



Cathay Pacific Airways

2008 Interim Results

6 August 2008

Highlights

- Turnover of HK\$ 42,448m, up 22.6%
- Group loss of HK\$ 663m, after HK\$ 468m DOJ provision, down 125.7% from HK\$ 2,581m profit
- Loss per share HK16.8c, down 125.6%
- Interim dividends HK3.0c per share, down 88.0%
- Gross fuel costs up 83.0% to HK\$19,307m
- Gross fuel costs now 45.3% of total operating expenses
- Pax load factor up 1.9%pt to 80.0%
- Pax yield increased by 4.1% to HK55.9c
- Cargo and mail load factor up 1.1%pt to 66.4%
- Cargo and mail yield decreased by 1.8% to HK\$1.60

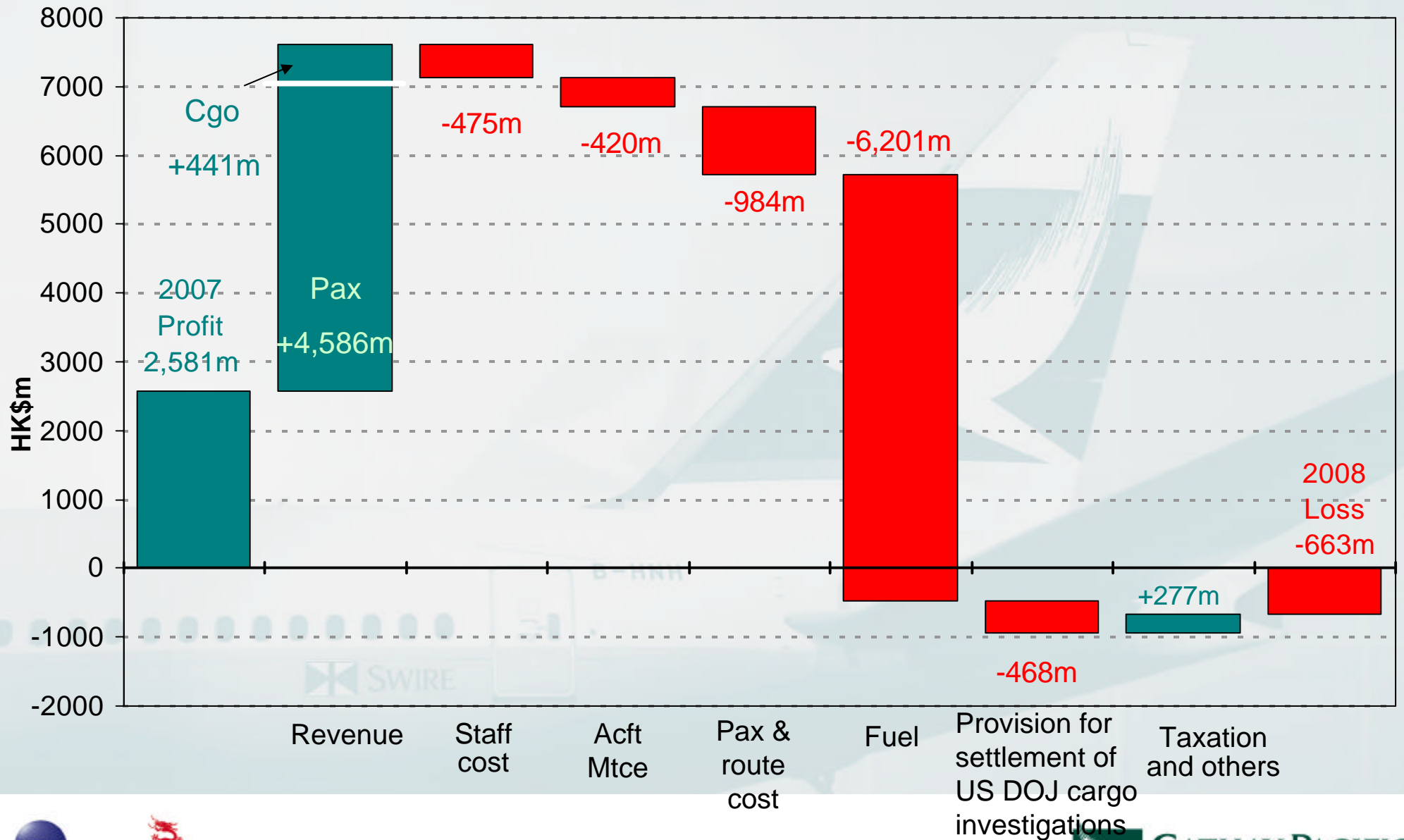


Interim Result

	<u>1H 2008</u>	<u>1H 2007</u>
Group (Loss)/Profit	(HK\$663m)	HK\$2,581m
Group Turnover	HK\$42,448m	HK\$34,631m
(Loss)/Profit Margin	(1.9%)	8.9%
Return on Capital Employed	(0.3%)	9.9%
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Available tonne kilometres	12,081m	10,975m
Cost per ATK	HK\$2.79	HK\$2.30
Cost per ATK (w/o fuel)	HK\$1.73	HK\$1.69
Revenue Load Factor	76.2%	73.9%
Breakeven Load Factor	78.9%	66.8%



Interim Profit Reconciliation : 2007 to 2008



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Passenger Service - Key Numbers

	<u>1H 2008</u>	<u>vs 1H 07</u>
Turnover	HK\$25,566m	+ 21.9%
Seat Capacity (ASK)	56,949m	+ 14.3%
Passenger Number	12.5m	+ 13.7%
Yield per Revenue Pax Km	HK¢ 55.9	+ 4.1%
Load Factor	80.0%	+ 1.9% pts



