



Analysts Briefing

27 November 2015

Cathay Pacific Airways Limited

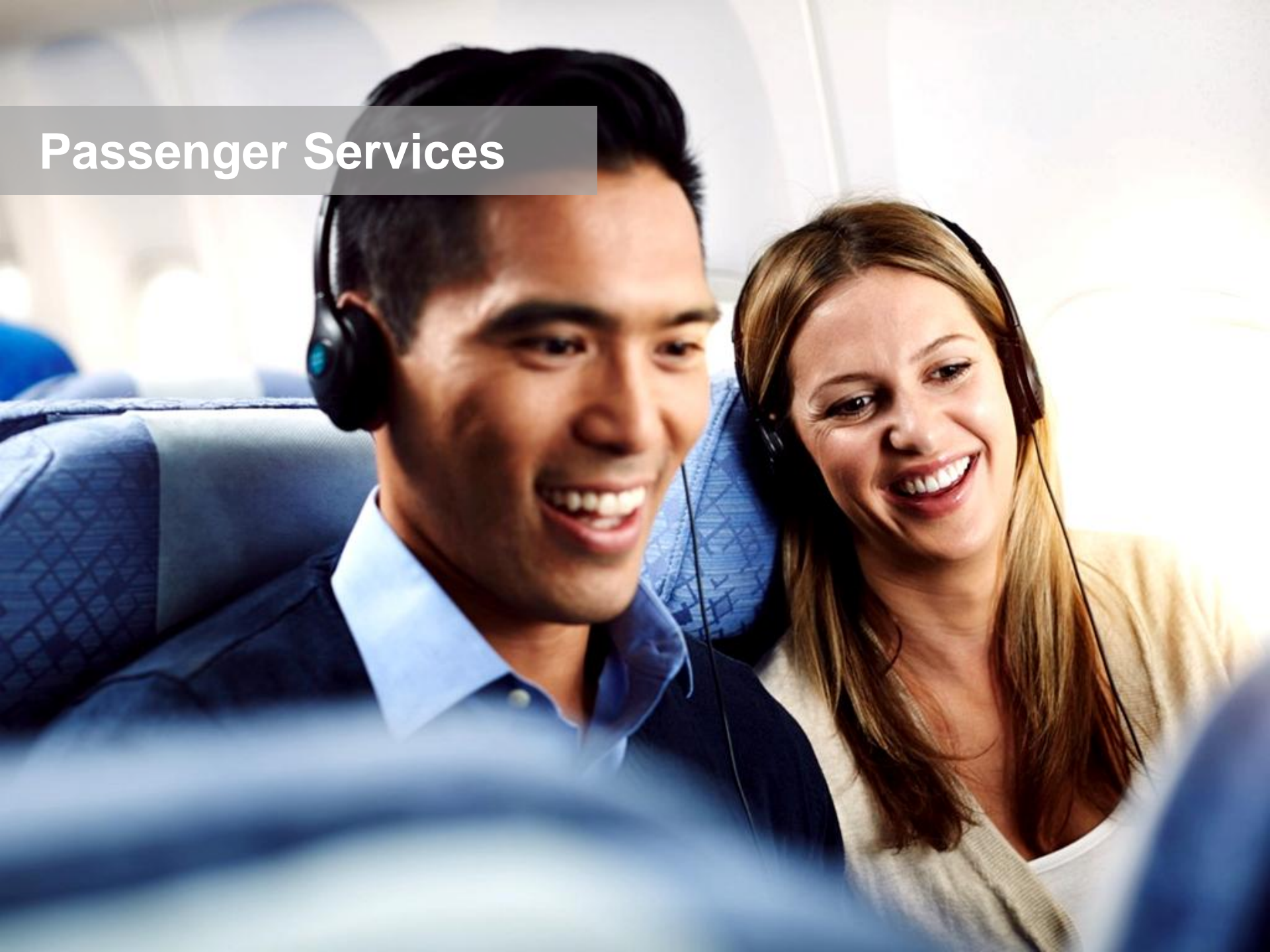


Operating performance - overview



- Passenger load factors are high, driven by strong back-end demand.
- Passenger front-end yield and load factor is lower than expectations.
- The cargo market remains weak.
- We continue to benefit from lower net fuel costs.
- Strong performance from our share in associate companies.
- Increasing air traffic control and congestion issues in our home hub.

