

*Cathay Pacific Airways*

*2006 Annual Results*

*7 March 2007*



**CATHAY PACIFIC**



# ***Highlights***

- Turnover of HK\$60,783m, up 19.4%
- Group profit of HK\$4,088m, up 24%
- Earnings per share HKc115.9, up 18.6%
- Final dividends HKc32 per share, up 14.3%
- Total dividends HK\$3,304m, up 103.6%
- Gross fuel costs up 29.7% to HK\$20,214m
- CX pax load factor up 1.2%pt to 79.9%
- CX cargo and mail load factor up 1.3%pt to 68.3%



## ***Shareholding realignment on 28th September***

- Dragonair 100%
- Total consideration HK\$8,221m
  - Cash HK\$822m
  - New shares 548m new shares
- Goodwill HK\$7,214m
- Results consolidated October to December 2006
  
- Air China 17.3%
- Total consideration HK\$6,879m cash
  - 943m shares @ HK\$2.98 in 2004 HK\$2,811m cash
  - 1,179m H shares @ HK\$3.45 HK\$4,068m cash
- Goodwill HK\$1,912m
- Equity accounting 3 months in arrears

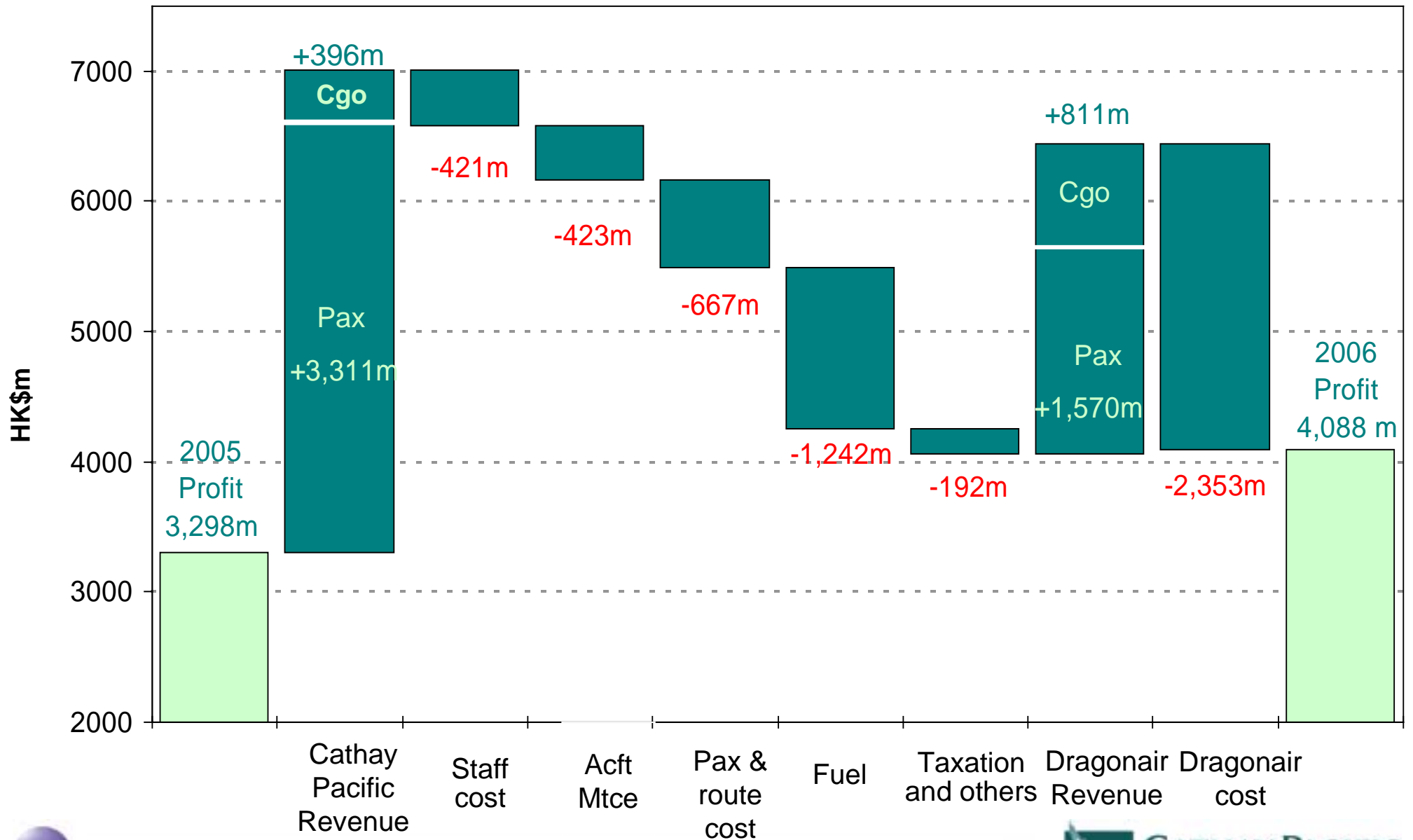


# Annual Result

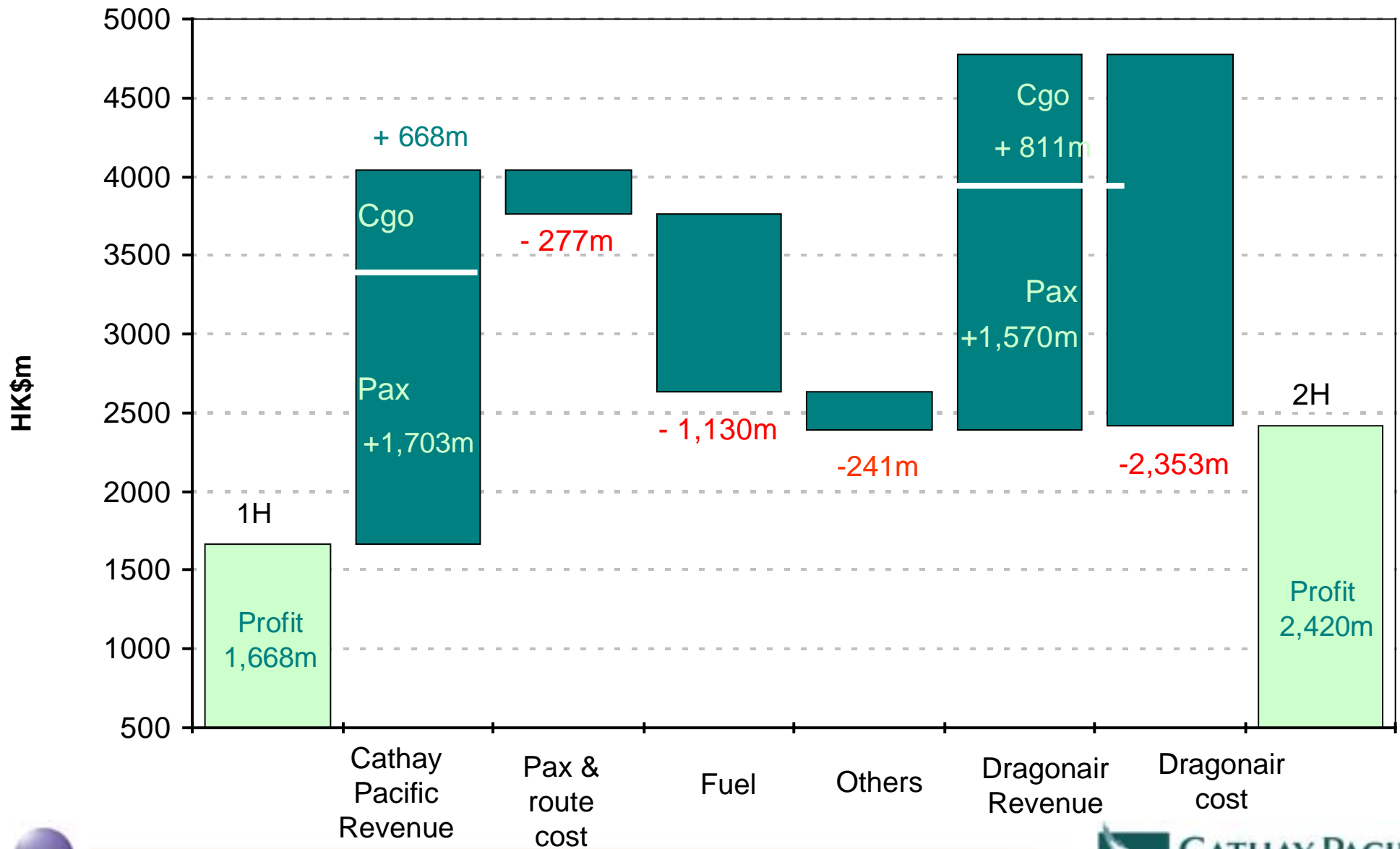
	<u>FY 2006</u>	<u>vs 2005</u>
Group Profit	HK\$4,088m	+ HK\$0.8b
Group Turnover	HK\$60,783m	+ 19.4%
Profit Margin	8.0%	+ 0.6%pts
Return on Capital Employed	6.7%	-0.2%pts
<hr/>		
Available tonne kilometres	19,684m	+ 10.9%
Cost per ATK	HK\$2.23	+ 1.8%
Cost per ATK (w/o fuel)	HK\$1.57	+ 1.3%
Revenue Load Factor	76.2%	+ 1.0%pts
Breakeven Load Factor	69.2%	- 0.1 %pts



# Profit Reconciliation : 2005 to 2006



# Profit Reconciliation : 2H vs 1H



## ***Passenger Service - Key Numbers***

	<u>FY 2006</u>	<u>vs 2005</u>	<u>vs 2005</u> <u>of CX</u>
Turnover	HK\$35,155m	+ 16.1%	+ 10.9%
Seat Capacity (ASK)	91,769m	+ 10.9%	+ 7.7%
Passenger Number	18.1m	+ 17.2%	+ 8.4%
Yield per Revenue Pax Km	HK¢ 48.0	+ 3.7%	+ 1.5%
Load Factor	79.5%	+ 0.8% pts	+1.2%pts



