



Analyst Briefing

25 November 2022

Hosted by

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Agenda



COVID-19 Responses

Operating Performance

Outlook

Summary

Q&A



COVID-19 Responses

Green-shoots of our post COVID-19 recovery are now emerging



Oct YTD 2022

Liquidity

- Operating cash generative overall since May 2022
- Secured new funding from a range of capital markets
- Liquidity:
Jun 2022: HK\$26.7bn
Oct 2022: HK\$28.6bn

Operating costs

- Fuel costs, in particular, remain very high
- Cash preservation & cost optimisation initiatives continue

Capacity*

- In the month of October we flew 21% of pre-pandemic passenger capacity and 63% of cargo capacity
- Lifting of quarantine requirements for arrivals entering Hong Kong at the end of September improved travel sentiment significantly

Fleet

- Fleet:
Jun 2022: 228 aircraft
(69 parked)
Oct 2022: 230 aircraft
(59 parked)
- 5 aircraft deliveries and 9 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*

- Operated 8% 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

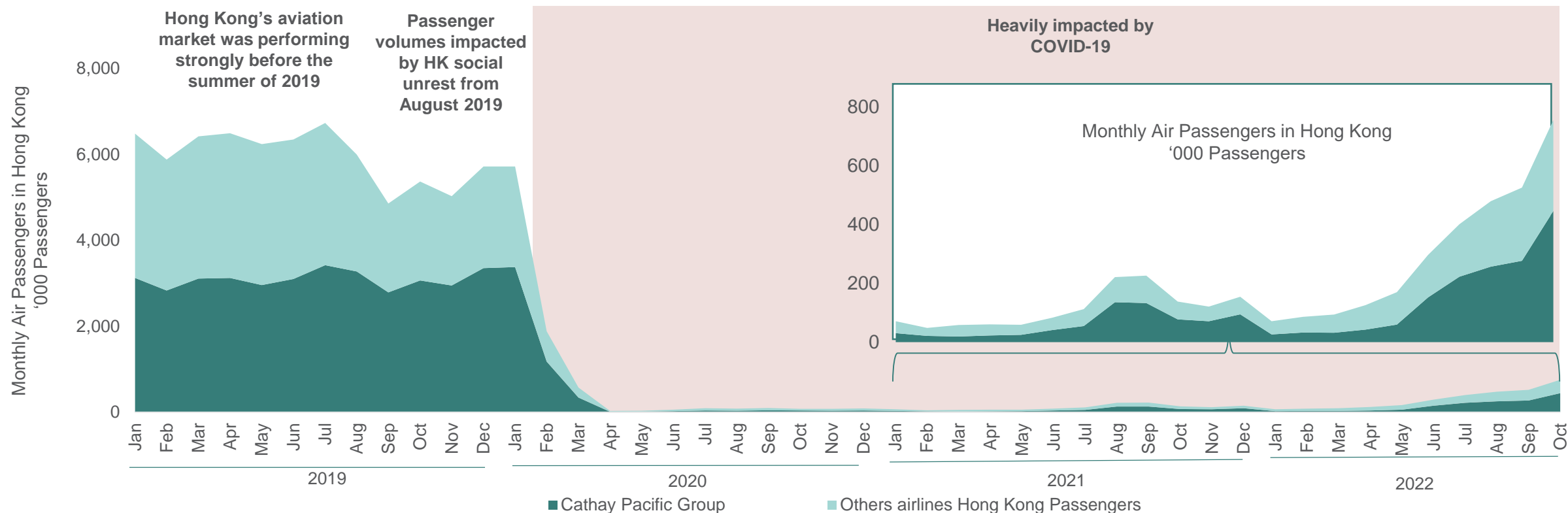
- Fleet:
Jun 2021: 238 aircraft
(89 parked)
Dec 2021: 234 aircraft
(74 parked)
- 9 aircraft deliveries and 14 lease returns