Passenger Services



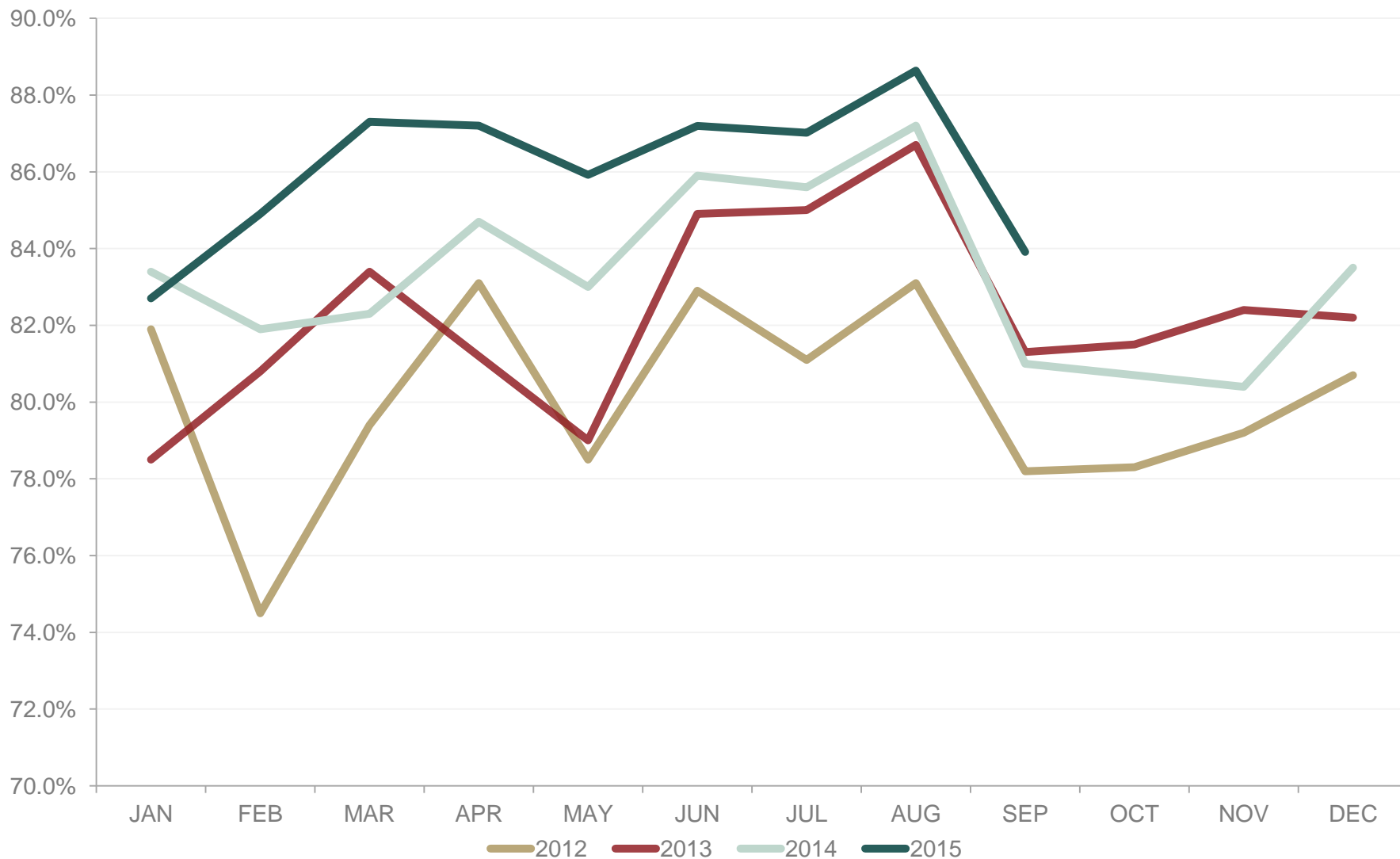
Operating performance - Passenger

- High passenger load factors
 - Strong back-end demand.
 - Front-end lower than expectations.
- Yields remain under pressure
 - Significant reduction in fuel surcharges.
 - Strong competition.
 - Negative impact on currency movements.
- Increased capacity (ASK)
 - Introduction of new routes.
 - Increased frequency on some existing routes.

		Year to Q3 2015	Year to Q3 2014	% Var
ASK	Million	106,241	100,199	+6.0%
Passengers carried	'000	25,509	23,568	+8.2%
Passenger load factor	%	86.1	83.9	+2.2%



Passenger Load Factors



Operating performance – Regions

Sept YTD performance vs 2014

Europe

ASK: +10.9%

LF: +0.6%pt

North Asia

ASK: +2.3%

LF: +2.8%pt

North America

ASK: +6.0%

LF: +0.9%pt

India, Middle East, Pakistan & Sri Lanka

ASK: -7.4%

LF: +4.0%pt

Southeast Asia

ASK: +13.3%

LF: +2.7%pt

Southwest Pacific & South Africa

ASK: +7.2%

LF: +3.5%pt

Dragonair Network

Joint-operating and codeshare services are not shown.
— Cathay Pacific Service — Dragonair Service

* Cathay Pacific service to Madrid commences on 2 June 2016, subject to government approval.

Network Development – Cathay Pacific



2015

March	▪ Introduced a daily service to Zurich .
May	▪ Introduced a 4-times-weekly service to Boston .
June	▪ Increased services to San Francisco to 17 flights per week.
Sept	<ul style="list-style-type: none">▪ Introduced a 4-times-weekly service to Dusseldorf.▪ Announcement of a 4-times-weekly service to Madrid to commence from June 2016.
Oct	▪ Increased to a daily direct service to Colombo .
Nov	▪ Increased services to Ho Chi Minh City to 18 flights per week.

