



Analyst Briefing

24 June 2022

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Agenda



- Dynamic responses to COVID-19
- May 2022 YTD operating performance
- Outlook
- Summary
- Q&A

Hosted by:

- Rebecca Sharpe, Chief Financial Officer
- Lavinia Lau, Director Customer Travel

Dynamic responses to COVID-19 challenges



May YTD 2022

Liquidity

- Extension of the drawdown period for the HK\$7.8bn HKSARG bridge loan facility until Jun 2023
- Targeting to reduce monthly operating cash burn to less than HK\$0.5bn from May

Operating costs

- Cash preservation & cost optimisation initiatives continue

Capacity

- Cut 98% of pre-pandemic passenger capacity
- Cut 72% of pre-pandemic cargo capacity
- Adjusted restrictions and quarantine rules enabled capacity to be progressively added back from May

Fleet

- Fleet:
May 2022: 228 aircraft (69 parked)
- 1 new aircraft delivery and 7 lease returns

FY 2021

Liquidity

- Liquidity:
Jun 2021: HK\$32.8bn
Dec 2021: HK\$30.3bn
- Secured new funding from a range of capital markets
- Reduced monthly operating cash burn

Operating costs

- Total costs (without fuel):
1H 2021: HK\$17.7bn
2H 2021: HK\$20.0bn
- Cash preservation & cost optimisation initiatives
- Executive pay cuts and voluntary unpaid leave