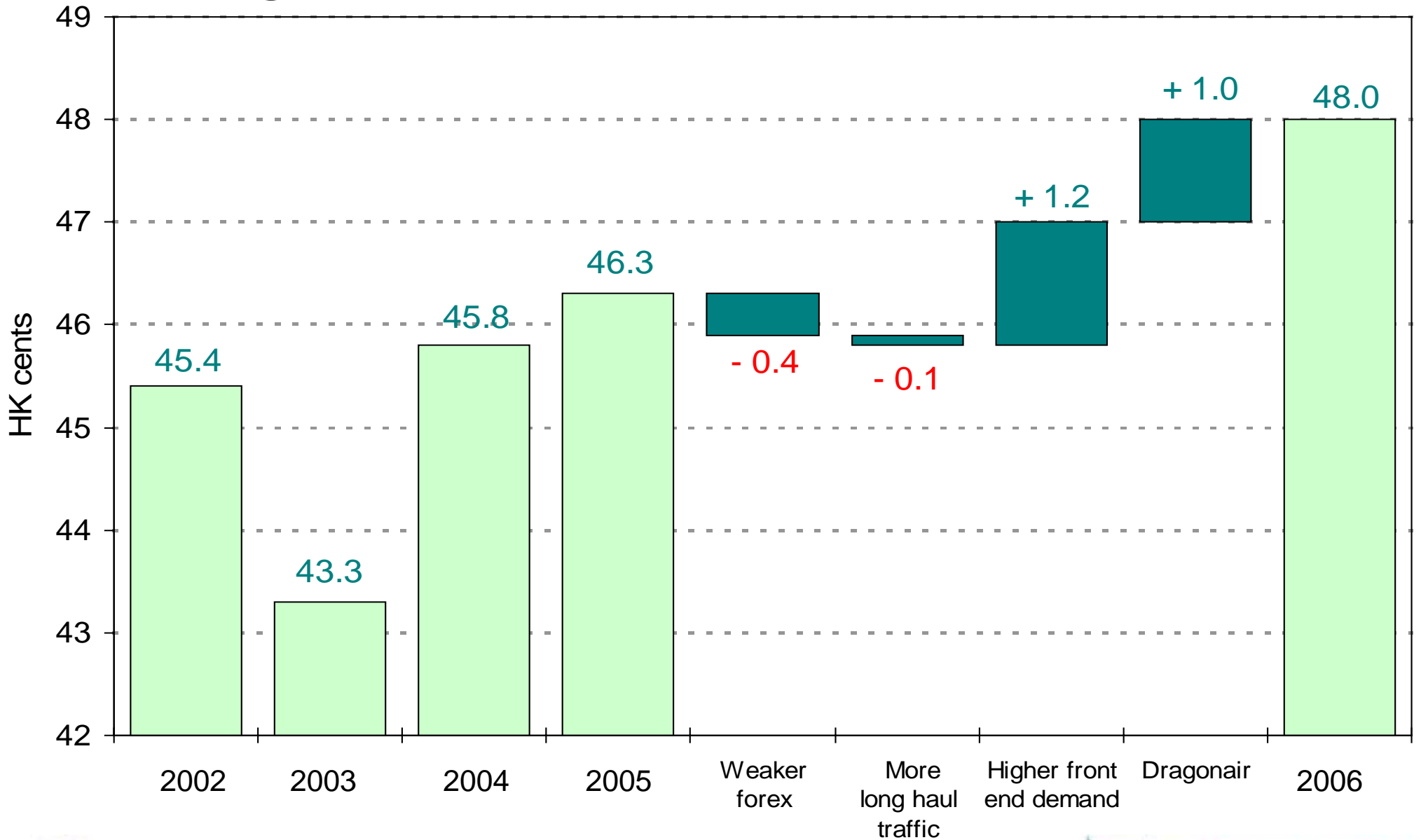
# Passenger Service - by Region

	ASK (m)	vs 2005	Load Factor	vs 2005	Yield Change
<b>CX</b>					
North Asia	13,796	+5.7%	72.3%	+1.5% pts	-3.3%
SW Pacific & S. Africa	14,230	-2.9%	80.1%	+5.5% pts	+2.0%
SE Asia & Middle East	18,375	+5.7%	76.1%	+1.1% pts	+5.0%
Europe	18,884	+16.7%	84.2%	-3.1% pts	-0.2%
North America	23,833	+10.9%	83.5%	+0.8% pts	+5.3%
Systemwide	89,118	+7.7%	79.9%	+1.2% pts	+1.5%
<b>KA</b>					
North Asia	9,858	+7.3%	67.9%	+2.0% pts	-2.8%
SE Asia & Middle East	747	-15.0%	66.8%	+1.1% pts	+13.8%
Systemwide	10,605	+5.4%	67.8%	+1.9% pts	-1.4%