Network Development - Dragonair

2015

- | | |
|---------------|---|
| March | ▪ Launched a daily service to Haneda in Tokyo. |
| May | ▪ Increased service to Kolkata to six flights per week. |
| August | ▪ Launched a twice weekly service to Hiroshima . |
| Nov | ▪ Increased service to Shanghai Hongqiao to nine flights per week. |



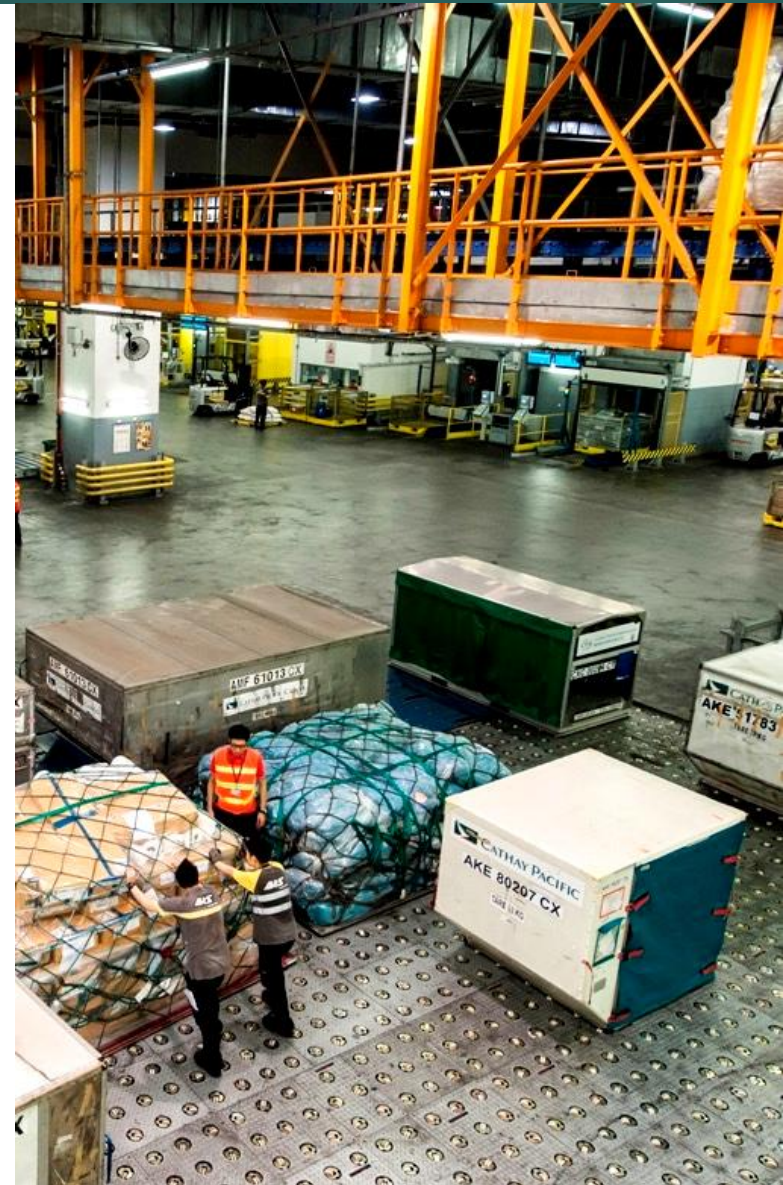
Cargo Services



Operating performance – Cargo

- Increased capacity
 - Load factor remains flat.
- Yields remain under pressure
 - Strong competition.
 - Significant reduction in fuel surcharge collection.
 - Unfavourable currency movements.
 - Over-capacity in the air cargo market.
- Traditional Q4 peak expected

		Year to Q3 2015	Year to Q3 2014	% Var
Cargo capacity (ATK)	Million	22,302	20,904	+6.7%
Cargo & mail carried	'000 tonnes	1,315	1,245	+5.6%
Cargo & mail load factor	%	63.2	63.2	-



Operating performance – Cargo Load Factors



Network Development - Cargo



2015

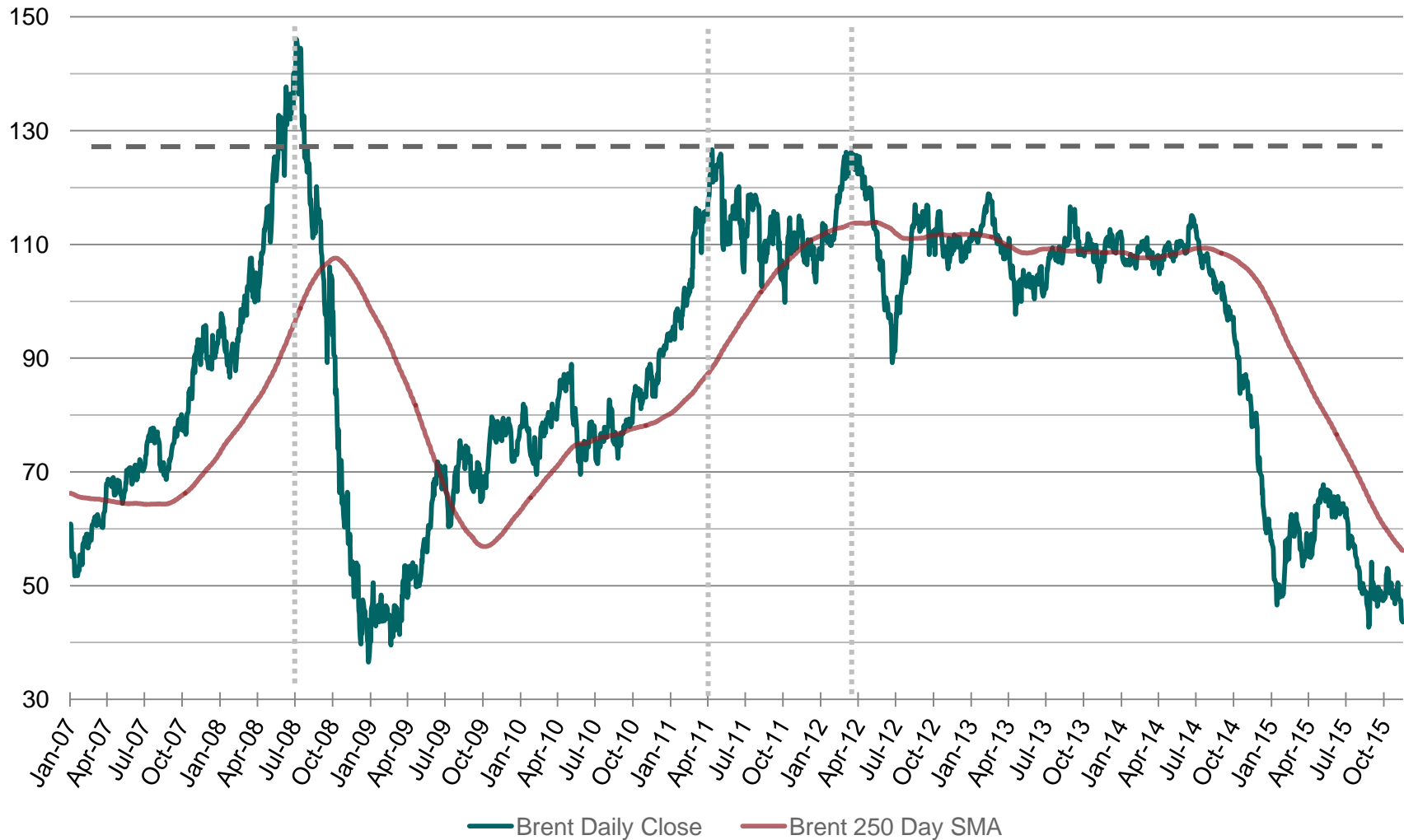
March	<ul style="list-style-type: none">Introduced a twice-weekly freighter service to Kolkata.
April	<ul style="list-style-type: none">Added two additional services to North America to become 37 weekly flights.



