

A low-angle, close-up shot of the side of a Cathay Pacific Airways aircraft. The white fuselage is the primary background, with the airline's name 'CATHAY PACIFIC' in large, dark blue, serif capital letters running diagonally across the lower half. Above the name, a row of oval windows is visible. Further up, there are smaller logos: a red 'HONG KONG' logo, a blue circular logo with 'CATHAY PACIFIC' text, and a colorful graphic of three wavy lines (yellow, green, blue) above another red 'HONG KONG' logo with the tagline 'ASIA'S WORLD CITY' below it. The aircraft's wing and engine nacelle are partially visible on the left. The background is a clear blue sky with light, wispy clouds.

Cathay Pacific Airways

2011 Analyst Briefing

23 June 2011

Airline Strategy

- Grow our international network, expand frequencies and further develop Hong Kong as one of the world's leading aviation hubs
- Fully support the building of a third runway in HKIA
- Ensure that quality and our brand are not compromised and the service proposition to the customer remains strong
- Develop benefits available from strategic relationship with Air China.
- Maintain a prudent approach to financial risk management



Performance to May 11- Capacity Data

CATHAY PACIFIC/ DRAGONAIR COMBINED CAPACITY		Cumulative May 2011	% change YTD
China		4,108,589	6.8%
North East Asia		6,381,068	10.3%
South East Asia		6,368,716	12.0%
India, Middle East, Pakistan & Sri Lanka		4,573,531	-0.1%
Europe		9,328,508	15.0%
South West Pacific & South Africa		7,987,020	3.0%
North America		12,172,725	15.1%
ASK	Total (000)	50,920,157	9.9%
Passenger load factor		78.8%	-5.0pt
Available cargo and mail tonne km (000)		5,851,483	16.4%
Cargo and mail load factor		68.7%	-9.9pt
ATK (000)		10,695,714	13.3%



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Performance to May 11- Traffic Data

CATHAY PACIFIC AND DRAGONAIR COMBINED TRAFFIC		Cumulative May 2011	% change YTD
China		2,882,309	-2.3%
North East Asia		4,332,420	-8.4%
South East Asia		5,239,928	12.6%
India, Middle East, Pakistan & Sri Lanka		3,468,140	-3.1%
Europe		7,490,226	7.9%
South West Pacific & South Africa		5,873,920	-6.6%
North America		10,860,002	12.3%
RPK	Total (000)	40,146,945	3.4%
Passengers carried		10,906,499	1.6%
Cargo and mail tonne km (000)		4,018,227	1.8%
Cargo and mail carried (000Kg)		700,899	-3.1%
Number of flights		25,970	10.4%



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Operating Performance - Passenger

- Yield improvement in premium and economy cabins
- Premium traffic remained consistently strong
- Demand in economy class was slightly below expectations
- Lower load factor with the airlines' growth in capacity
- Significant drop in demand for Japan routes following the earthquake and tsunami but showed some recovery recently