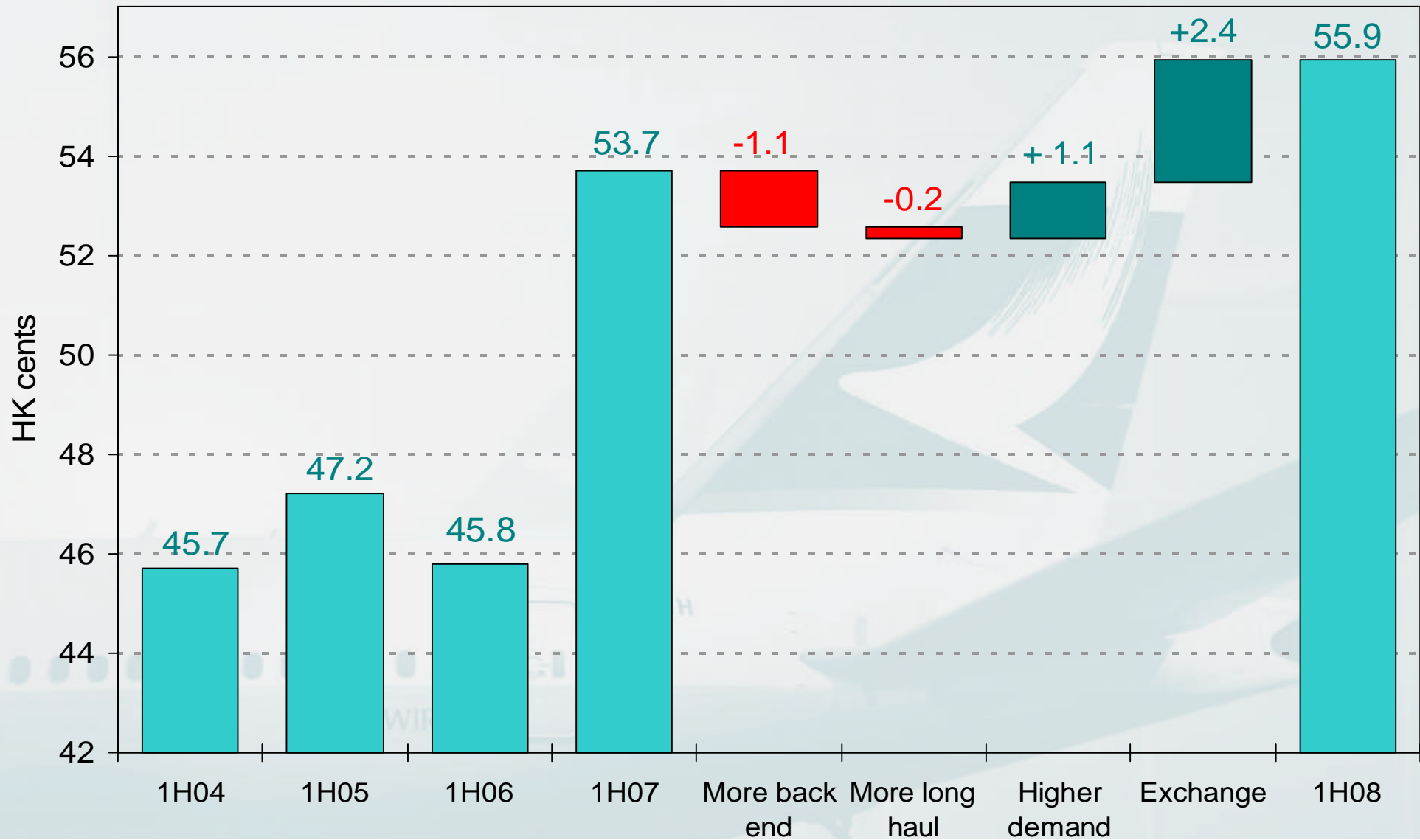
Passenger Service - by Region

	ASK (m)	vs 1H07	Load Factor	vs 1H07	Yield Change
SW Pacific & S. Africa	8,617	+20.2%	76.3%	-4.4% pts	+10.3%
Europe	9,781	+1.7%	86.7%	+5.3% pts	+8.7%
SE Asia & Middle East	10,445	+9.2%	80.6%	+4.2% pts	+6.7%
North Asia	11,896	+2.4%	73.3%	+4.9% pts	+4.4%