Fuel

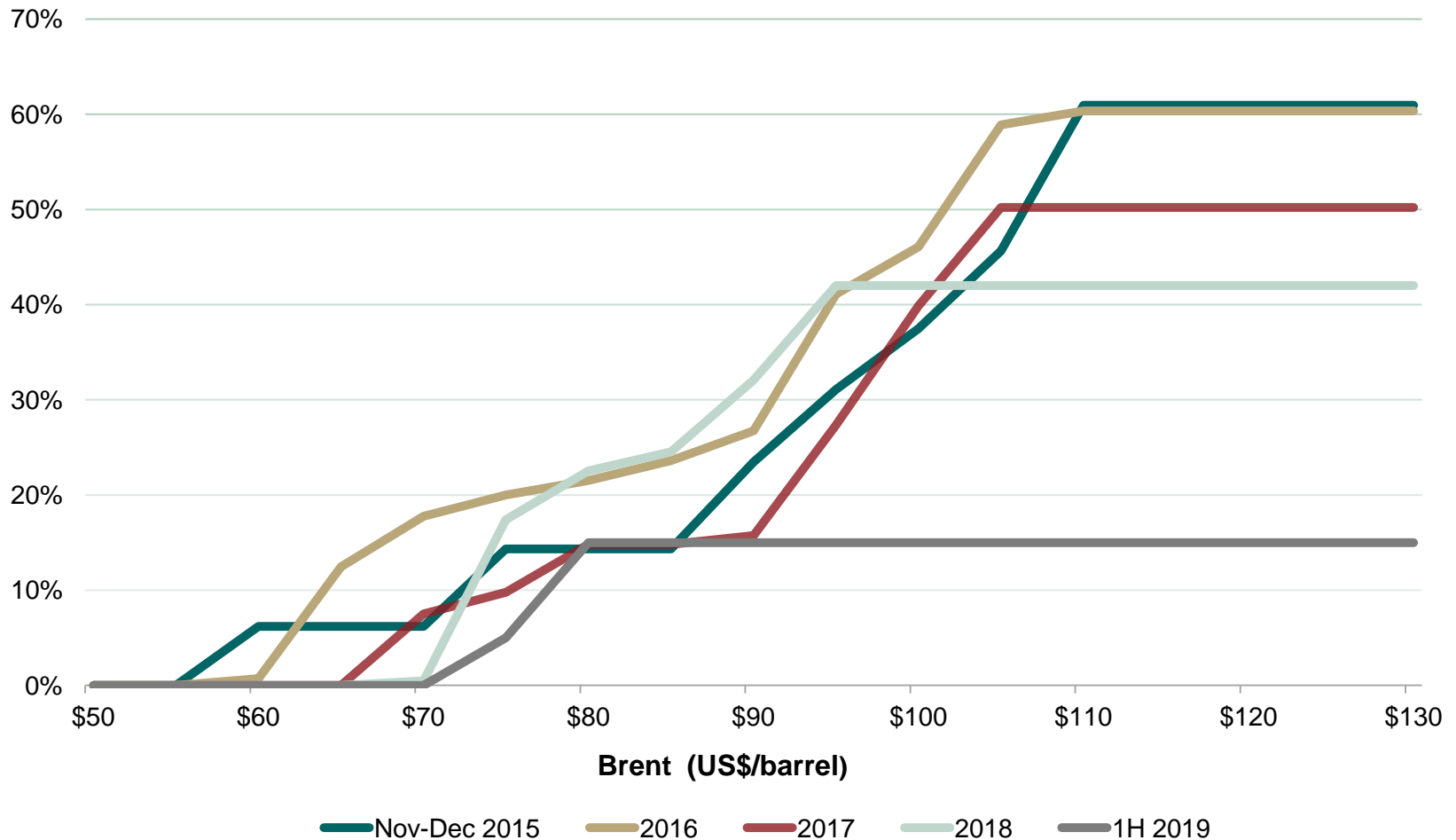
Fuel Hedging - Fuel prices

USD/Bbl - Brent- Daily Closing Price and 250 Day Simple Moving Average
2007 - 2015

