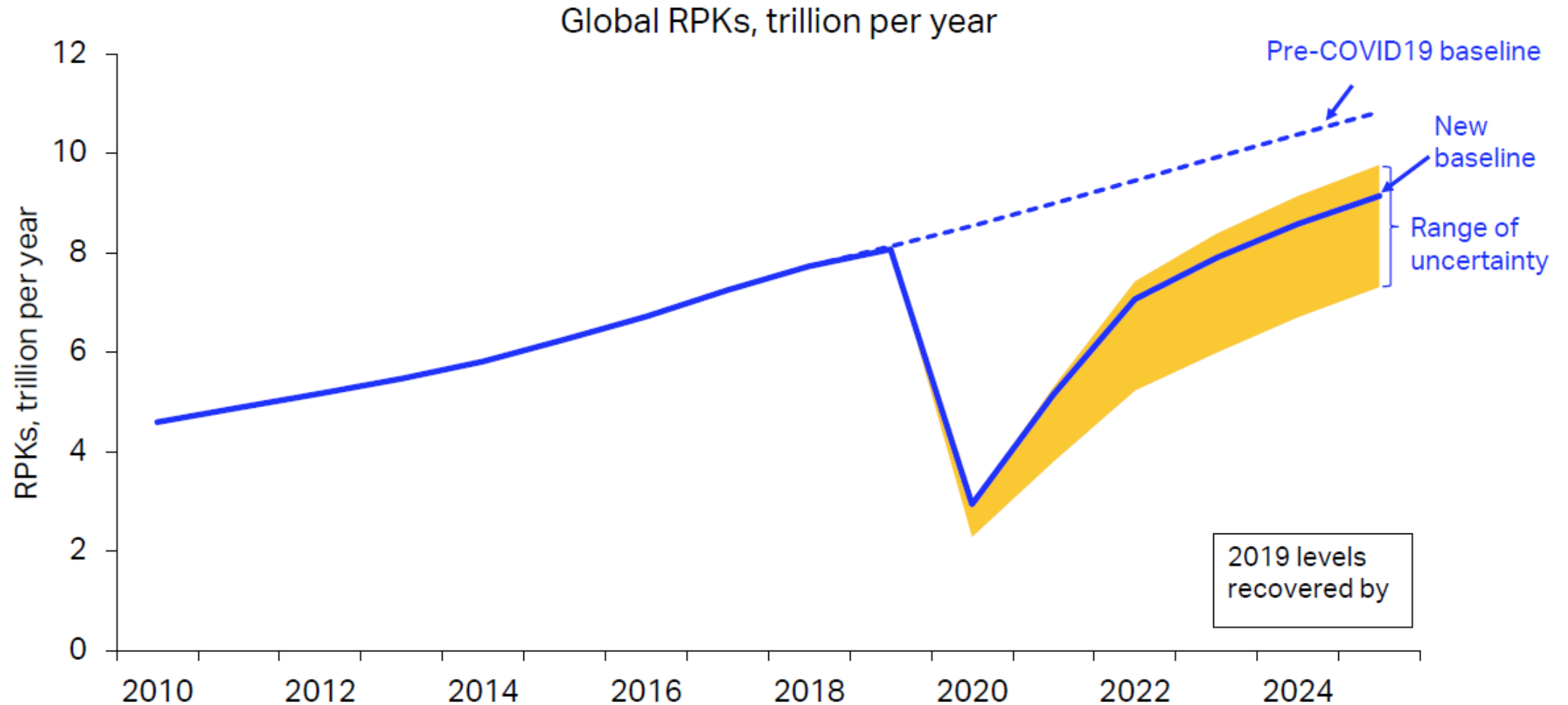
- **Continued simplification of the number of sub-fleets is reducing cost and complexity in deployment**
- **Continued prudent operational and asset management considerations**
 - Transfer of approximately a third of the passenger aircraft to parking locations outside of Hong Kong over the coming months
 - Retirement of older fleet types.
 - One B777-200 aircraft and one Boeing 747-400BCF freighter were retired in 2020
 - Return of aircraft
 - Return of four A320/A321 family and two A330-300s in the remainder of 2020



