



Cathay Pacific Airways

2011 Interim Results

10 August 2011

Interim Result

	1H 2011	1H 2010
Group profit	HK\$2,808m	HK\$6,840m
Group turnover	HK\$46,791	HK\$41,337m
Profit margin	6.0%	16.5%
Return on capital employed	8.8%	21.9%
Available tonne kilometres	12,846m	11,436m
Cost per ATK	HK\$3.35	HK\$3.14
Cost per ATK without fuel	HK\$1.94	HK\$2.01
Revenue load factor	76.3%	82.2%
Breakeven load factor	71.2%	70.9%



Airlines interim operating profit

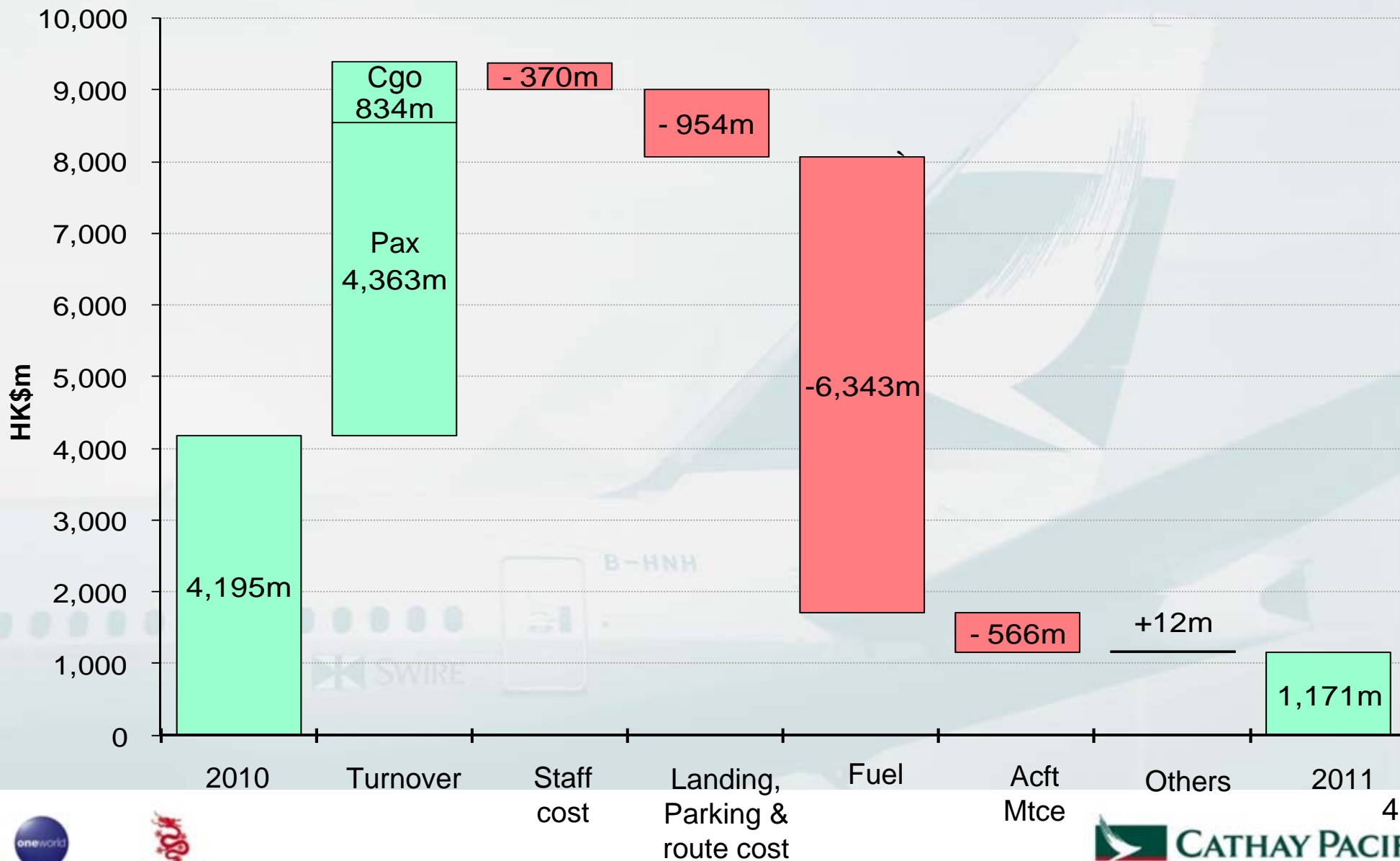
	<u>1H 2011</u> HK\$M	<u>1H 2010</u> HK\$M
Airlines' operating profit before fuel hedging, non-recurring items and tax	1,171	4,195
Profit on disposal of Hactl and HAECO shares	-	2,165
Net provision for impairment of aircraft and related equipment	-	(9)
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Airlines profit before fuel hedging gains/ (losses) and tax	1,171	6,351
Realised and unrealised fuel hedging gains/ (losses)	962	(104)
Tax charge	(380)	(403)
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Airlines' profit after tax	1,753	5,844
Share of profits from subsidiaries & associates	1,055	996
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Profit attributable to owners of Cathay Pacific	2,808	6,840