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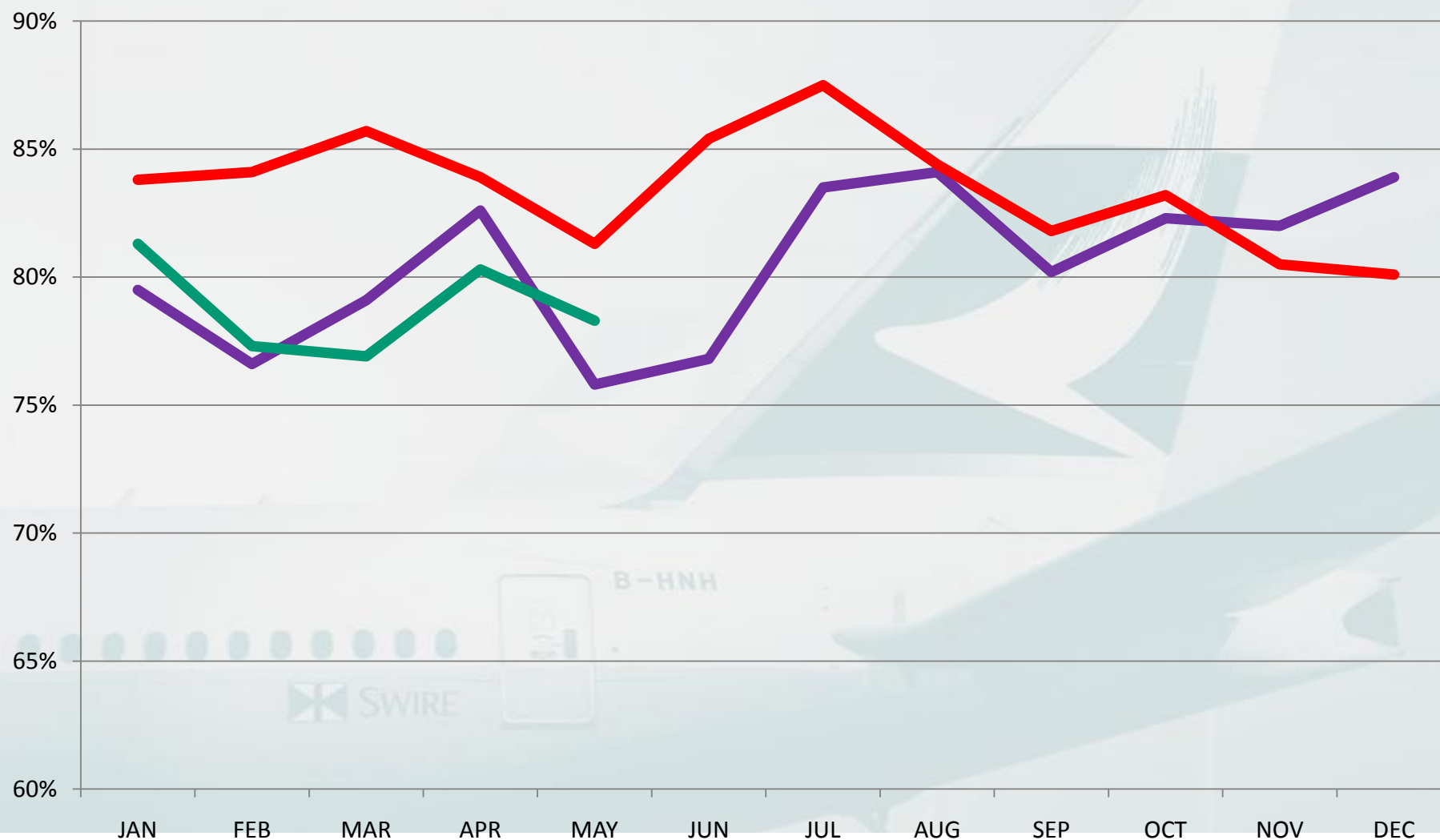
Operating Performance- Passenger

- New passenger services to Abu Dhabi (Jun) and Chicago (Sep)
- Increased frequencies in the first half of 2011 includes:-
 - Paris. Taipei, Toronto and New York
- Planned further increased frequencies in 2011 to:-
 - Milan: daily from 1 July
- More code-share destinations with American Airlines and Alaska Airlines
- Asia Miles members reached 4 million worldwide, 1 million in Hong Kong



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PASSENGER LOAD FACTOR (JAN 2009 - MAY 2011)



— 2009 — 2010 — 2011



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Product and Services

- New business class products installed on our new deliveries
- New uniform to be progressively introduced



Product and Services

- Reopened Business Class Lounge of The Wing in April



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Operating Performance - Cargo

- Sound performance in the first quarter but weakened in the second quarter
- Significant softening in our main markets out of Hong Kong and mainland China from April
- No major drop-off to and from Japan following the earthquake and tsunami
- Better balance of capacity to demand on long haul trade lanes as a result of higher demand for high-end foreign products in China



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Operating Performance - Cargo

- Bangkok added to our freighter network in May
- Capturing strong demand out of Dhaka and Hanoi by separating the Hong Kong service to these two cities into separate flights
- Looking for more opportunities in Central China - Dragonair pax flights to Chongqing and Chengdu upgraded to wide-body aircraft
- Profitability on our freighter flights materially affected by high fuel prices, particularly on ultra-long-haul routes

