



Analyst Briefing 2022 Annual Results

8 March 2023

Hosted by

Ronald Lam, Chief Executive Officer

Christopher Buckley, General Manager Finance & Performance

Disclaimer



This document has been prepared by Cathay Pacific Airways Limited (“the “Company”, and together with its subsidiaries, the “Group”) solely for information purposes and certain information has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the accuracy, fairness, completeness, reasonableness or correctness of the information or opinions presented herein or any verbal or written communication in connection with the contents contained herein. Neither the Company nor any of its affiliates, directors, officers, employees, agents, advisers or representatives shall have any responsibility or liability whatsoever, as a result of negligence, omission, error or otherwise, for any loss howsoever arising in relation to any information presented or contained in this document or otherwise arising in connection with this presentation. The information presented or contained in this document is subject to change without notice and shall only be considered current as of the date of this presentation.

This document may contain certain forward-looking statements that reflect the Company’s beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors beyond the Company’s control. The actual results or outcomes of events may differ materially and/or adversely due to a number of factors, including COVID-19, changes in the economies and industries in which the Group operates (in particular in Hong Kong and the Chinese mainland), macro-economic and geopolitical uncertainties, changes in the competitive environment, foreign exchange rates, interest rates and commodity prices, and the Group’s ability to identify and manage risks to which it is subject. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.

This document is for information purposes only and does not constitute or form any part of, and should not be construed as, an invitation or offer to acquire, purchase or subscribe for securities nor is it calculated to invite any such offer or invitation, whether in Hong Kong, the United States, or elsewhere.

This document does not constitute, and should not be construed as, any recommendation or form the basis for any investment decisions regarding any securities of the Company. Potential investors and shareholders of the Company should exercise caution when investing in or dealing in the securities of the Company.



HAPPY
INTERNATIONAL
WOMEN'S DAY



Agenda

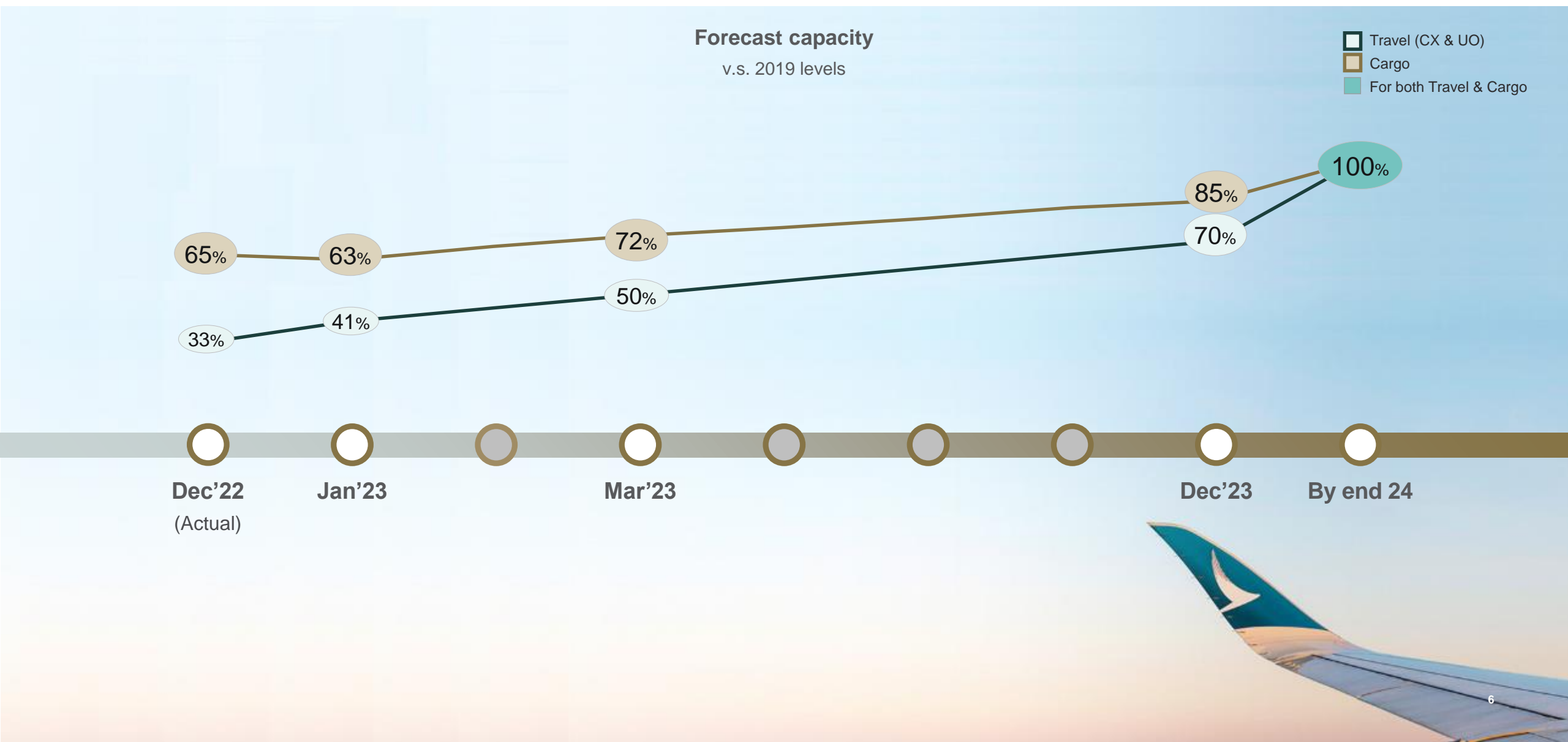


- Rebuilding Cathay for Hong Kong
- 2022 result highlights
- Business performance highlights
- Outlook
- Summary
- Q&A



Rebuilding Cathay for Hong Kong

On track in rebuilding our capacity



Clear strategy to propel our four lines of business



Premium travel



Cargo



Low cost travel



Lifestyle

Premium Travel



32 new aircraft deliveries
from 2023 onwards

A photograph of a Cathay Pacific Airbus A350-900 aircraft in flight, viewed from a high angle. The aircraft is white with a dark blue tail and the airline's name "CATHAY PACIFIC" visible on the upper fuselage.

Ongoing investment in cabin product & lounges
for the most thoughtfully designed experiences

A photograph of a passenger sitting in a wide airplane seat, looking out the window. The seat is equipped with a large white table holding various food and drink items, illustrating the premium cabin service.

Hong Kong Flavours
celebrating the taste of home in the air and on the ground

A photograph of a food display featuring several dishes of Hong Kong cuisine, including dim sum, rice, and seafood, arranged on a green surface. The dishes are presented in various styles, some in traditional bowls and others in more modern presentations.