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Airlines operating profit before fuel hedging, non-recurring items and tax

Reconciliation : Interim 2010 to 2011



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Passenger Service - Key Numbers

	1H 2011	vs 1H 2010
Turnover	HK\$31,774m	+15.9%
Seat capacity (ASK)	61,136m	+9.8%
Passenger number	13.2m	+1.7%
Passenger yield	HKc65.3	+11.8%
Load factor	79.3%	-4.7%pt



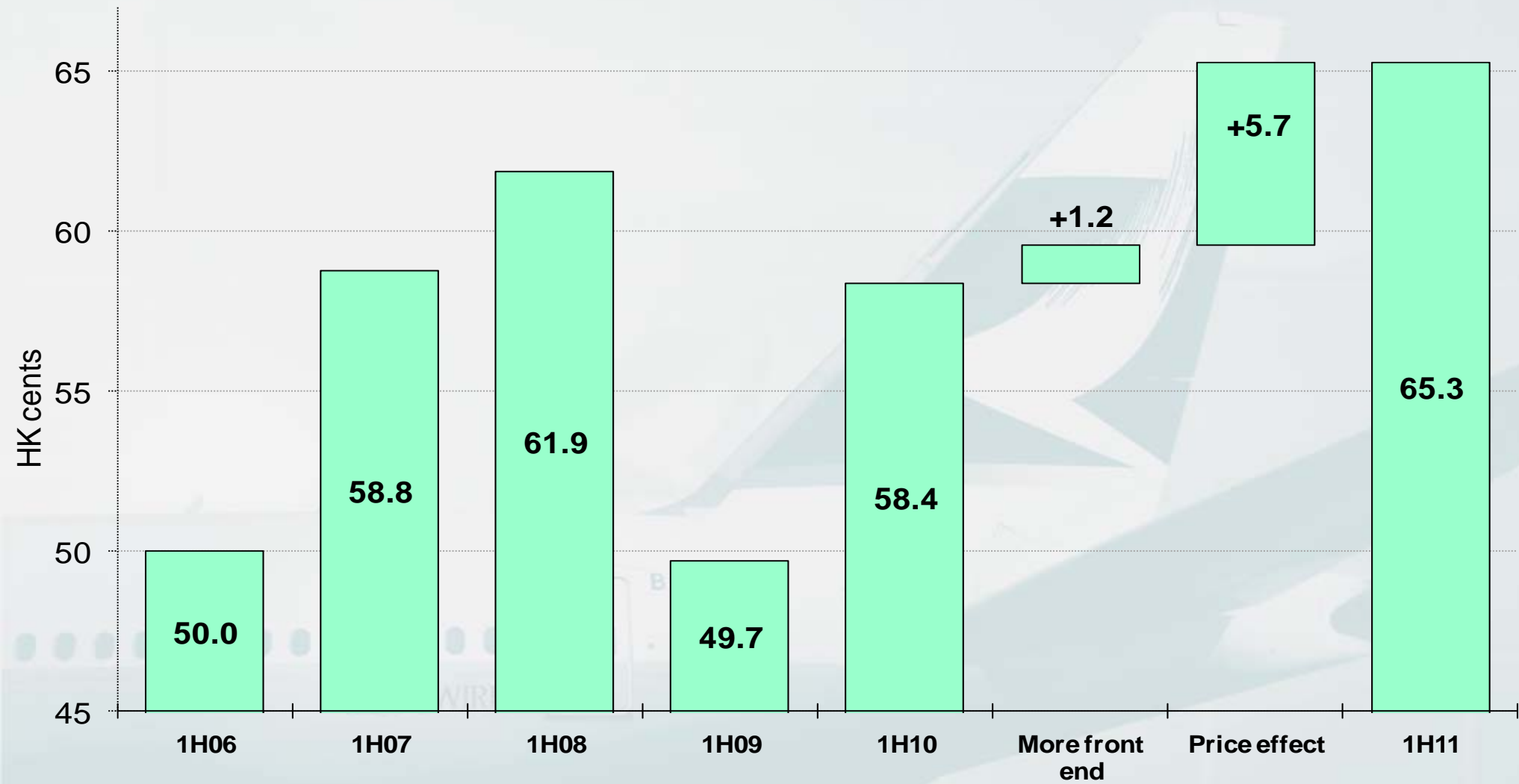
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Passenger Service - by Region