Revive

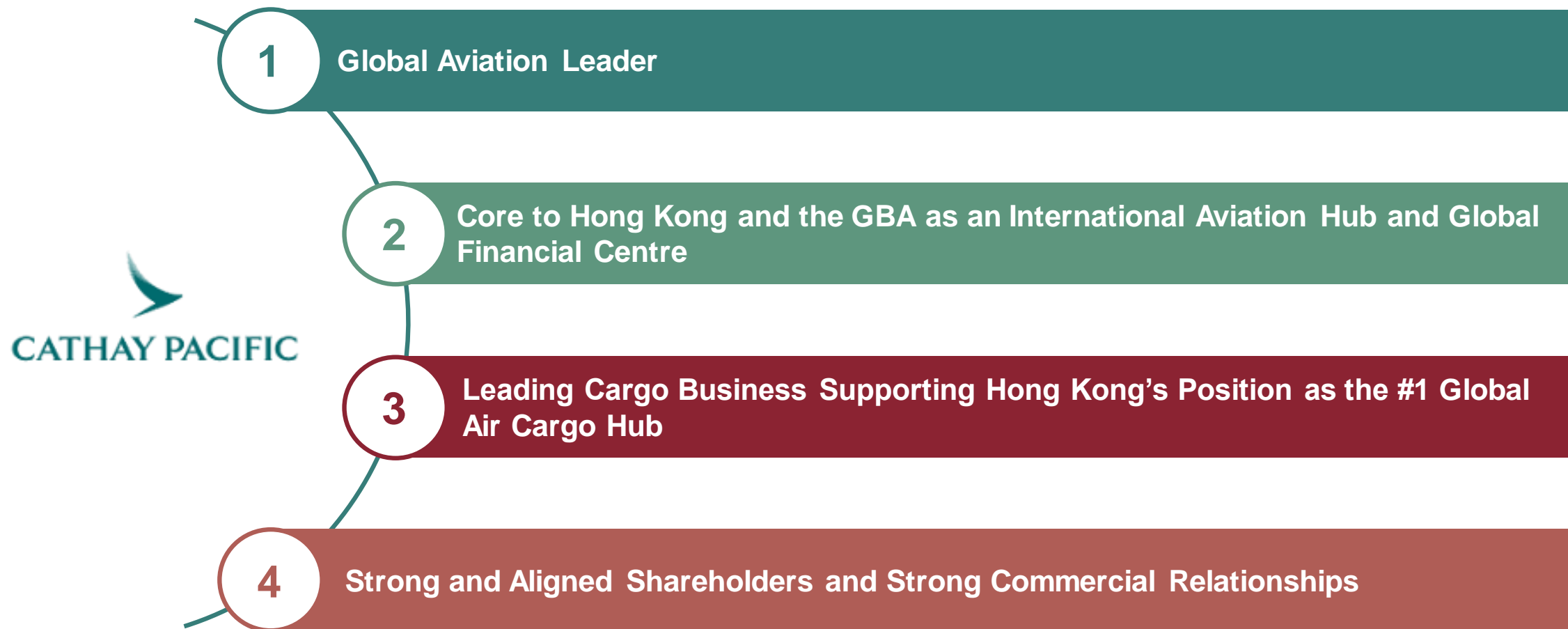


IATA sees a prolonged revival, with risk tilted to the downside



Source: IATA/ Tourism Economics Air Passenger Forecasts

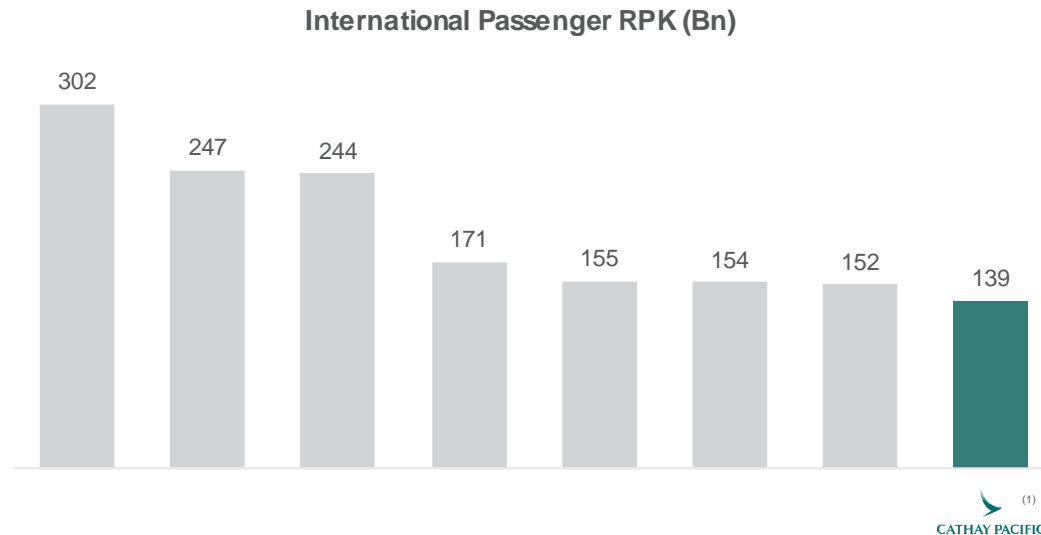
Positioning Cathay Pacific Group for the future



