



Analyst Briefing

12 June 2015

Cathay Pacific Airways Limited

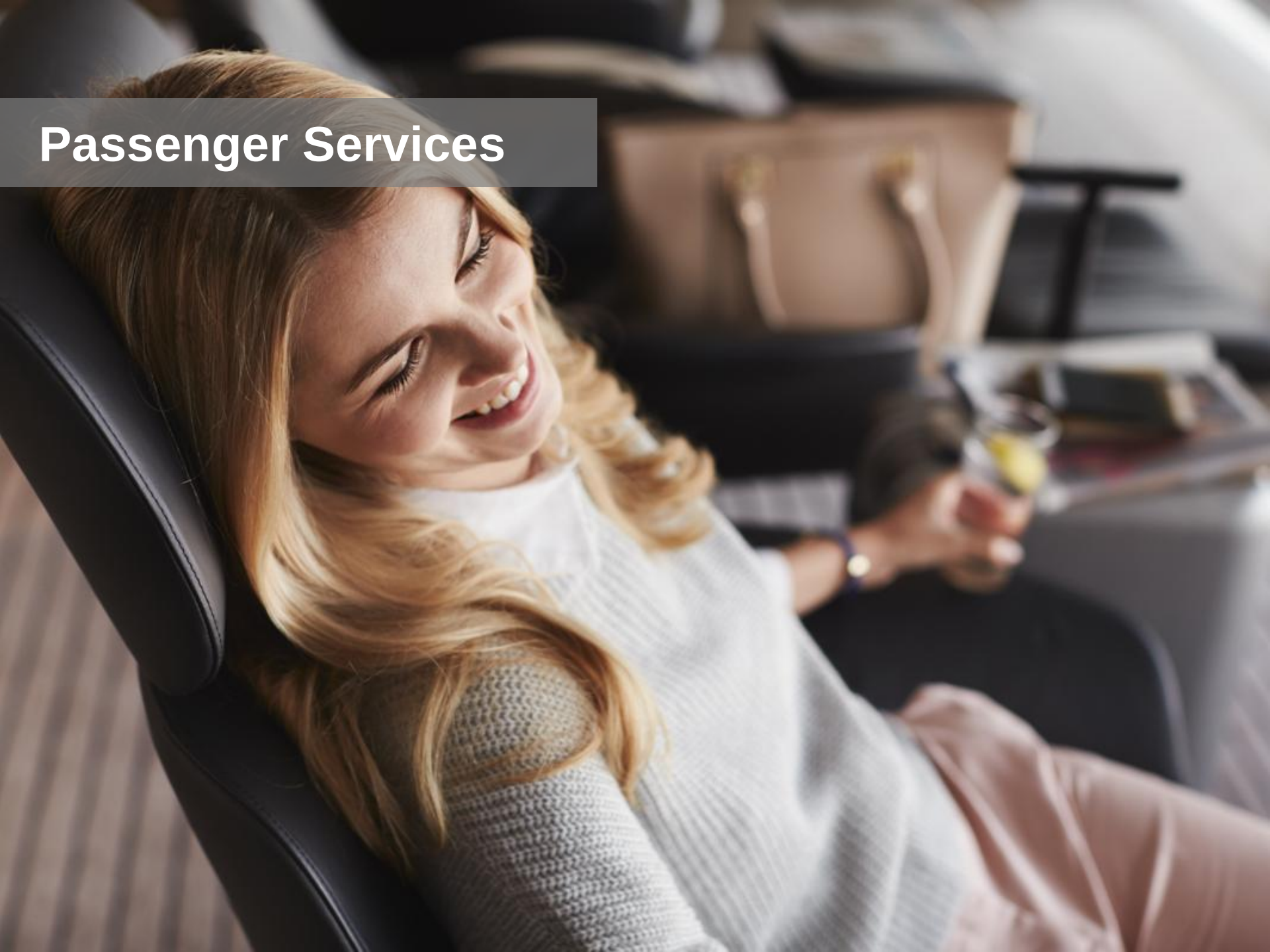


Operating Performance

- The positive operating environment continues into the first half of 2015.
- Robust passenger demand and healthy cargo demand.
- Continue to benefit from the sharp reduction in net fuel costs that began in the last quarter of 2014.
- Strong performance from our subsidiaries and associates.
- Increasing congestion in our home hub at Hong Kong International airport.



Passenger Services



Operating Performance

- Robust passenger traffic with high load factor.
- Increase in capacity as a result of the introduction of the new routes and increased frequencies on existing long-haul routes.
- Pressure on yield owing to the increase in capacity and weakness of a number of currencies relative to the Hong Kong and US dollars.
- Demand in the backend is strong, but front end demand soft on some of the long-haul routes.