North America	16,210	+36.7%	82.6%	-2.3% pts	-0.2%
Systemwide	56,949	+14.3%	80.0%	+1.9% pts	+4.1%



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Passenger Yield



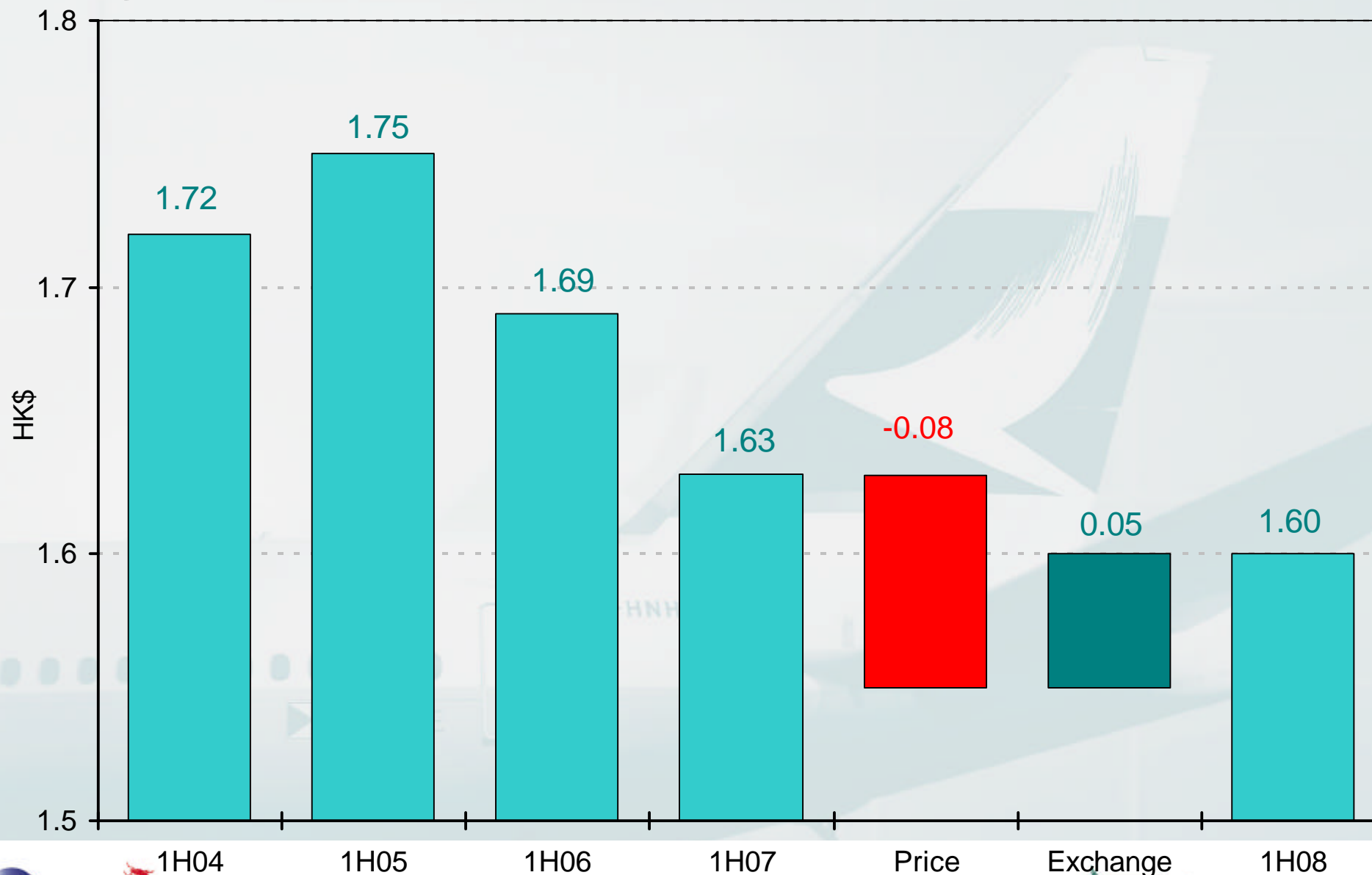
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Cargo Service - Key Numbers

