



# Analyst Briefing

1 December 2021

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# Agenda



- Dynamic responses to COVID-19
- October 2021 YTD operating performance
- Outlook
- Summary
- Q&A

## Hosted by:

- Rebecca Sharpe, Chief Financial Officer
- Ronald Lam, Chief Customer and Commercial Officer

# Dynamic responses to COVID-19 challenges



Oct YTD 2021

## Liquidity

- Liquidity:  
Jun 2021: HK\$32.8bn  
Oct 2021: HK\$31.7bn<sup>^</sup>  
<sup>^</sup>: Unaudited
- Secured new funding from a range of capital markets
- Reduced monthly operating cash burn

## Operating costs

- Cash preservation & cost optimisation initiatives
- Executive pay cuts and voluntary unpaid leave

## Capacity

- Cut 93% of pre-pandemic passenger capacity
- Cargo capacity impacted by crew quarantine rules
- Eased quarantine rules enabled some capacity to be reactivated from May

## Fleet

- Fleet:  
Jun 2021: 238 aircraft (89 parked)  
Oct 2021: 236 aircraft (68 parked)
- 8 new aircraft deliveries and 11 lease returns

FY 2020

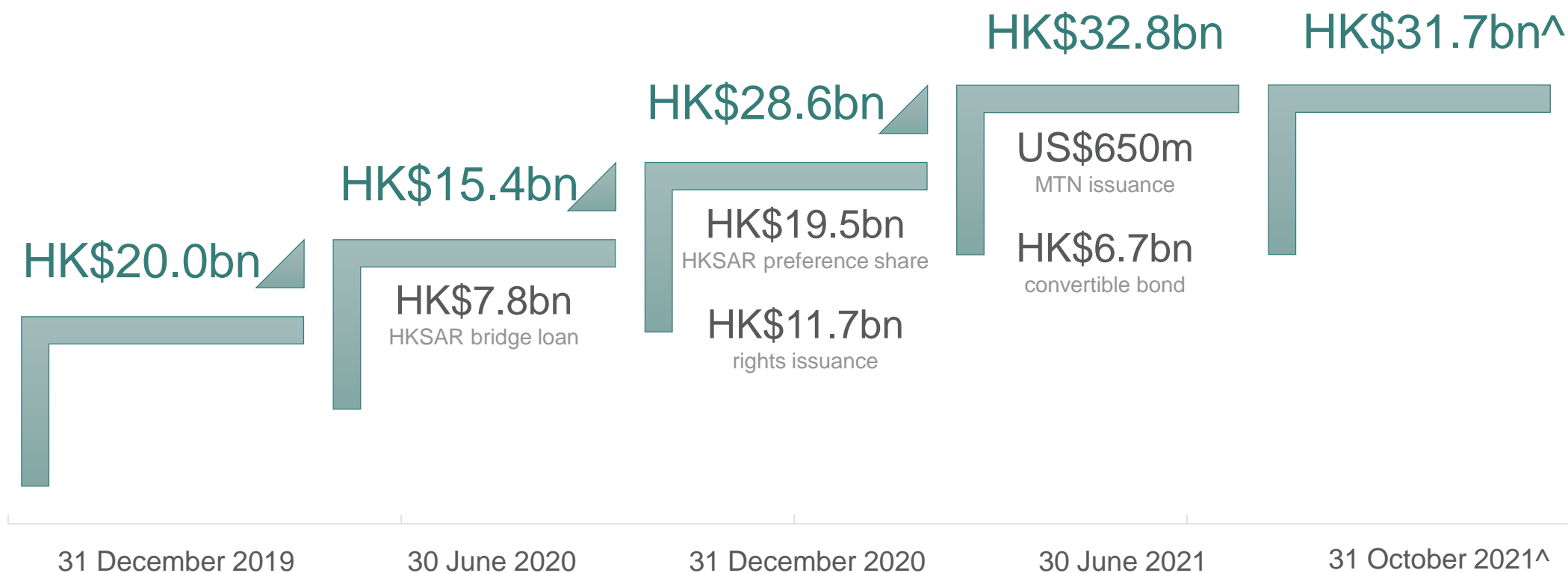
- Liquidity:  
Jun 2020: HK\$15.4bn  
Dec 2020: HK\$28.6bn
- Recapitalisation (led by HKSAR)
- Deferred capital expenditure

