



Analyst Briefing

24 November 2023

Hosted by

Rebecca Sharpe, Chief Financial Officer

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Agenda



- Rebuilding Cathay
- Oct 2023 YTD operating performance
- Outlook
- Summary
- Q&A



Rebuilding Cathay

Making progress on our rebuild journey

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PEOPLE

- Training
- Recruitment
- Remuneration

FLEET*

- Fleet size: **228**
- Parked overseas: **13**
- New deliveries: **9**
- Lease returns: **3**

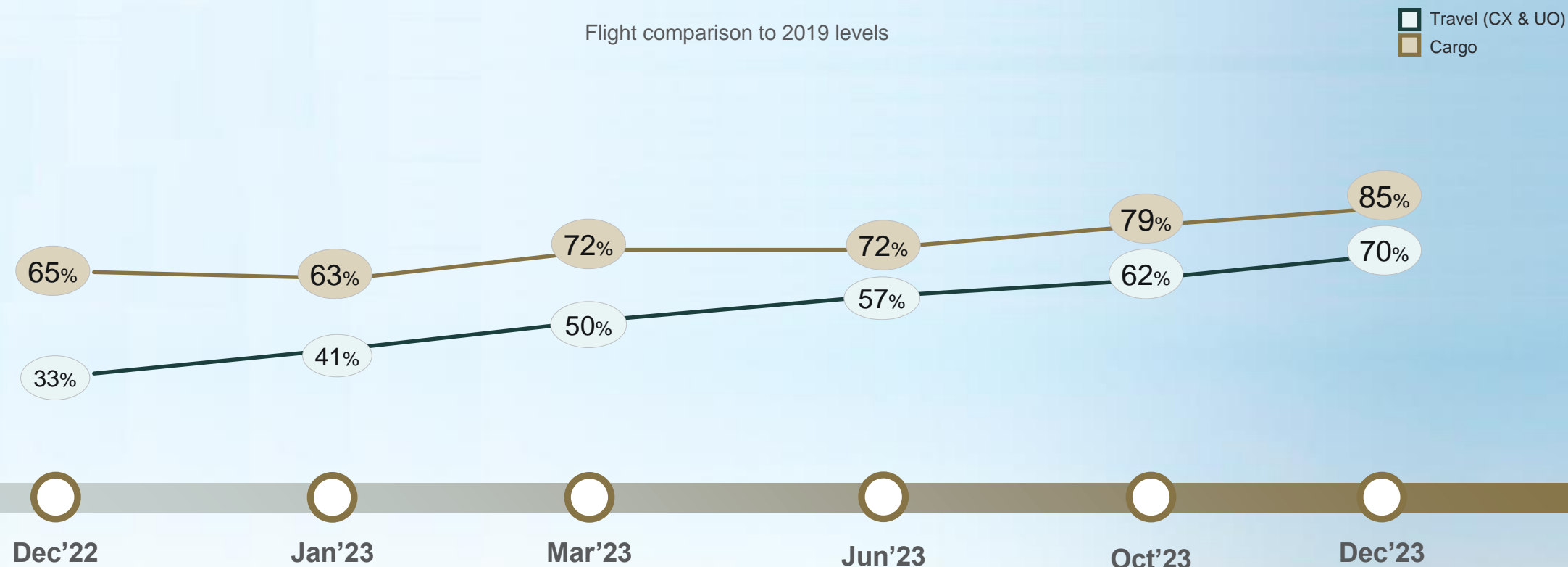
FLIGHTS

- Destinations: **77***
- Passenger flight sectors: **>9,000[^]**
- Oct 2023 vs 2019
 - Travel: **62%** | Cargo: **79%**