Operating Performance

- Travel
- Cargo
- Lifestyle
- HK Express
- Subsidiaries and Associates

A turning point is seen for the Hong Kong international aviation hub



Sources: Hong Kong International Airport, Cathay Investor Relations

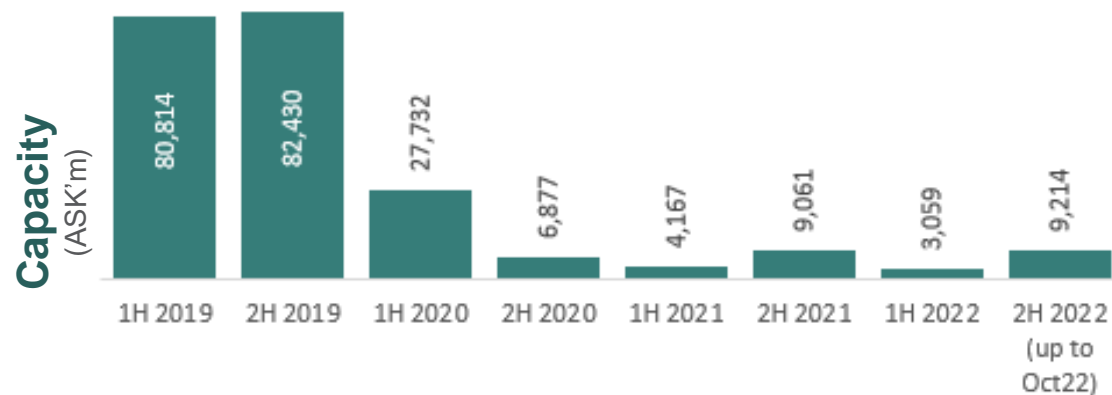
Improving sentiment is driving recovery for our Travel business



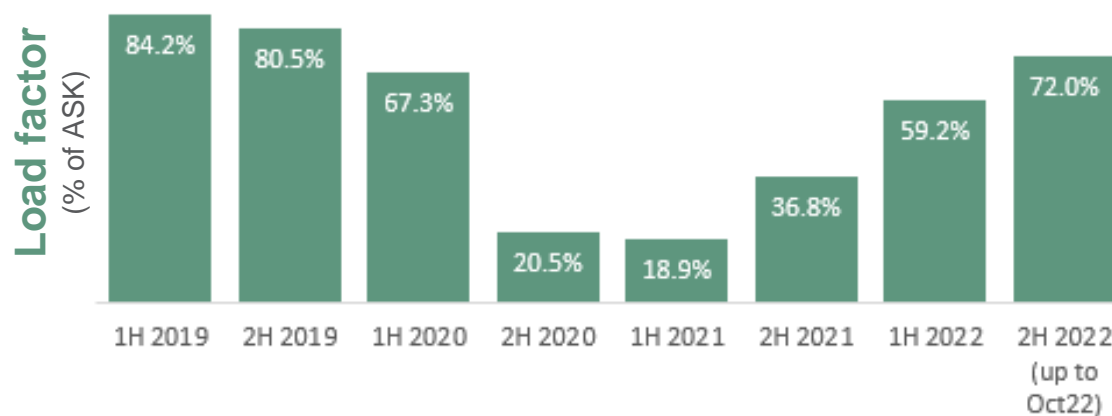
		Oct 2022 YTD	1H 2022	Oct 2021 YTD	Variance (Oct 22 YTD v Oct 21 YTD)
Available seat kilometres (ASK)	Million	12,273	3,059	10,191	+20.4%
Revenue passenger kilometres (RPK)	Million	8,443	1,810	3,153	+167.8%
Revenue passengers carried	'000	1,476	335	555	+165.9%
Passenger load factor	%	68.8	59.2	30.9	+37.9%pt

- Adjustments to aircrew and traveller quarantine requirements in Hong Kong in recent months enabled us to resume more flight capacity.
- Passenger capacity for July – October was 16% of pre-pandemic levels compared to the first half of 2022, when only an average of 4% was operated.
- Cathay Pacific resumed flying to 51 destinations in October 2022, up from 29 at the beginning of 2022.