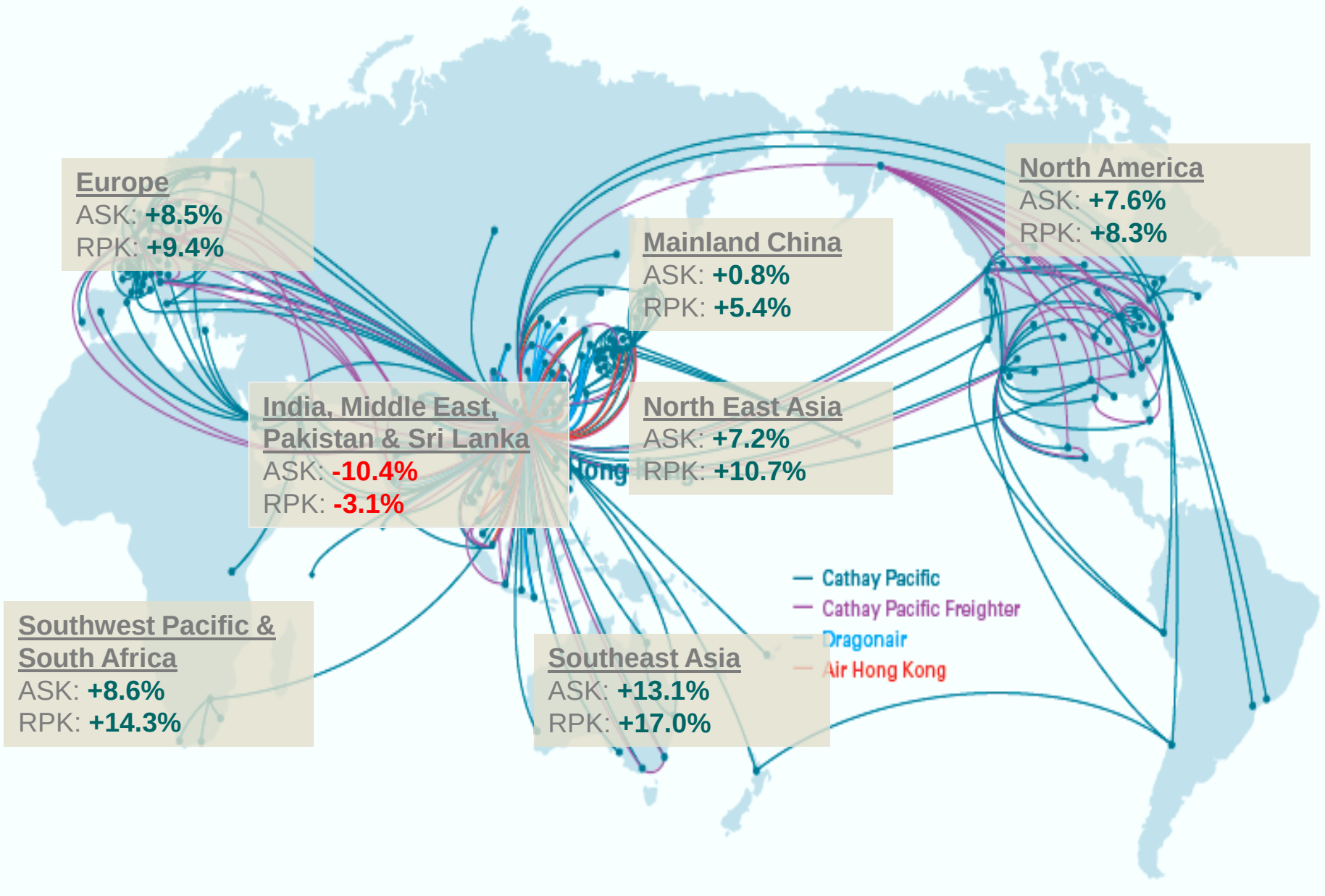


May 2015 Traffic Figures



		May/15 YTD	vs May/ 14
ASK	<i>Million</i>	57,937	+6.5%
RPK	<i>Million</i>	49,589	+9.7%
Passengers carried	<i>'000</i>	13,990	+9.1%
Passenger load factor	<i>%</i>	85.6	+2.5%pt

May 2015 Traffic Figures – By Region



Network development



Cathay Pacific

Mar	• Introduced a daily service to Zurich .
May	• Introduced a 4-times-weekly service to Boston .
Jun	• Ceased service to Moscow .
Jun	• Increased services to San Francisco to 17 flights per week.
Sep	• Will introduce a 4-times-weekly service to Dusseldorf .