- Total costs (without fuel):  
1H 2020: HK\$26.7bn  
2H 2020: HK\$23.2bn
- Retired Cathay Dragon brand
- Restructure, including 5,900 redundancies

- Cut 93% of passenger capacity (Apr – Dec)
- Maximised cargo capacity

- Fleet:  
Jun 2020: 235 aircraft  
Dec 2020: 239 aircraft
- Parked 92 aircraft in long term storage
- Deferred Airbus deliveries

# Continue to maintain an elevated liquidity position



Liquidity consists of cash, short term deposits and short term investments. It includes committed undrawn facilities

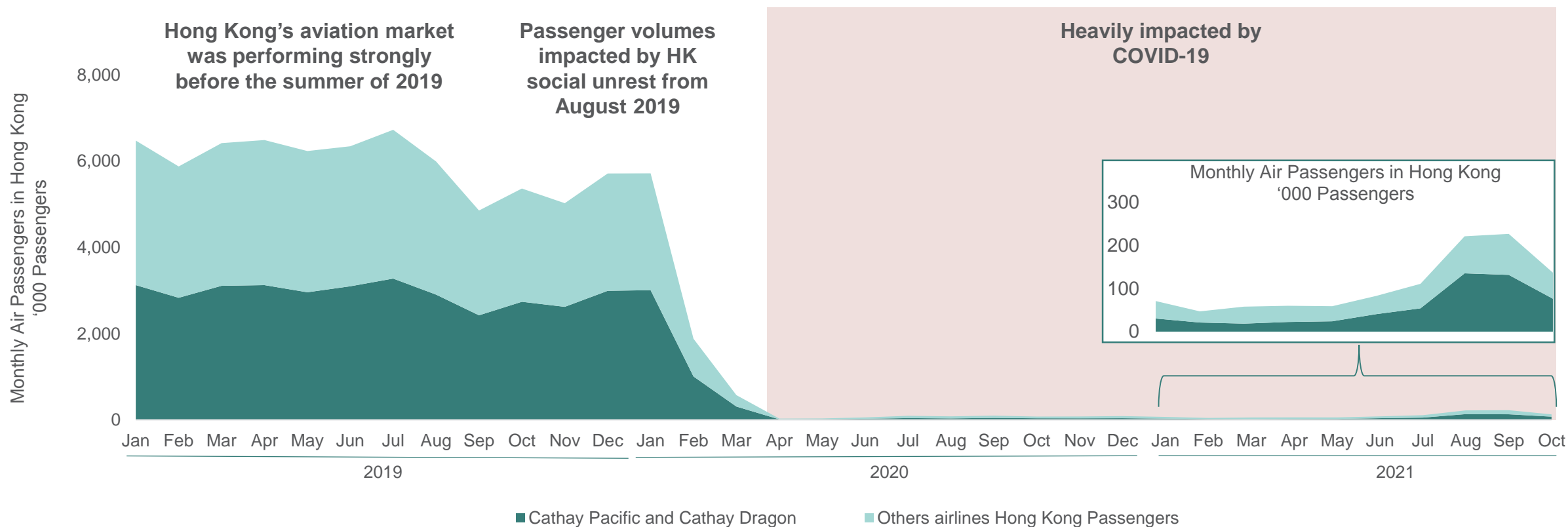
<sup>^</sup>: Unaudited



# Operating performance

- Passenger Services
- Cargo Services
- Subsidiaries

# Significant impact on Hong Kong aviation environment



Sources: Hong Kong International Airport, Cathay Investor Relations

# COVID-19 continues to disrupt passenger traffic



		Oct 2021 (10 months)	1H 2021 (6 months)	Oct 2020 (10 months)	Oct 2019 (10 months)