Cargo



Cargo Airline of the Year

Air Transport World's 2023 Airline Industry Achievement Awards



Rebrand

to align our cargo business with the master brand



First to offer GBA intermodal operations

with upstream cargo acceptance at HKIA's Logistics Park, Dongguan





Frequencies

to resume to 100% of 2019-levels by end of Q1

Brand refresh

with new motto “Gotta Go” launched in January

All new A321neo fleet

to be delivered from March

Lifestyle



Co-branded Cathay Mastercard

strong momentum in acquisition and spending



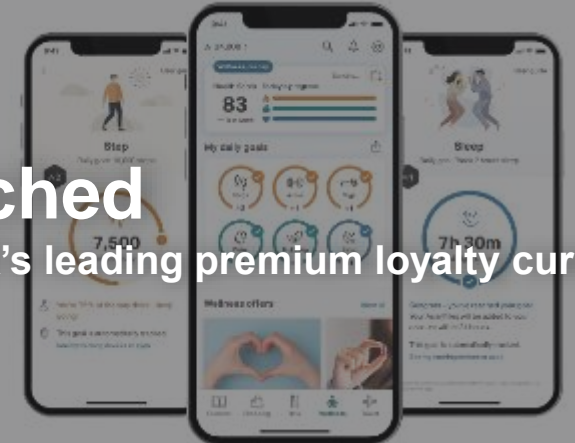
First Cathay-branded retail space

opened late last year



Wellness offering launched

in continuing to develop Asia Miles as HK's leading premium loyalty currency



Three key areas of development to empower our business



GBA as our extended home market



Digital leadership



Sustainability leadership

With robust development in each of the three areas



GBA as our extended home market



Major brand campaign to reignite the desire to travel



Our first flagship lounge at a ferry port in Chinese mainland, by Q3'23



Step change in land-to-air intermodal experience by 2H'23



Digital leadership



Solid progress made in becoming a data-driven organisation



Innovating and reinventing our business using technology



Driving digital transformation the Cathay way, by fully empowering our people



Sustainability leadership



First major Corporate Sustainable Aviation Fuel programme in Asia launched



Met and surpassed the single-use plastic target: reducing 56% usage per passenger



First airline to be listed on the Bloomberg Gender Equality Index



2022 result highlights

2022 vs 2021 at a glance



HK\$51.0bn

Revenue

HK\$45.6bn

HK\$(0.3)bn

Cathay Pacific plus
subsidiaries loss

HK\$(3.8)bn

HK\$(6.5)bn

Group attributable
loss

HK\$(5.5)bn

HK\$27.2bn

Available
unrestricted liquidity

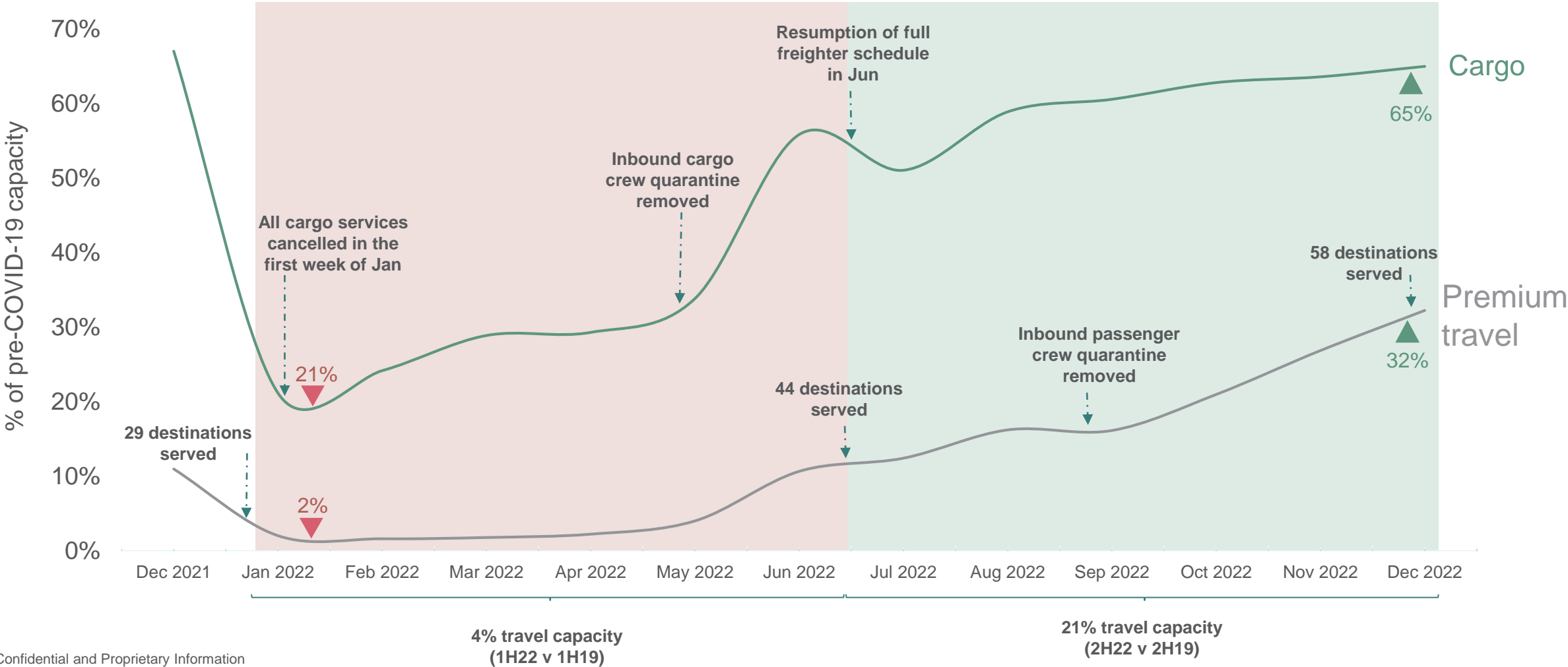
HK\$30.3bn

0.71

Gearing
(pre HKFRS16)

0.75

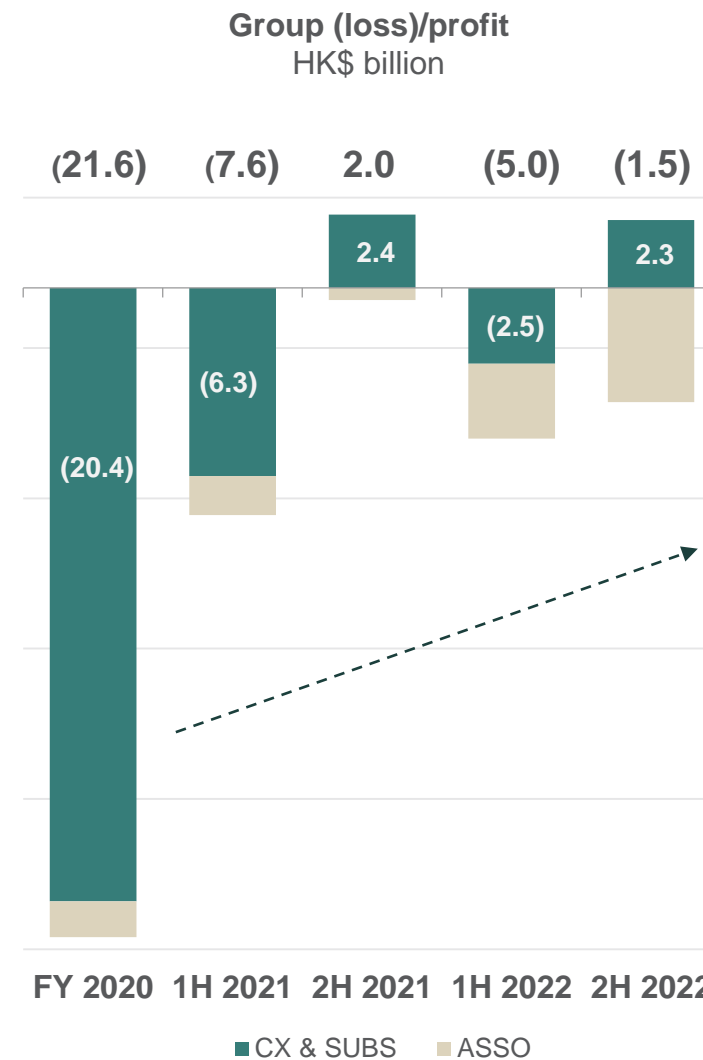
2022 was a story of two halves



Improved airline and subsidiaries' results in 2022 but more than offset by associates' losses