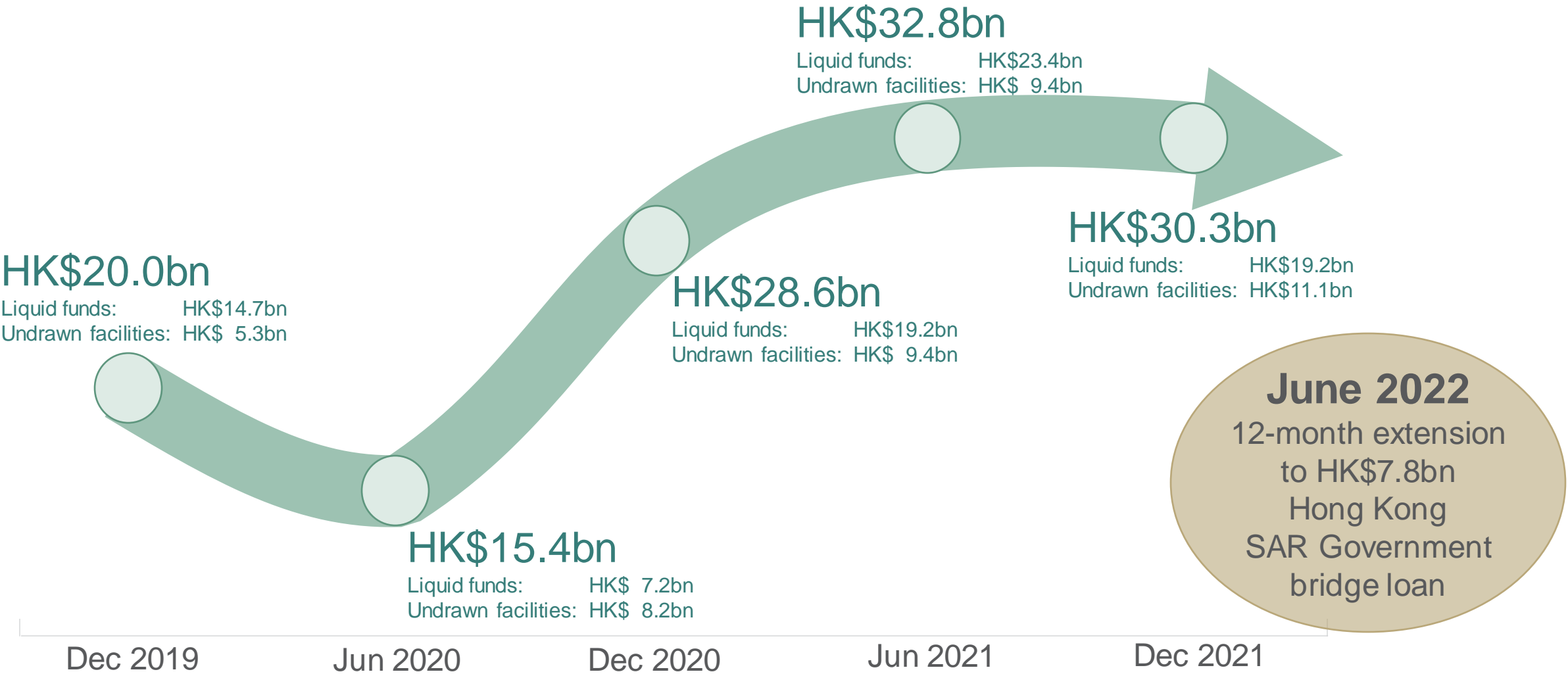
Capacity

- Cut 92% of pre-pandemic passenger capacity
- Eased quarantine rules enabled some capacity to be reactivated from May to Dec
- 2H 2021: 68% of pre-pandemic cargo capacity (vs 47% in 1H 2021)

Fleet

- Fleet:
Jun 2021: 238 aircraft (89 parked)
Dec 2021: 234 aircraft (74 parked)
- 9 aircraft deliveries and 14 lease returns

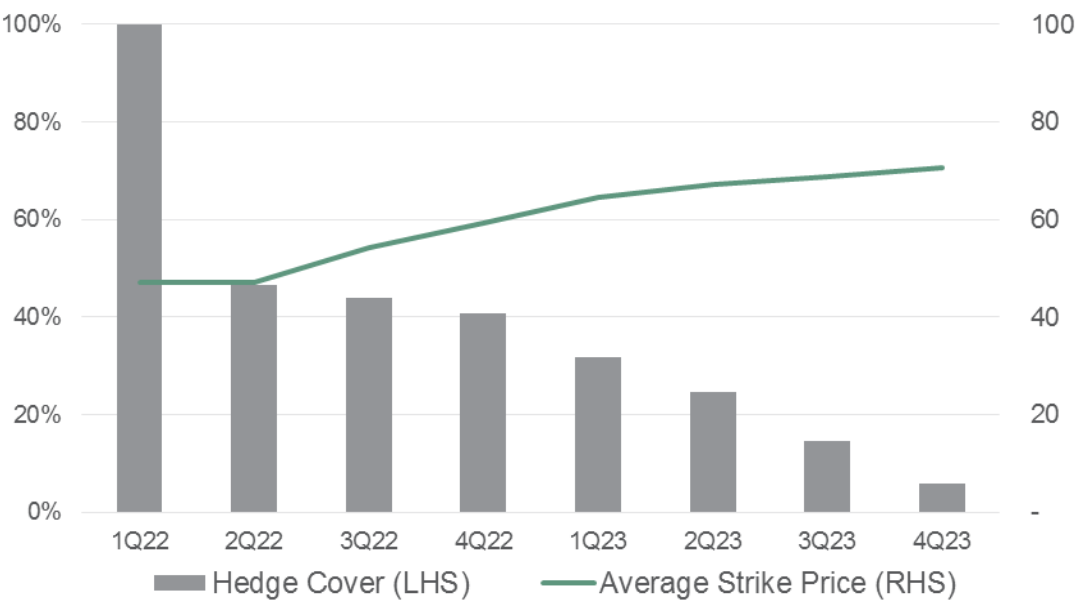
Continue to maintain an elevated liquidity position