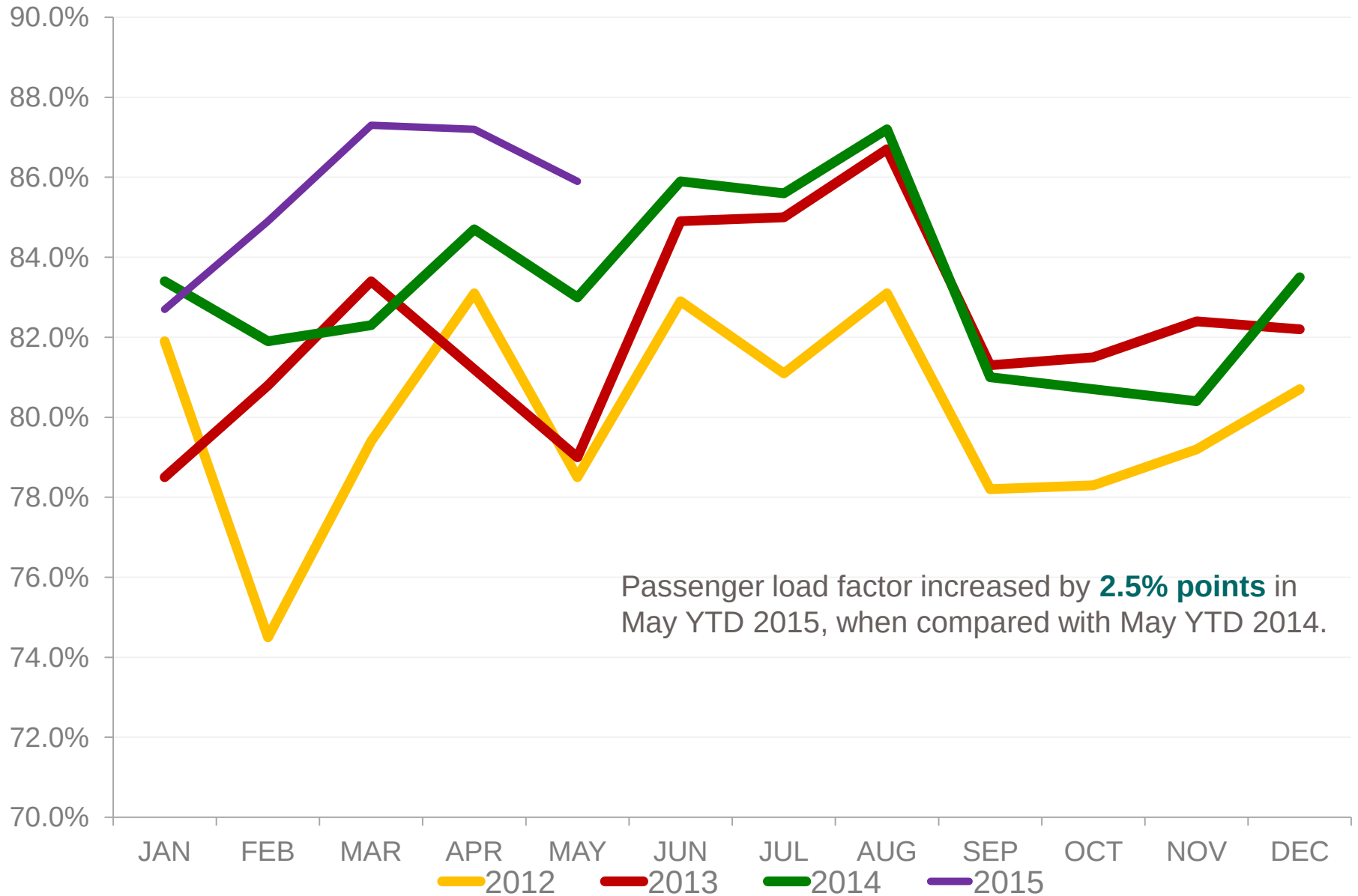


Dragonair

Mar	• Launched a daily service to Haneda in Tokyo.
Mar	• Increased frequency to Okinawa from four times weekly to daily.
May	• Increased frequency to Kolkata from five times weekly to six times weekly.
Aug	• Will launch a twice-weekly service to Hiroshima in Japan.

2015

Monthly Passenger Load Factor



Cargo Services



Operating performance

- Demand in the cargo business continues to improve and has been helped by the congestion in sea ports on the West Coast of the United States in the first few months of 2015.
- Fierce market competition and the impact of the strong US dollar has put downward pressure on yield.
- Increase in the amount of cargo carried in the bellies of our passenger aircraft as more cargo-friendly Boeing 777-300ER passenger aircraft were brought into service.



May 2015 Traffic Figures



		May/15 YTD	vs May/ 14
Cathay Pacific and Dragonair			
ATK	<i>Million</i>	12,147	+8.1%
Available cargo and mail tonne km	<i>Million</i>	6,638	+9.6%
Cargo and mail revenue tonne km (RTK)	<i>Million</i>	4,271	+12.2%
Cargo and mail carried	<i>'m kg</i>	727	+9.6%
Cargo and mail load factor	<i>%</i>	64.3	+1.5%pt

Network Development



2015

Mar

- Introduced a twice-weekly freighter service to **Kolkata**.