HK\$ million	2022 1H	2022 2H	2022 Full Year	2021 1H	2021 2H	2021 Full Year	2020 Full Year
Cathay Pacific and subsidiaries' (loss)/profit after taxation	(2,516)	2,261	(255)	(6,255)	2,438	(3,817)	(20,436)
Share of losses from associates	(2,483)	(3,810)	(6,293)	(1,310)	(400)	(1,710)	(1,212)
Group attributable (loss)/profit	(4,999)	(1,549)	(6,548)	(7,565)	2,038	(5,527)	(21,648)



No impairment or restructuring charges were recognised in 2022



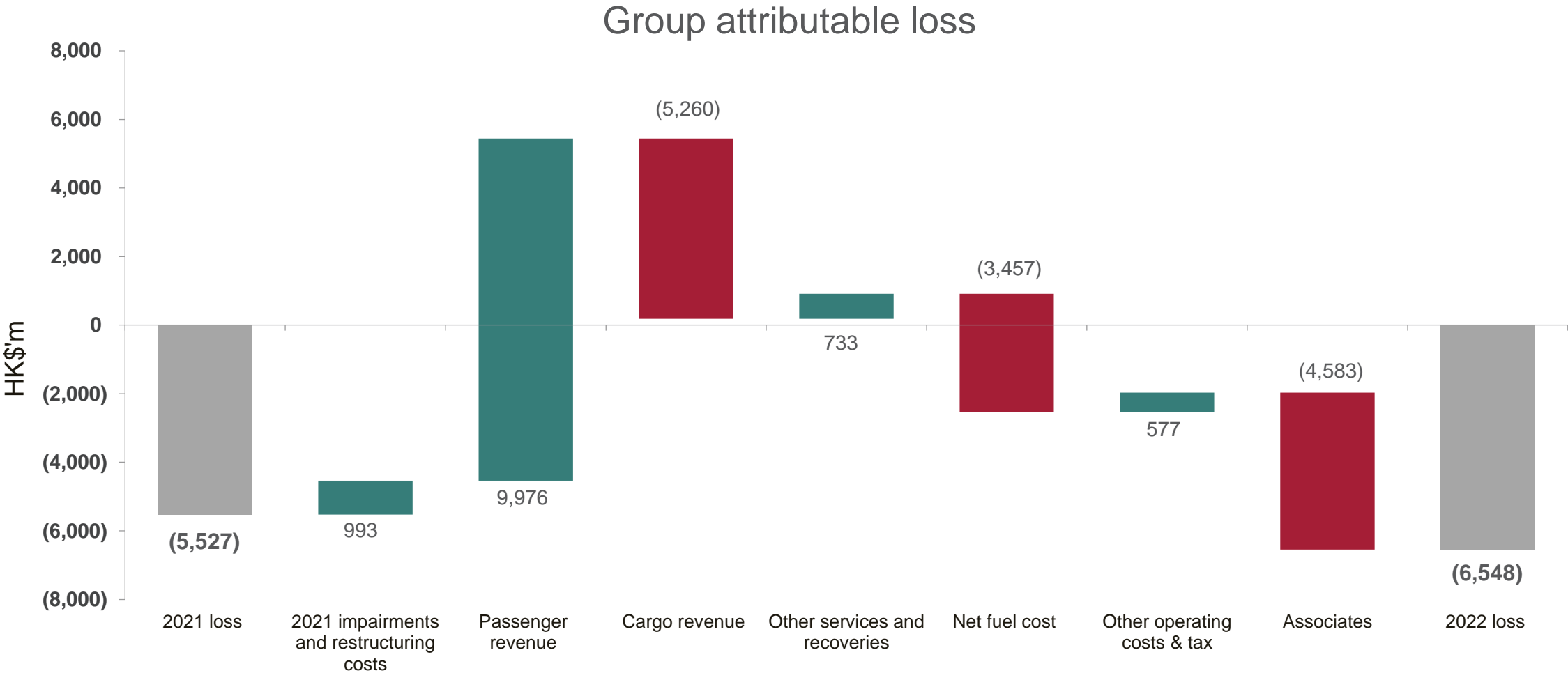
HK\$ million	2022	2021
Adjusted attributable result	(6,548)	(4,534)
Impairment and related charges – aircraft ⁽¹⁾	-	(777)
Impairment and related charges – subsidiary assets ⁽²⁾	-	(41)
Restructuring costs	-	(385)
Gain on deemed partial disposal of an associate	-	210
Attributable result	(6,548)	(5,527)

Notes:

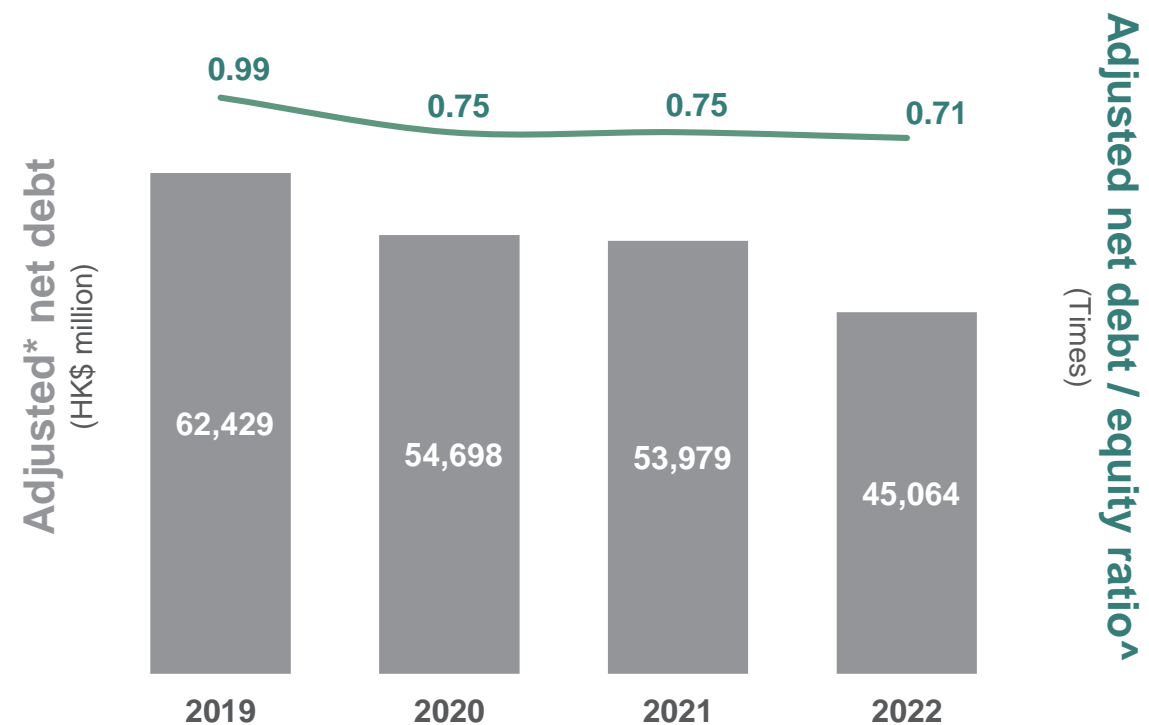
(1) Impairment and related charges – aircraft: 2021 included eight Cathay Pacific aircraft that were unlikely to re-enter meaningful economic service before they retire or are returned to lessors

(2) Impairment and related charges – subsidiary assets: 2021 included three HK Express aircraft that were unlikely to re-enter meaningful economic service before they retire or are returned to lessors