Fuel and interest costs

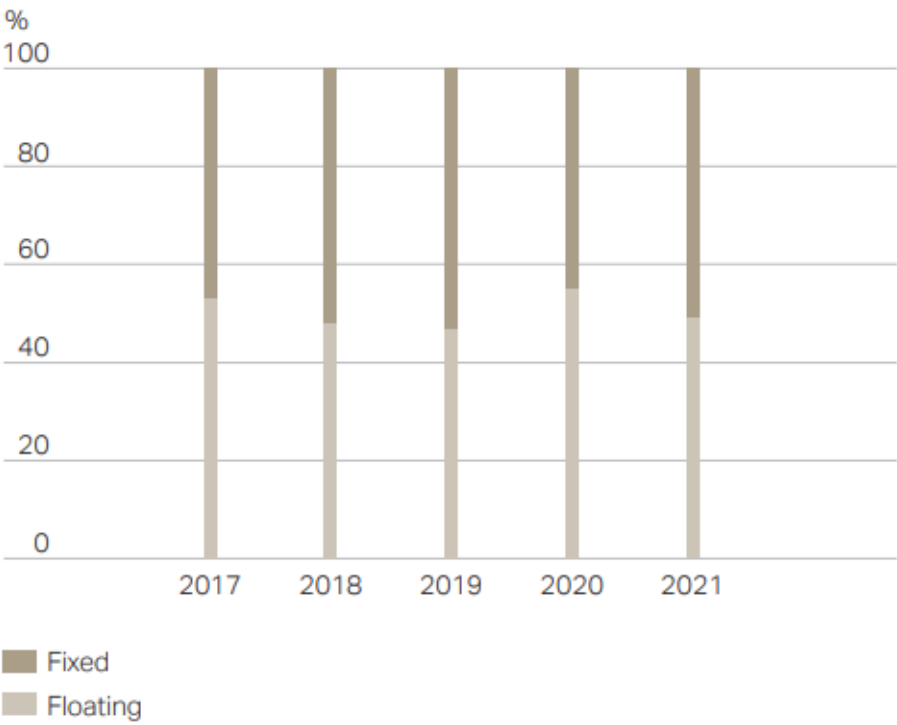


Fuel hedging at 31 Dec 2021



We continue to follow our fuel hedging policy to reduce exposure to fuel price risk by hedging a percentage of expected fuel consumption

Interest rate profile: Borrowings (after derivatives)



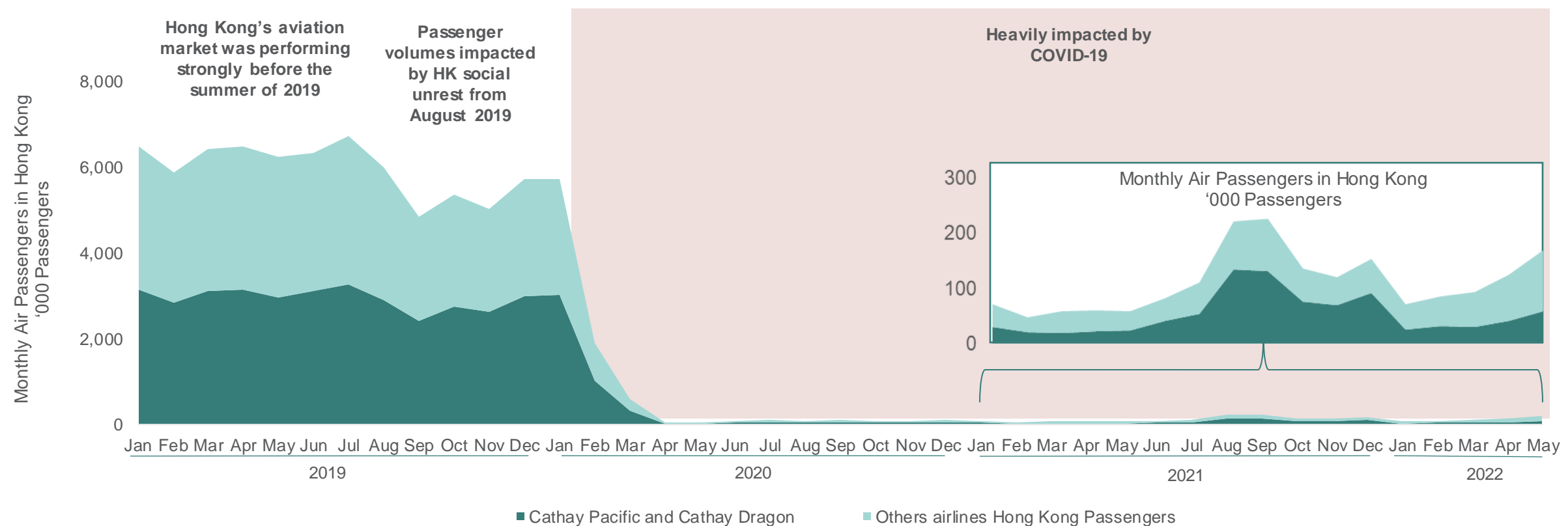
Includes all outstanding loans and borrowings, lease liabilities, and interest rate swaps which are hedge accounted for