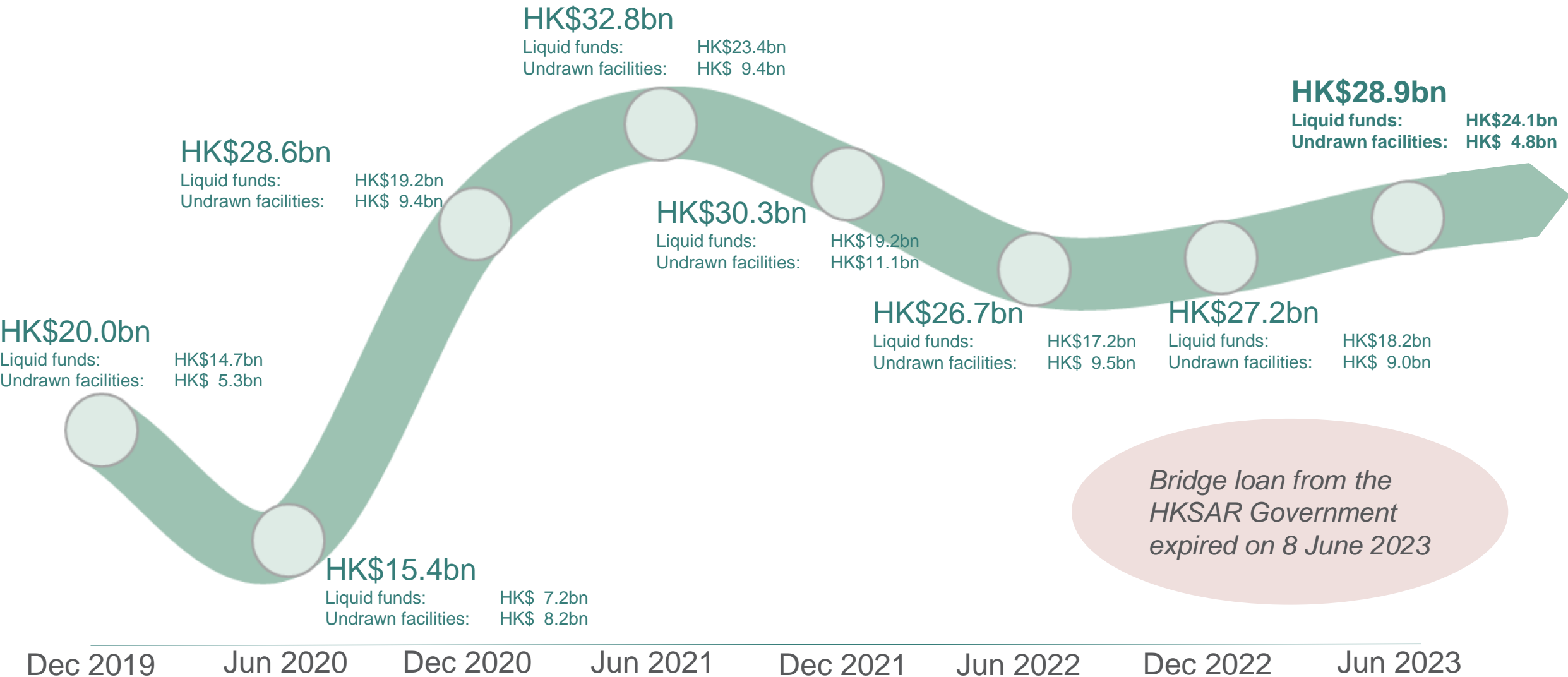
FINANCIAL

- Operating cash generative
- HK\$7.8bn bridge loan facility expired on 8 June without the need to drawdown
- Announced plan to redeem HK\$19.5bn preference shares by end July 2024
- HK\$1.8bn preference shares dividends paid YTD