Passenger revenue improved significantly from 2021



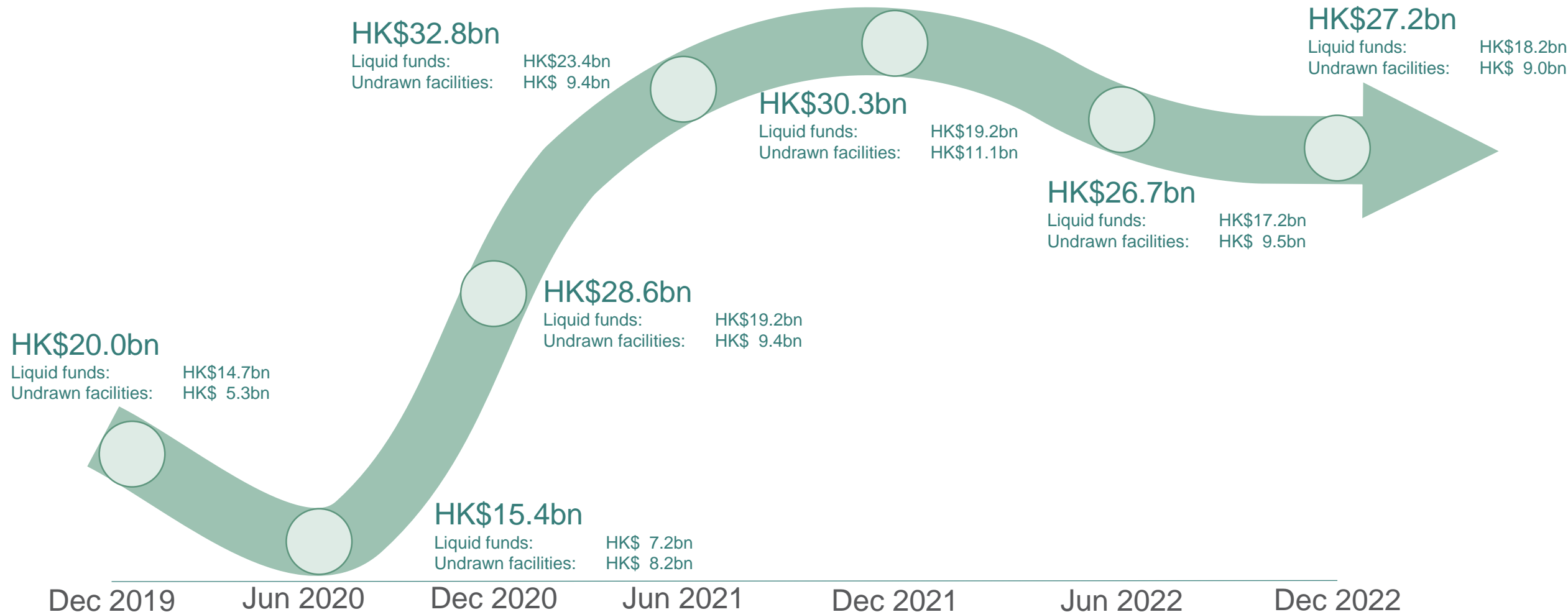
Adjusted net debt position



*: Adjusted net debt excludes operating lease liabilities

[^]: Adjusted net debt/ equity ratio and is calculated in line with debt covenants, which is set at a limit of 2.0 times

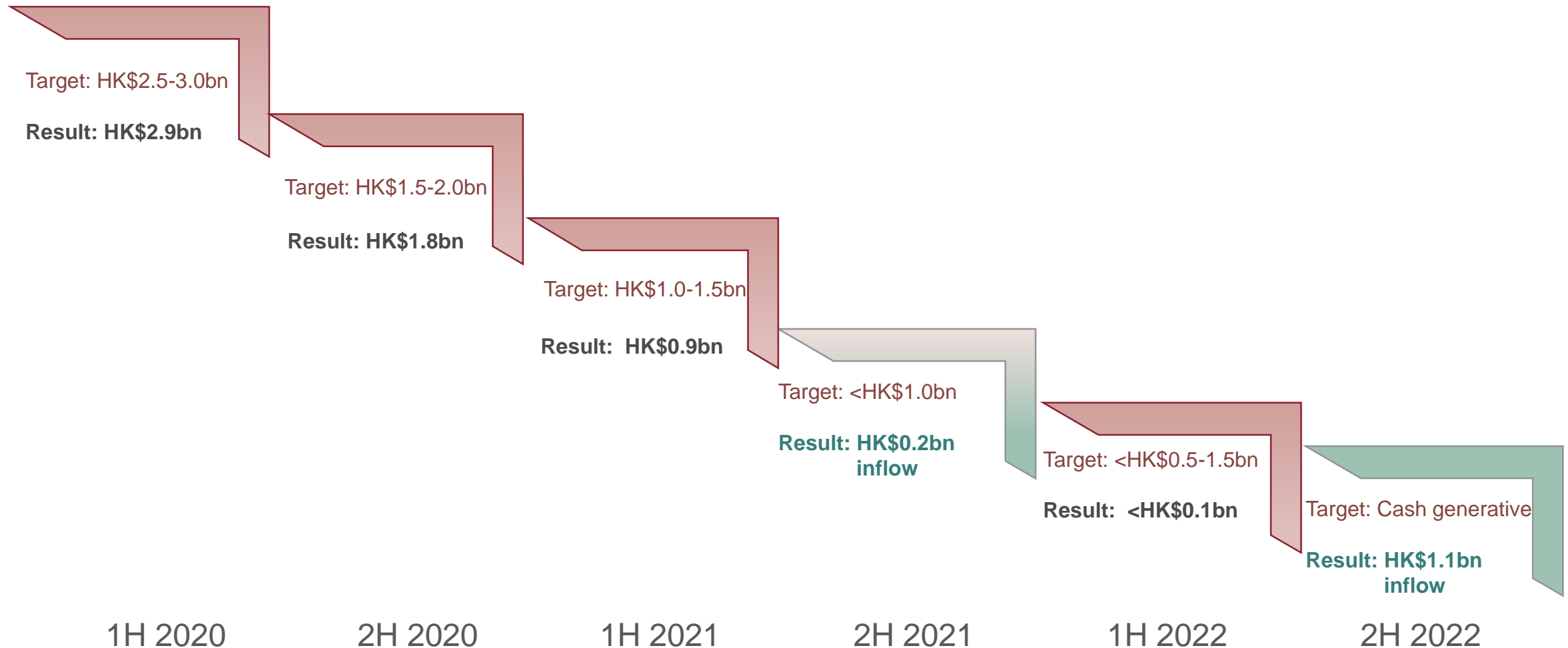
Continue to maintain an elevated liquidity position