Operating performance

- Travel
- Cargo
- Subsidiaries and Associates
- Sustainable development

Significant impact on Hong Kong aviation environment



Sources: Hong Kong International Airport, Cathay Investor Relations

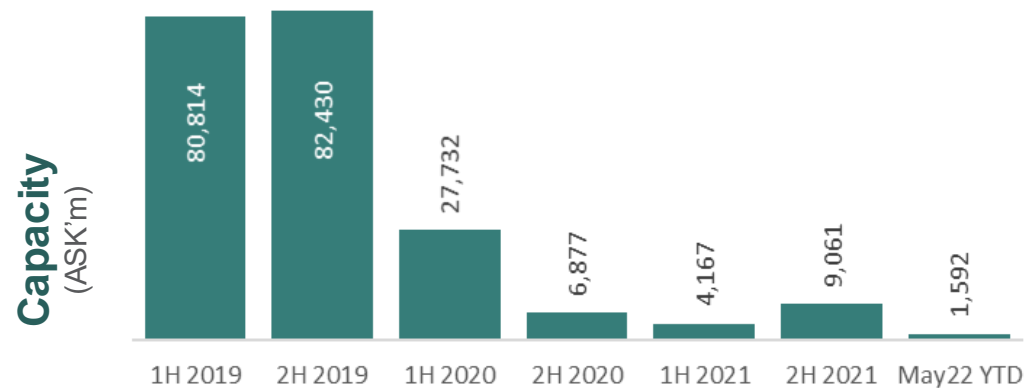
COVID-19 continues to disrupt passenger traffic



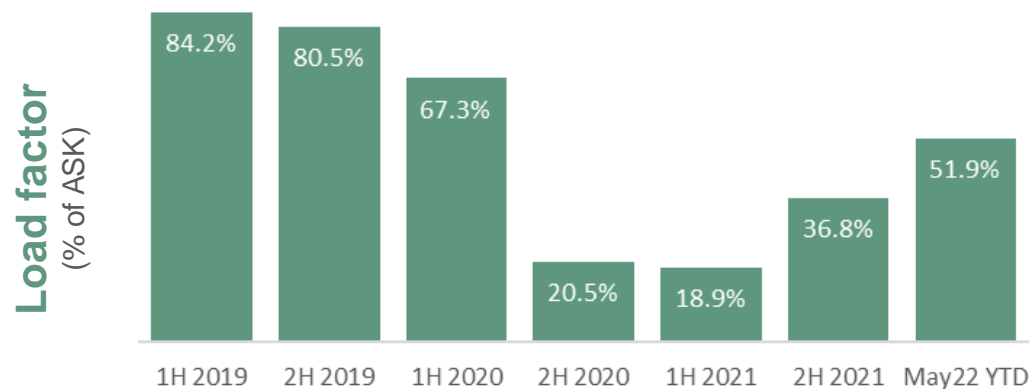
		May 2022 YTD	May 2021 YTD	Variance
Available seat kilometres (ASK)	Million	1,592	3,090	-48.5%
Revenue passenger kilometres (RPK)	Million	827	554	+49.3%
Revenue passengers carried	'000	185	116	+59.1%
Passenger load factor	%	51.9	17.9	+34.0%pt

- The tightened aircrew quarantine requirements and travel restrictions announced in December 2021 and January 2022 restricted our ability to operate beyond only a fraction of our passenger services in the first quarter
- In April and May, the Hong Kong Government introduced a series of adjustments to the travel restrictions and quarantine requirements, which enabled us to resume more flight capacity in the second quarter. May passenger capacity recovered slightly to 4% of pre-pandemic levels