1 Global Aviation Leader (I)



Hong Kong's Flag Carrier and the 8th Largest Carrier of International Passengers Globally



Source: IATA WATS World Air Transport Statistics 2019 Report



World's Top Airline Award
- Skytrax



World's Top 10 Airlines Award
- AirlineRatings.com



Best Airline Economy Class (Cathay Dragon)
Best Frequent Flyer (Marco Polo)
- Business Traveler China Awards



Best Airline Business Class
- The Annual TTG Travel Awards



Best Long Haul Airline
- Gulf Cooperation Council Food and Travel Awards



Best Airline Brand
- The DesignAir Awards



1 Global Aviation Leader (II)



Differentiated Services Capturing the Entire Breadth of Customers in Hong Kong and Further Supported by Associated Companies

Holds 4 out of 6 Air Operating Certificates for Hong Kong Passenger and Cargo Airlines

Supported by Significant Subsidiary & Associate Companies



CATHAY PACIFIC



CATHAY DRAGON



Hkexpress



air Hongkong



Other Carrier



Other Carrier



Cargo Handling



Catering



Ground Handling



Commercial Laundry



FFP Program



Airline Operator

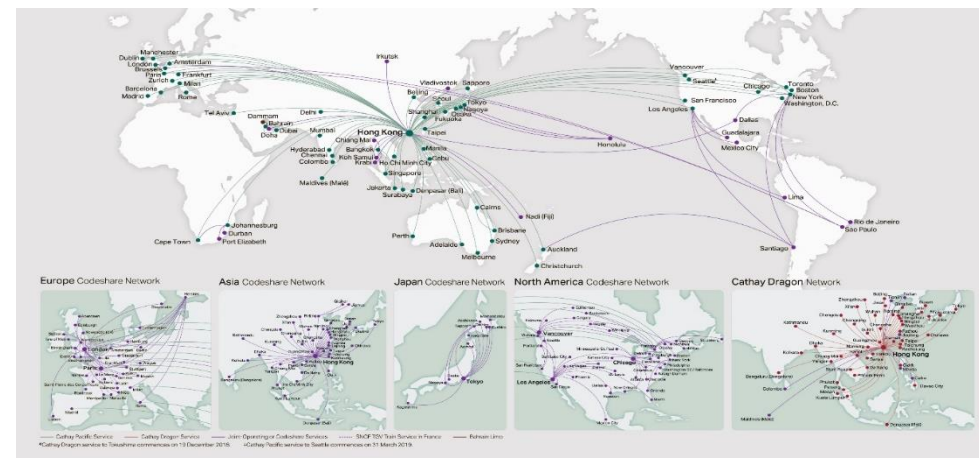


Cargo Airline



Industry Leading Global Scale and Footprint

Core to Hong Kong's Status as an International Aviation Hub and Global Financial Centre