We are adding significant flight capacity in response to strong demand ➤



- Passenger capacity in the first four months of 2H 2022 has surpassed the entire 2H 2021 level.



- Load factor has recovered quickly, illustrating the strength of passenger demand.
- Load factor in the first four months of 2H 2022 is at its highest level since 2H 2019

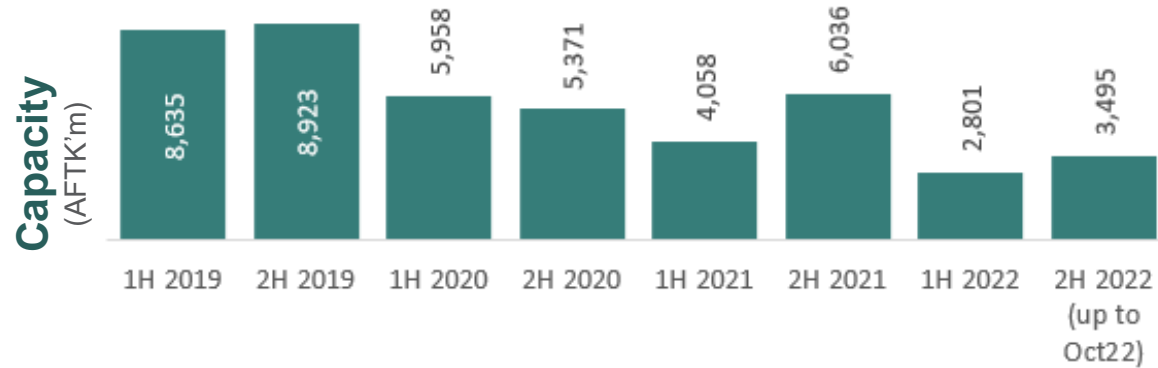
Strong Cargo performance year to date, but demand has softened since June



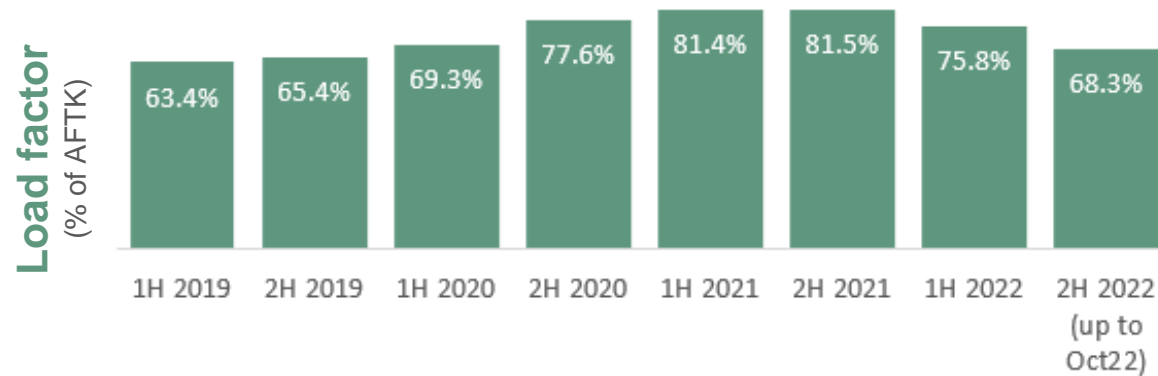
		Oct 2022 YTD	1H 2022	Oct 2021 YTD	Variance (Oct 22 YTD v Oct 21 YTD)
Available freight tonne kilometres (AFTK)	Million	6,296	2,801	8,064	-21.9%
Revenue freight tonne kilometres (RFTK)	Million	4,509	2,123	6,526	-30.9%
Cargo carried	'000 tonnes	945	526	1,063	-11.1%
Cargo load factor	%	71.6	75.8	80.9	-9.3%pt