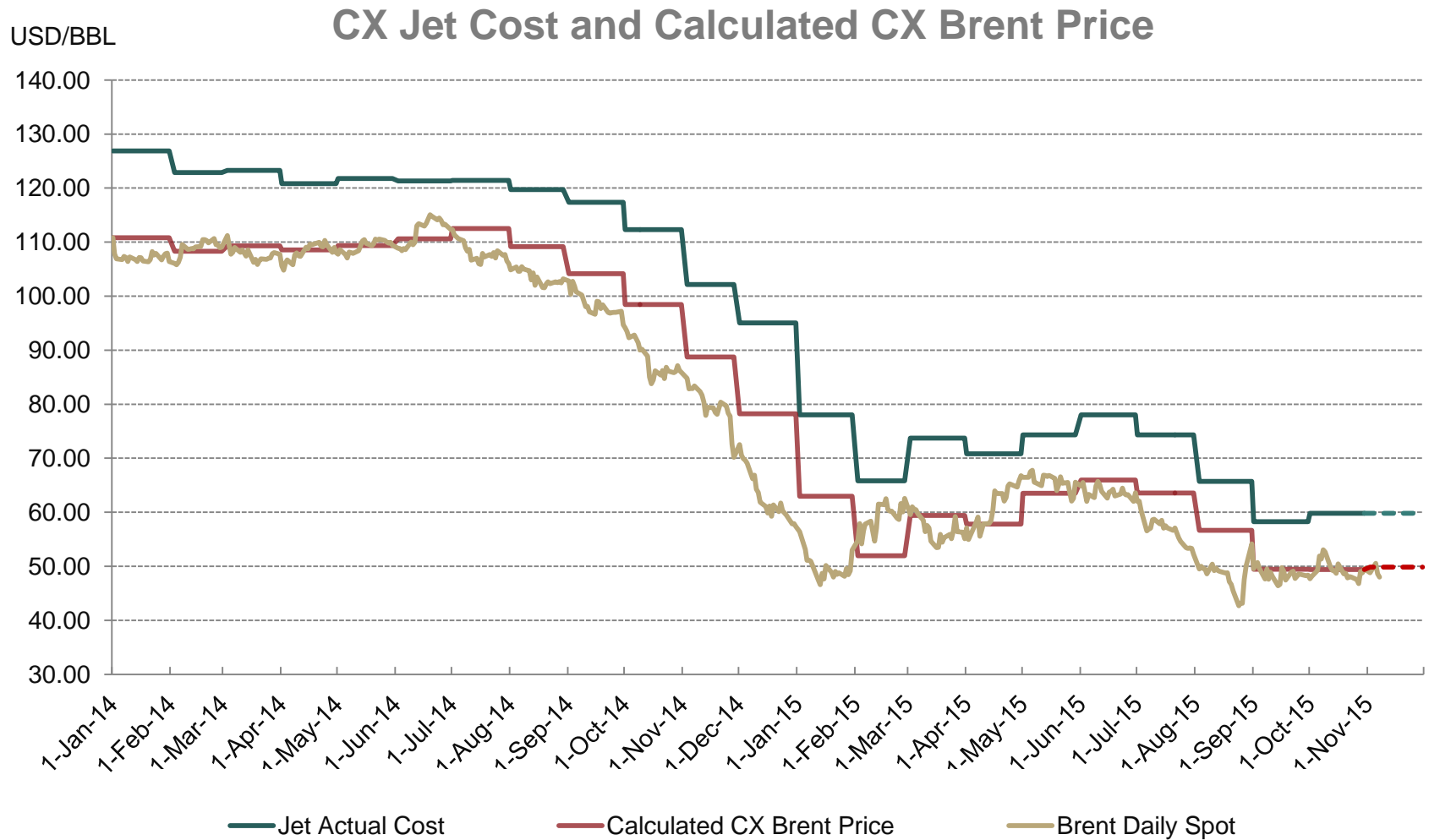


Fuel Hedging

Fuel hedging coverage
(as at 31 Oct 2015)