Mar

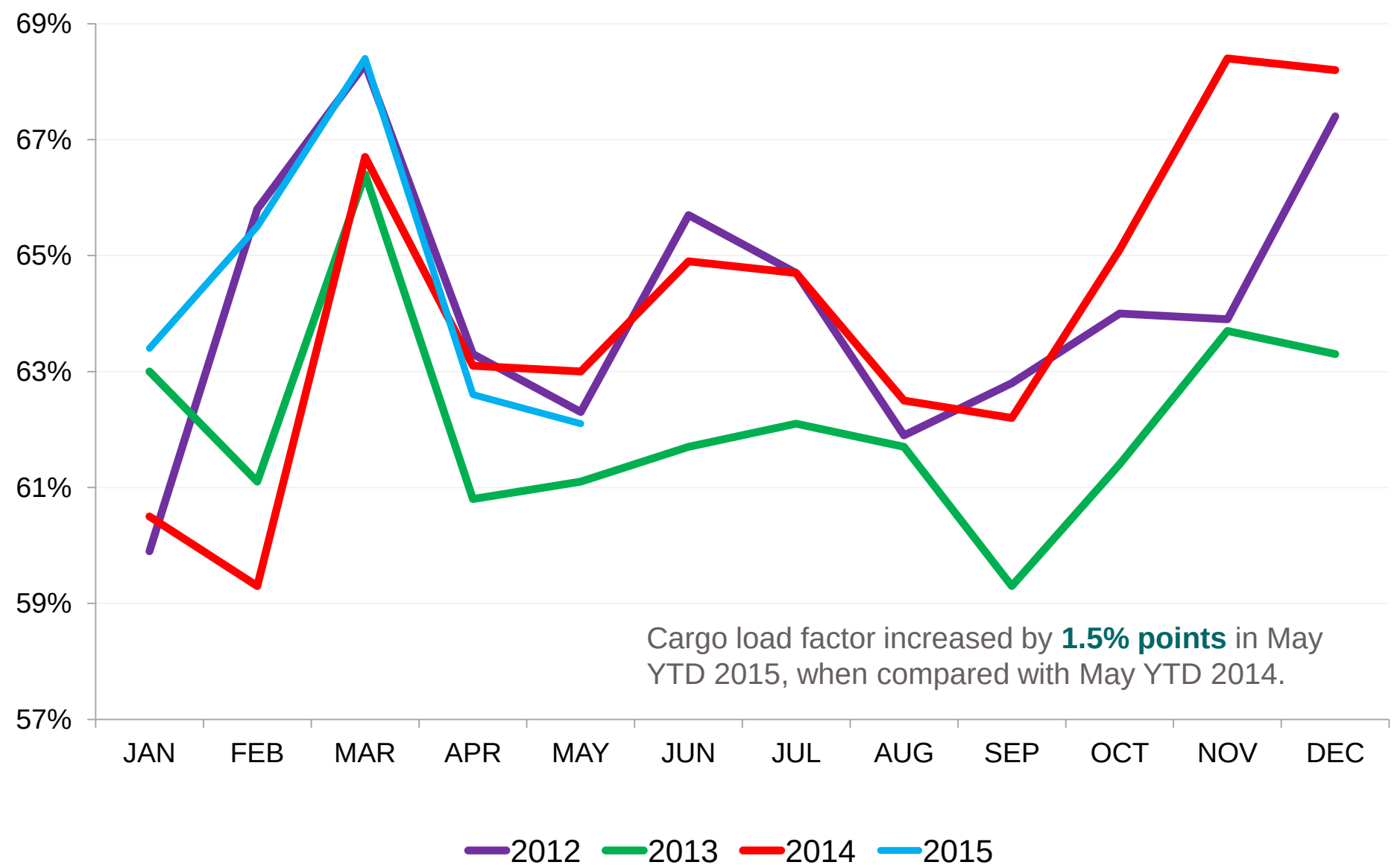
- Increased the frequency of service to **Delhi** from 7 to 8 flights a week.

Apr

- Added two weekly services to **North America** to become 37 flights per week.