On track with rebuilding



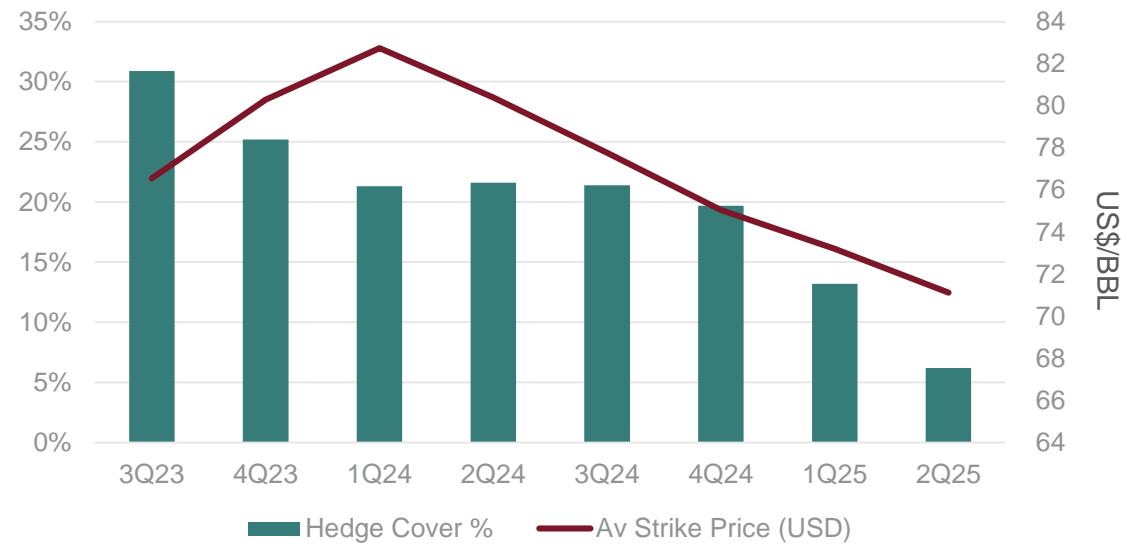
Liquidity position remains elevated



Fuel and interest costs

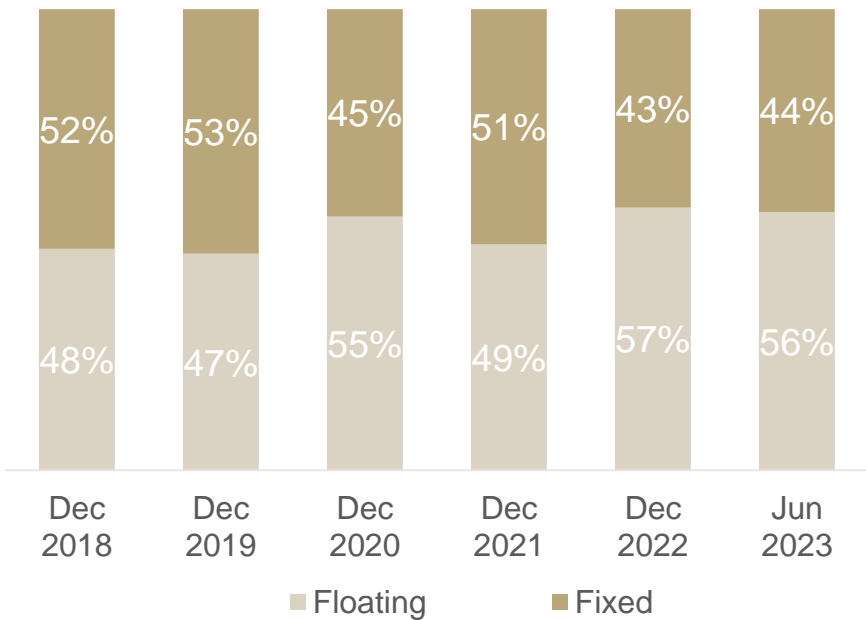


Fuel hedging at 30 Jun 2023



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

- Premium Travel
- Cargo
- Lifestyle
- Low Cost Travel
- Other Subsidiaries and Major Associates
- Sustainable Development

Premium Travel



6 new aircraft deliveries Oct 2023 YTD

1 remaining aircraft delivery in 2023

Feels

‘Feels Good To Move’