# Passenger Yield



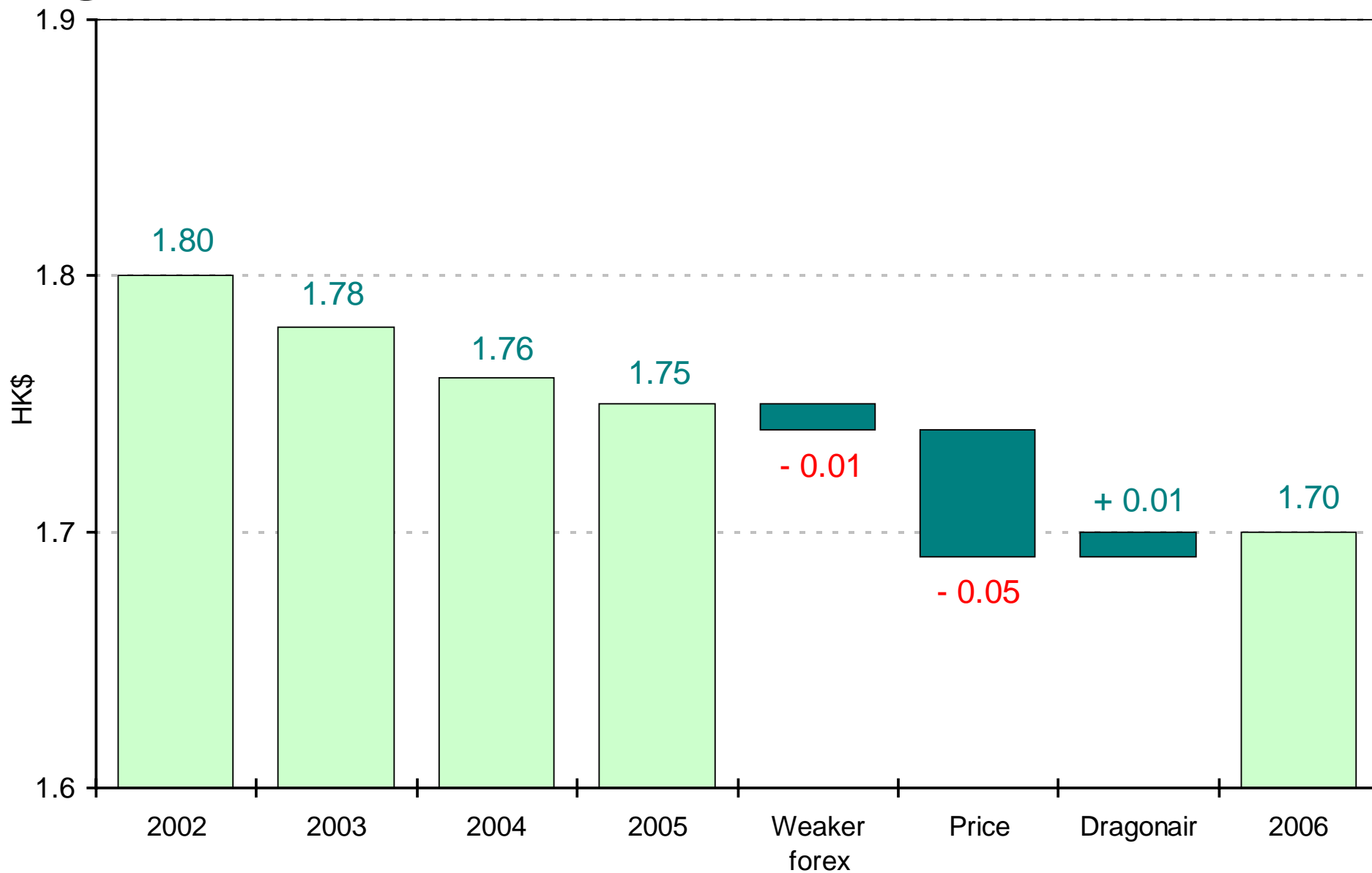
# Cargo Service - Key Numbers

	<u>FY 2006</u>	<u>vs 2005</u>	<u>vs 2005</u> <u>of CX</u>
Turnover	HK\$14,251m	+ 10.9%	+ 3.4%
Cargo Capacity (ACTK)	10,958m	+ 10.9%	+ 5.2%
- on passenger aircraft	4,118m	- 0.9%	- 3.3%
- on freighters	6,840m	+ 19.5%	+ 11.3%
Cargo Carried	1,308k tons	+ 17.0%	+ 7.2%
Yield per tonne km	HK\$ 1.70	- 2.9%	- 3.4%
Load factor	68.6%	+ 1.6%pts	+ 1.3%pts



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# Cargo Yield

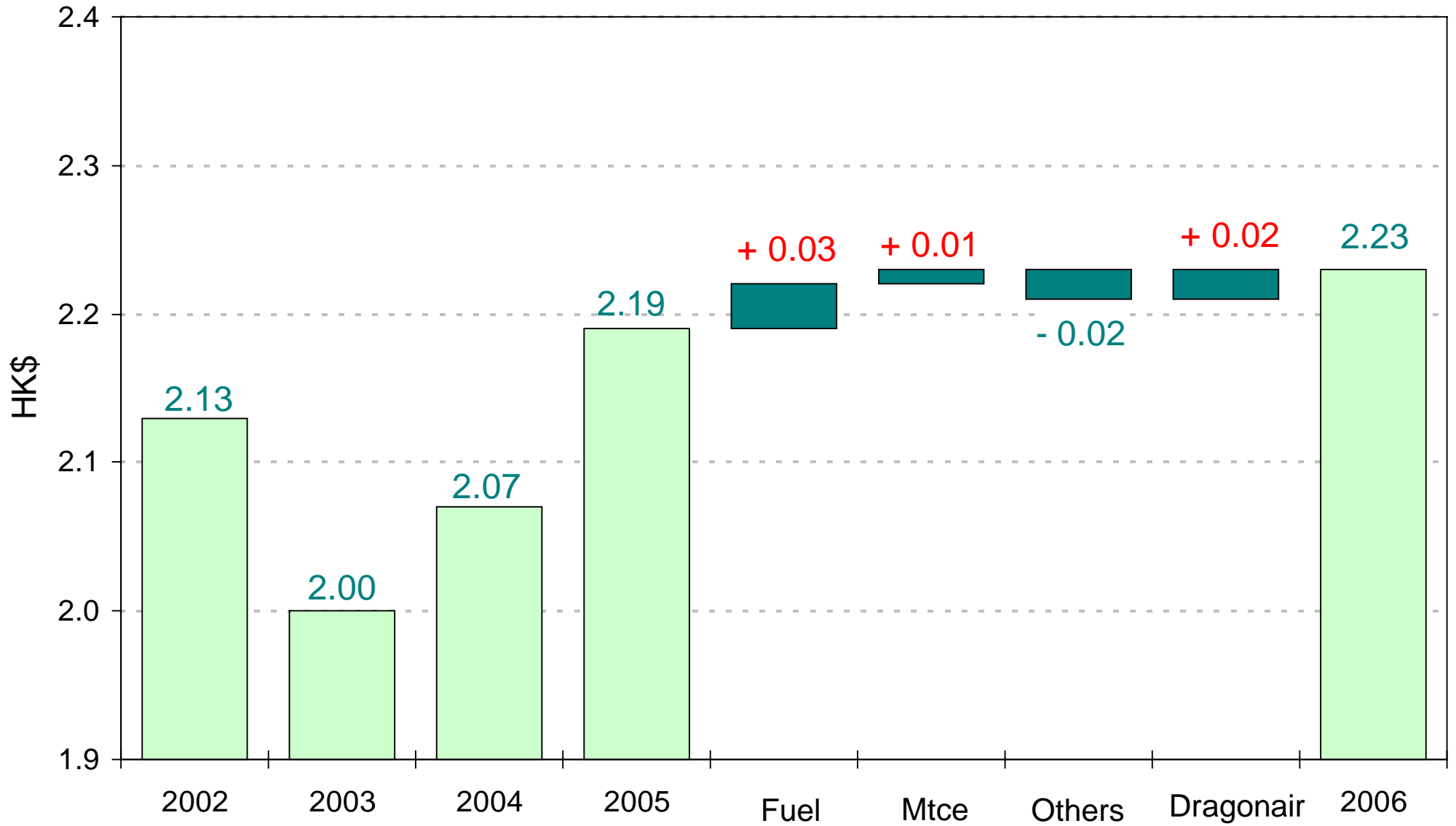


# Net Operating Cost

	<u>FY 2006</u>	<u>vs 2005</u>	<u>vs 2005</u> <u>of CX</u>
Staff	9,950	+ 10.2%	+ 5.2%
Inflight service & passenger	1,987	+ 11.4%	+ 6.5%
Landing, parking & route	6,948	+ 16.2%	+ 9.5%
Fuel	13,333	+ 14.5%	+ 10.9%
Aircraft maintenance	5,330	+ 17.7%	+ 9.5%
Depreciation & lease	6,022	+ 6.2%	+ 1.3%
Net finance charges	465	+ 4.7%	- 20.5%
Others	2,000	+ 17.9%	+ 1.2%
Net Operating Cost HK\$m	46,035	+ 12.9%	+ 7.1%