	<u>1H 2008</u>	<u>vs 1H 07</u>
Turnover	HK\$8,145m	+ 10.4%
Cargo Capacity (ACTK)	6,666m	+ 6.9%
- on passenger aircraft	2,431m	+9.5%
- on freighters	4,235m	+ 5.4%
Cargo Carried	828k tons	+ 6.8%
Yield per tonne km	HK\$ 1.60	- 1.8%
Load factor	66.4%	+ 1.1%pts



Cargo & Mail Yield



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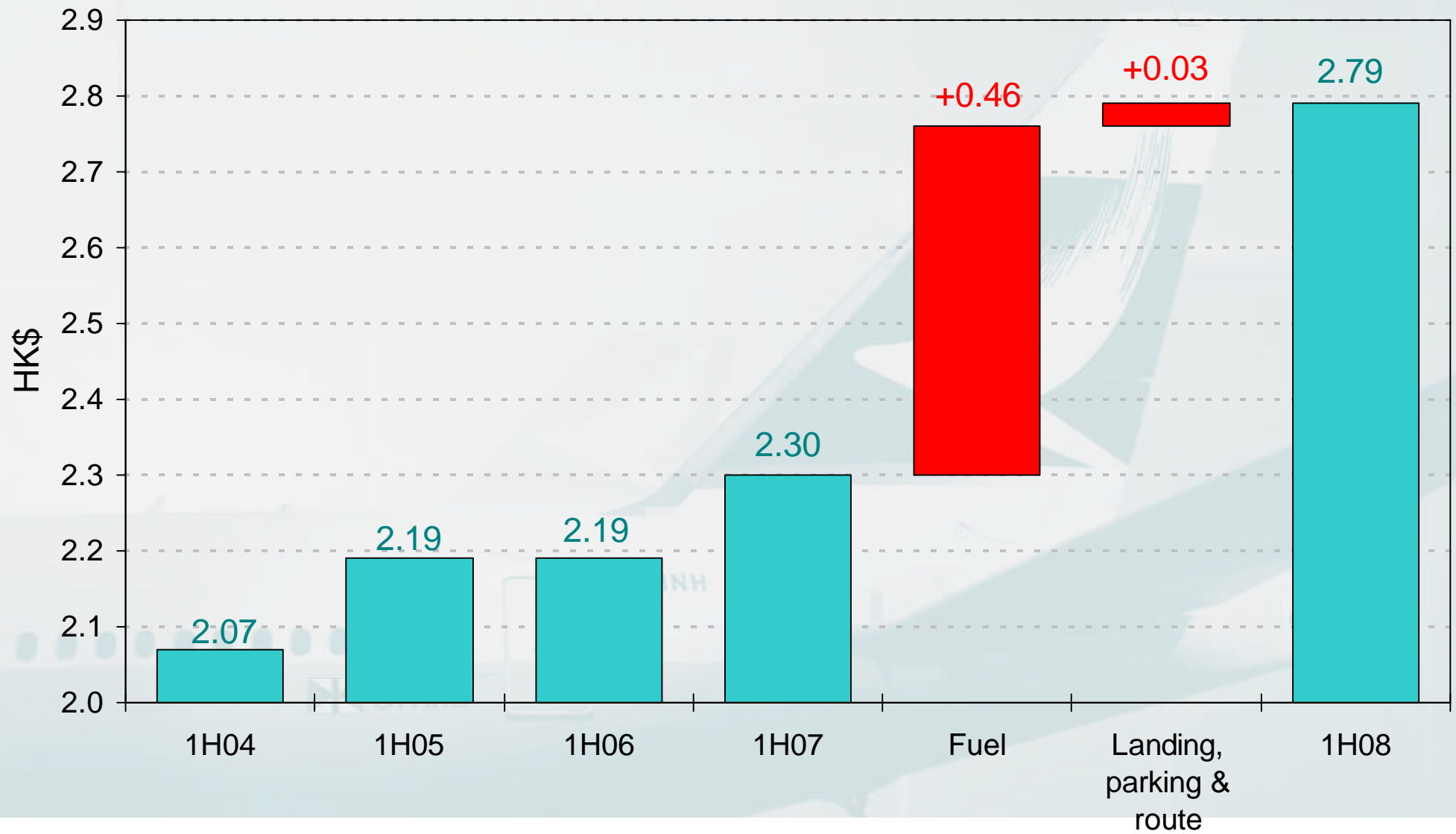
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Net Operating Cost