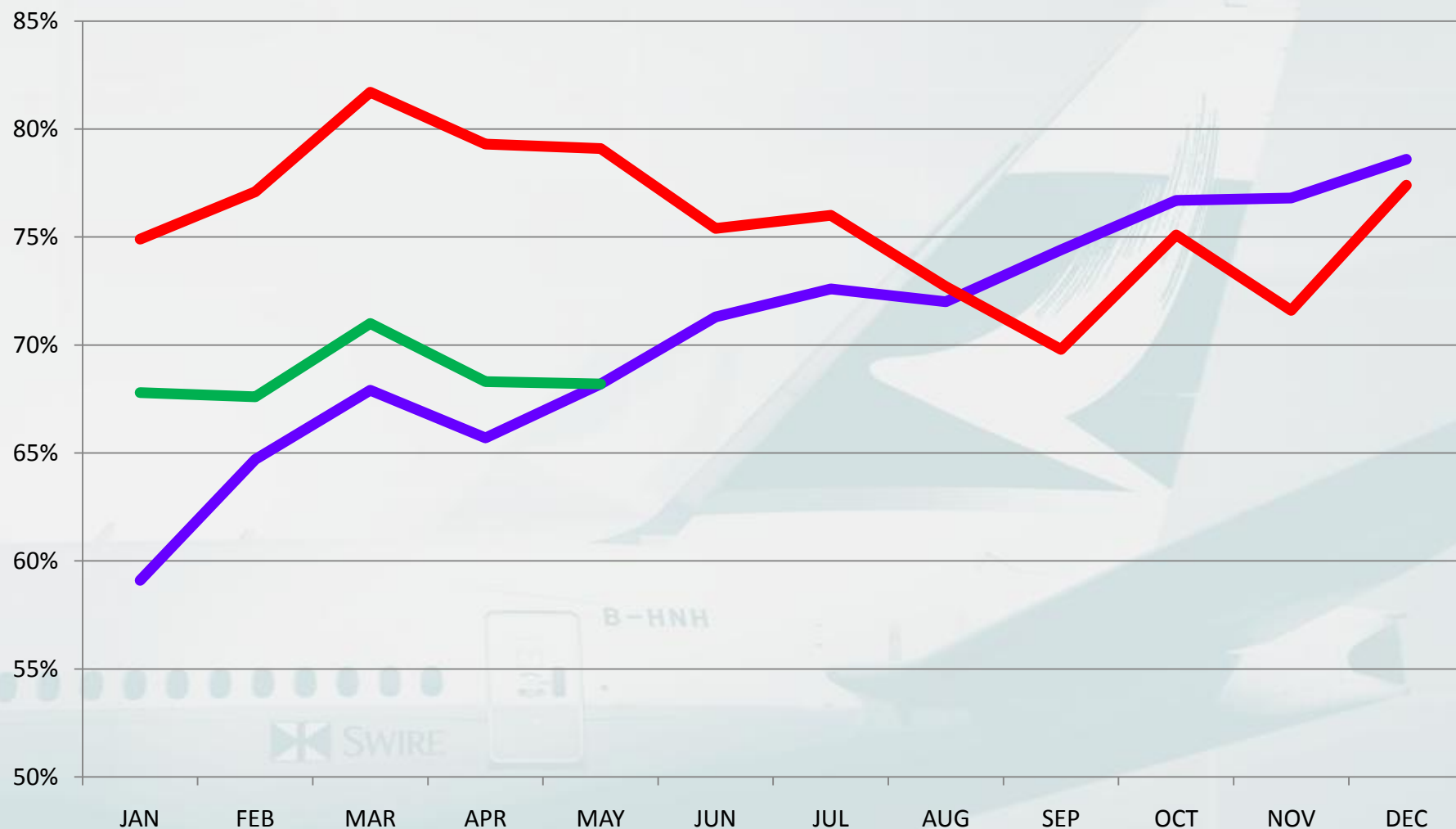


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CARGO AND MAIL LOAD FACTOR (JAN 2009 - MAY 2011)



— 2009 — 2010 — 2011



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Cargo Terminal



Total investment costs	HK\$ billion
Up to 2010	1.9
2011	2.1
2012	1.0
2013	0.5
Total	5.5



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Air China / Cathay Pacific Cargo Joint Venture

- Strategic Objective: to become pre-eminent cargo carrier in Beijing & Shanghai
- Joint management
- CX Group selling assets to ACC
 - 4 x 747-400BCFs
 - 2 spare engines
- Air China Cargo (ACC) successfully formed following formal approval from Mainland China authorities in mid-March 2011
- Modest performance – around 60% loads since March



Cargo Fleet Plan

2011

- Forecast fleet composition as at 30 Jun 2011
 - 22 x 747 Freighters : 6 x 747-400F, 6 x 747-400ERF and 10 x 747-400BCF

Future development

- Sale
 - 2 x 747-400BCF to Air China Cargo
- Dry lease
 - 2 x 747-400BCF to Air Hong Kong
- New delivery
 - 747-8F – a total of 10 in 2011 and 2012



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Fleet composition changes (CX/KA)

Fleet @ 31Dec2010

Deliveries (4x 777-300ERs, 2x A330-300)	159
Returned (1x A330-300, 1x A340-300)	6
Sold to Air China Cargo (1x 747-400BCF)	(2)
Dry leased to Air Hong Kong (1x 747-400BCF)	(1)
Dismantled (1x747-400)	(1)