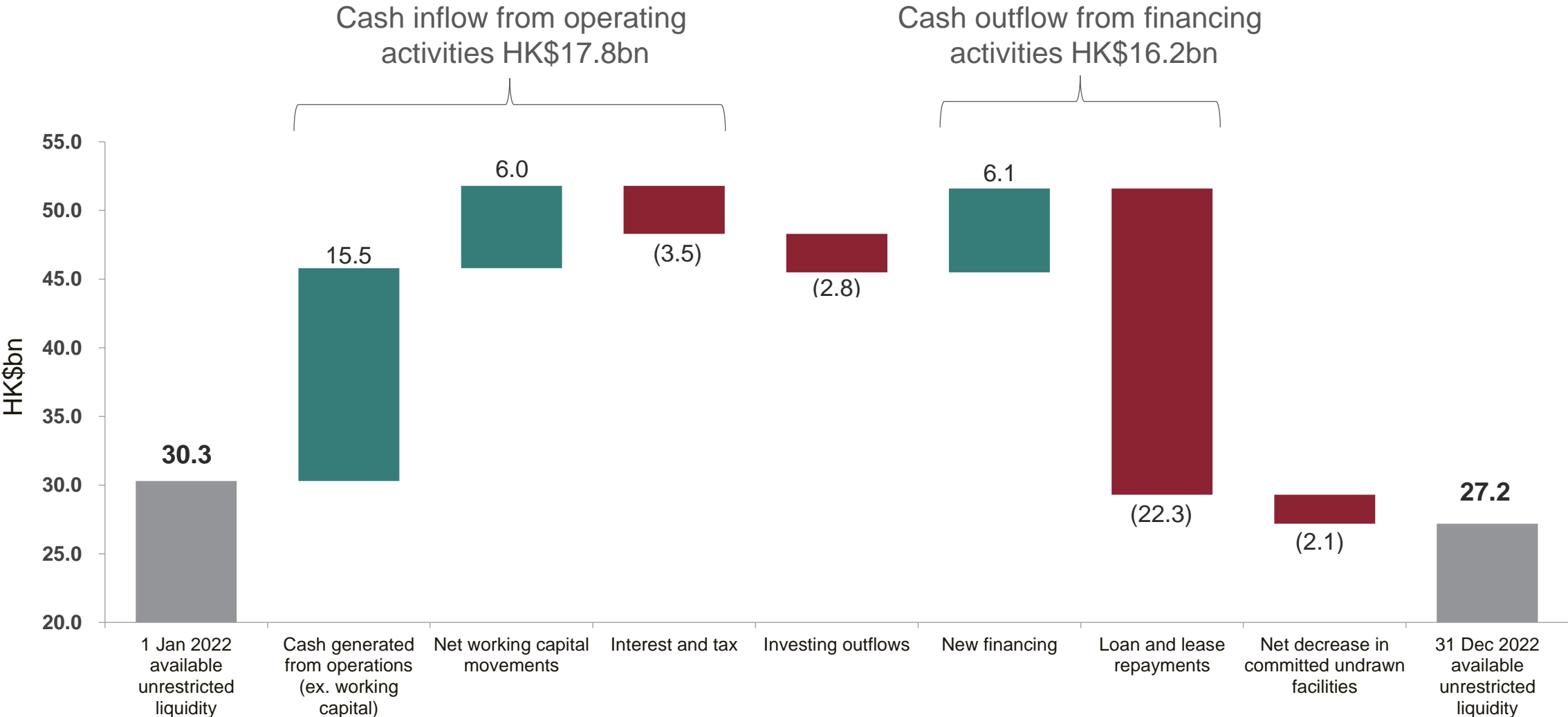
Operating cash generative overall in 2022



Cash burn monthly target and result (monthly average)



Strong operating cash performance is supporting the liquidity position

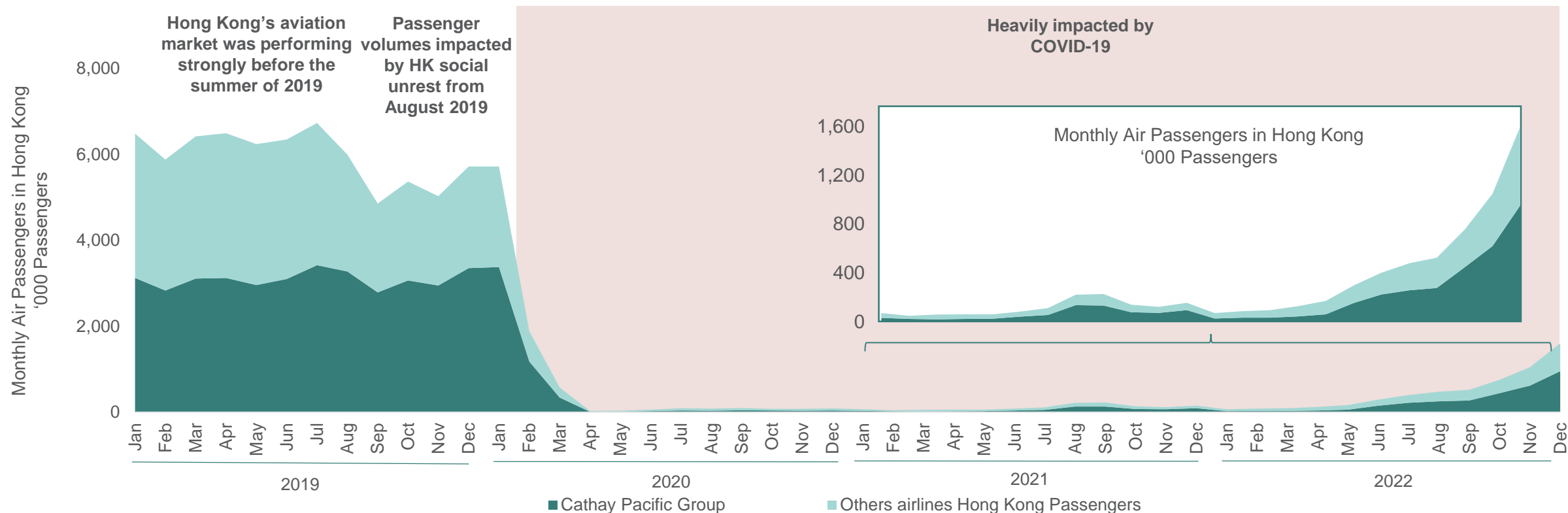




Business performance highlights

- Premium travel
- Cargo
- Low cost travel
- Lifestyle
- Other subsidiaries and Associates

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



Sources: Hong Kong International Airport, Cathay Investor Relations

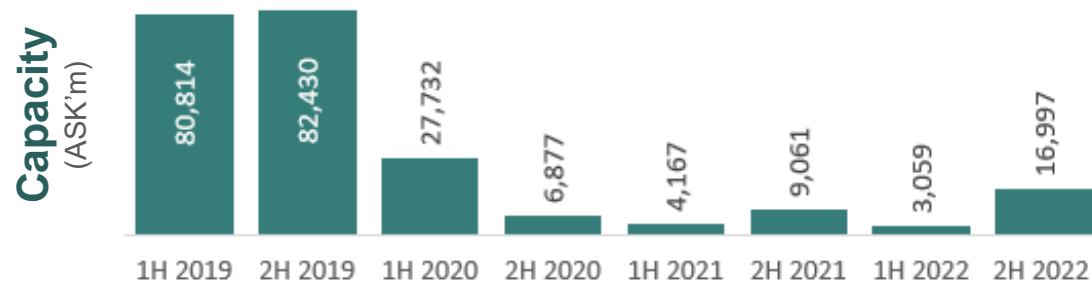
Considerable rebound in travel demand in 2H 2022



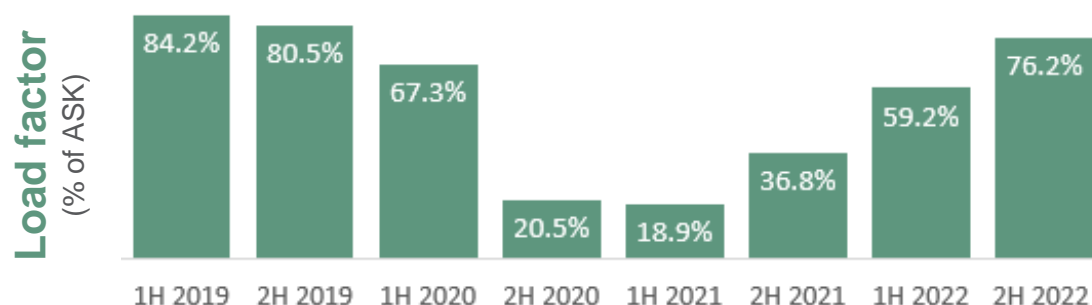
		2022	2021	% Var
Cathay Pacific passenger revenue	HK\$ million	13,686	4,346	+214.9%
Available seat kilometres (ASK)	Million	20,056	13,228	+51.6%
Revenue passenger kilometres (RPK)	Million	14,764	4,120	+258.3%
Revenue passengers carried	'000	2,804	717	+291.1%
Passenger load factor	%	73.6	31.1	+42.5%pt
Passenger yield	HK cents	92.7	105.5	-12.1%
Passenger revenue per ASK	HK cents	68.2	32.9	+107.3%