Available seat kilometres (ASK)	Million	<b>10,191</b>	<b>4,167</b>	32,256	137,039
Revenue passenger kilometres (RPK)	Million	<b>3,153</b>	<b>788</b>	19,645	112,740
Revenue passengers carried	'000	<b>555</b>	<b>157</b>	4,553	29,615
Passenger load factor	%	<b>30.9</b>	<b>18.9</b>	60.9	82.3

- Travel restrictions and quarantine requirements imposed by governments worldwide continue to disrupt the global passenger air travel market
- Our passenger capacity year-to-date was just 7% of pre-pandemic levels, we benefited from a small student traffic 'peak' in August and September
- July – October 2021 capacity already exceeds 1H 2021, reflecting the impact of the tighter crew quarantine measures between February and May

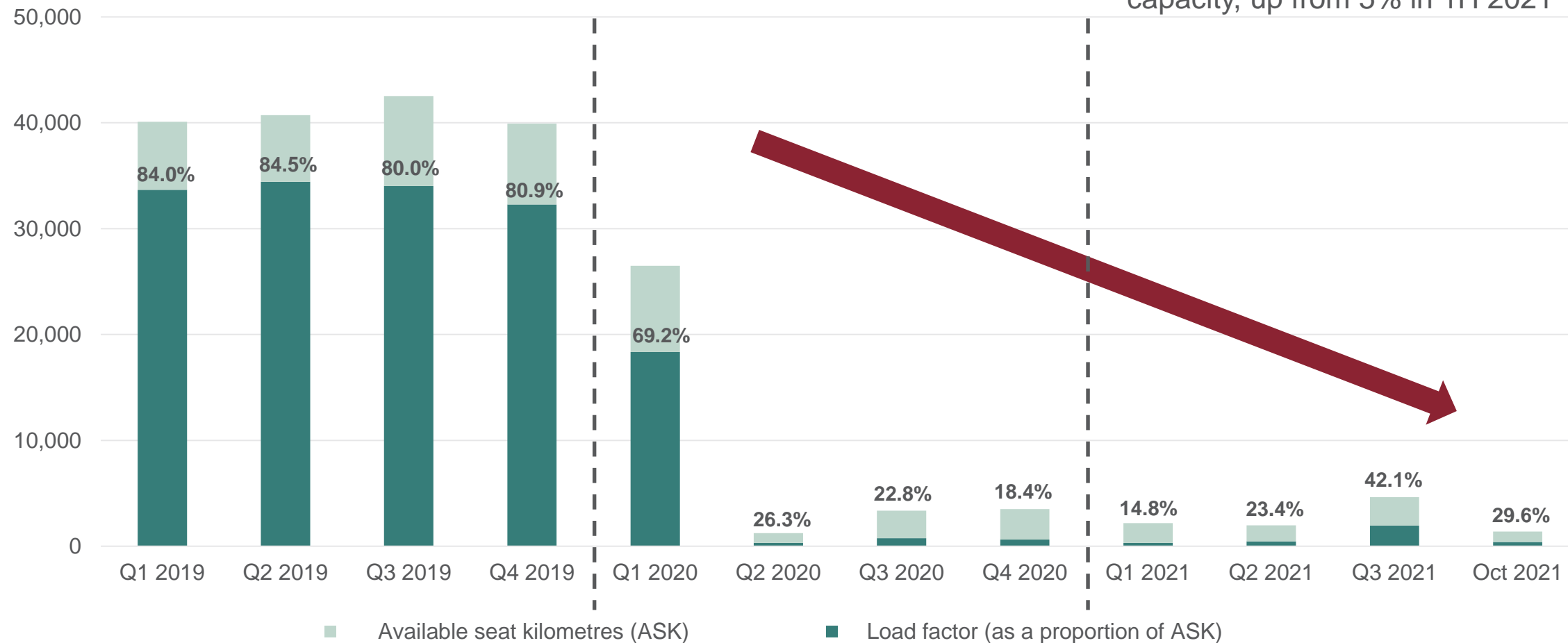


# Capacity reflects reduced passenger demand, but supported by cargo flows



Capacity - ASKs

Across July – October 2021 we operated 11% of pre-pandemic capacity, up from 5% in 1H 2021