Passenger travel in terms of capacity and load factor



- We operated 2% of pre-pandemic capacity May 2022 YTD, down from 11% operated in 2H 2021 and 5% in 1H 2021



- Load factor higher due to limited capacity

Boost to regional freighters and tonnage despite reduced cargo capacity



		May 2022 YTD	May 2021 YTD	Variance
Available freight tonne kilometres (AFTK)	Million	1,976	3,236	-38.9%
Revenue freight tonne kilometres (RFTK)	Million	1,558	2,639	-41.0%
Cargo carried	'000 tonnes	421	440	-4.3%
Cargo load factor	%	78.9	81.6	-2.7%pt

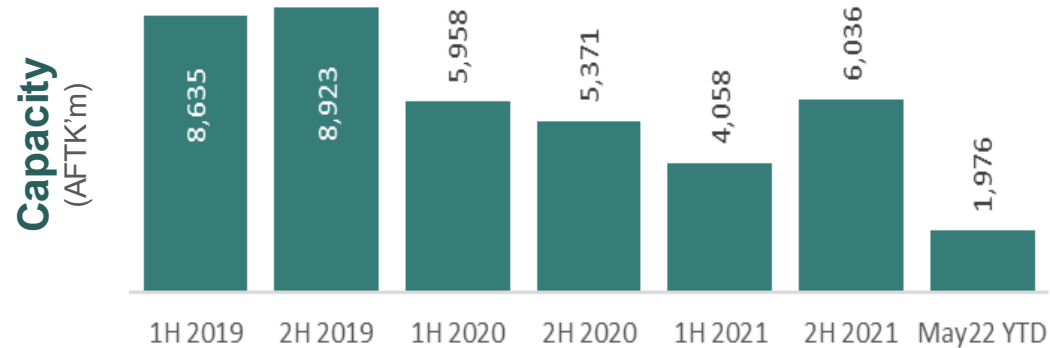
Additional cargo-carrying capacity created by:

Cargo-only
passenger flights

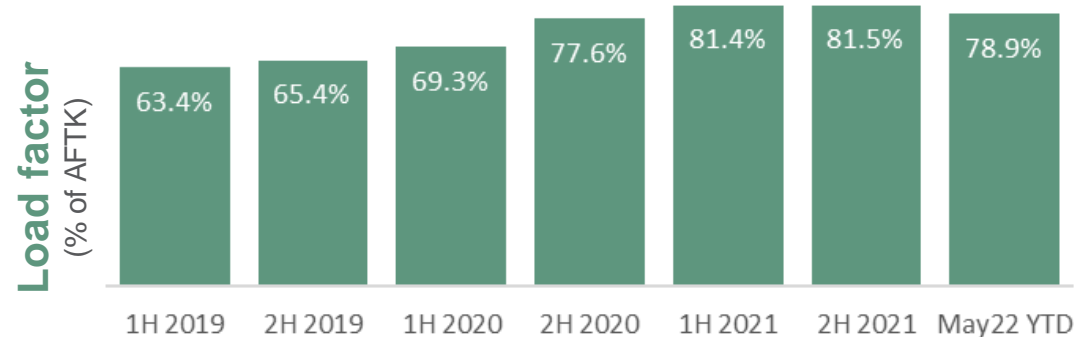
'Freighters'

Chartered flights
from all-cargo
subsidiary AHK

Capacity lower than 2021 but comparably high load factors



- The tightening of crew quarantine requirements severely restricted cargo capacity earlier this year
- May 2022 cargo capacity recovered to 34% of pre-pandemic levels, compared to an average of 26% across the first four months of 2022
- Operated 47% of pre-pandemic capacity in 1H 2021



- We have maintained high load factors through 2021 and so far in 2022

Subsidiaries and associates



- Currently operating regular flights to Singapore, Kaohsiung and Taipei



- Benefiting from continued strong cargo market performance



VOGUE LAUNDRY
雅潔洗衣



- Airline services subsidiaries - continue to be negatively impacted by the limited flight capacity