- Tightened restrictions intended to combat the virus in the first few months of 2022 significantly reduced our passenger flight capacity
- Operated passenger flights to 58 destinations at the end of 2022, double the 29 destinations flown in January 2022

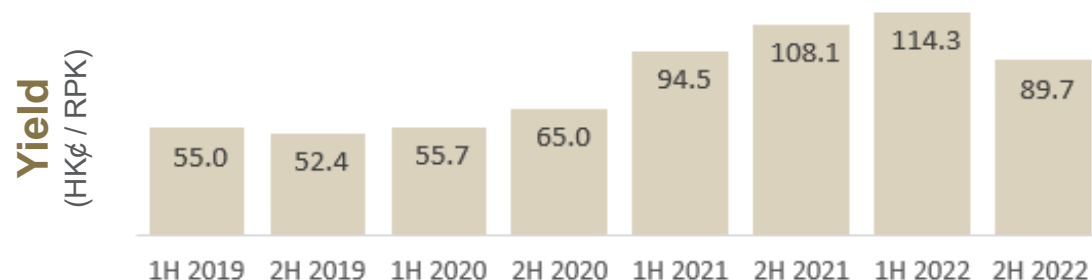
We are adding significant flight capacity in response to strong demand ➤



- By the end of 2022, 32% of pre-pandemic passenger flight capacity was operated by Cathay Pacific, compared to 2% at the start of the year



- Load factor has recovered quickly, illustrating the strength of passenger demand.
- Load factor in 2H 2022 is at its highest level since 2H 2019, and was above 80% in Dec 2022



- Supported by strong bookings and lower capacity, passenger yields remained well above pre-pandemic levels

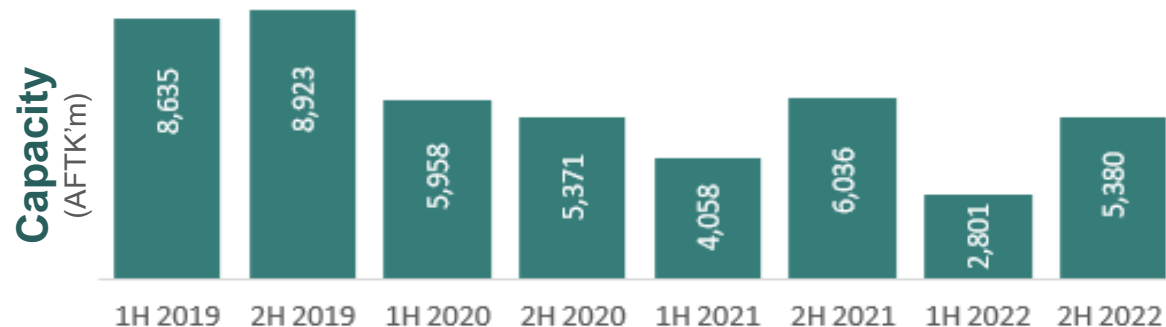
Average yields remained elevated despite weakening demand sentiment in 2H 2022



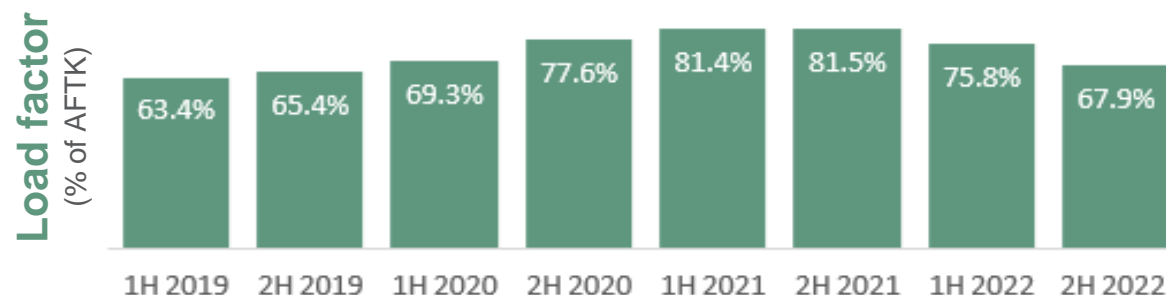
		2022	2021	% Var
Cathay Pacific cargo revenue	HK\$ million	26,990	32,377	-16.6%
Available cargo tonne kilometres (AFTK)	Million	8,181	10,094	-19.0%
Cargo revenue tonne kilometres (RFTK)	Million	5,774	8,220	-29.8%
Cargo carried	'000 tonnes	1,154	1,333	-13.4%
Cargo load factor	%	70.6	81.4	-10.8%pt
Cargo yield	HK\$	4.67	3.94	+18.5%
Cargo revenue per AFTK	HK\$	3.30	3.21	+2.8%

- A full freighter schedule operated from June onwards, and additional cargo capacity was provided by the bellies of our passenger aircraft more consistently
- Global economic headwinds and anti-pandemic measures on the Chinese Mainland impacted trade flows and production
- Reduced capacity in 1H and improved contract rates secured for the full year resulted in yields outperforming 2021 despite weakening demand

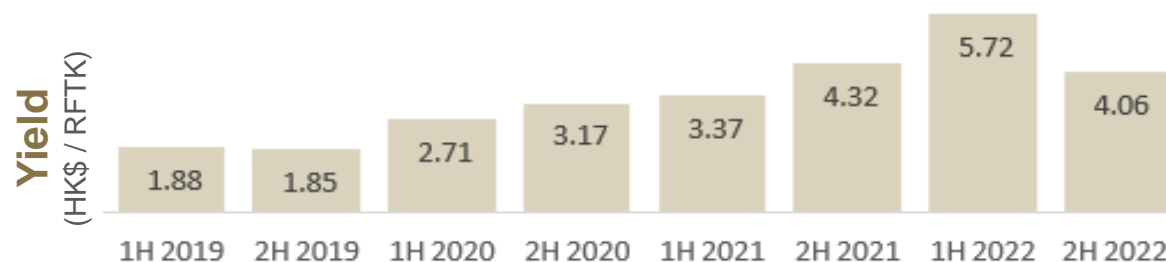
Cargo capacity continues to recover with load factor normalising



- Operated 32% of pre-pandemic capacity in 1H 2022 and 65% of pre-pandemic levels by the end of 2022



- Load factors continue to normalise from the exceptional levels in 2021



- We have maintained high yields from 2020 through 2022

Further cost savings of Cathay Pacific reflect capacity reductions and prudent cost management