# Continuing market imbalance drives exceptionally strong cargo performance



		Oct 2021 (10 months)	1H 2021 (6 months)	Oct 2020 (10 months)	Oct 2019 (10 months)
Available freight tonne kilometres (AFTK)	Million	8,064	4,058	9,449	14,627
Revenue freight tonne kilometres (RFTK)	Million	6,526	3,301	6,787	9,333
Cargo carried	'000 tonnes	1,063	549	1,095	1,666
Cargo load factor	%	80.9	81.4	71.8	63.8

## Additional cargo-carrying capacity created by:

Cargo-only flights and cargo in passenger cabins

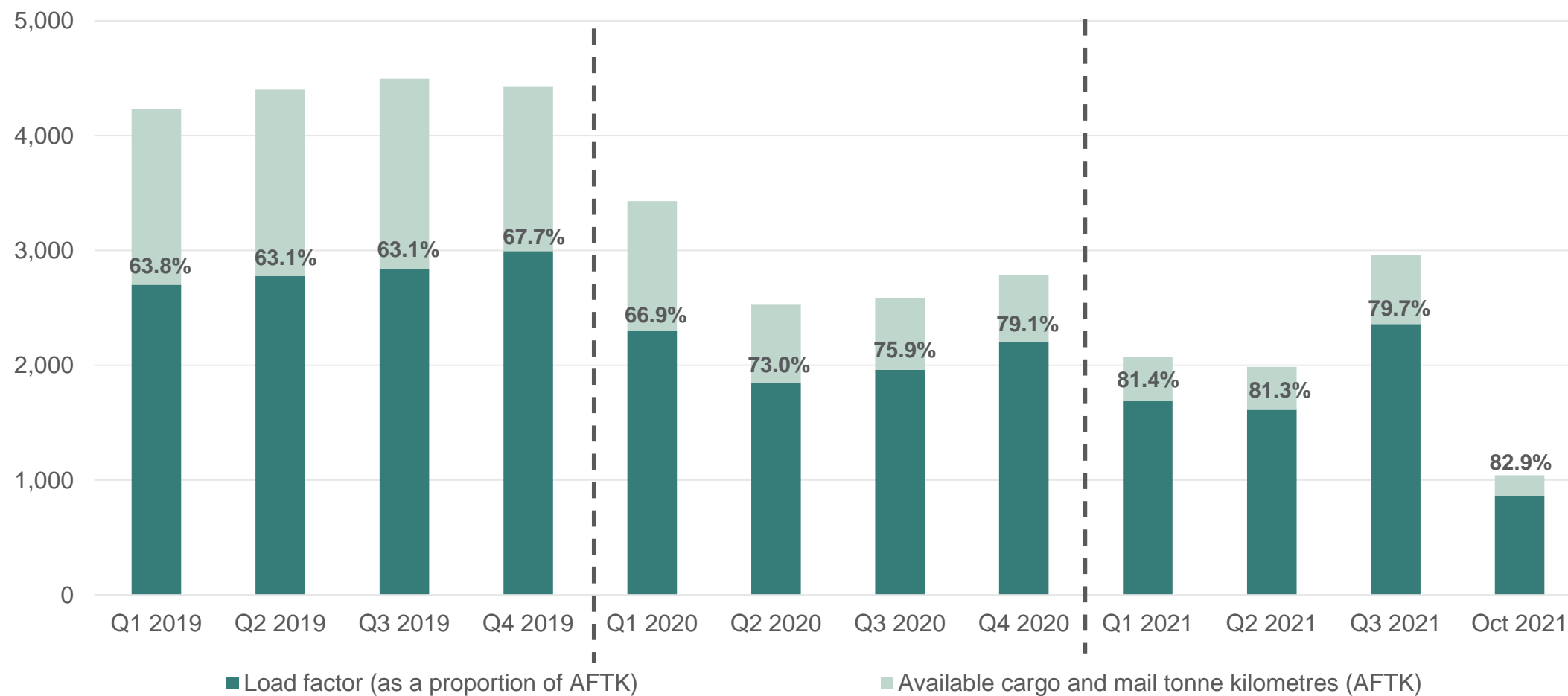
'Freighters'