introducing our new global brand campaign

good

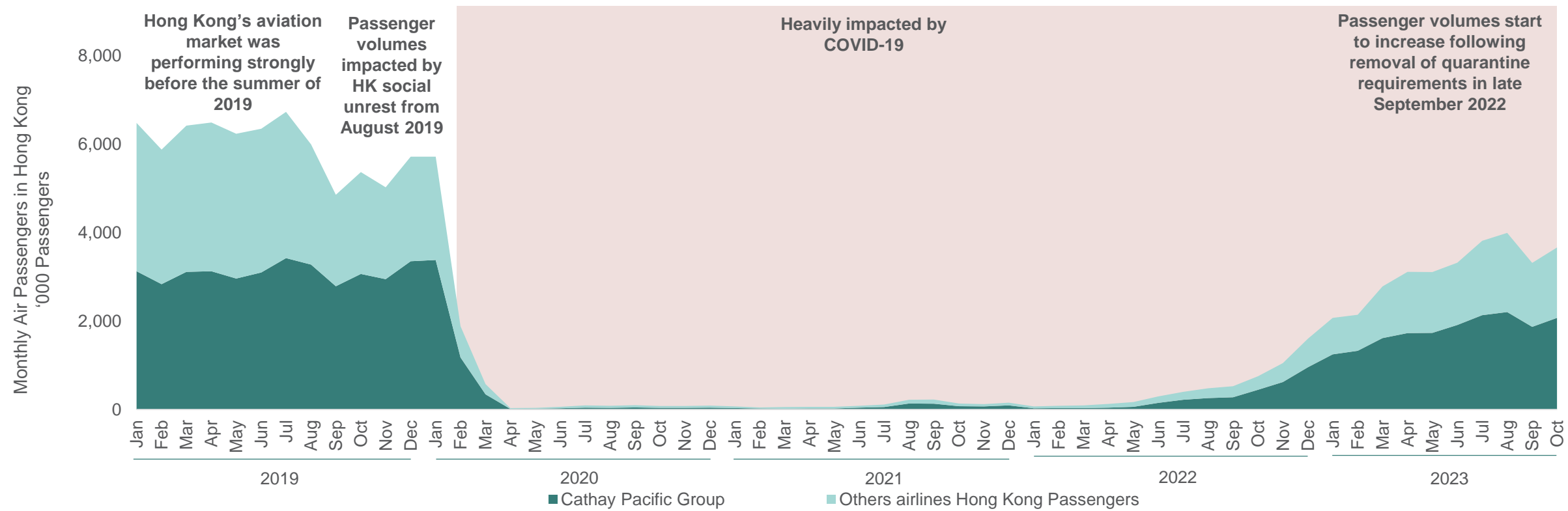
to

move

Ongoing investment in cabin products & lounges

for the most thoughtfully designed experiences

Passenger numbers continued to improve



Sources: Hong Kong International Airport, Cathay Investor Relations

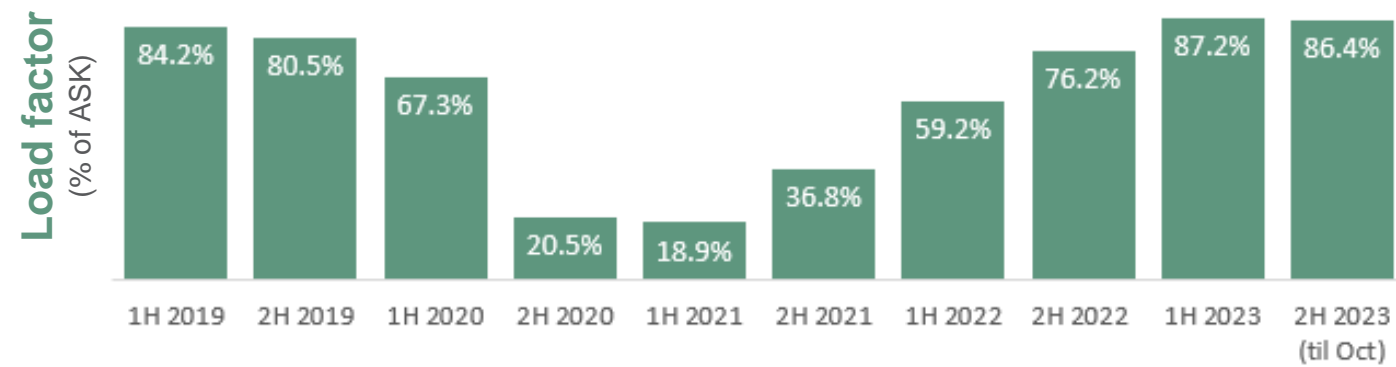
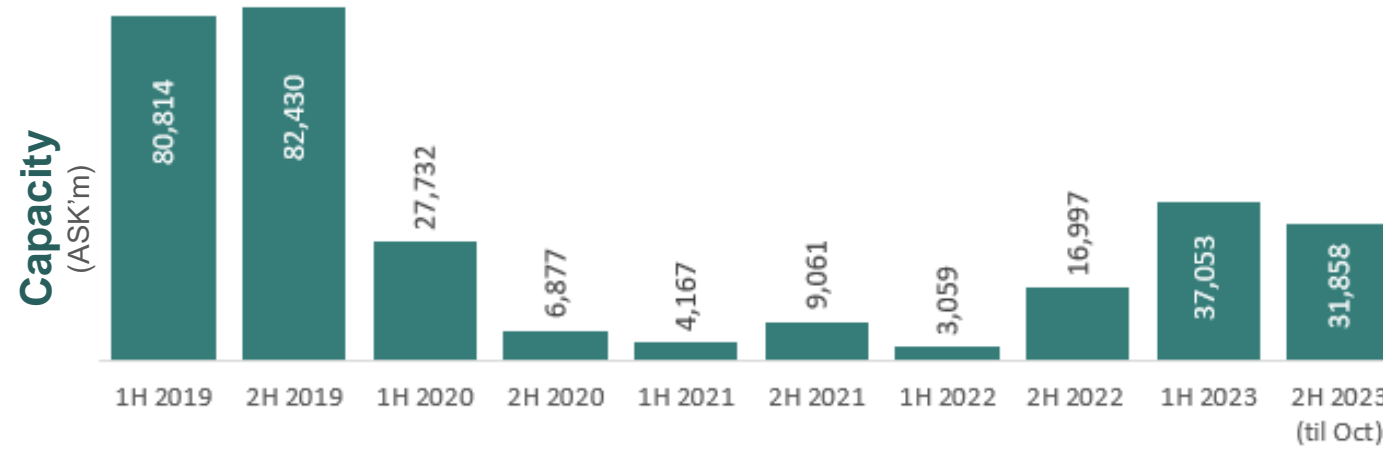
As more flights were added