Fuel Hedging - Fuel prices

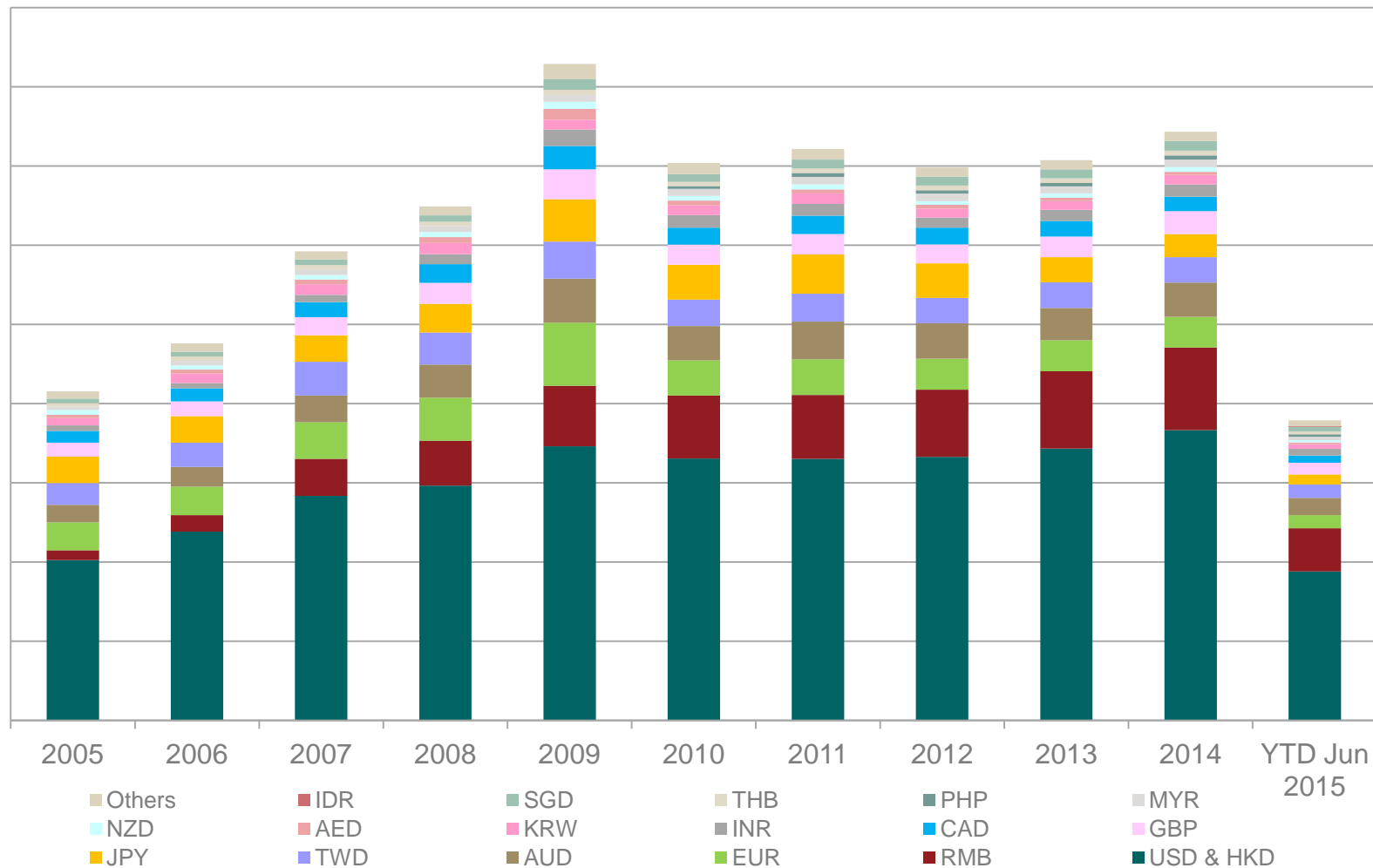


Note: Jet Actual Cost is net of 3rd party handling charges

Calculated CX Brent Price = Jet Actual Cost minus Crack, where Crack is assumed based on prior-month Sing Jet- Brent Crack