- Following the tightening of crew quarantine requirements at end of 2021, a reduced long-haul cargo schedule was operated for much of the first half of 2022
- Resumed operating a full freighter schedule from June following adjustments to the quarantine requirements for locally based cargo aircrew in May
- Tonnage carried declined slightly year-on-year compared with the high base of 2021, but an increase compared to first half of 2022 overall

Cargo capacity continues to recover with load factor normalising



- Operated 32% of pre-pandemic capacity in 1H 2022 and 58% in 2H 2022 to-date



- We have maintained high load factors from 2020 through 2022

Lifestyle performance is also rising as travel sentiment improves



- **July:** We offered a once-in-a-lifetime opportunity to explore the maintenance hangars of HAECO Hong Kong with a staycation at Sheraton Hong Kong Tung Chung Hotel or The Silveri Hong Kong-MGallery.
- **August:** We launched the elevated Cathay membership programme and subsequently announced the automatic extension of membership status for Silver, Gold and Diamond memberships to end of December 2023.
- **October:** We introduced Cathay's first Miles Flights in October – every available seat in all cabins on selected routes and flights was open for miles redemption with Standard Award.
- **November:** Cathay sponsored Hong Kong's Rugby Sevens event and tickets were available for sale online through Cathay.

HK Express has been recovering rapidly since October



- As of 31 October 2022, HK Express was operating regular flights to 12 destinations, up from just 4 at the beginning of 2022.
- 5 out of 10 aircraft parked in Alice Springs returned to Hong Kong in October 2022, with the remaining 5 returning in November 2022.
- HK Express is expecting to return to pre-pandemic flight capacity by March 2023.

Other subsidiaries



air Hongkong

- Expanded network with scheduled services to two new destinations – Chengdu and Bahrain



- Our catering and ground handling services subsidiaries (Cathay Pacific Catering Services and Hong Kong Airport Services) have benefited from the improvement in passenger traffic.
- Cathay Pacific Catering Services continued to develop its non-aviation catering services.
- Our Cargo terminal recently opened the dedicated pharmaceutical handling centre and refreshed its solution under Cathay Pharma

Major associates



- The Cathay Pacific Group 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*. The period 1 Oct 2021 – 30 Sept 2022 will be included in our 2022 full year results
- Air China has reported third quarter results for the period ended 30 September 2022