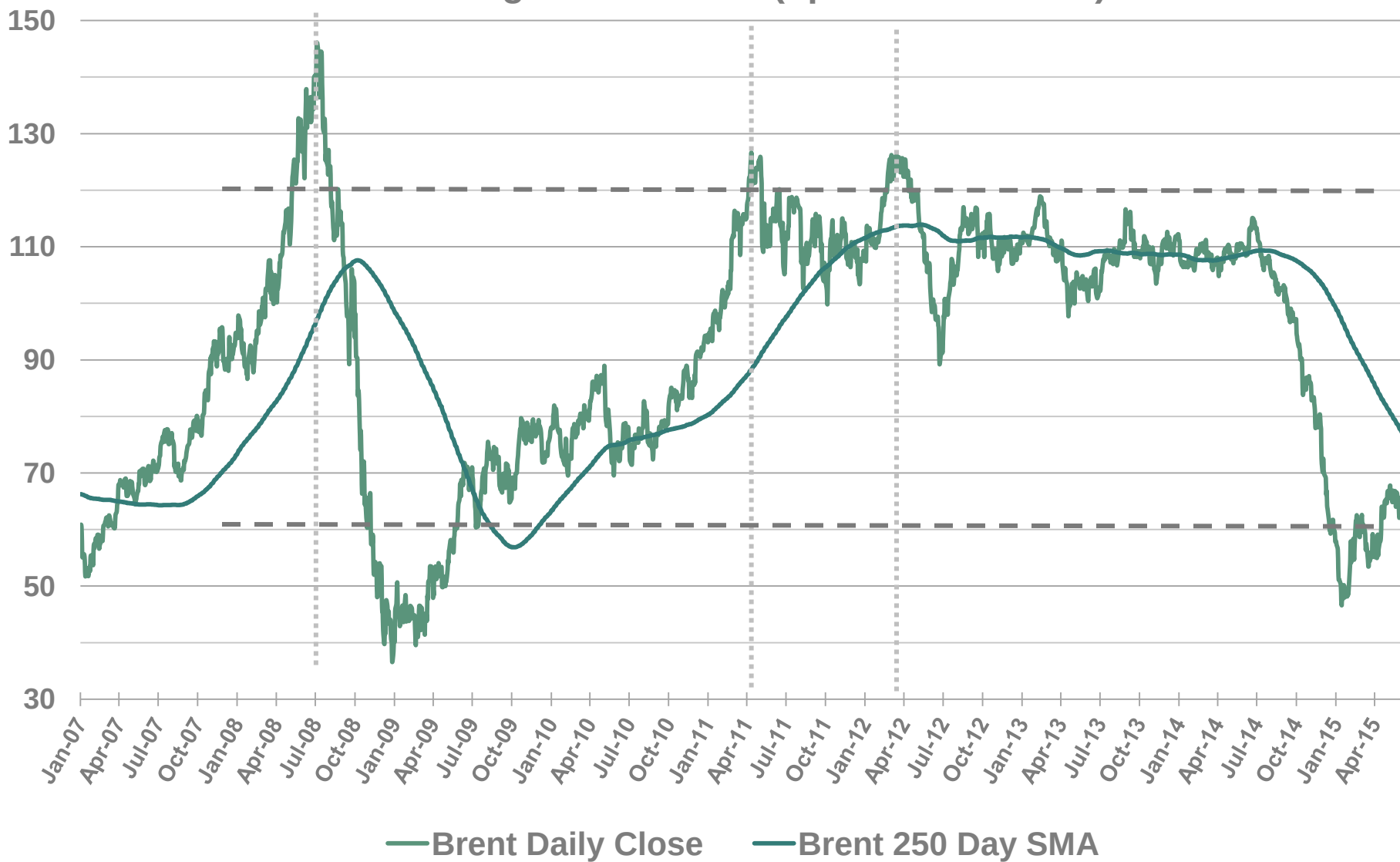
Monthly Cargo Load Factor



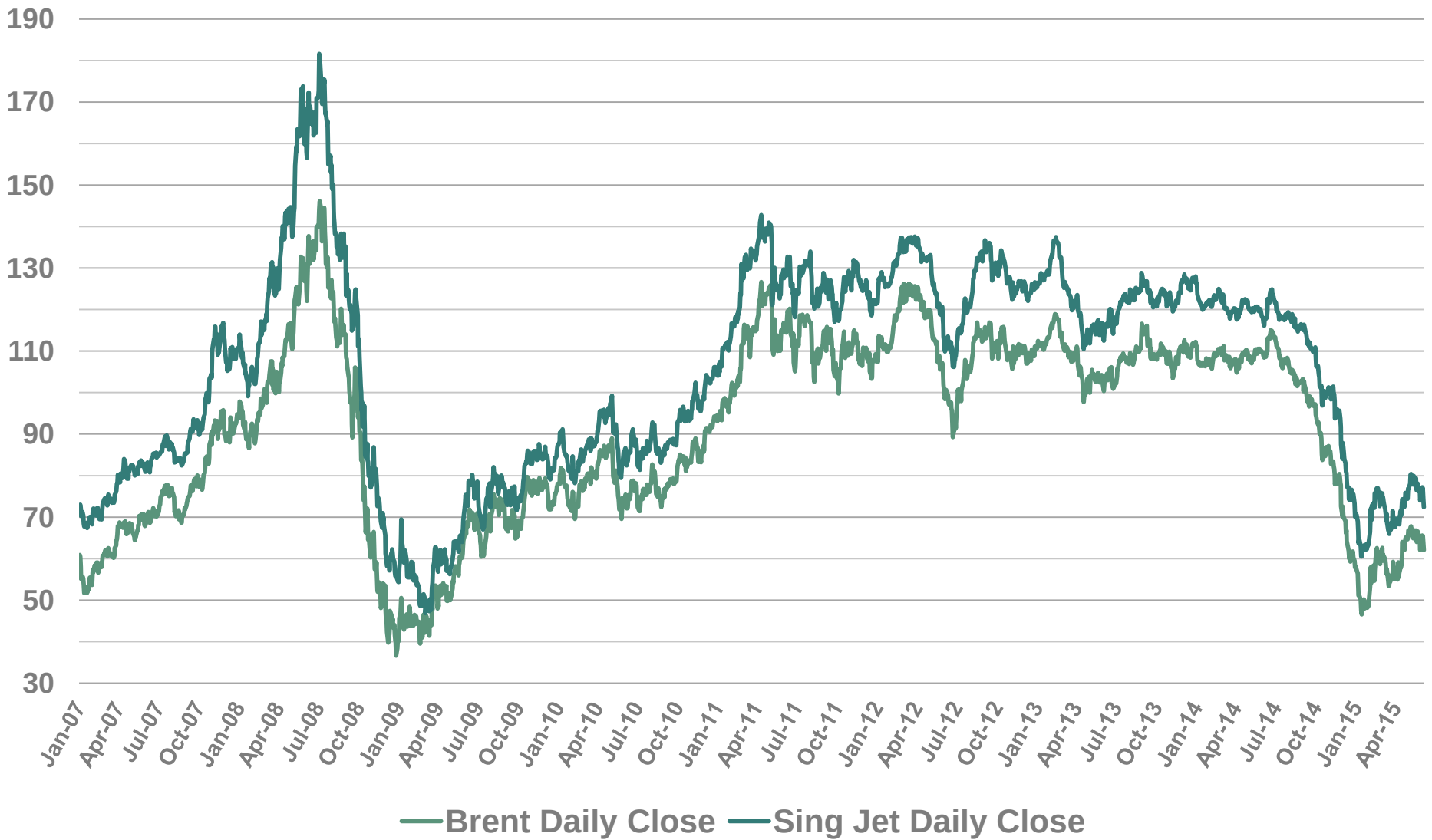
Fuel



USD/Bbl - Brent- Daily Closing Price and 250 