		Oct 2023 YTD	1H 2023	Oct 2022 YTD	Variance (Oct 2023 YTD v Oct 2022 YTD)
Available seat kilometres (ASK)	Million	68,911	37,053	12,273	+461.5%
Revenue passenger kilometres (RPK)	Million	59,836	32,308	8,443	+608.7%
Revenue passengers carried	'000	14,573	7,816	1,476	+887.3%
Passenger load factor	%	86.8	87.2	68.8	+18.0%pt

- Progressively increased passenger flights
- For the month of October 2023, Cathay Pacific operated more than 7,000 flight sectors, doubling that of December 2022
- 8 more destinations have been added since the beginning of the year, adding up to 66 by the end of October 2023

Load factors remained robust



Cargo



Rebrand

to align our cargo business with the master brand

**Global Carrier
of the Year –
Top Award**

Payload Asia Awards 2023

**Best Cargo
Airline – Asia**

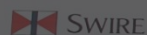
Air Cargo News Awards
2023

**Cargo Airline
of the Year**

49th ATW Airline Industry
Achievement Awards 2023

**Best Green
Air Cargo
Carrier**

AFLAS Awards 2023



WE KNOW HOW

the reliable expert in air cargo solutions

SHIPPING A WORLD OF POSSIBILITY

WE KNOW HOW

As Cathay Cargo, we're in perfect position. From handling temperature-sensitive vaccines and fresh produce to catering for passengers for sale, our people know that all our cargo arrives ready to make a difference to the world.

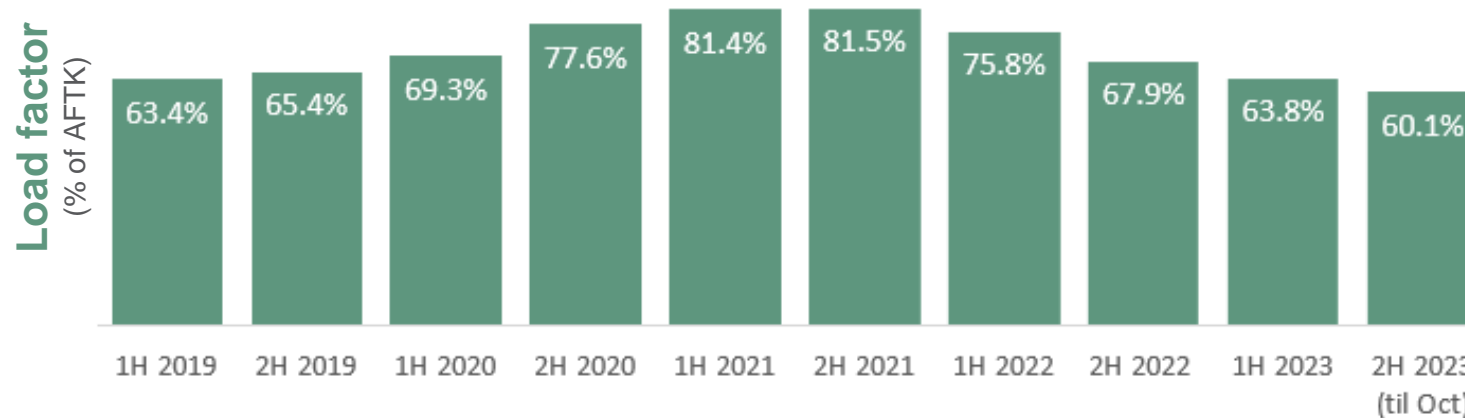
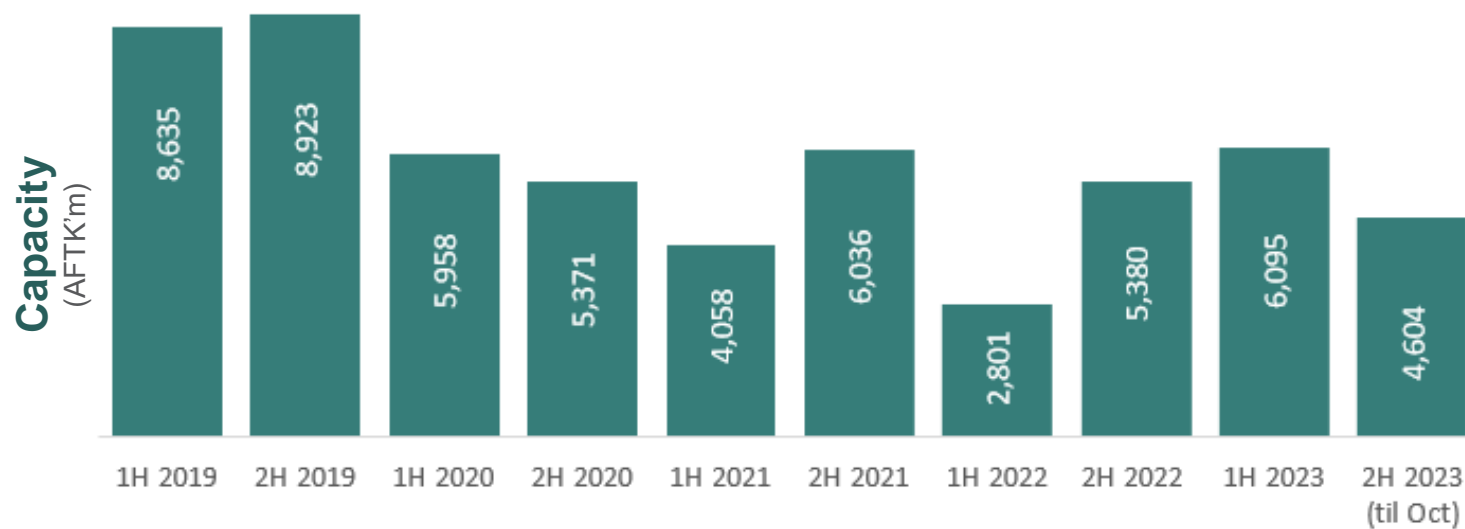
Performance softened from exceptional 2021 and 2022 levels