	ASK (m)	vs 1H10	Load Factor	vs 1H10	Yield Change
India, Middle East, Pakistan and Sri Lanka	5,546	+1.3%	75.9%	-2.4%pt	+10.0%
SE Asia	7,714	+13.3%	82.7%	+0.3% pt	+9.8%
SW Pacific & S. Africa	9,444	+3.0%	73.3%	-7.3%pt	+15.6%
Europe	11,159	+13.4%	81.2%	-4.6%pt	+12.3%
North Asia	12,445	+7.8%	69.7%	-10.6%pt	+19.4%
North America	14,828	+15.5%	89.3%	-2.4%pt	+7.7%
Overall	61,136	+9.8%	79.3%	-4.7%pt	+11.8%



Passenger Yield



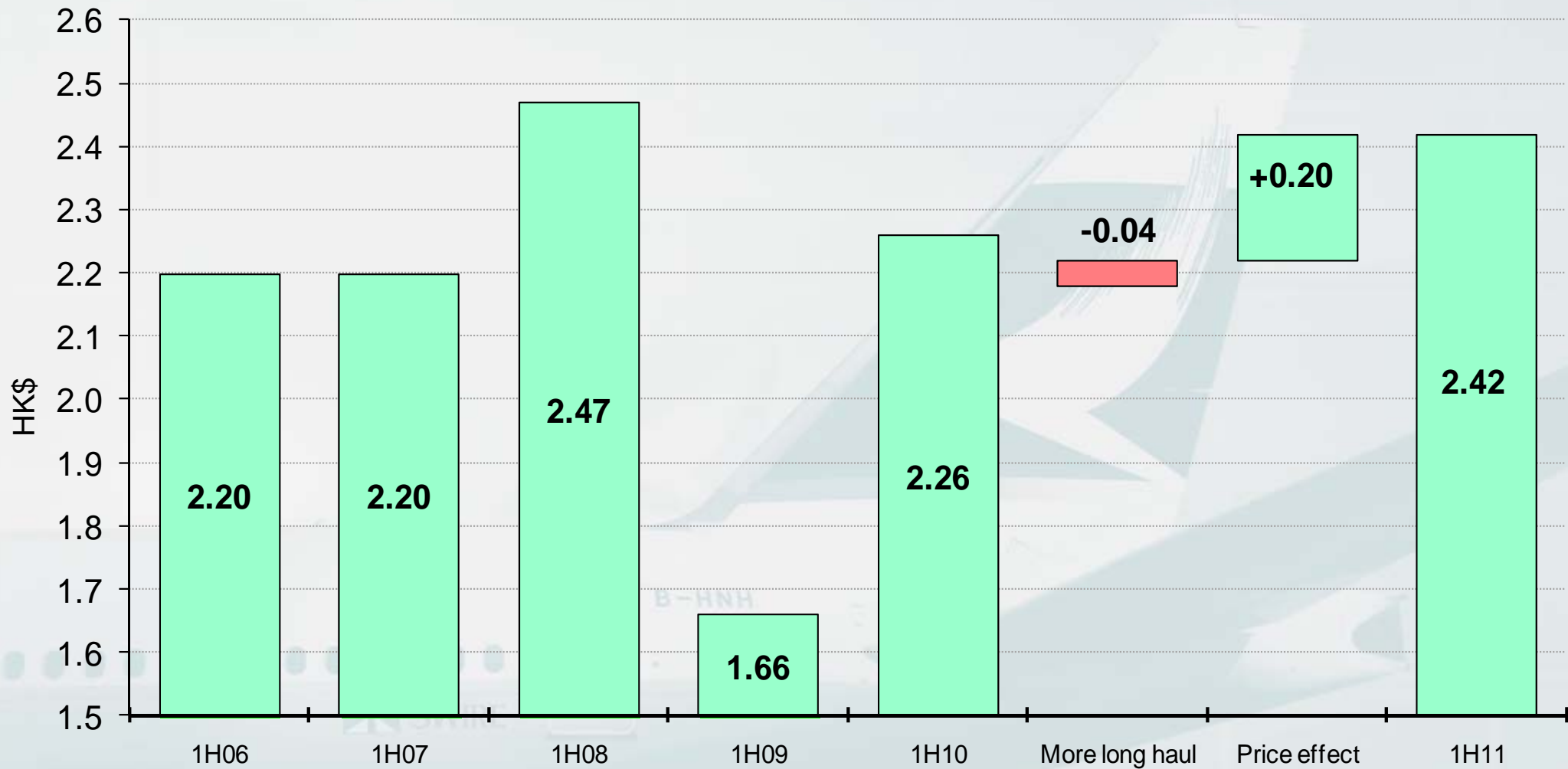
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Cargo Service - Key Numbers