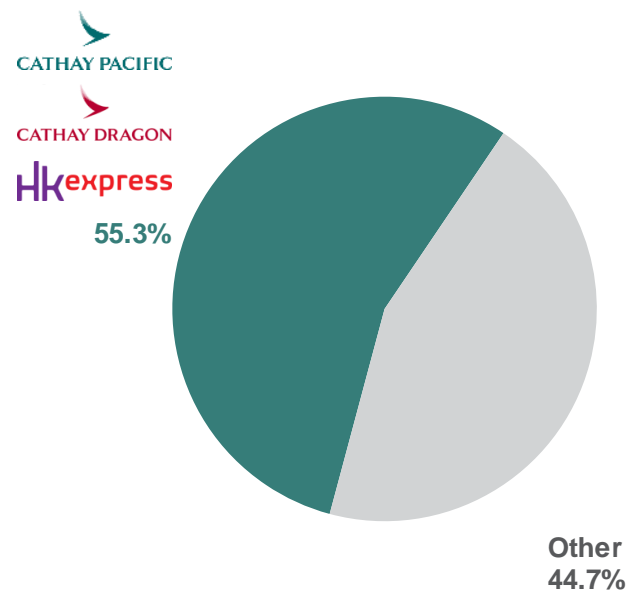


119 Destinations globally
33,000 Employees
35 Countries covered
235 Aircraft in operation

Core to Hong Kong and the Greater Bay Area as an International Aviation Hub and Global Financial Centre (I)

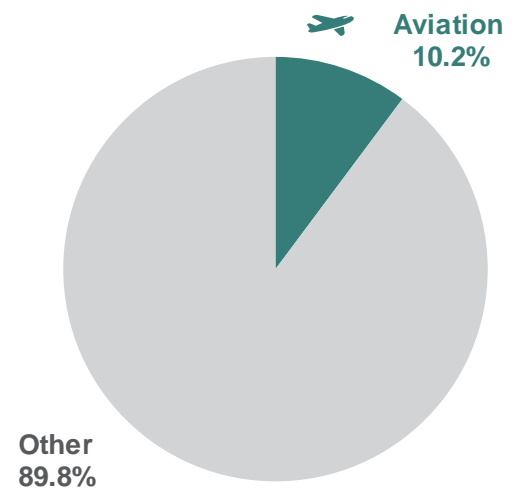


Cathay is responsible for 55.3% of Hong Kong International Airport's passenger traffic by ASK and is at the core of Hong Kong's aviation ecosystem



Source: OAG 2019

The aviation and foreign tourism sector contributes to 10.2% of Hong Kong's GDP, with aviation supporting ~333,000 jobs



Source: IATA The Importance of Air Transport to Hong Kong 2018 Report

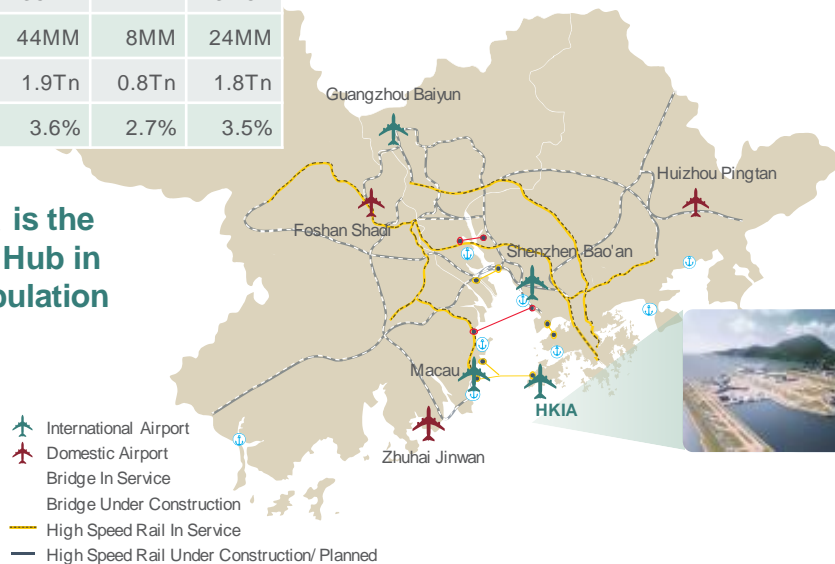
2 Core to Hong Kong and the Greater Bay Area as an International Aviation Hub and Global Financial Centre (II)

- Hong Kong is a premier logistics hub and springboard to the Chinese mainland, with strategic location and world-class infrastructure
- Greater Bay Area Plan will continue to enhance Hong Kong's position as an international aviation, maritime and logistics hub

	GBA	Tokyo	SF Bay	NY Met
# of Airports	7	2	4	7
Surface Area	56.5K	36.7K	17.4K	34.5K
Population	68MM	44MM	8MM	24MM
GDP	1.4Tn	1.9Tn	0.8Tn	1.8Tn
GDP Growth	7.9%	3.6%	2.7%	3.5%