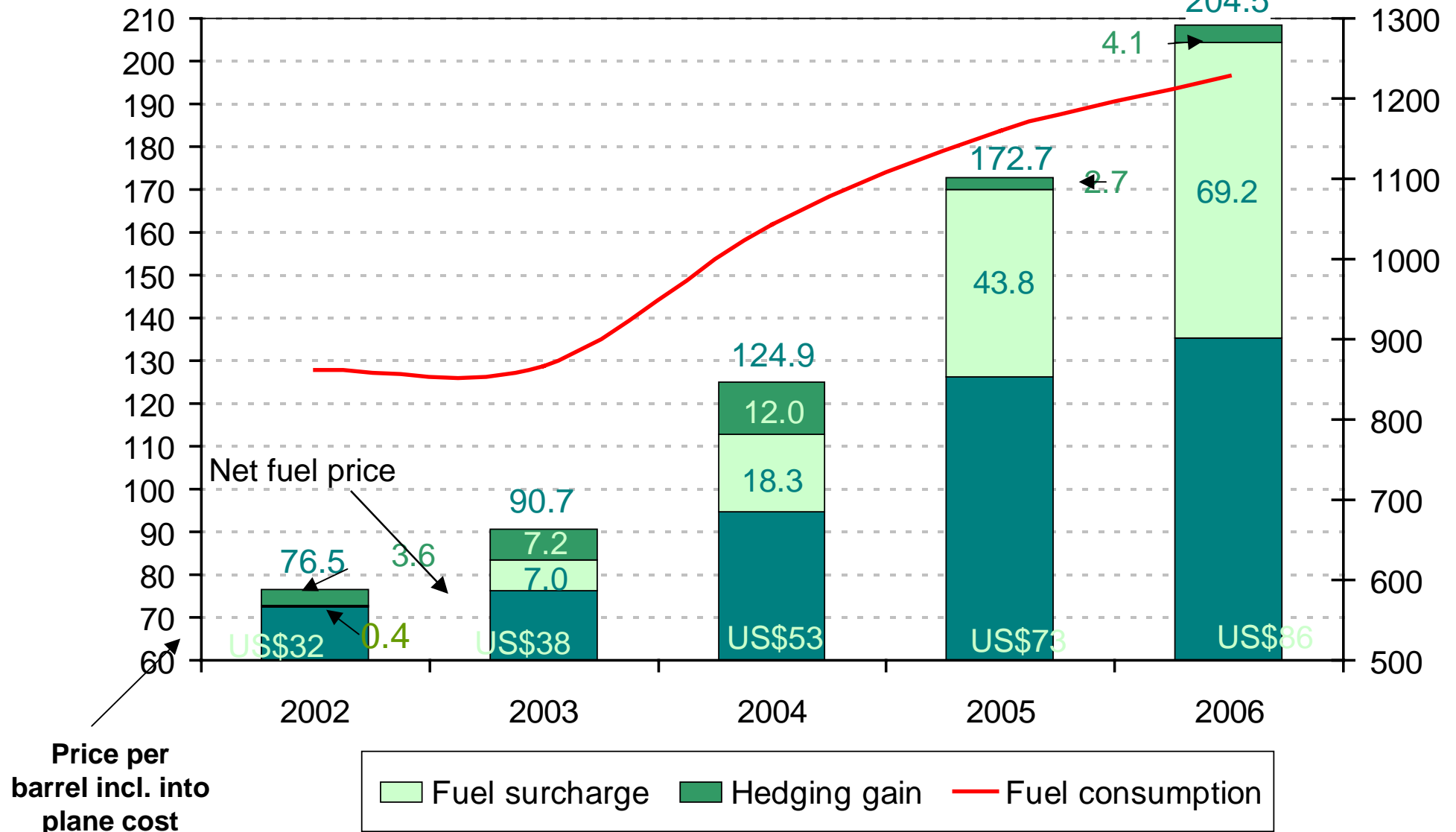
# Cost per ATK



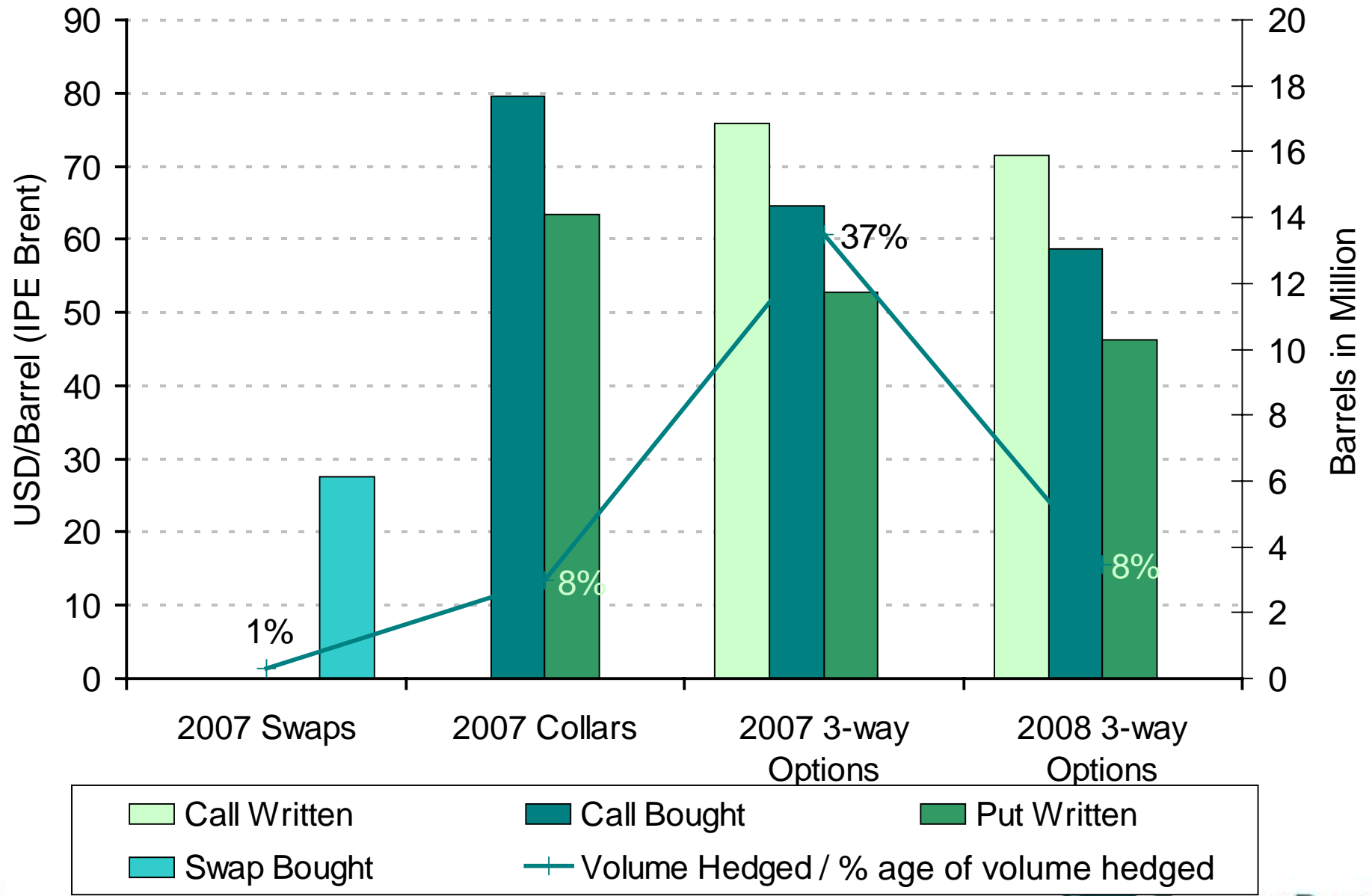
# Fuel price & consumption

Fuel price - US\$/AG

Consumption - AG'm  
204.5



# Current Hedging Position



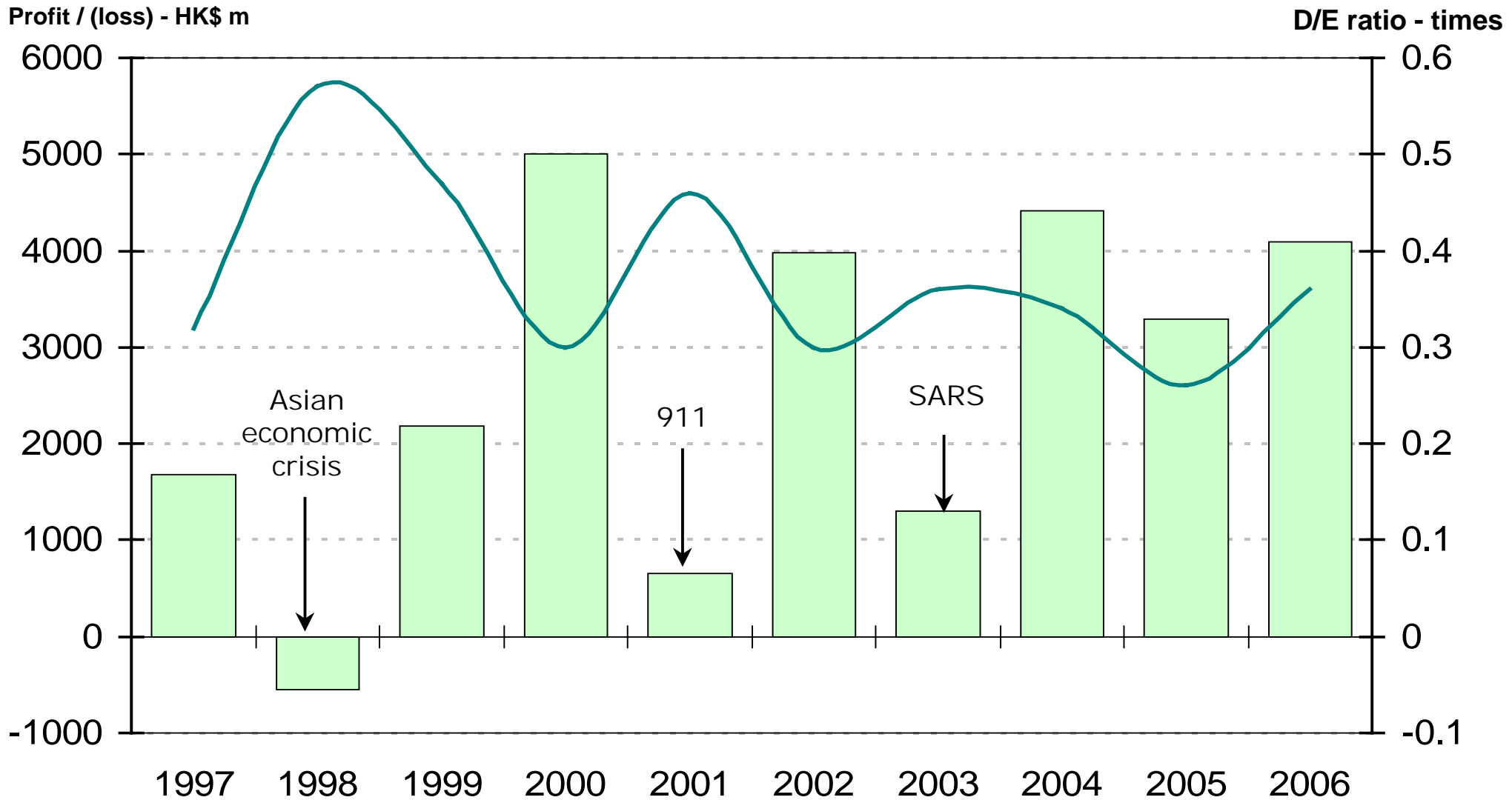
# Balance Sheet

	<u>2006</u>	<u>vs 2005</u>
Shareholders' Funds	HK\$45,554m	30.3% up
Gross Borrowings	HK\$31,943m	42.3% up
Less:		
Liquid Funds	HK\$(15,595m)	% 16.3up
Net Borrowings	HK\$16,348m	80.6% up
Capital Employed	HK\$61,902m	40.6% up
Net Debt/Equity Ratio	0.36	+ 0.1 times
Goodwill from purchase of Dragonair	HK\$7,214m	-
Investment in Air China	HK\$6,879m	-