Forecast fleet @ 30Jun2011

Parked (3x A340-300)	160
	(3)

Forecast operating fleet @ 30Jun2011

Passenger aircraft	157
Freighter	135
	22

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New Aircraft: 2011-2019

Total firm orders for 2011-2019	92
Delivered in the first half 2011 (forecast)	6
Outstanding as at 30 June 2011 (forecast)	86
A330-300s	20
A350-900s	32
B777-300ERs	24
Pax aircraft	76
B747-8F	10
Total	86



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Financial Risk Management

- Currency
 - Currencies appreciated against USD
 - All major currencies are prudently hedged
- Liquidity
 - Strong operating performance lifts cash
 - Unpledged liquid funds and undrawn committed lines exceed HK\$20bn
- Interest rates
 - Overall cost of debt remains below 2%
 - Margins have narrowed, but yield curve has steepened
 - Strategic management of fixed/floating ratio



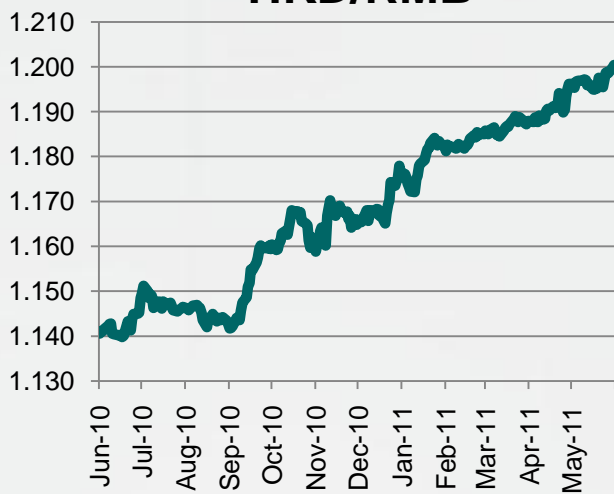
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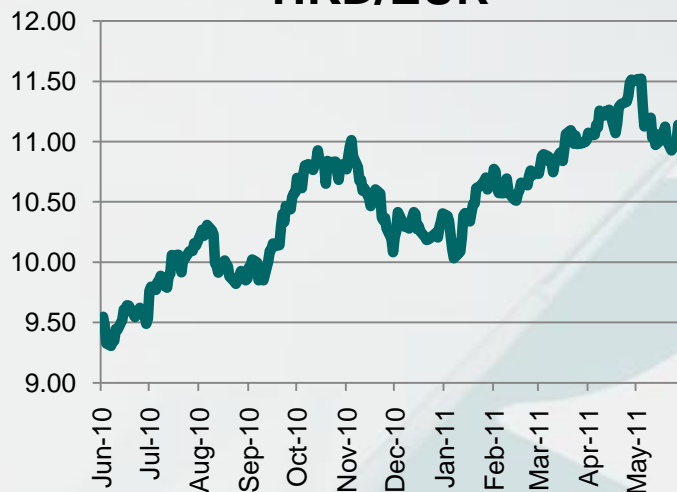
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Spot rates of 6 top currencies (01Jun 10-31May11)