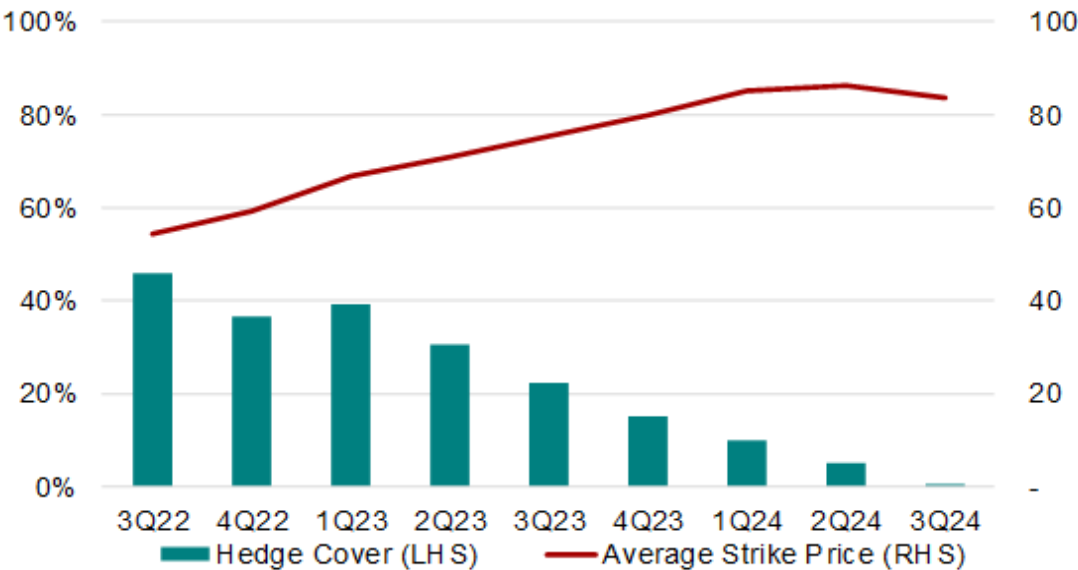


- The Cathay Pacific Group owns an equity and an economic interest totaling 24%
- Our share of Air China Cargo's results is based on its financial statements drawn up three months in arrear*

Fuel and interest costs

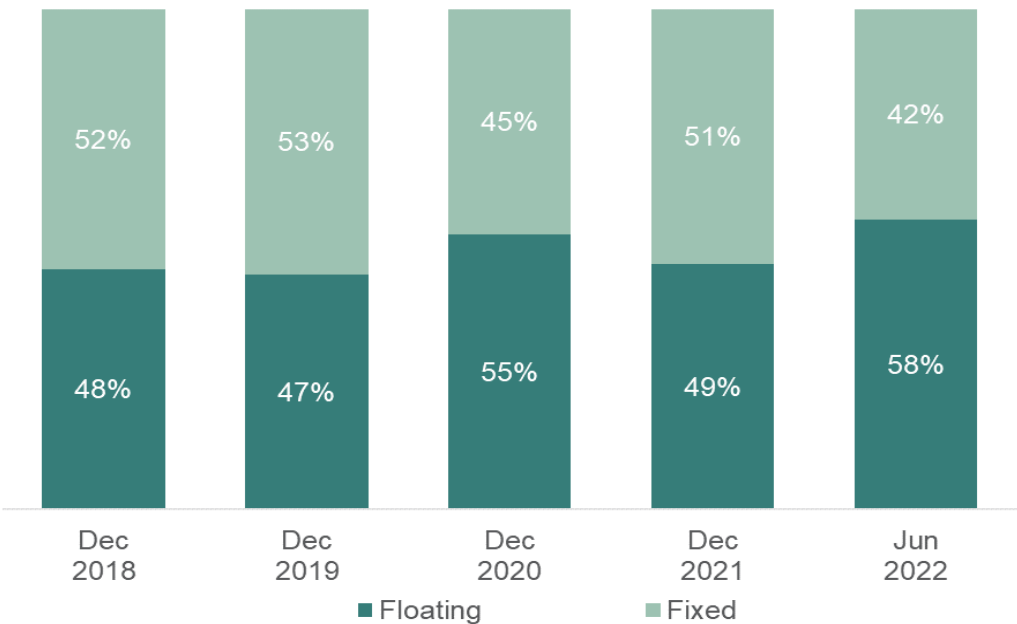


Fuel hedging at 30 Jun 2022



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



Outlook

Passenger outlook



- Passenger flight capacity will be restored in a measured and responsible way, and the Group (Cathay Pacific and HK Express) anticipates to operate:

End of year target	% of pre-pandemic capacity
2022	33%
2023	70%
2024	100%

Cargo outlook



Capacity

- Capacity will be further supplemented by increased passenger flight frequencies and destinations
- Targeting two-thirds of pre-pandemic cargo capacity by the end of the year

Demand

- Supply chain disruption continues to impact consistency of demand
- Solid peak season expected, though not as high as last year's exceptional peak