	<u>1H 2008</u>	<u>vs 1H 2007</u>	<u>%age of Total</u>
Staff	6,284	+ 8.7%	17.9%
Inflight service & passenger	1,370	+ 19.1%	3.9%
Landing, parking & route	4,914	+ 19.3%	14.0%
Fuel	13,143	+ 94.1%	37.5%
Aircraft maintenance	3,923	+ 12.1%	11.2%
Depreciation & lease	3,996	+ 15.7%	11.4%
Net finance charges	468	+ 15.8%	1.3%
Others	935	- 15.5%	2.7%
Net Operating Cost HK\$m	35,033	+ 33.3%	100%



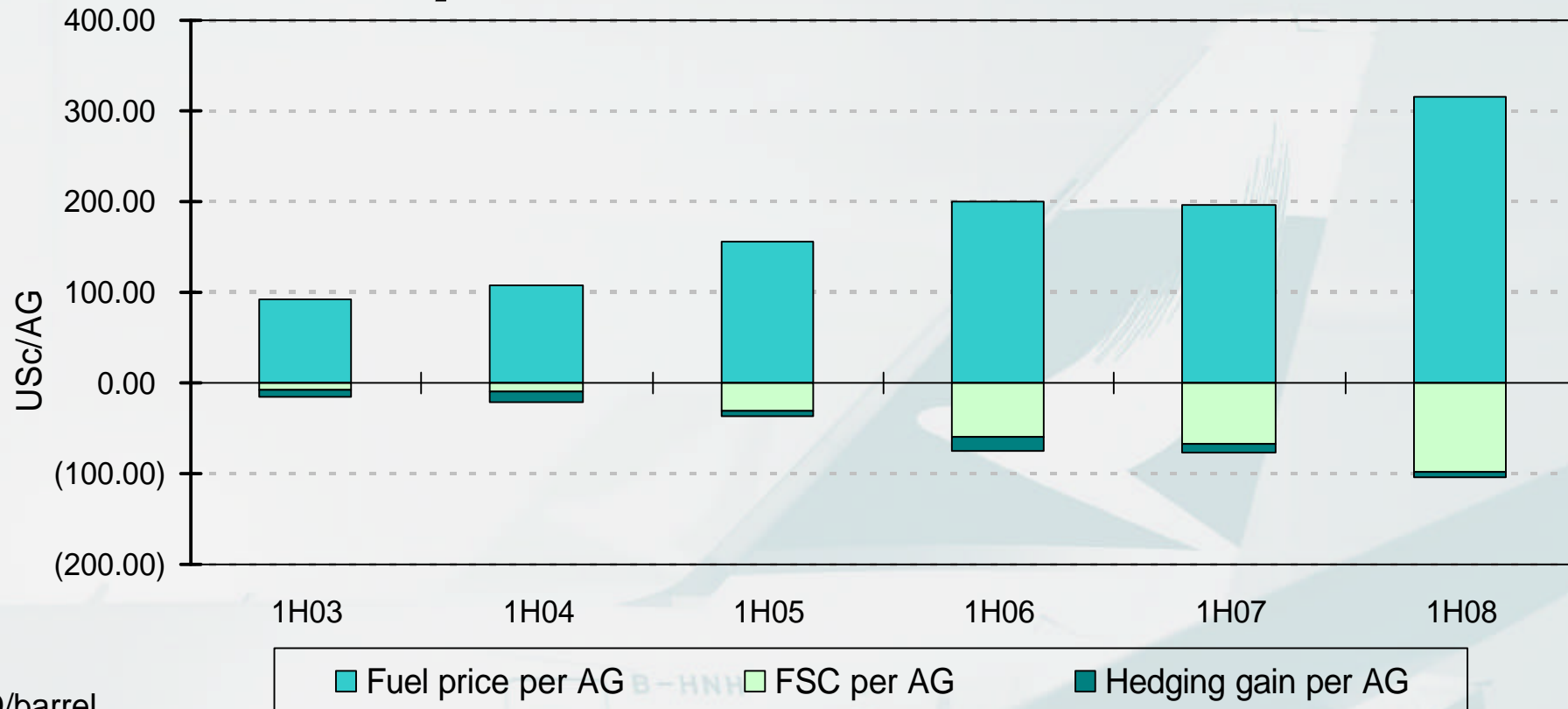