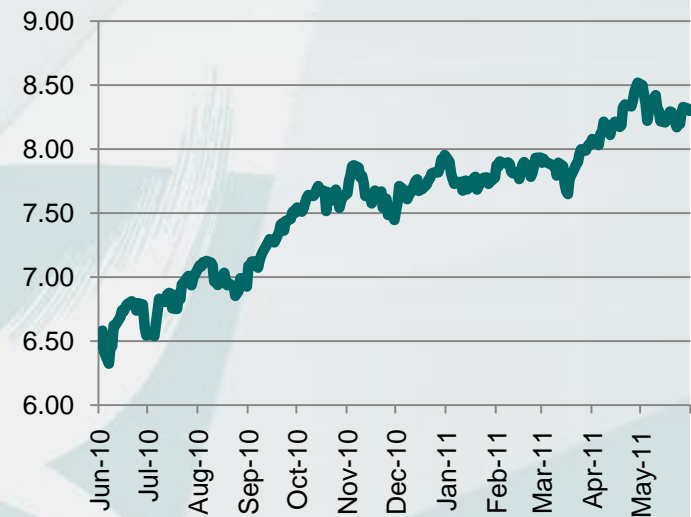
HKD/RMB



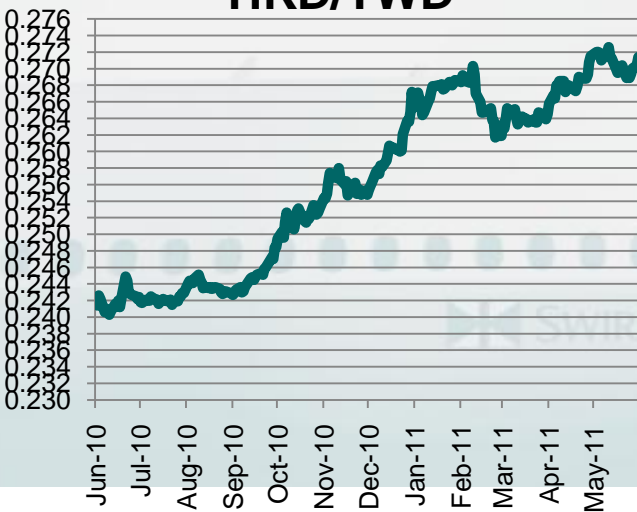
HKD/EUR



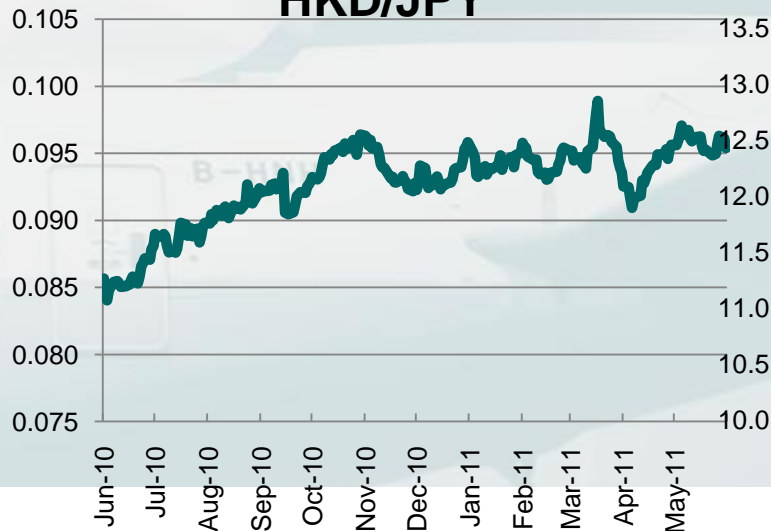
HKD/AUD



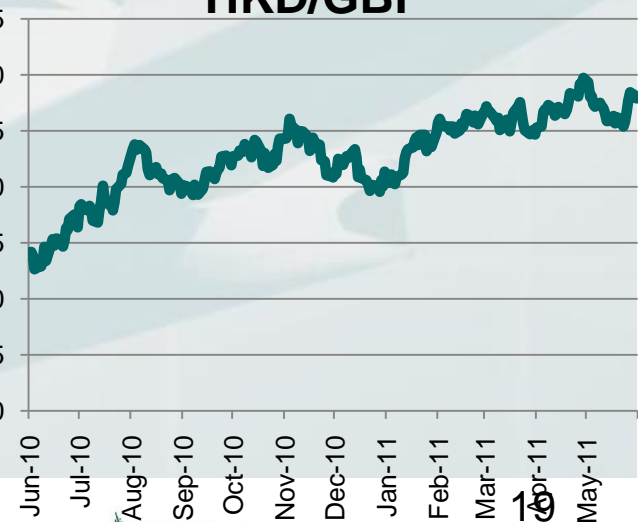