We are getting ready to support the planned capacity recovery

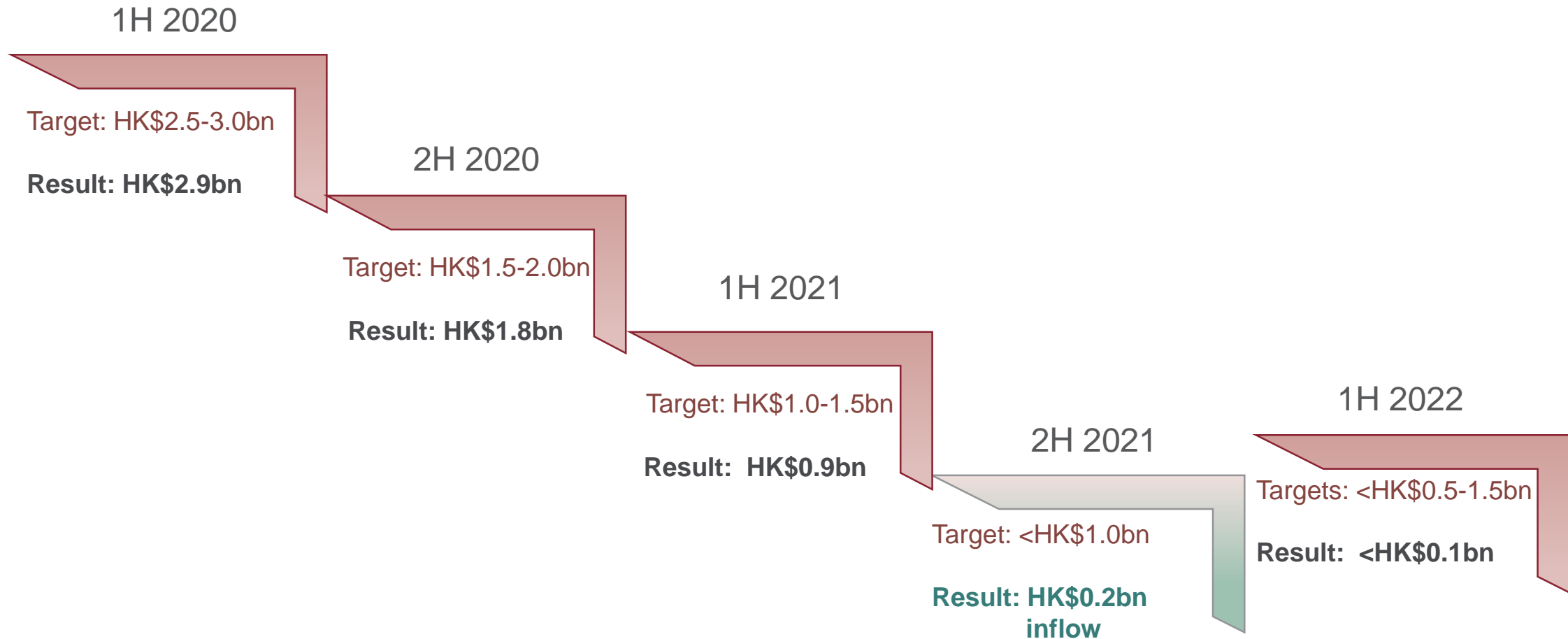


- Aircraft parked overseas are being gradually brought back to Hong Kong.
- We are pleased to see a marked improvement in the overall employee turnover since the quarantine requirements for crew and travellers arriving into Hong Kong were lifted recently, and we expect to see this positive trend continue in the months ahead.
- Importantly, we have sufficient pilots, cabin crew and operational employees to support our current flight schedules.
- Since July, some 1,800 new employees have joined the Cathay Pacific Group. We are confident that our ongoing recruitment plans will continue to attract talent to support our planned recovery.