# Profit & Net Debt/Equity Ratio



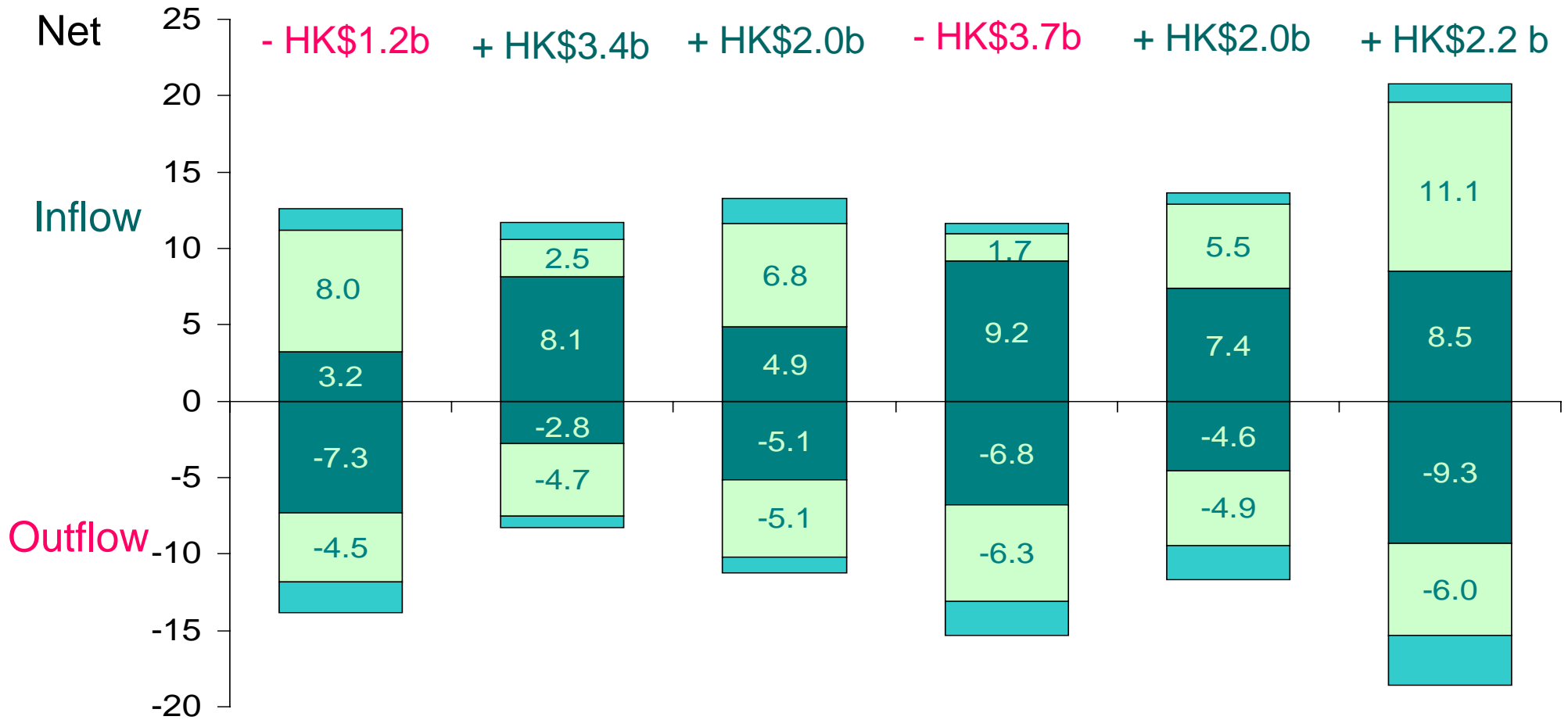
Profit/(Loss)
  Net debt/equity ratio



# Liquid Fund Flow

HK\$'b      2001      2002      2003      2004      2005      2006

Net      - HK\$1.2b      + HK\$3.4b      + HK\$2.0b      - HK\$3.7b      + HK\$2.0b      + HK\$2.2 b



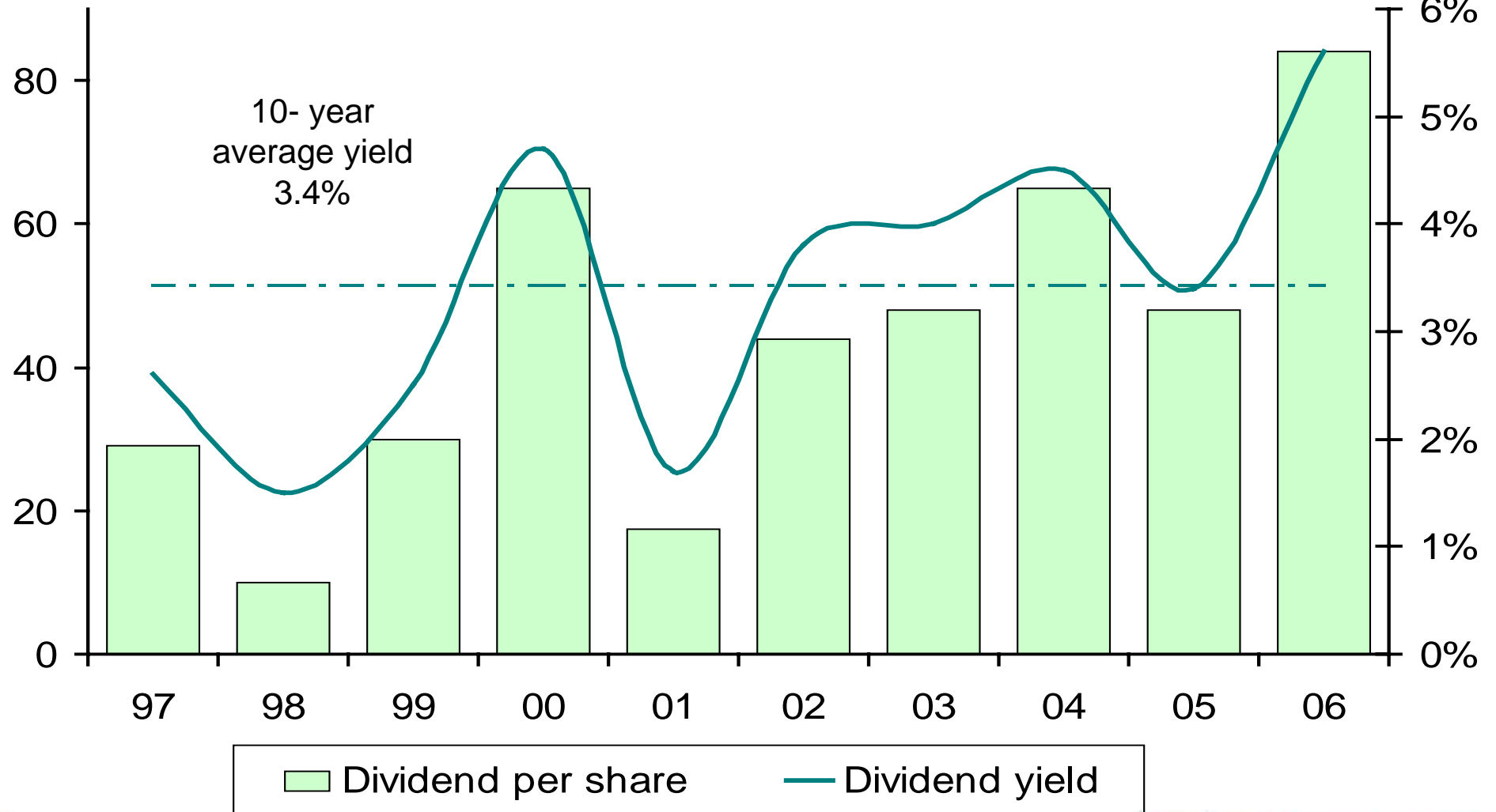
INFLOW	Operating	New financing	Other inflow
OUTFLOW	Capital expenditure	Loan repayment	Dividend paid