HKD/TWD



HKD/JPY



HKD/GBP

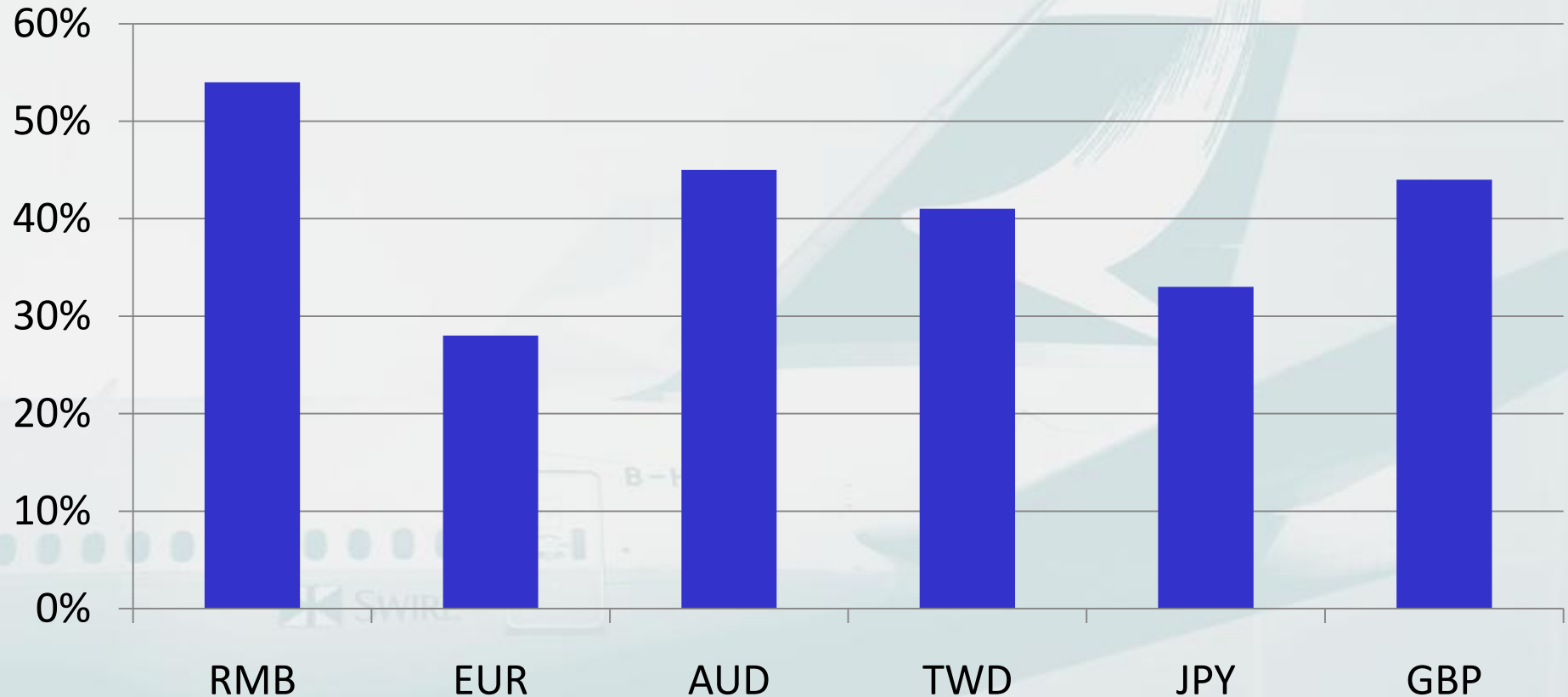


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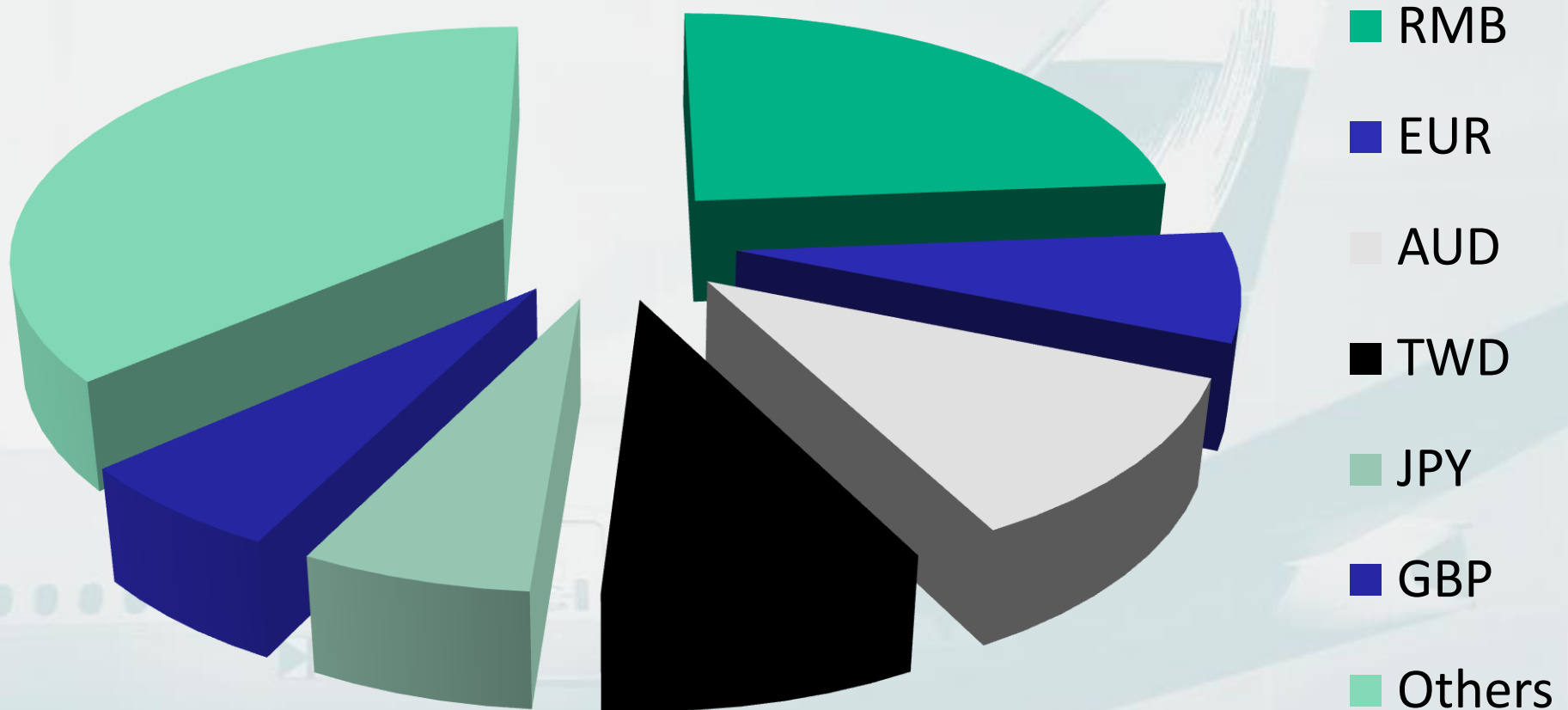
Financial Risk Management