		Oct 2023 YTD	1H 2023	Oct 2022 YTD	Variance (Oct 2023 YTD v Oct 2022 YTD)
Available cargo tonne kilometres (AFTK)	Million	10,699	6,095	6,296	+69.9%
Cargo revenue tonne kilometres (RFTK)	Million	6,654	3,886	4,509	+47.6%
Cargo carried	'000 tonnes	1,128	651	945	+19.4%
Cargo load factor	%	62.2	63.8	71.6	-9.4%pt

- Additional cargo capacity provided by the bellies of our passenger aircraft as passenger network capacity increased
- More cargo carried compared to same period in 2022
- Supply chain and weather challenges have led to ad hoc cancellations

As load factors normalised with increased cargo capacity



Lifestyle



Robust mileage sales performance

Wide range of payment, consumer platform, and flight offers



Expanded footprint outside HK

NEO co-brand card in Canada and other shopping propositions globally



Enhanced product range

Branded merchandise and annual travel insurance coverage



Flight frequencies

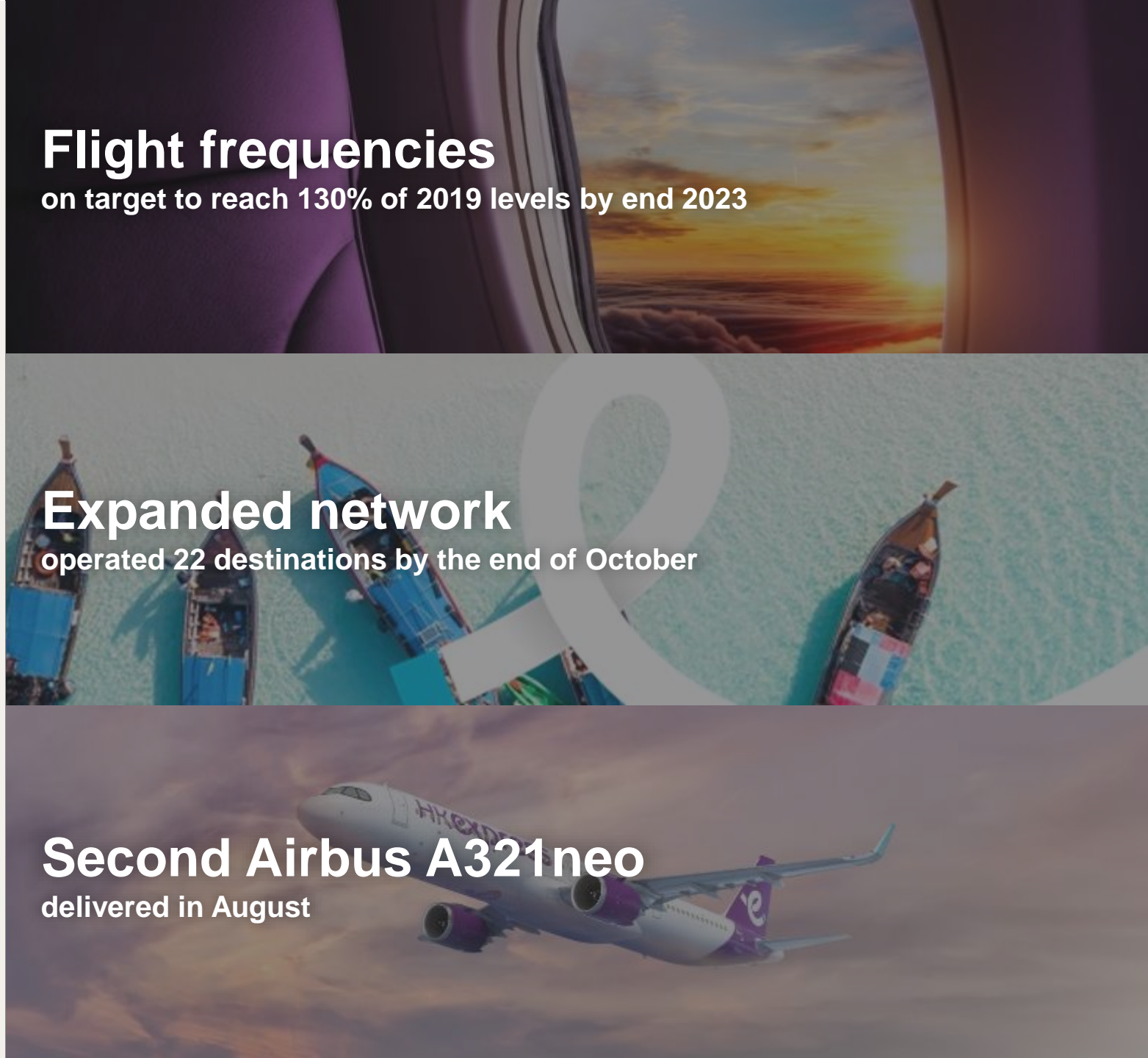
on target to reach 130% of 2019 levels by end 2023