Chartered flights from all-cargo subsidiary AHK

# Cargo capacity constrained by lack of passenger belly availability, but load factor compensates



Capacity - AFTKs



# Subsidiaries



- Recently commenced flights to Taipei and Kaohsiung, in addition to services to Taichung (outbound only) and Ningbo



- Benefiting from continued strong cargo market performance

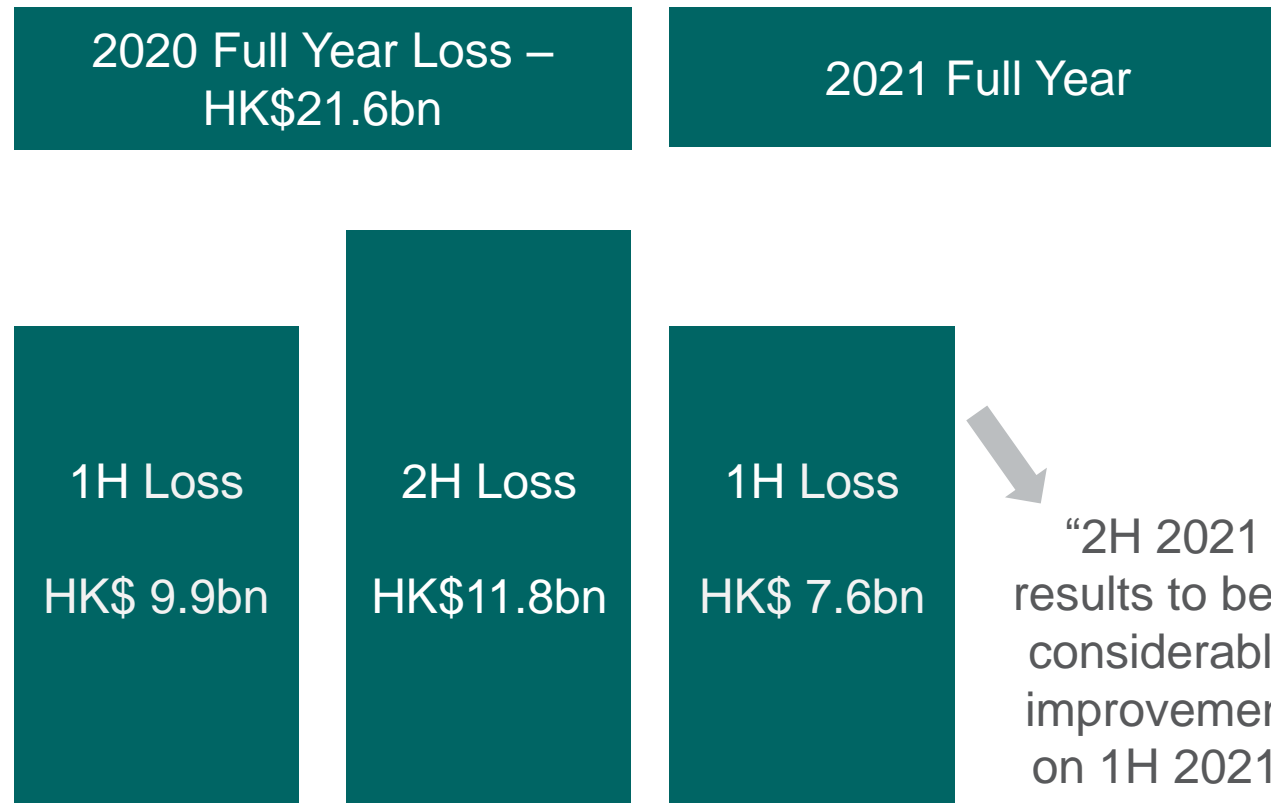