7 Airports in GBA with 3 Airports Serving +50MM Passenger Traffic Annually

Greater Bay Area is the Largest Aviation Hub in the World by Population Served



- The Greater Bay Area Plan supports consolidating and enhancing Hong Kong's status as international financial centre
- China Development Bank has committed RMB360Bn (2020 quota) to the development of the Greater Bay Area
- Strengthens Hong Kong's status as a global offshore RMB hub and as an international asset management centre



- Increased cross-boundary RMB interbank lending
- Enhanced Shenzhen-Hong Kong Stock Connect
- Relaxed bond capital market issue requirements
- Reduced regulation on insurance industry

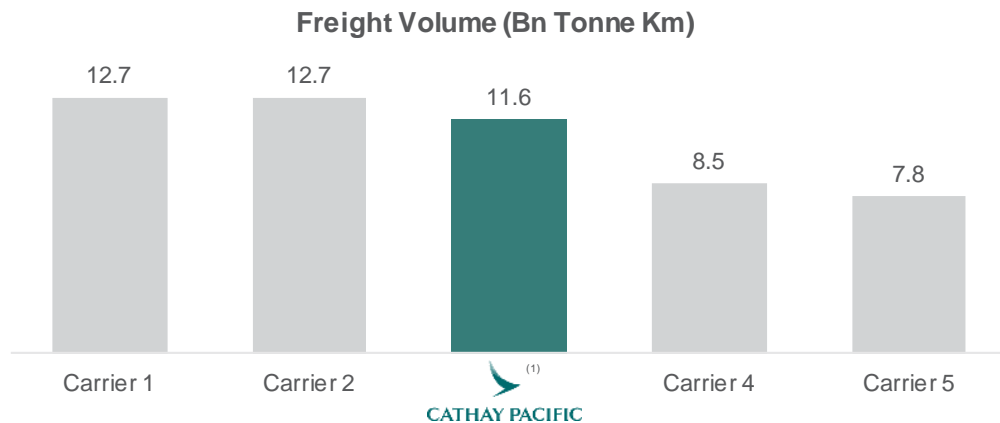
Source: Greater Bay Area Aviation Report 2019, 2018 Constitutional and Mainland Affairs Bureau

Leading Cargo Business Supporting Hong Kong's Position as the #1 Global Air Cargo Hub



3rd Largest Air Cargo Carrier

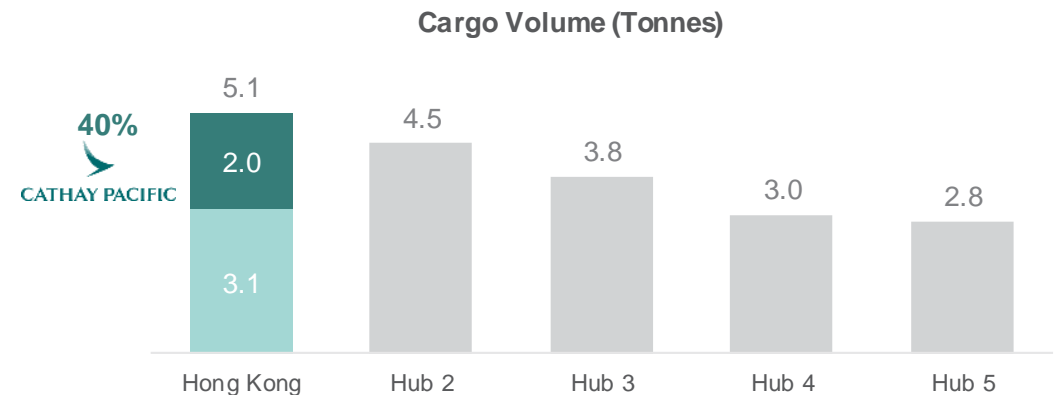
Cathay is the world's 3rd largest carrier of international air cargo by volume



Source: IATA WATS World Air Transport Statistics 2019 Report

40% Market Share in the #1 Global Air Cargo Hub

Hong Kong is the #1 global air cargo hub with Cathay Pacific handling 40% of annual volume



Source: Airport Council International 2019 World Airport Traffic Rankings, Cathay annual report

4 Strong and Aligned Shareholders and Strong Commercial Relationships



Strong and Supportive Shareholders



Swire Pacific Limited

- Ownership in Cathay: 45.00%
- Hong Kong based international conglomerate with a diversified portfolio across property, aviation, beverage, marine services, and trading & industrials