中国国际货运航空公司
AIR CHINA CARGO

- Associates – negatively impacted by lower capacity and traffic

Cathay Pacific commits to net-zero carbon emissions by 2050



- Launched Asia's first major Corporate Sustainable Aviation Fuel (SAF) Programme
- Introducing SAF at HK International Airport
- An important step towards our commitment to use 10% SAF by 2030



- Published our 2021 Sustainable Development Report, addressing:
 - Climate change;
 - Safety;
 - Sustainability in operations;
 - Biodiversity;
 - Diversity & inclusion;
 - Our people; and
 - Community



Outlook

1H2022 – expect lower consolidated loss than first half of 2021



2021 Full Year Loss – HK\$5.5bn

2022 First Half

\$2.0 bn

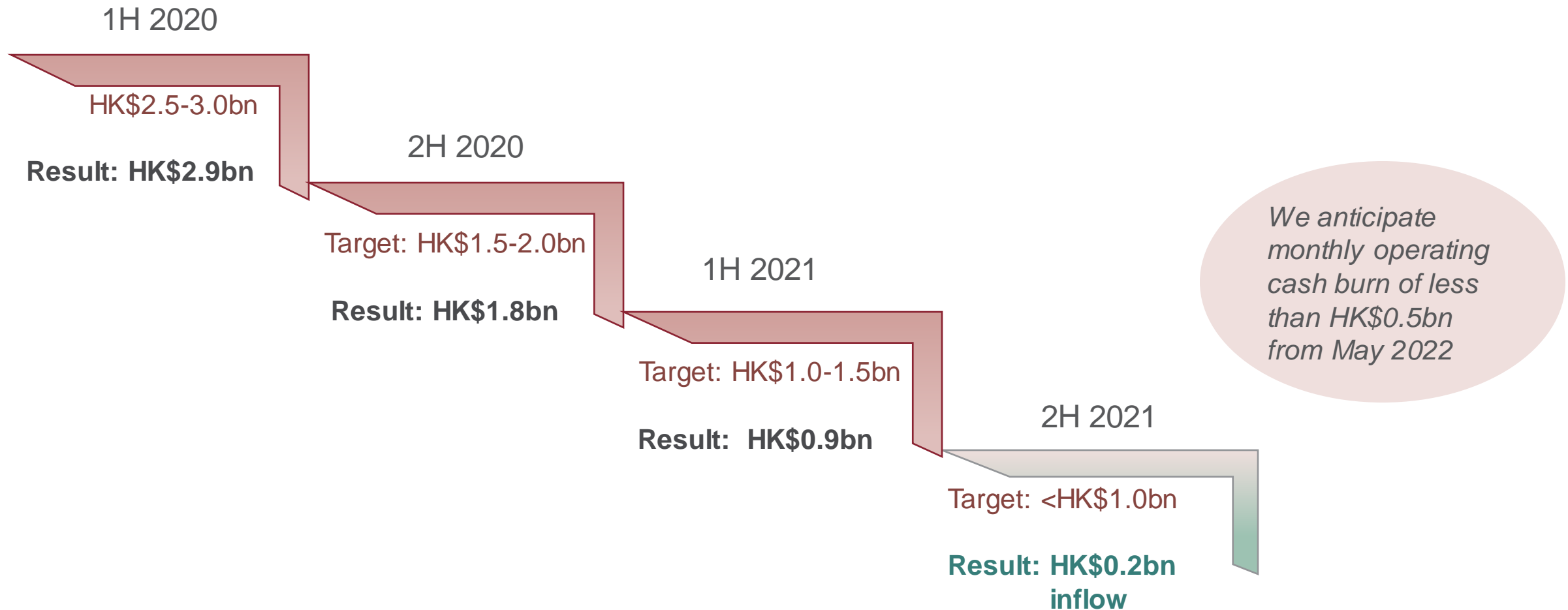
2H 2021

1H 2021

-\$7.6 bn

1H 2022
Expect a
substantial loss,
but lower than
1H 2021

2022 has seen a return to operating cash burn



Recruitment



- Cathay Pacific aims to recruit more than 4,000 frontline colleagues by the end of 2023 to meet operational needs. This includes over:
 - 2000 Cabin crew
 - 700 Pilots
 - 700 Airport Customer Service Officers and
 - 300 Customer Care Agents
- Our subsidiaries including catering, cargo terminal and airport handling also plan to recruit additional new staff between now and the end of 2023.