Cost per ATK



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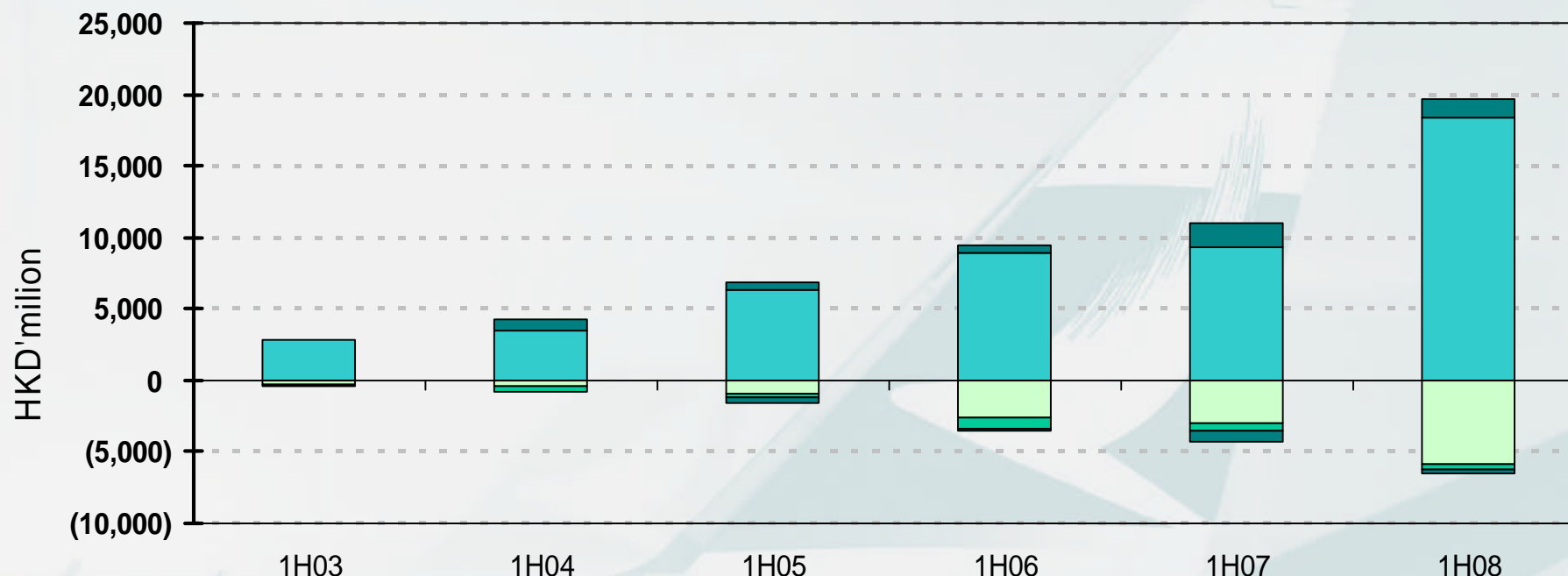
Interim fuel price movement – 2003 to 2008



Gross fuel	39.1	45.6	65.3	84.0	82.8	132.4
Fuel surcharges	3.2	4.4	13.3	24.9	28.4	41.5
Hedging	3.2	4.2	2.0	6.4	3.7	2.5
Net fuel	32.7	37.0	50.0	52.7	50.7	88.4



Interim fuel expenditure – 2003 to 2008



■ Gross fuel w/o vol impact
 ■ FSC w/o vol impact
 ■ Volume impact
 ■ Hedging gain