	1H 2011	vs 1H 2010
Group turnover	HK\$12,870m	+8.7%
CX/KA		
- Cargo capacity (ATK)	7,031m	+14.6%
- Cargo and mail carried ('000 tonnes)	836	-4.1%
- Cargo and mail yield	HK\$2.42	+7.1%
- Load factor	68.4%	-9.6%pt



Cargo & Mail Yield



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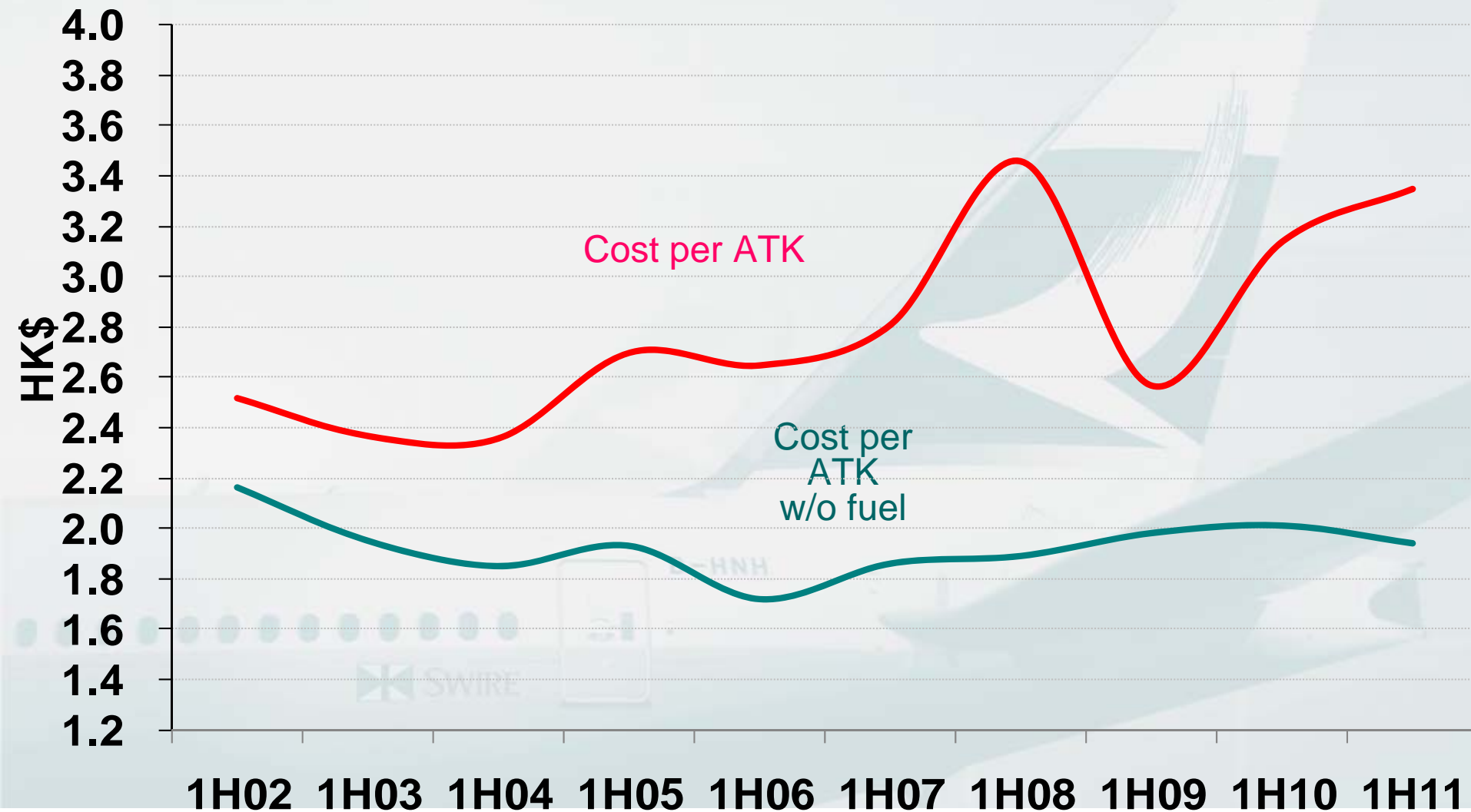
Group Operating Cost