Travel outlook



- Capacity remains constrained due to crew quarantine requirements
- More transit opportunities as overseas markets open up and become more diversified
- Started 2022 operating flights to 29 destinations and this is targeted to double by the end of the year. As of June, 45 destinations have already been resumed

Cargo outlook



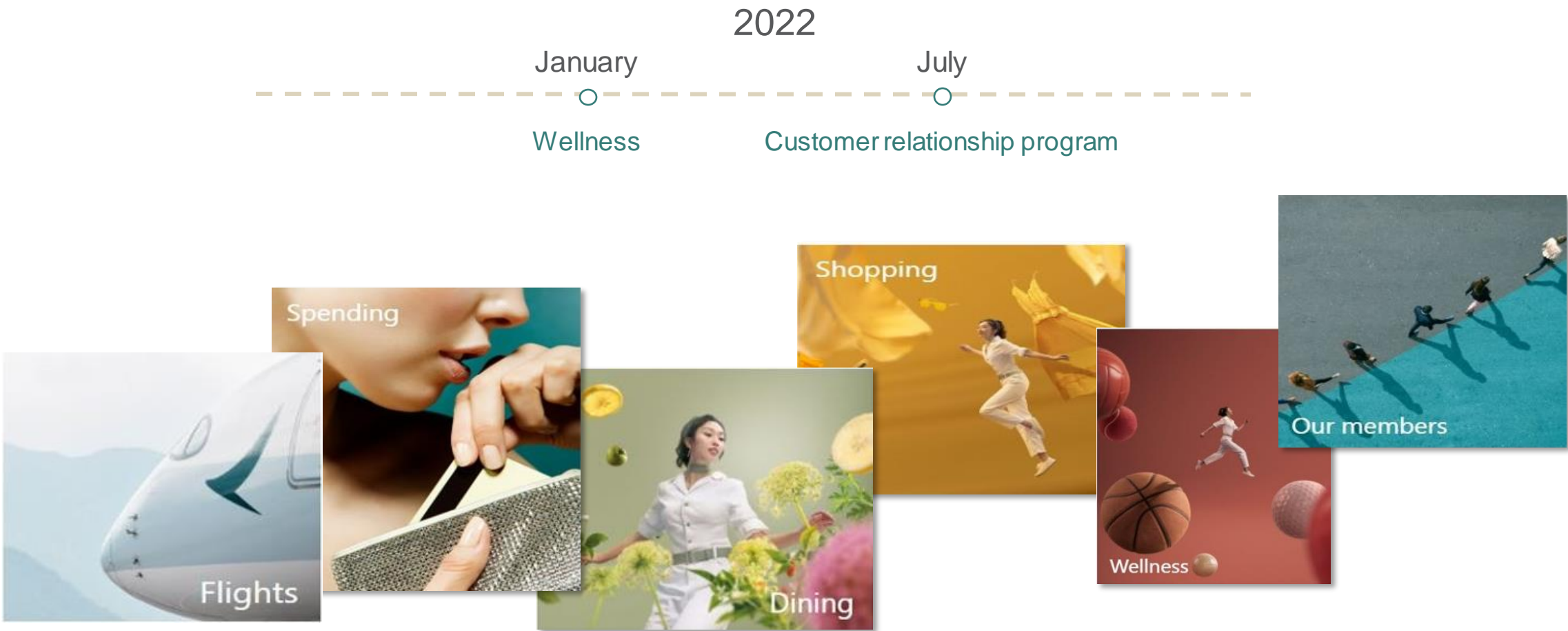
Capacity

- Quarantine requirement adjustments for freighter crews from May allowing for a resumption of full freighter capacity in June
- Capacity will be further supplemented by increased passenger frequencies and cargo-only passenger flights