# Dividends

Dividend per share (HK cents)

Dividend yield %

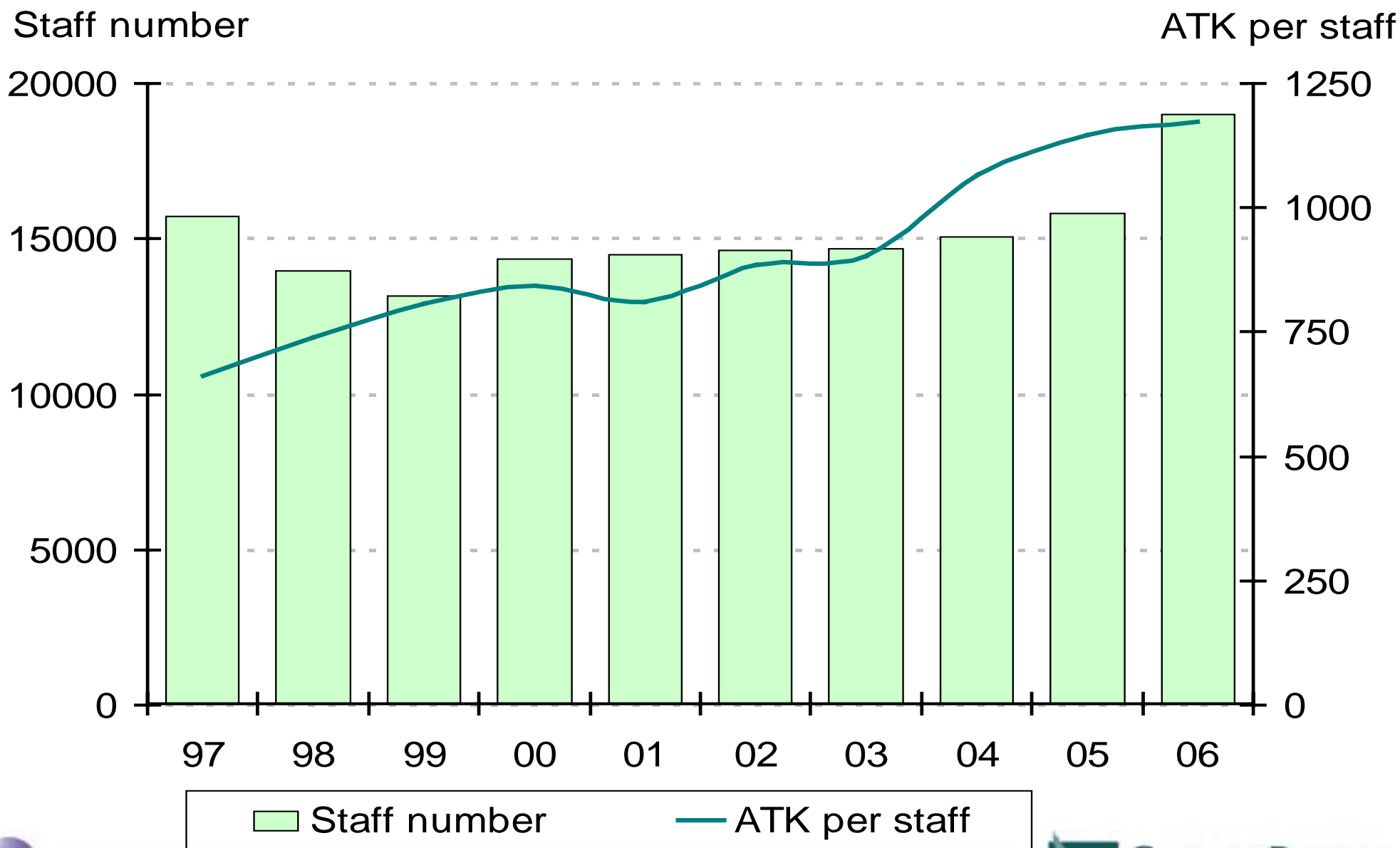


# Productivity Measures

	<u>2006</u>	<u>vs 2005</u>	<u>vs 2005</u> <u>of CX</u>
Cost per ATK - with fuel	HK\$2.23	1.8% up	0.9% up
- without fuel	HK\$1.57	1.3% up	1.3% down
ATK per HK\$1,000 Staff Cost	2,197	0.6% up	1.1% up
Staff Number	18,992	20.2% up	4.1% up
Aircraft Utilisation (Hrs/day)	12.5	0.8% down	1.6% up



# ATK per Staff



# Cost per ATK