Day Simple Moving Average 2007 – 2015 (up to 5 June 2015)



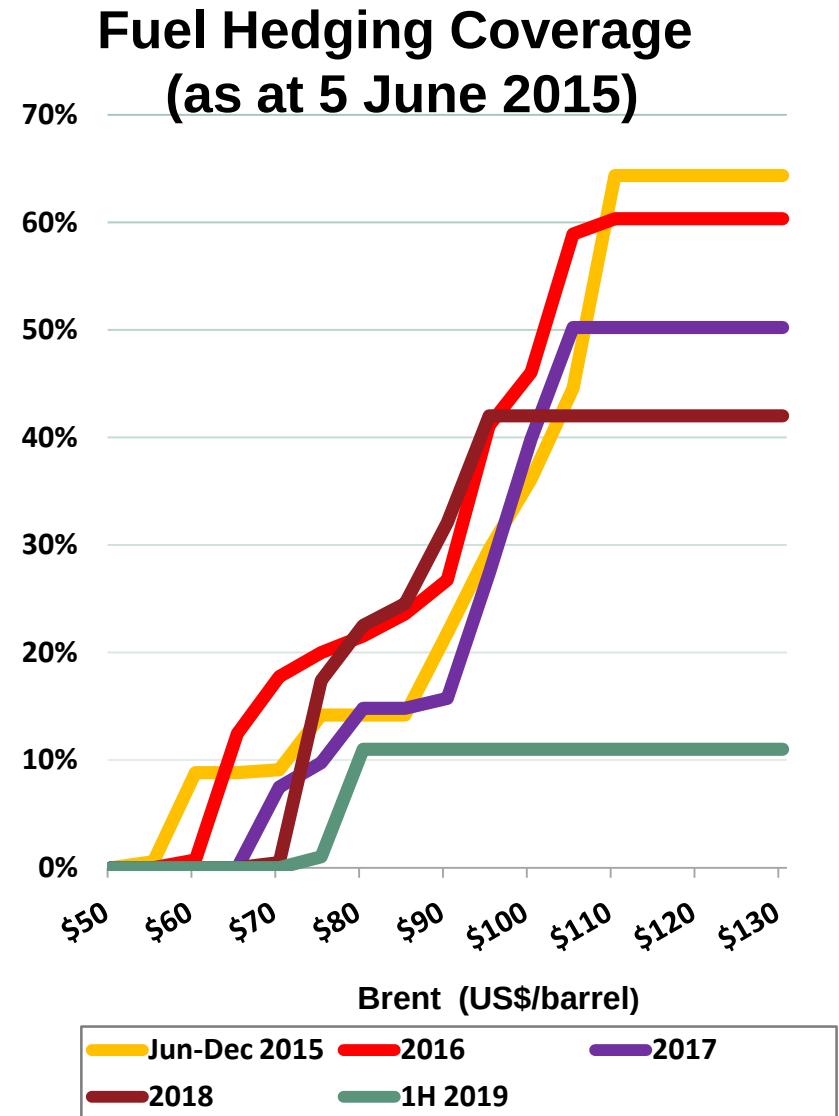
USD/Bbl - Brent and Sing Jet Daily Closing Price 2007 - 2015