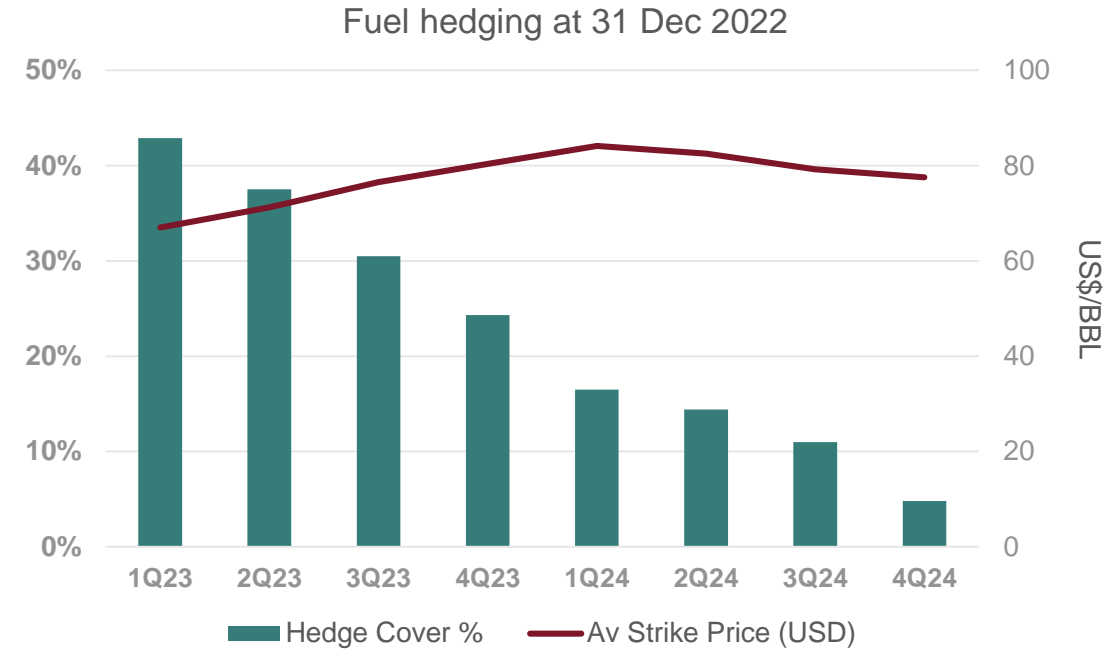


<i>HK\$ million</i>	2022	2021	% Var
Staff	8,733	9,542	-8.5%
Inflight service and passenger expenses	690	365	+89.0%
Landing, parking and route expenses	5,068	5,315	-4.6%
Aircraft maintenance	2,447	4,261	-42.6%
Depreciation, amortisation and rentals	10,981	11,345	-3.2%
Net finance charges	1,991	1,972	+1.0%
Other items (including commissions)	4,689	3,956	+18.5%
Total underlying costs (without fuel)	34,599	36,756	-5.9%
Impairment and related charges	-	777	-100.0%
Restructuring costs	-	385	-100.0%
Gain on deemed partial disposal	-	(210)	-100.0%
Total costs (without fuel)	34,599	37,708	-8.2%

Cost per ATK (without fuel)	3.43	3.32	+3.3%
Underlying* cost per ATK (without fuel)	3.43	3.24	+5.9%

* Underlying costs exclude impairment and related charges and restructuring costs. Please refer to announcement for details.

68% increase in into-plane fuel price was offset by capacity reductions and fuel hedging gains



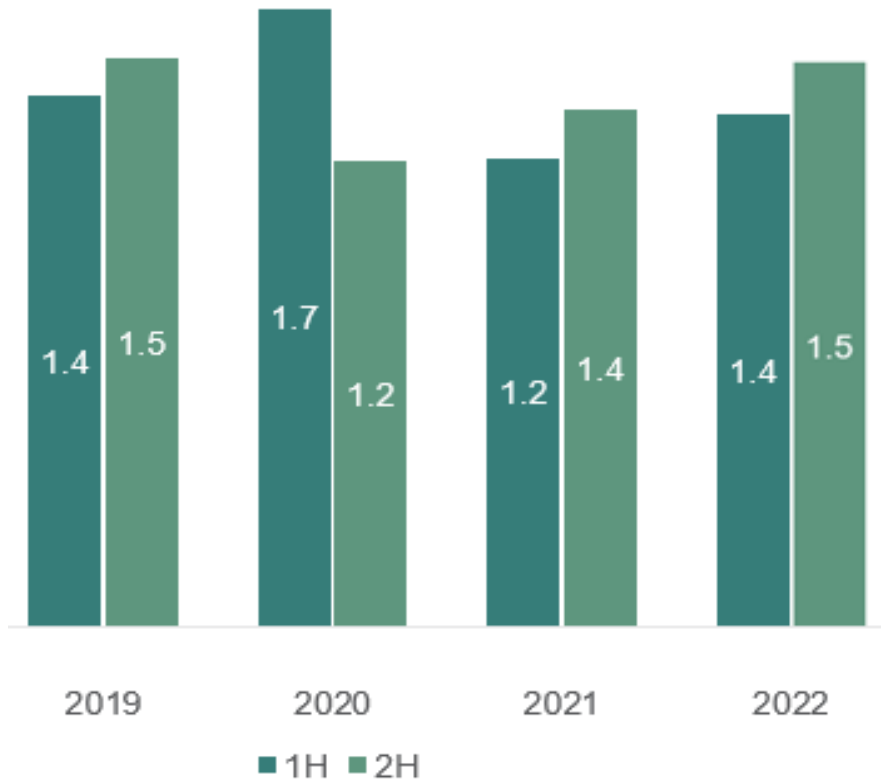
Fuel costs		2022	2021	% Var
Group gross fuel cost	HK\$ million	14,127	9,367	50.8%
Group fuel hedging gains	HK\$ million	(3,639)	(2,336)	55.8%
Group fuel cost	HK\$ million	10,488	7,031	49.2%

Into-plane fuel price ex hedging	US cents/AG	323.4	192.3	68.2%
CX Fuel consumption per million ATK	bbl	1,195	1,223	2.3%

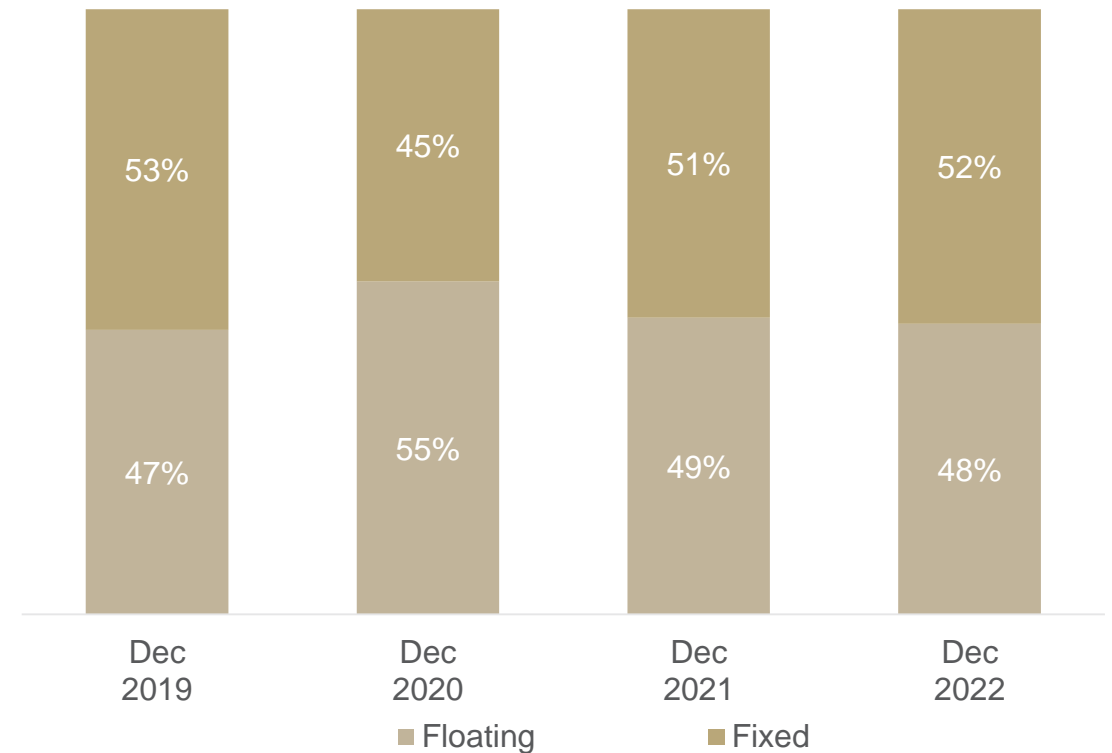
Financing charges and interest rate profile