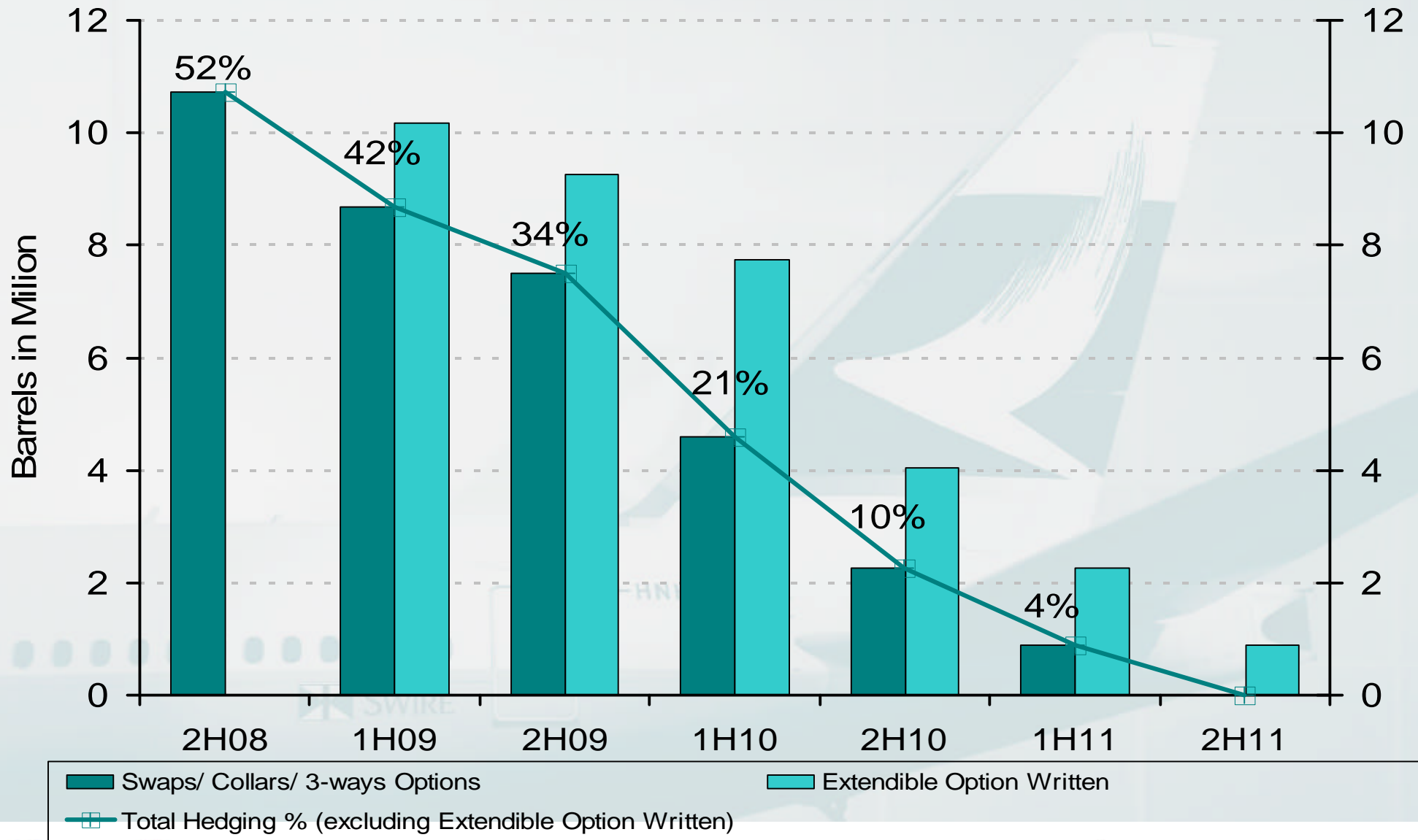
HKD' million

Gross fuel cost	2,870	4,227	6,862	9,401	11,041	19,672
Fuel surcharges	231	404	1,398	2,785	3,781	6,164
Hedging	237	388	207	720	488	365
Net fuel cost	2,402	3,435	5,257	5,896	6,772	13,143