	<u>1H 2011</u>	<u>vs 1H 2010</u>
	<u>HK\$m</u>	
Staff	7,206	+6.6%
Inflight service and passenger expenses	1,797	+15.9%
Landing, parking and route expenses	6,259	+18.5%
Fuel	18,564	+41.0%
Aircraft maintenance	3,760	+18.7%
Depreciation, amortisation and operating leases	4,672	+0.7%
Net finance charges	314	-44.1%
Others	1,735	-4.2%
Total operating expenses	44,307	+20.0%



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Cost per ATK



Fleet composition changes (CX/KA)

<i>Fleet @ 31Dec2010</i>	159
Deliveries (4 x 777-300ER, 2 x A330-300)	6
Returned (1 x 330-300, 1 x A340-300)	(2)
Dry leased to Air Hong Kong	(2)
Dismantled (1 x 747-400)	(1)

Fleet @ 30 Jun 2011 **160**

NB: this total includes the following:

- Parked (3 x A340-300)	3
- Subsequently sold in July (1 x 747-400BCF to Air China Cargo)	1
	4



Firm orders outstanding: 2011-2019

Outstanding as at 30 June 2011	86
Delivered in July 2011	(1)
New orders in August	12
Outstanding as at 10 August 2011	97
A330-300s	19
A350-900s	32
B777-300ERs	28
Pax aircraft	79
B747-8F	10
B777-200F	8
Freighters	18
Total	97