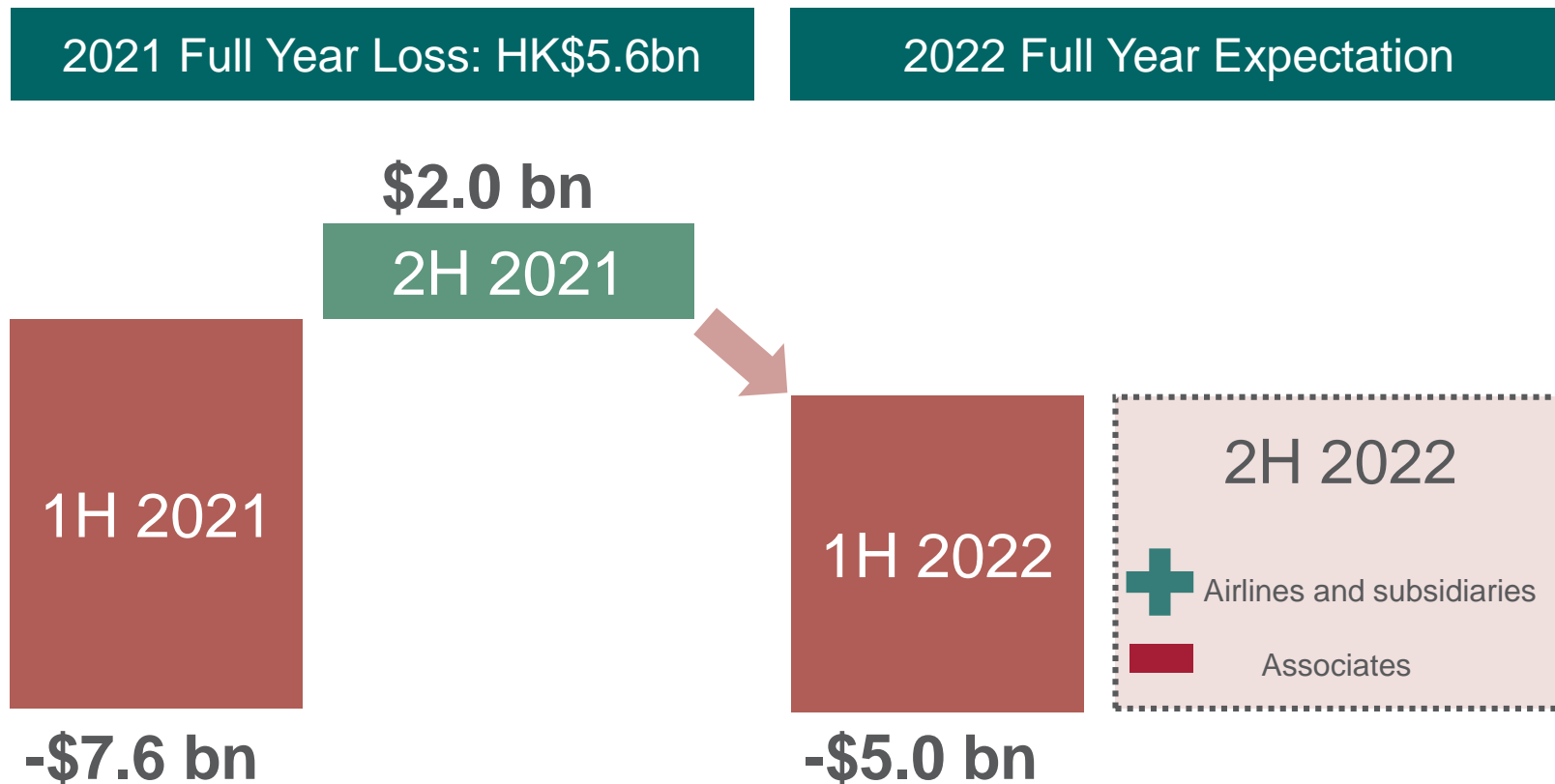
We expect to be operating cash generative overall in 2H 2022