Air China Limited

- Ownership in Cathay: 29.99%
- Flag carrier in China based in Beijing (Cathay owns 18.13% of Air China)
- Intensive co-operation with Air China in code sharing and FFP programs



Qatar Airways Company

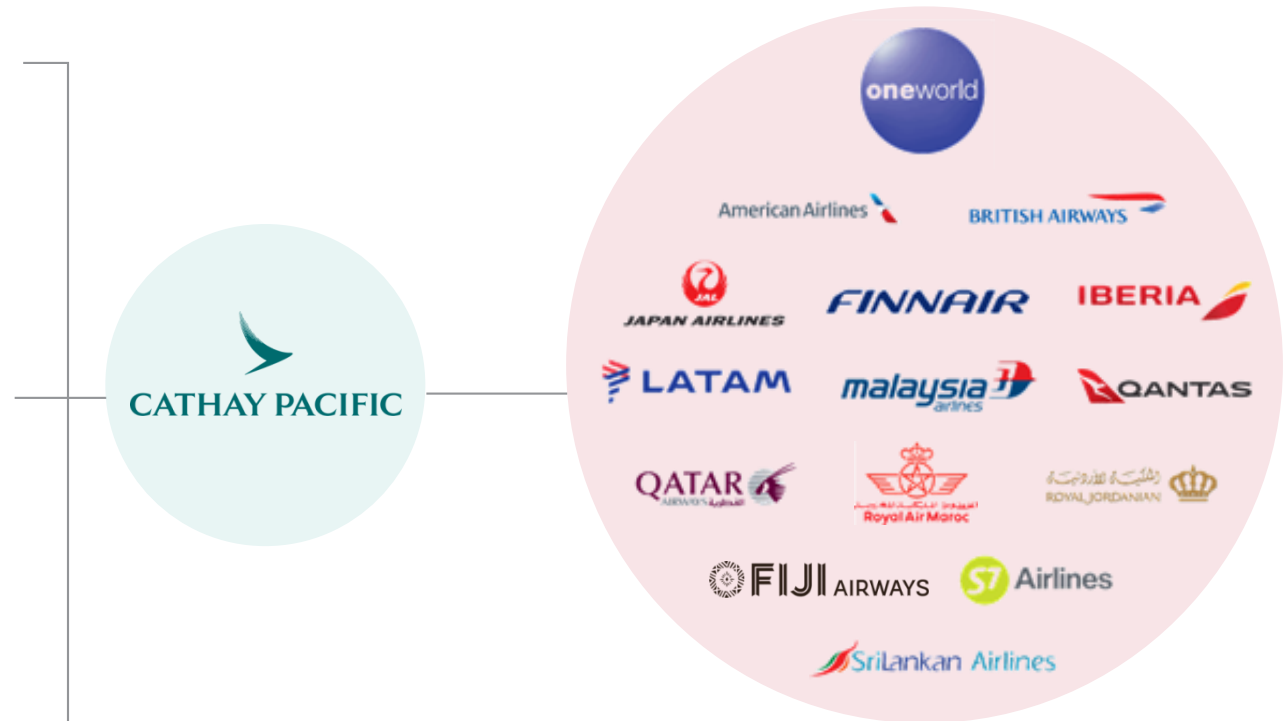
- Ownership in Cathay: 9.99%
- State-owned flag carrier of Qatar
- Further strengthen Cathay's network in the EMEA region



Source: Oneworld Alliance website

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Founding Member of Oneworld Alliance



**Serves 535MM passengers into 1,100 destinations
in 180 countries**

**Member airline flights take off or land every 5
seconds, 24 / 7**

Survive

Recapitalise

Restructure

Revive



- International Air Transport Association (IATA) forecasts very gradual recoveries over a protracted period.
- The recapitalisation has given us time and a platform from which to develop a strategy to ensure our sustainability, while meeting our repayment commitments to the Government and returns to our shareholders.
- We will continue to closely monitor market demand and be agile during recovery to pre-crisis levels.
- Commitment to customer and staff safety remains a priority, and we are grateful to staff for their hard work and commitment during challenging times.
- Strong stakeholder support who remain bullish on Hong Kong as both a financial centre and an International Aviation hub from the opportunities created with the development of the GBA.



Q&A

For more information, please visit our website

www.cathaypacific.com