Expanded network

operated 22 destinations by the end of October

Second Airbus A321neo

delivered in August





- HK Express reported a profit for the first half of 2023
- Added brand-new route between Hong Kong and Manila in October 2023
- Two more A321neo to be delivered in November and December 2023

Other subsidiaries and major associates



air Hongkong

- Performance remained solid



VOGUE LAUNDRY
雅潔洗衣



Hong Kong Airport Services Ltd

CATHAY PACIFIC
CATERING SERVICES



- Airline services subsidiaries performance improved benefiting from the gradual business resumption



- The Cathay Pacific Group had an 18.13% interest in Air China at 31 December 2022, which reduced to 16.26% following the issue of 1,676 million new A shares on 16 January 2023. As a result, a one-off non-cash gain of HK\$1.9 billion was recognised in the first half results for 2023.
- Our share of Air China's results is based on its financial statements drawn up three months in arrears*. The period 1 October 2022 – 30 September 2023 will be included in our full year results.
- Air China in Q3 2023 returned to profit-making due to its continuing improvement in capacity, passenger load factor and price.

Continued progress on our sustainability journey



The Hong Kong Special Administrative Region
of the People's Republic of China

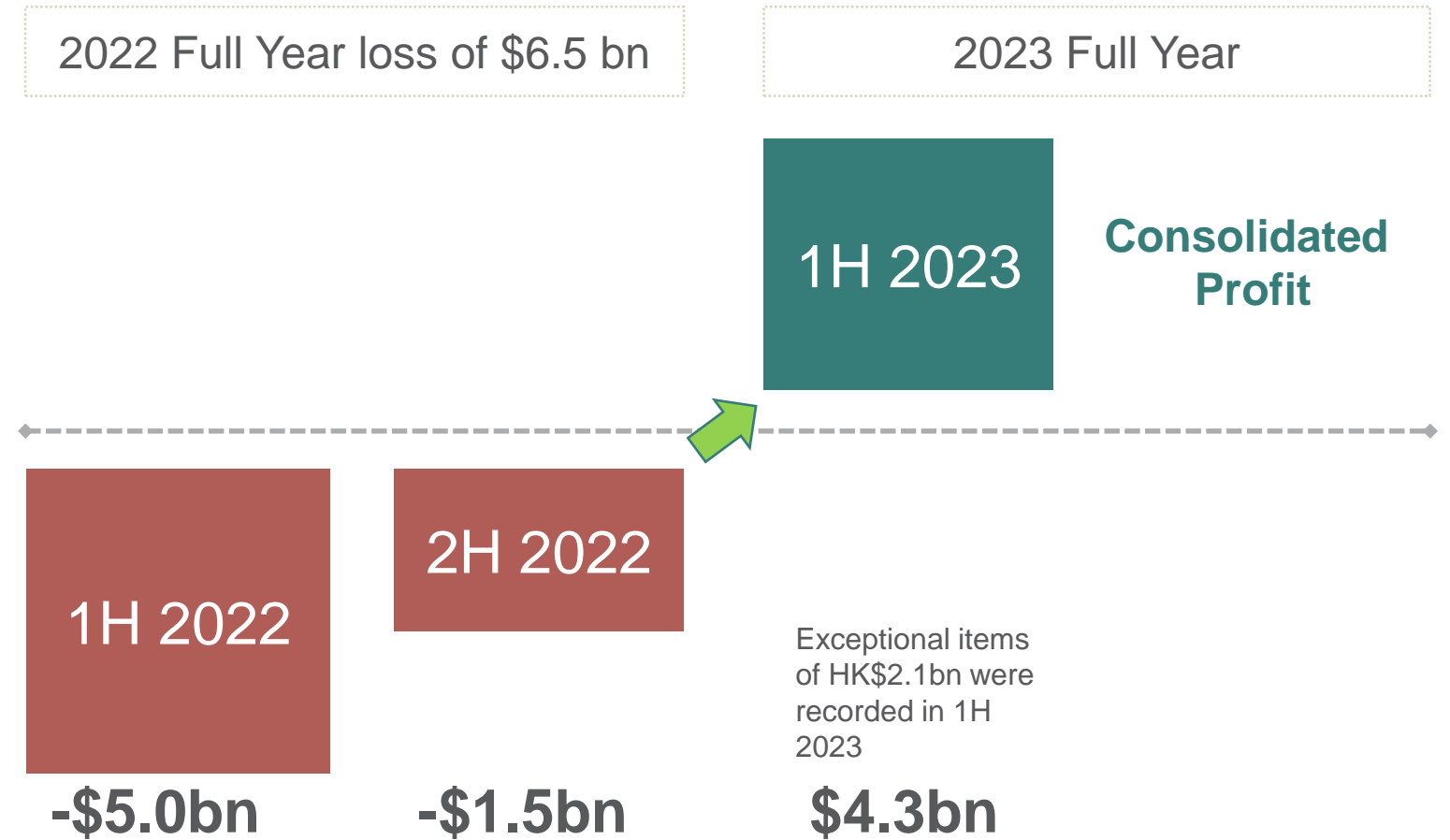
**The Chief Executive's
2023 Policy Address**

2023.10.25



Outlook

Expect a consolidated profit for the 2023 full year



Financial: preference shares redemption



- Capital Reduction of HK\$19.5bn standing in the Preference Shares Capital Account was completed in November 2023
- The Preference Shares Reserves Account arising from the Capital Reduction will be used to redeem all of the preference shares of HK\$19.5bn
- Plan to buy back 50% of the preference shares of HK\$9.75bn in December 2023, and the remainder of HK\$9.75bn by the end of July 2024, subject to market conditions
- Preference shares dividends: HK\$1.8bn paid YTD

Travel: investing into the future