Net financing charges (HK\$bn)



Interest rate profile: borrowings (after derivatives)



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



Business performance highlights

- Premium travel
- Cargo
- Low cost travel
- Lifestyle
- Other subsidiaries and Associates



Financial performance		2022	2021	% Var
Total Revenue	HK\$ million	692	20	+3,360.0%
Loss after taxation	HK\$ million	(1,359)	(1,978)	-31.3%
Operating statistics		2022	2021	% Var
Available seat kilometres (ASK)	Million	983	71	+1,284.5%
Revenue passenger kilometres (RPK)	Million	671	6	+11,083.3%
Passenger yield	HK cents	96.3	173.5	-44.5%
Cost per ASK (with fuel)	HK cents	236.2	2,967.1	-92.0%
Passenger load factor	%	68.3	8.8	+59.5%pt
Aircraft utilisation	Hours/ day	0.9	0.1	+800.0%
On-time performance	%	93.1	96.8	-3.7%pt
Average age of fleet	Years	5.7	5.2	+0.5 year

- HK Express reported a reduced loss for 2022
- At 31st December 2022, HK Express was operating scheduled services serving 15 destinations, including Taipei, Kaohsiung and Singapore

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.



Business performance highlights

- Premium travel
- Cargo
- Low cost travel
- Lifestyle
- Other subsidiaries and Associates

Other subsidiaries



air Hongkong

- Expanded network with scheduled services to new destinations



- Our catering subsidiary Cathay Pacific Catering Services (“CPCS”) has benefited from the improvement in passenger traffic.
- CPCS 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 had an 18.13% interest in Air China at 31 December 2022, reduced to 16.26% following the issue of 1,676 million new shares on 16 January 2023. The gain triggered from deemed partial disposal will be finalised and recognised in the first half results for 2023. Estimate of the gain cannot be made on the issuance of the 2022 financial statements
- Our share of Air China's results is based on its financial statements drawn up three months in arrears*. The period 1 Oct 2021 – 30 Sept 2022 was included in our 2022 full year results
- Air China's financial results declined in the 12 months to 30 September 2022, caused by continued impact of COVID-19, low passenger demand and capacity, high fuel prices and fluctuating exchange rates



- 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 arrears*



Outlook

Travel: continuous effort to meet the capacity rebuild target



- We have sufficient pilots and cabin crew to support our current schedule, and we are confident that our ongoing recruitment plans will ensure this remains the case throughout our rebuild.
- The attrition rate has normalised across all staff groups. We are on track with our comprehensive plan to recruit top talent to support our operations and drive our rebuilding efforts.
- Some 2,000 new employees joined the Group in 2022, and we target to recruit a further 3,000 in 2023. Recruitment activities will continue in 2024. In fact, a good number of those who left Cathay Pacific in the past few years have applied to re-join us.
- The entire aviation ecosystem – both in Hong Kong and globally – is facing airport resources and manpower issues.
- Passenger flight capacity will be restored in a measured and responsible way, and the Group (Cathay Pacific and HK Express) anticipates to operate:

Target	% of pre-pandemic capacity
End of March 2023	50%
End of 2023	70%
End of 2024	100%

Cargo: capacity to be further supplemented by the passenger capacity rebuild



Capacity

- Capacity will be further supplemented by increased passenger flight frequencies and destinations
- Targeting 85% of pre-pandemic cargo capacity by the end of the year 2023

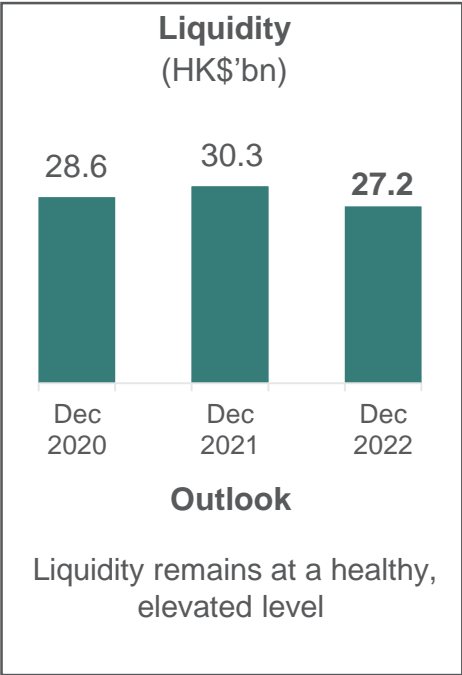
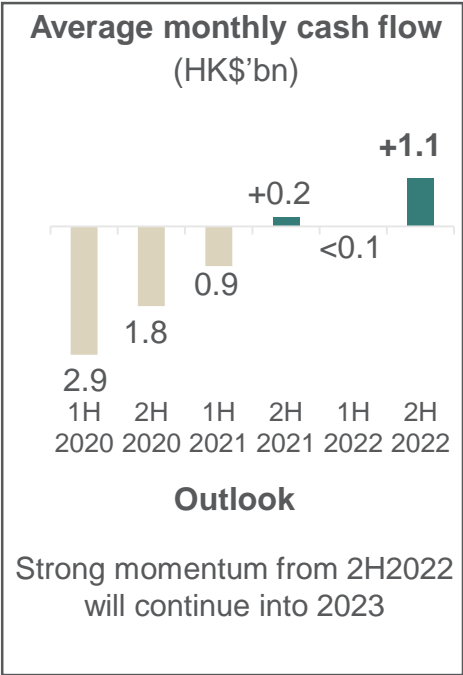
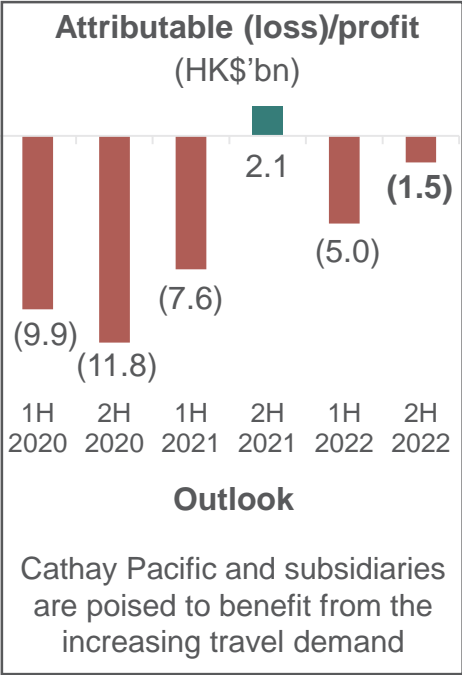
Demand

- Demand depressed in February as factories remained closed for a prolonged period during Chinese Lunar New Year
- Recovery seen in early March and volumes are therefore expected to remain solid



Summary

Summary



- After three years of unprecedented disruption, we are pleased to now be at the stage where our focus is now firmly on rebuilding Cathay Pacific for Hong Kong. We are doing more than simply returning to where we were before the pandemic. We are rebuilding a Cathay Pacific that is better than before.
- We are focused on reconnecting Cathay Pacific with Hong Kong, the Greater Bay Area and the Chinese Mainland, as well as reconnecting our home city with the world. We have a purpose of moving people forward in life and an ambitious vision to become one of the world's greatest service brands, a brand that our people, our customers and Hong Kong can be truly proud of.



Q&A

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

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