Financial Risk Management

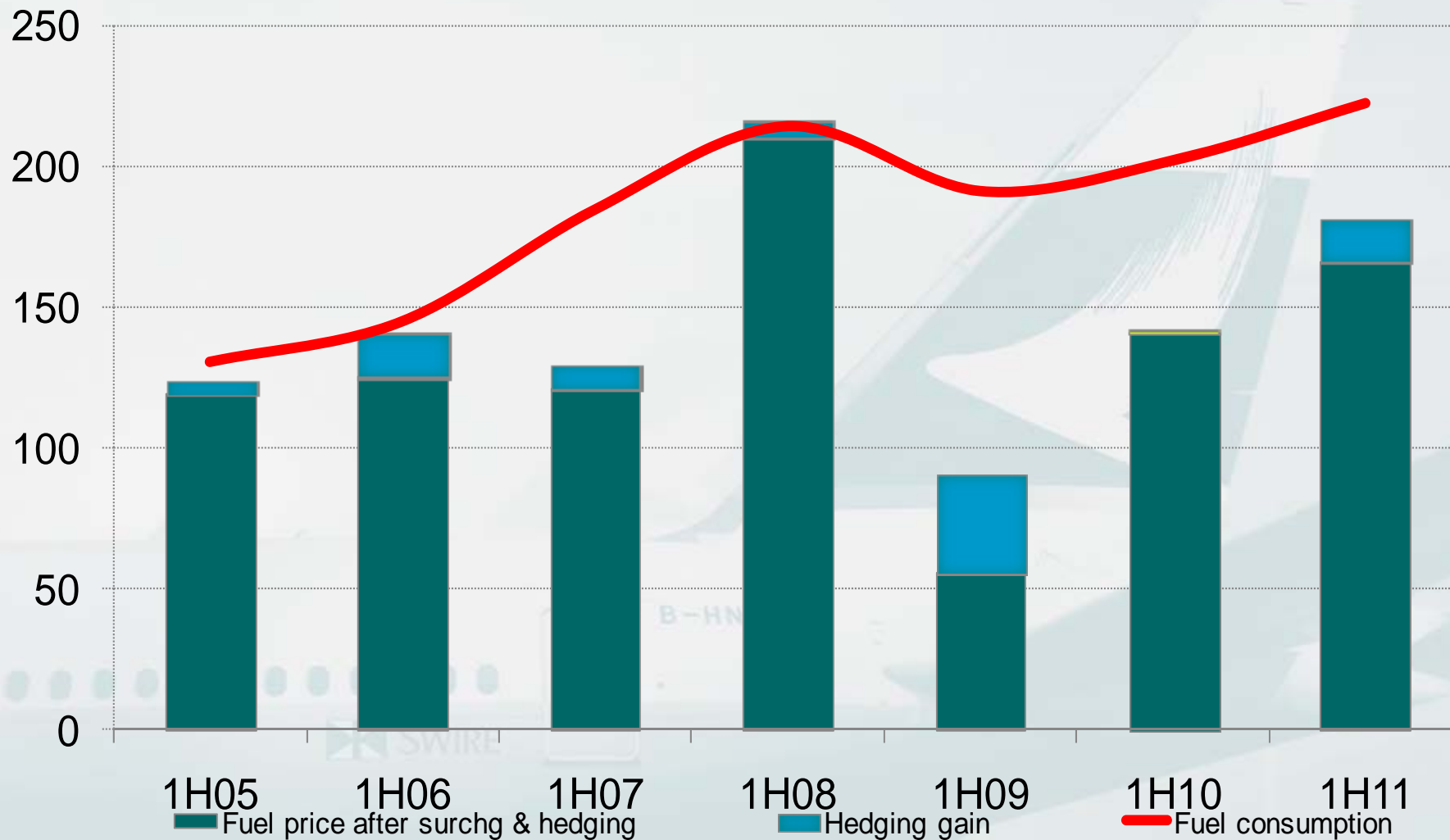
- Currency
 - Currencies appreciated against USD
 - All major currencies are prudently hedged
- Liquidity
- Unpledged liquid funds and undrawn committed lines near HK\$19bn
- Interest rates
- Overall cost of debt about 2.5%
- Strategic management of fixed/floating ratio



Group fuel price & consumption

Fuel price - USc/AG

Consumption - AG'm



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Fuel hedging

Coverage

35%

30%

25%

20%

15%

10%

5%

0%

\$60

\$70

\$80

\$90

\$100

\$110

\$120

\$130

Brent
(US\$/barrel)

— Jul-Dec 2011

— 2012



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Balance Sheet

	<u>30 Jun 11</u> HK\$'M	<u>31 Dec 10</u> HK\$'M	<u>vs Dec 10</u>
Shareholders' funds	54,899	54,274	1.2% up
Gross borrowings	39,238	39,629	1.0% down
Less:			
Liquid funds (less O/D)	(18,640)	(24,194)	22.9% down
Net borrowings	20,598	15,435	33.4% up
Capital employed (incl. MI)	75,664	69,864	8.3% up
Investment in Air China	14,208	12,553	13.2% up
Net debt/equity ratio	0.38	0.28	+ 0.10 times