- Airline services subsidiaries - continue to be negatively impacted by the low number of passenger flights

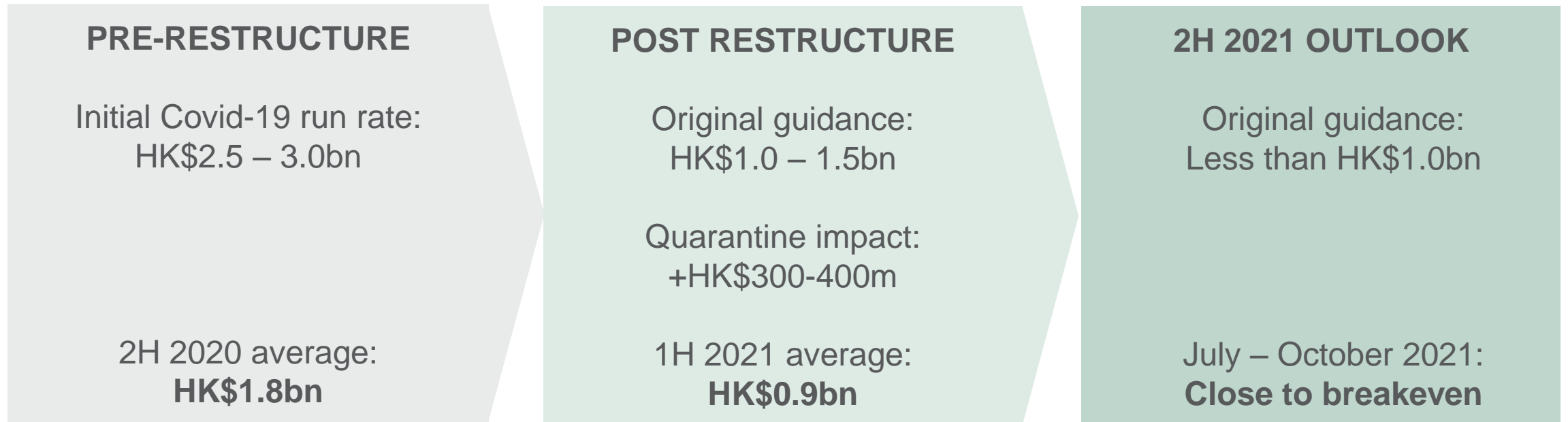


# Outlook

# 2021 full year results guidance



# Monthly operating cash burn



\* Monthly operating cash burn includes: aircraft loan and lease repayments; cash support provided to subsidiaries; fuel hedging settlements; and excludes: unsecured loan repayment/refinancing; aircraft capex and related new funding; one-off restructuring costs