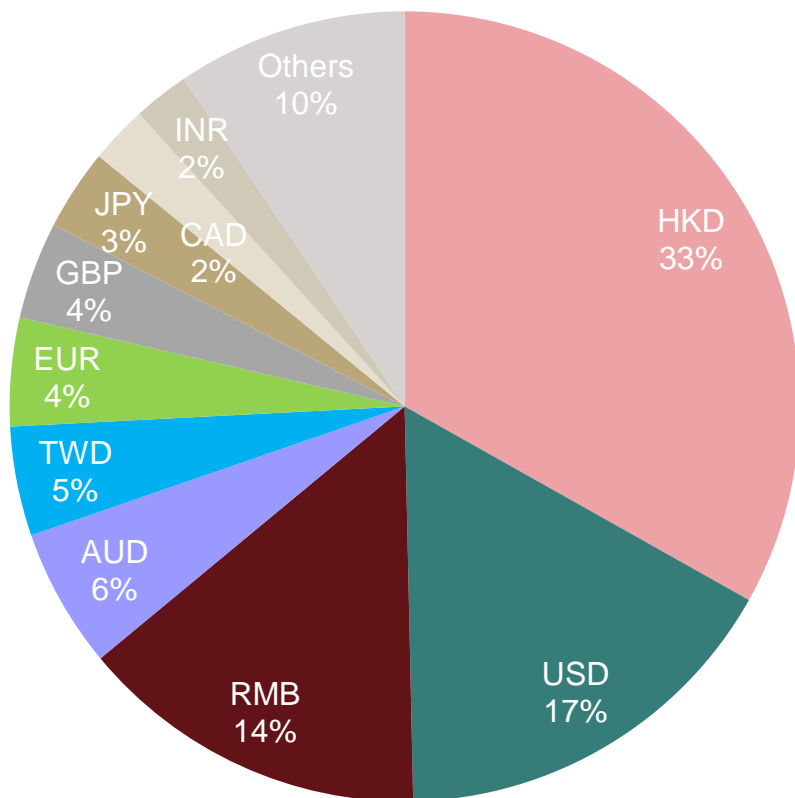
Revenue mix – by currency

Total foreign currency revenue in 2014: 51%

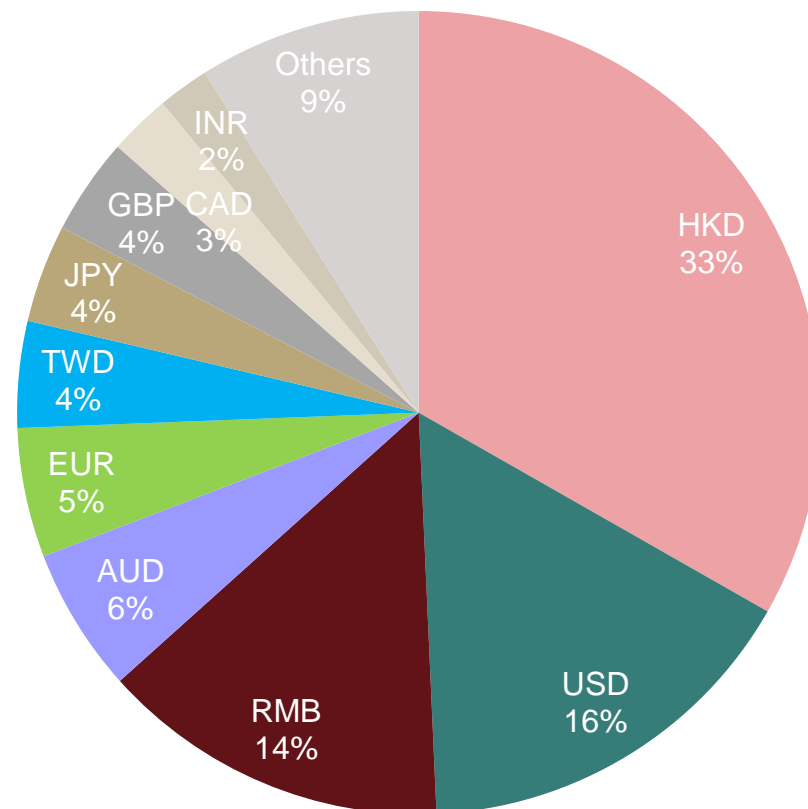


Revenue mix – by currency

YTD June 2015



FY 2014



Foreign Currency Movements – 8 Biggest

	From 1 st Jan to 30 th Oct 2015	From 1 st Jan to 31 st Dec 2014
RMB	-1.74%	-2.42%
AUD	-12.77%	-8.00%
EUR	-9.07%	-12.10%
TWD	-2.95%	-5.77%
JPY	-0.73%	-12.13%
GBP	-1.01%	-5.97%
CAD	-11.23%	-8.41%
INR	-2.93%	-1.81%

Fleet Profile



CX and KA Fleet Profile

	In operations			Parked		
	Passenger	Freighter	Total	Passenger	Freighter	Total
1 Jan 2015	163	22	185	-	3	3
New deliveries	9	-	9	-	-	-
Return to lessors	-	-	-	-	-	-
Parked aircraft	-	1	1	-	(1)	(1)
Deregistered	(8)	-	(8)	-	(1)	(1)
31 October 2015	164	23	187	-	1	1

CX Fleet Profile – as at 31 Oct 2015

Aircraft type (includes parked aircraft)	Owned	Finance Leased	Operating Leased	Total
A330-300	23	14	6	43
A340-300	5	2	-	7
747-400	3	-	0	3
747-400F	4	-	-	4
747-400BCF	-	-	1	1
747-400ERF	-	6	-	6
747-8F	2	11	-	13
777-200	5	-	-	5
777-300	10	2	-	12
777-300ER	19	11	23	53
Total	71	46	30	147

CX Cargo Fleet Profile – as at 31 Oct 2015

Aircraft type	Number	Parked	In operations
747-400F	4	(1)	3
747-400ERF	6	-	6
747-400BCF	1	-	1
747-8F	13	-	13
Total	24	(1)	23



KA Fleet Profile – as at 31 Oct 2015

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 & Retirement Plans

Deliveries

Aircraft type	2015	2016	2017	2018	2019	2020	>2021	Total
B747-8F		1						1
A350-900		12	10					22
A350-1000				6	10	10		26
B777-300ER								0
B777-9X							21	21
Total		13	10	6	10	10	21	70

Retirements

B744 - As at 31 October 2015

Exit date	Number	Remaining
2016	-3	0

A340 - As at 31 October 2015

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

Subsidiaries & Associates



Associates

Air China

- Cathay Pacific has a **20.13%** interest in Air China.
- Profits from Air China have **increased significantly** in 2015 compared to the same period in 2014 due to:
 - Significant decrease in fuel prices.
 - increase in revenue from an increase in demand.
- Positive profit alert of the results for the first three quarters of 2015 was issued in October.

Air China Cargo

- Improved results in a weak market.

We account for Air China's results three months in arrears, but Air China Cargo on actual.

- The impact of the devaluation of the RMB in August on Air China will be recognised in our November accounts.
- As disclosed in the Air China 2014 Annual Report, a 1% movement in RMB will lead to a RMB466m impact on the P&L.
- An unfavourable movement in RMB will have an unfavourable impact on the P&L, and vice versa on both companies.

Major Subsidiaries

AHK Air Hong Kong



- Capacity and load factor increased marginally compared with the same period in 2014. Revenue tonne kilometres increased by 2%.
- **Higher profit** in the first half of 2015 compared to first half of 2014.

Cathay Pacific Catering Services



- Growth in the number of meals produced.
- **Lower turnover and profit** in the first half of 2015 compared to first half of 2014.