Net exposure (after hedging) of major currencies – next 12 months



Financial Risk Management

Composition of forex exposure (after hedging) – next 12 months



Net debt to equity ratio

Forecast Jun 2011	Dec 2010	Dec 2009	Dec 2008	Dec 2007	Dec 2006	Dec 2005
Higher than Dec 2010	0.28	0.62	0.69	0.30	0.36	0.26

- Continue to adopt prudent financial strategy, maintain adequate cash reserves
- CAPEX on new aircraft , product enhancement and cargo terminal will be around HK\$50B in the next 3 years

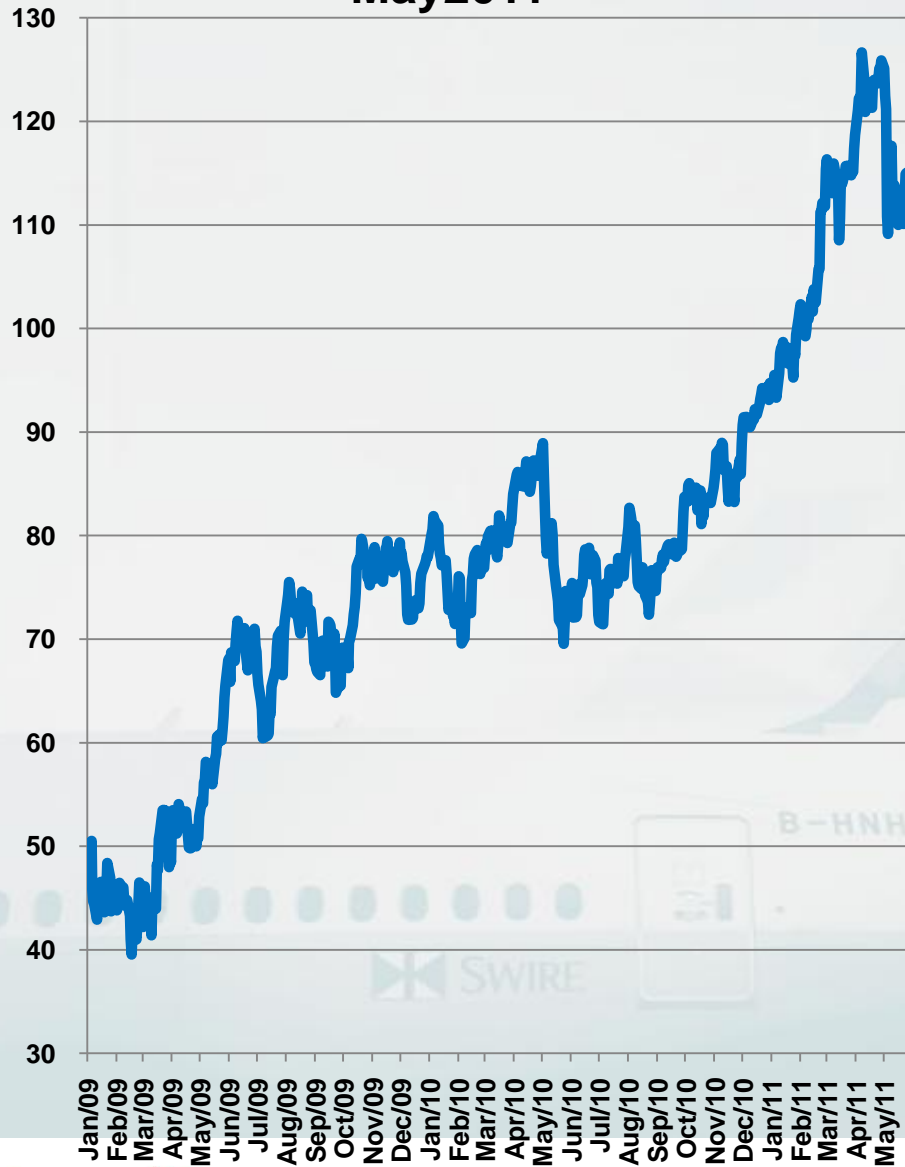


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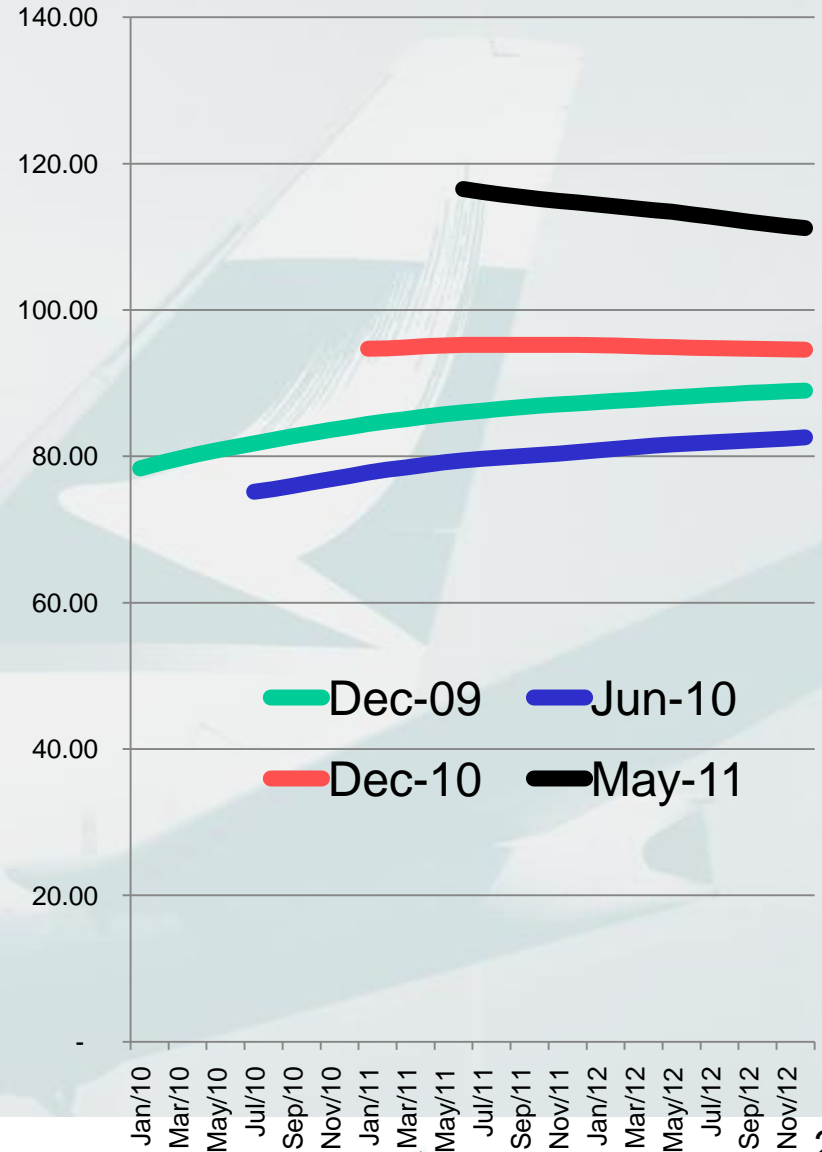
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Daily IPE Brent Price Jan 2009-May 2011



IPE Brent Forward Price



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Fuel hedging

Fuel hedging
coverage

35%

30%

25%

20%

15%

10%

5%

0%

\$60

\$70

\$80

\$90

\$100

\$110

\$120

\$130

Brent
(US\$/barrel)

— Jun-Dec 2011

— 2012



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Summary

- Pax demand remains firm
- Cargo demand has softened
- High fuel price remains a concern
- Looking for growth
- Continued investment in capacity, product and infrastructure
- Maintain strong balance sheet



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Q & A

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



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