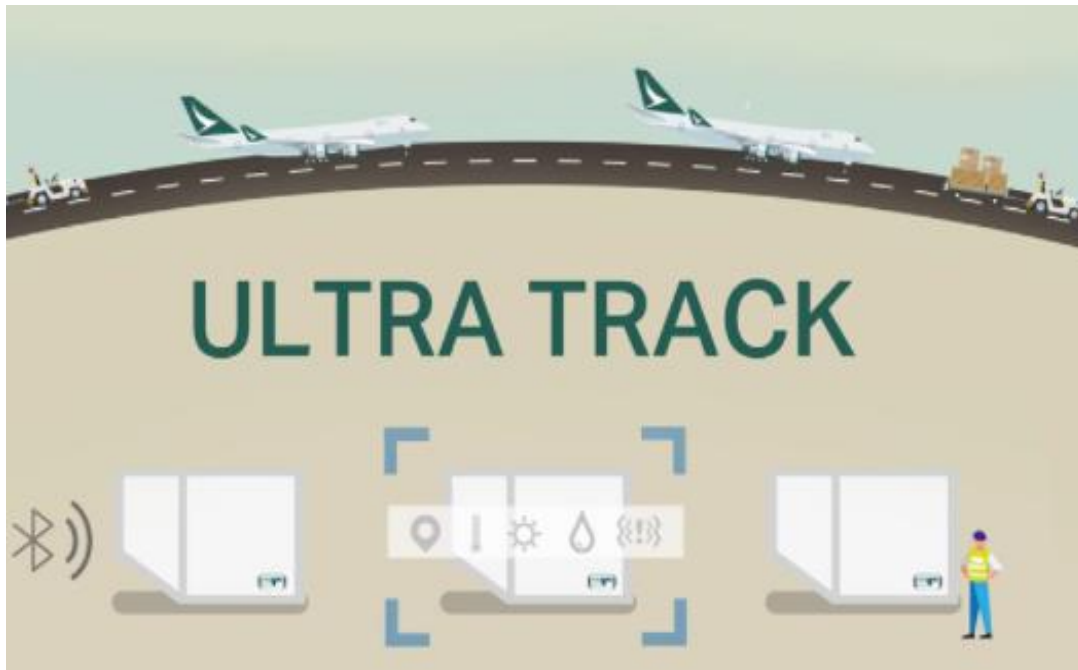
# Passenger services outlook



- Capacity remains constrained due to crew quarantine
- More transit opportunities as overseas markets open up
- Further recovery depends on border opening