Fuel Hedging

Fuel Hedging

- Provide a level of insurance against fuel prices rising beyond the point at which the airline is viable – ‘sustainability insurance’.
- Provide lower earnings volatility (through a reasonable certainty of cost) by giving a level of protection against sudden upward movements in the price of fuel.



Fleet Profile



CX & KA Fleet Profile as at 31 May 15

	In operations			Parked		
	Passenger	Freighter	Total	Passenger	Freighter	Total
1 Jan 2015	163	22	185	-	3	3
New deliveries	7	-	7	-	-	-
Deregistered	(4)	-	(4)	-	-	-
31 May 2015	166	22	188	-	3	3

CX Fleet Profile – as at 31 May 15

Aircraft type (includes parked aircraft)	Owned	Finance Leased	Operating Leased	Total
A330-300	22	15	6	43
A340-300	*8	2	-	10
747-400	3	-	*1	4
747-400F	5	-	-	5
747-400BCF	-	-	1	1
747-400ERF	-	6	-	6
747-8F	2	11	-	13
777-200	5	-	-	5
777-300	9	3	-	12
777-300ER	17	11	23	51
Total	71	48	31	150

* Note: One Boeing 747-400 aircraft was retired and pending for return to lessor in June. Two A340-300 aircraft were retired and will have left the fleet by June.

CX Cargo Fleet Profile – as at 31 May 15

Aircraft type	Number	Parked	In operations
747-400F	5	(2)	3
747-400ERF	6	-	6
747-400BCF	1	(1)	-
747-8F	13	-	13
Total	25	(3)	22

KA Fleet Profile – as at 31 May 15

Aircraft type	Owned	Finance Leased	Operating Leased	Total
A320-200	5	-	10	15
A321-200	2	-	6	8
A330-300	10	-	8	18
Total	17	-	24	41

Aircraft Delivery Plan as at 31 May 2015

Aircraft type	2015	2016	2017	2018	2019	2020	2021 & beyond	Total
B747-8F		1						1
A350-900		12	10					22
A350-1000				6	10	10		26
B777-300ER	2							2
B777-9X							21	21
Total	2	13	10	6	10	10	21	72

Retirement Plan

B744 - As at 31 May 2015

Exit date	Number	Remaining
2017	-3	0

A340 - As at 31 May 2015

Exit date	Number	Remaining
By end of 2015	-4	7
2016	-3	4
2017	-4	0

Subsidiaries & Associates



Air China

- Cathay Pacific has a **20.13%** interest in Air China.
- **Significantly improvement in the profit** from Air China in the six months to 31 March 2015, when compared with the same period of 2014. This is attributed by
 - i. Significant reduction in fuel prices;
 - ii. Strong demand;
 - iii. Effective cost management through optimizing aircraft model and route structures and
 - iv. Lower exchange losses.
- We account for Air China's results three months in arrears.

Cargo business

Air China Cargo

- Expect an improved result from Air China Cargo in first half of 2015 when compared with the first half of 2014.
- Reflected the general improvement in air cargo market, reduction in fuel prices and improved operating efficiency resulting from the replacement of new aircraft.

Cathay Pacific Services Limited

- Our new cargo terminal became fully operational in October 2013. Capacity to handle 2.6 million tonnes of cargo annually.
- Expect an improved result in first half of 2015 when compared with the first half of 2014.

Major Subsidiaries

AHK Air Hong Kong

- Operates a fleet of eight owned Airbus A300-600F, two dry leased Airbus A300-600F and three Boeing 747-400BCF converted freighters dry-leased from Cathay Pacific
- **Expect an increase in profit** in the first half of 2015 compared to first half of 2014.

Cathay Pacific Catering Services

- Growth in the number of meals produced.
- **Expect a slightly higher profit** in the first half of 2015 compared to first half of 2014.

Asia Miles

- Membership exceeds 7 million worldwide.
- **Expect an increase in profit** in the first half of 2015 compared to first half of 2014.