Cash Burn Target and Result



2022 full year results guidance








Note: The size of the boxes are not representative of the figures

Cathay Pacific commits to net-zero carbon emissions by 2050



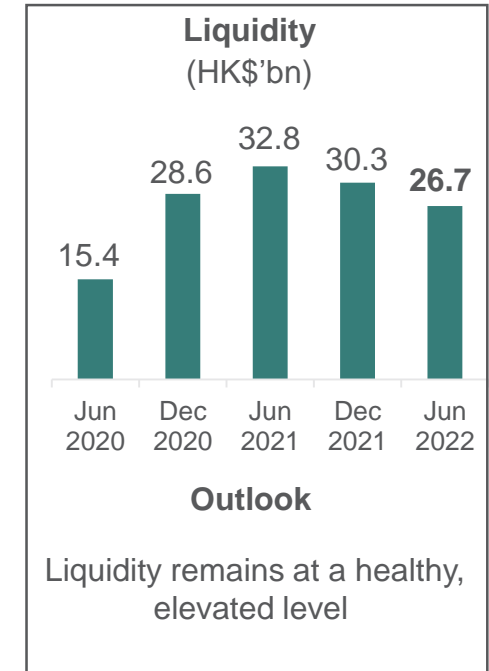
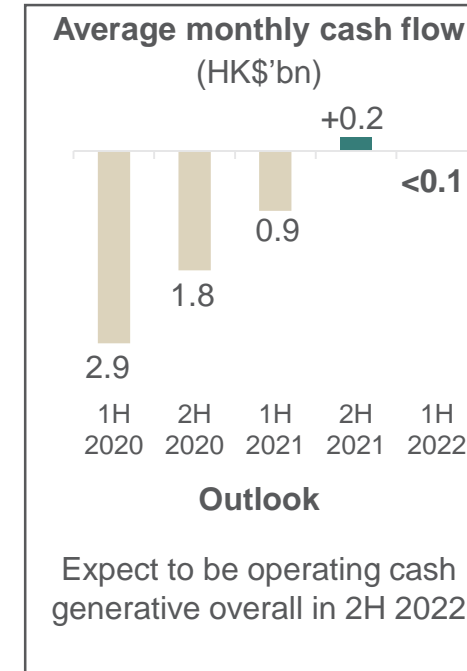
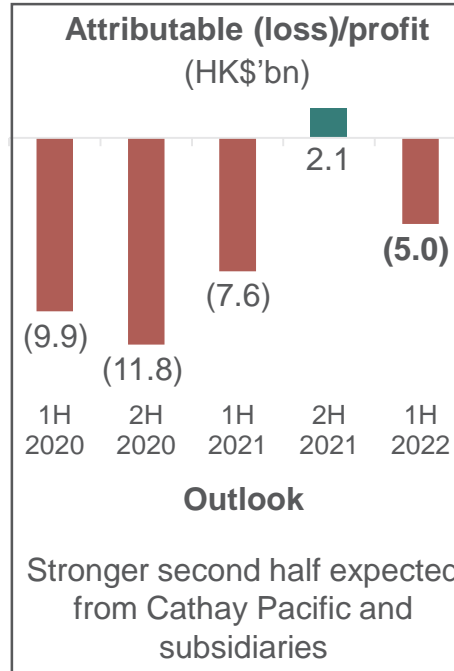
- Launched Asia's first major Corporate Sustainable Aviation Fuel (SAF) Programme
- Signed a supply agreement for SAF to be delivered from San Francisco International Airport beginning in 2025
- Both important steps towards our commitment to use 10% SAF by 2030
- Secured the first sustainability-linked aircraft financing in Asia-Pacific in June 2022 for a brand new Airbus A321neo aircraft

ESG Third party rating / award		2021/22
 CDP - climate change focus, global		Result pending (2021:B)
 Transition Pathway Initiative (TPI) – climate change focus, global		▲ Level 4 – Top level (2021: Level 3)
 FTSE4Good Index – ESG, global		Included in the Index ▲ Rating 3.1 (2021: 2.4)
 Hang Seng Corporate Sustainability Index – ESG, HK		Included in the Index Rating: A+ (2021: A+)
 Standard Chartered Corporate Achievement Awards		Sustainable Corporate (Environmental) – Leadership Award



Summary

Summary



- Our airlines and our subsidiaries are expected to see a marked improvement over our first-half results, although still a loss overall for the full year of 2022
- However, results from associates include significant losses. As a result, substantial loss for the Group, including airlines, subsidiaries and associates, is expected for the full year of 2022.



Q&A

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

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