# Cargo services outlook



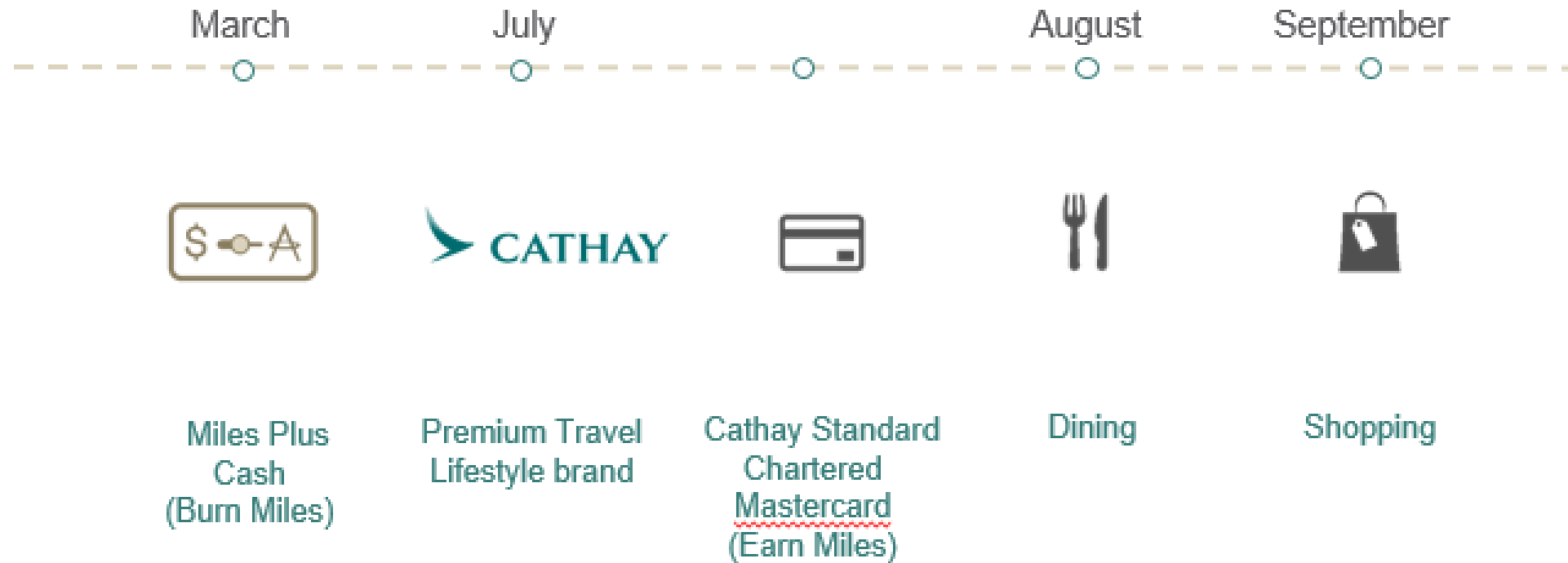
## Capacity

- Capacity continues to be constrained as a result of limited passenger flights
- Ocean freight supply chain constraints supporting air cargo demand into last quarter of 2021
- Operating six 'preighters' (temporarily converted passenger aircraft)

## Demand

- Strong demand to continue
- Hong Kong and South East Asia are showing particularly robust demand

# Continued investment in brand and experience



# Cathay Pacific commits to net-zero carbon emissions by 2050

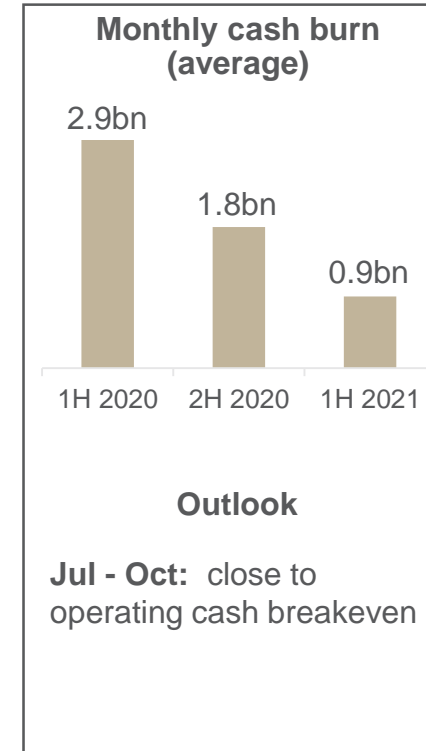
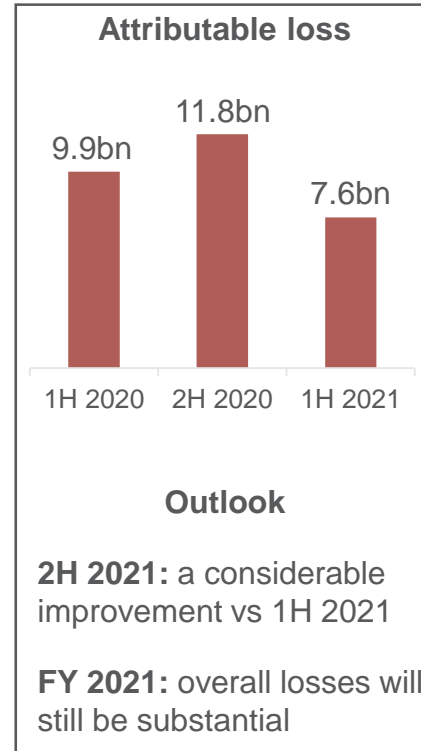


- May – We committed to net-zero carbon emissions by 2050
- September – We committed to using Sustainable Aviation Fuel for 10% of our total fuel consumption by 2030
- October – We became a Founding Member of the Aviation Climate Taskforce, with the goal of accelerating breakthroughs for decarbonisation technologies through innovation and collaboration



# Summary

# Summary



Constantly developing travel restrictions and other operational constraints continue to pose significant challenges

<sup>^</sup>: Unaudited



# Q&A

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