Asia Miles



- Membership has hit 8 million worldwide. **11%** increase in redemptions by Asia Miles members in the first half of 2015 compared to the same period last year.
- More than **90%** of Cathay Pacific and Dragonair flights carry passengers who have redeemed frequent flyer miles through the Asia Miles programme.

Cathay Pacific Services Limited (Cargo Terminal)



- Improved results in the first half of 2015 compared to first half of 2014.
- This reflects some additional customers and tighter management of operating costs.



Our Products / Services



The Pier First Class Lounge

Reopened June 2015



Manila, Bangkok and Taipei Lounges

Opened from May - November 2015





New livery



Life Well Travelled



Technology

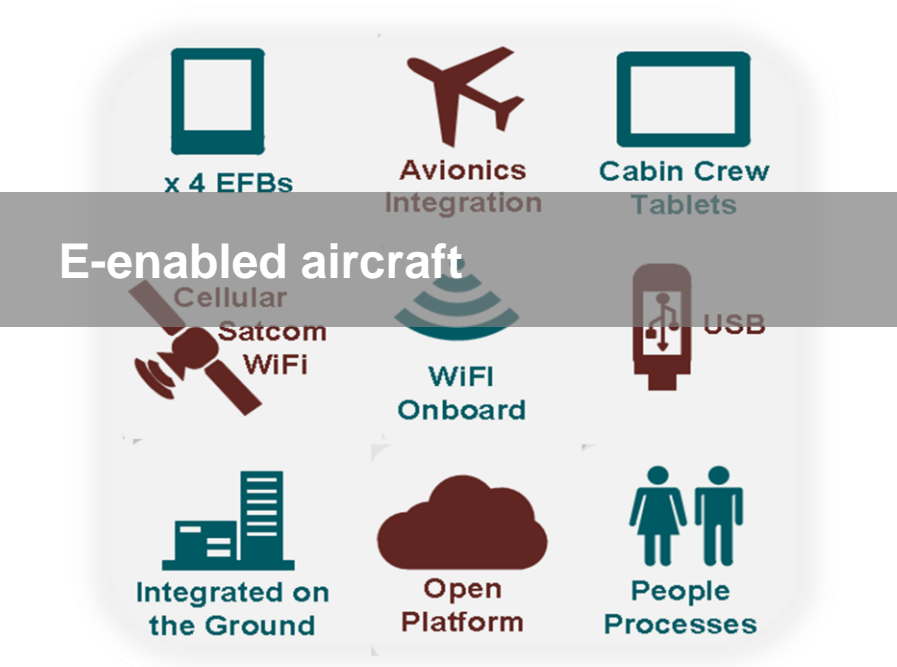




Mobile boarding pass



Cargo mobile applications



Passenger reservation system

Information Technology systems



Mobile Apps



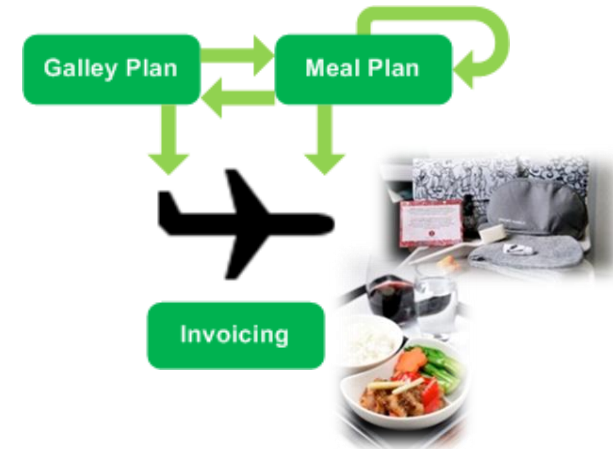
Cargo Services System



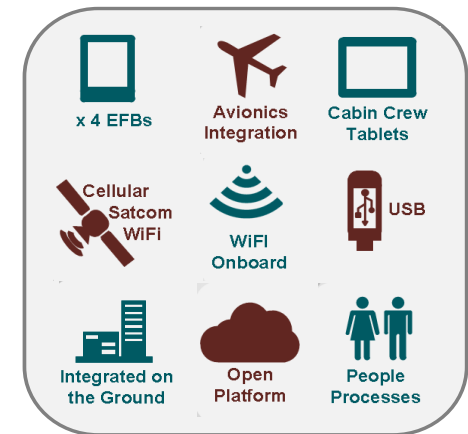
Integrated Channel Experience

Horizon 8

PSS
Check-in to the future



Integrated Catering Solutions
(ICATS)



E-enabled aircraft



Cathay

Best Transpacific Airline
Skytrax World Airline Awards 2015



Dragonair

World's Best Regional Airline
Best Regional Airline in Asia
Skytrax World Airline Awards 2015



Best Frequent flyer programme
. Business Traveller Asia-Pacific Awards 2015



Cathay Pacific Cargo

Best Airline - Asia-Pacific
Cargo of the Year Awards 2015



Best airline lounge Asia Pacific
. Business Traveller Asia-Pacific Awards 2015

2015 Outlook



- Remain positive about the overall improvement in our business in 2015.
- Demand in the back-end continues to remain strong.
- Front-end demand and yield under pressure.
- The cargo business remains weak.
- We continue to benefit from lower net fuel prices, partially offset by adverse currency movements.
- Air China continues to perform well.
- Congestion and operational issues in our home hub remains a challenge.



Q&A

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