- Entire aviation ecosystem – both in Hong Kong and globally – continues to face constraints with resources and supply chain
- On track with training and recruitment:
 - Training activities in 2023 are more than double what they were in 2022, and are now equivalent to pre-pandemic levels, and projected to double again in 2024
 - Plan to grow our Group workforce by around 5,000 people in 2024
 - Have welcomed back close to 2,000 former Cathay Group employees who have chosen to join our rebuild journey
- Resumed Chicago in October 2023. Colombo and Chennai will be resuming in February 2024. Seasonal Christchurch service will be also resuming between December 2023 and February 2024
- Brand-new Cathay Pacific Lounge in Shekou ferry port opened in November

Cargo: being agile to changing market dynamics



Capacity

- Capacity will be further supplemented by increased passenger services on some key cargo routes, but supply chain and weather challenges likely to remain
- Targeting 85% of pre-pandemic cargo capacity by the end of the year 2023

Demand

- Stronger than expected demand in the traditional peak period of Q4
- E-commerce remains a bright spot and mail business continues to grow with the newly launched Cathay Mail solution



Summary

On track and committed to our rebuild journey

PEOPLE

- Target to grow by around 5,000 people in 2024
- Training activities in 2024 will be more than double 2023

FLEET

- New aircraft deliveries
 - Q4 2023: **3**
 - 2024: **12**
 - 2025+: **57**

FLIGHTS

2023

- Destinations: about **80**
- Passenger numbers: **95%[^]**
- Travel: **70%** | Cargo: **85%***

2024

- Continue to work towards fully rebuilding

FINANCIAL

- Expect a consolidated profit for the year of 2023
- Future preference shares dividends are intended to be paid as they fall due
 - Plan to buy back 50% of the preference shares in December 2023 and the remainder by the end of July 2024

[^]In terms of Hong Kong people travelling from and visitors coming to Hong Kong

*Forecast end of year v.s. 2019 levels



Q&A

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

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