Liquid Funds Flow

Liquid funds@1Jan

Inflow

Operating activities

New financing

Disposal of investments

Sale of fixed assets and others

Outflow

Capex and Investments

Loan repayment

Dividend paid

Net (outflow)/ inflow

Liquid funds@30Jun

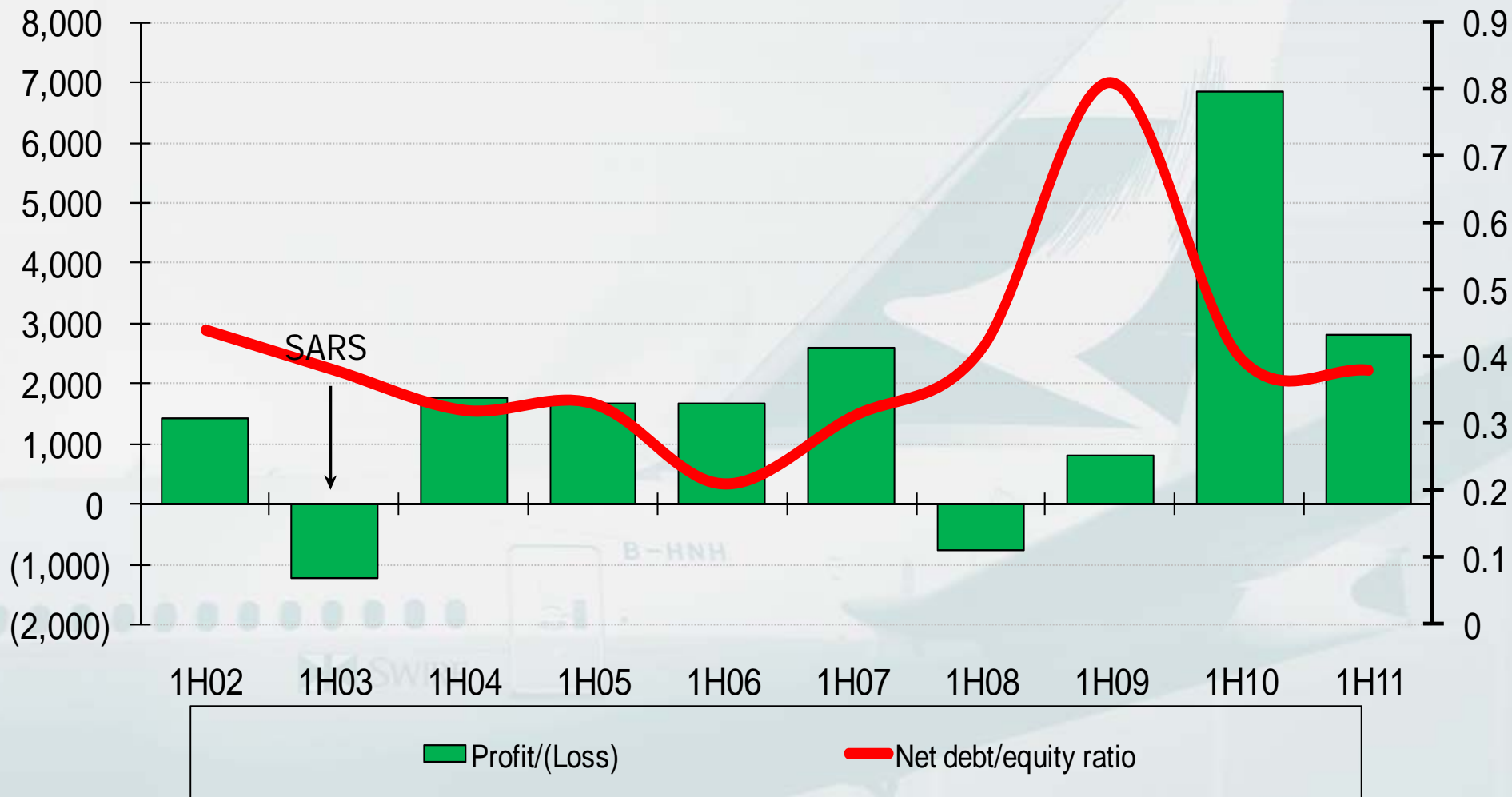
<u>1H 2011</u>	<u>1H 2010</u>
<u>HK\$'M</u>	<u>HK\$'M</u>
24,198	16,522
7,034	8,492
3,197	4,328
-	3,260
885	438
(9,440)	(5,375)
(4,084)	(5,928)
(3,149)	(475)
(5,557)	4,740
18,641	21,262



Profit & Net Debt/Equity Ratio

Profit / (loss) - HK\$ m

D/E ratio - times



Air China

- CX share of October 2010– March 2011 results
- CA recorded strong 4Q results in 2010
- Strong demand continues to boost growth on both pax and cargo traffic

Cargo JV

- The second BCF was sold to Cargo JV in July, two more in 2012
- Combined management team working well together



Outlook

- Traditionally stronger second half
- Passenger revenue outlook remains firm
 - Strong front end demand
 - High loads expected throughout summer
 - Cargo demand out of our key markets Hong Kong and China remains suppressed
- Fuel price remains a concern
- Economic outlook increasingly uncertain



Q & A

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