Our Products / Services





Manila Lounge

May 2015



Bangkok Lounge

June 2015



The Noodle Bar



Branding



Life Well Travelled

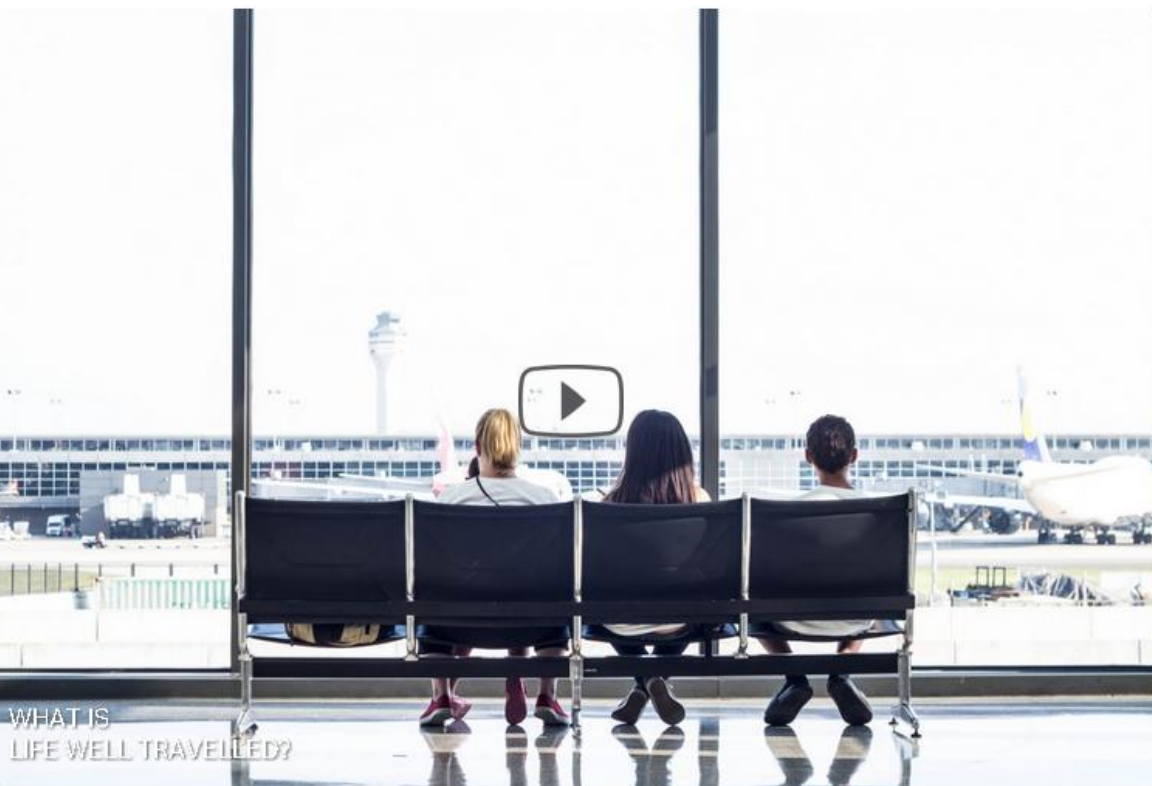


Life Well Travelled

We believe that travelling well is an important part of living well.

That's why we continually strive to enhance the overall travel experience. Because when you travel well, your trip can become more memorable, more meaningful, more rewarding.

Discover what [#lifewelltravelled](#) means to fellow passengers, see how our people enable you to travel well, and share your own memorable experiences with us.



People



Changes in Board of Directors

- With effect from 1st January 2015:
 - **James W.J. Hughes-Hallett** and **Peter Kilgour** resigned as Non-Executive Directors
 - **Martin Cubbon** and **Samuel Swire** were appointed as Non-Executive Directors
- With effect from the 20th May 2015:
 - **Jack So** and **C.C. Tung** retired as Independent Non-Executive Directors after serving on the CX Board for over 12 years
 - **John Harrison** and **Andrew Tung** were appointed as Independent Non-Executive Directors



Appointments of Directors



Simon Large

Director Cargo

Tom Owen

Director People



Paul Loo

Director Corporate
Development

Anna Thompson

Director Flight
Operations



A photograph of a modern lounge area. In the foreground, there is a dark grey armchair and a wooden coffee table with a lamp and a cup of tea. In the background, there are large windows with a grid pattern, looking out onto a cityscape.

2015 Outlook

- Remain positive about the overall prospects for 2015.
- The second half of the year is traditionally stronger.
- Strong demand for passenger business should continue, although yield is under pressure from growing competition and currency impact.
- Demand for our cargo business is expected to be stable in the second half of 2015. The positive momentum for intra-Asia traffic is expected to continue while the competition on our transpacific routes will intensify.
- Continued enhancement and investments in our fleet, product and network development.



Q&A

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