Demand

- Disrupted supply chains drive short-term positive impact
- Solid peak season expected later this year

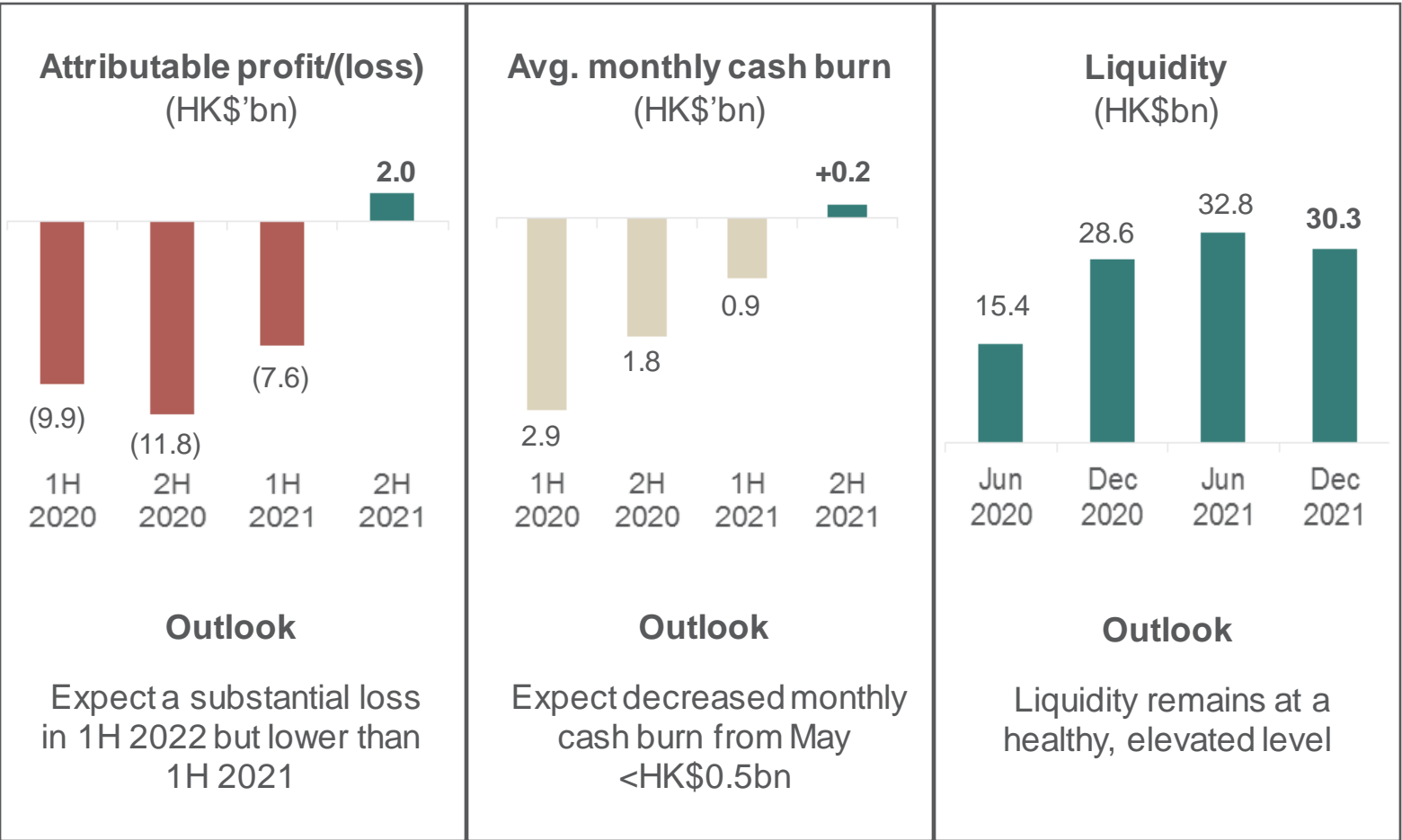
Lifestyle brand and experience





Summary

Summary





Q&A

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

For queries, please email us at ir@cathaypacific.com