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Current Hedging Position



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Balance Sheet

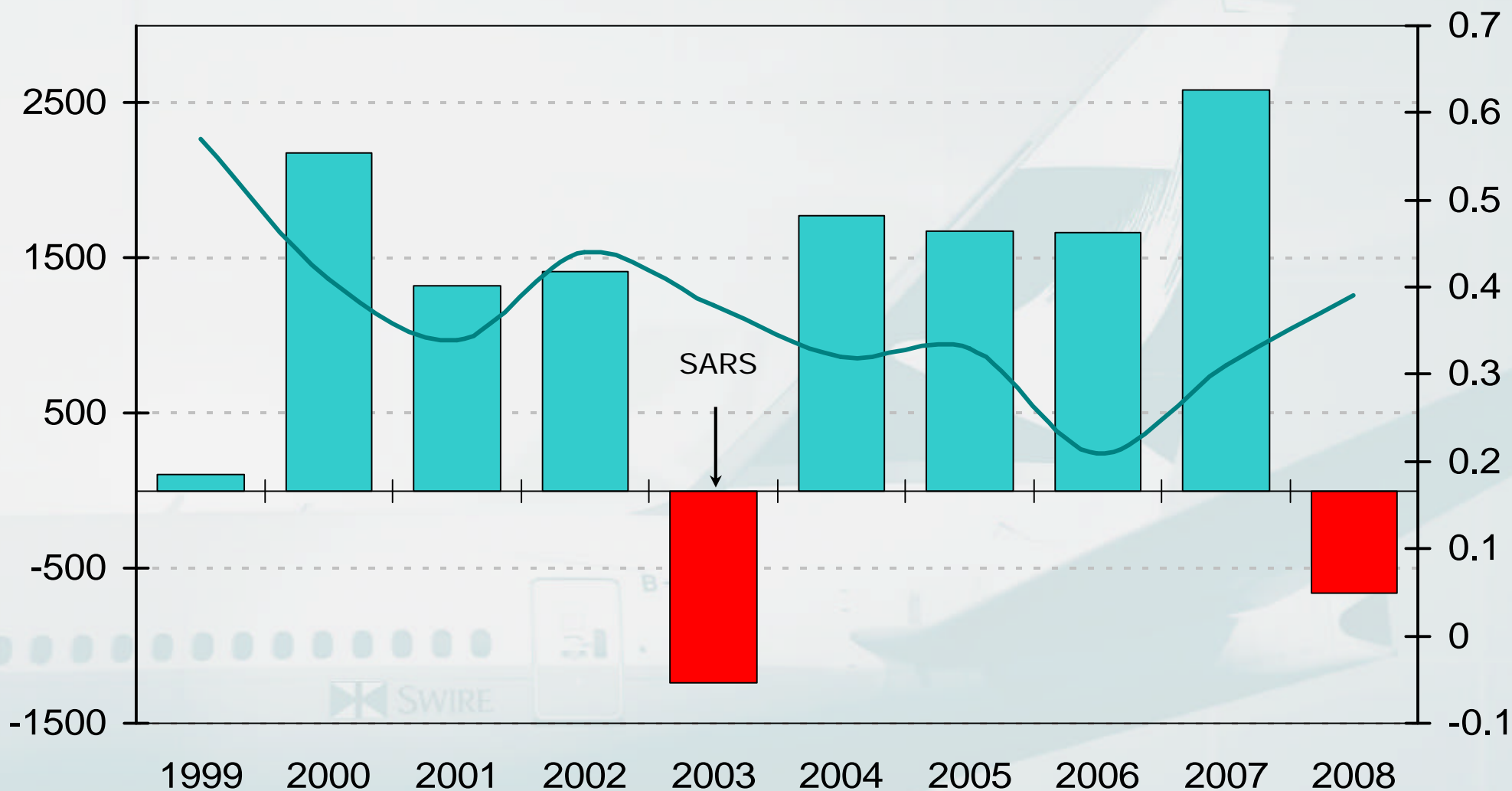
	<u>Jun08</u>	<u>Dec07</u>	<u>vs Dec 07</u>
Shareholders' Funds	HK\$47,986m	HK\$50,549m	5.1% down
Gross Borrowings	HK\$37,842m	HK\$36,368m	4.1% up
Less:			
Liquid Funds	HK\$(18,984m)	HK\$(21,637m)	12.3% down
Net Borrowings	HK\$18,858m	HK\$14,731m	28.0% up
Capital Employed (incl. MI)	HK\$67,014m	HK\$65,458m	2.4% up
Net Debt/Equity Ratio	0.39	0.29	+ 0.1 times
Goodwill from purchase of Dragonair	HK\$7,511m	HK\$7,511m	-
Investment in Air China	HK\$9,484m	HK\$8,469m	12.0% up



Interim Profit & Net Debt/Equity Ratio

Profit / (loss) - HK\$ m

D/E ratio - times



Profit/(Loss)

Net debt/equity ratio



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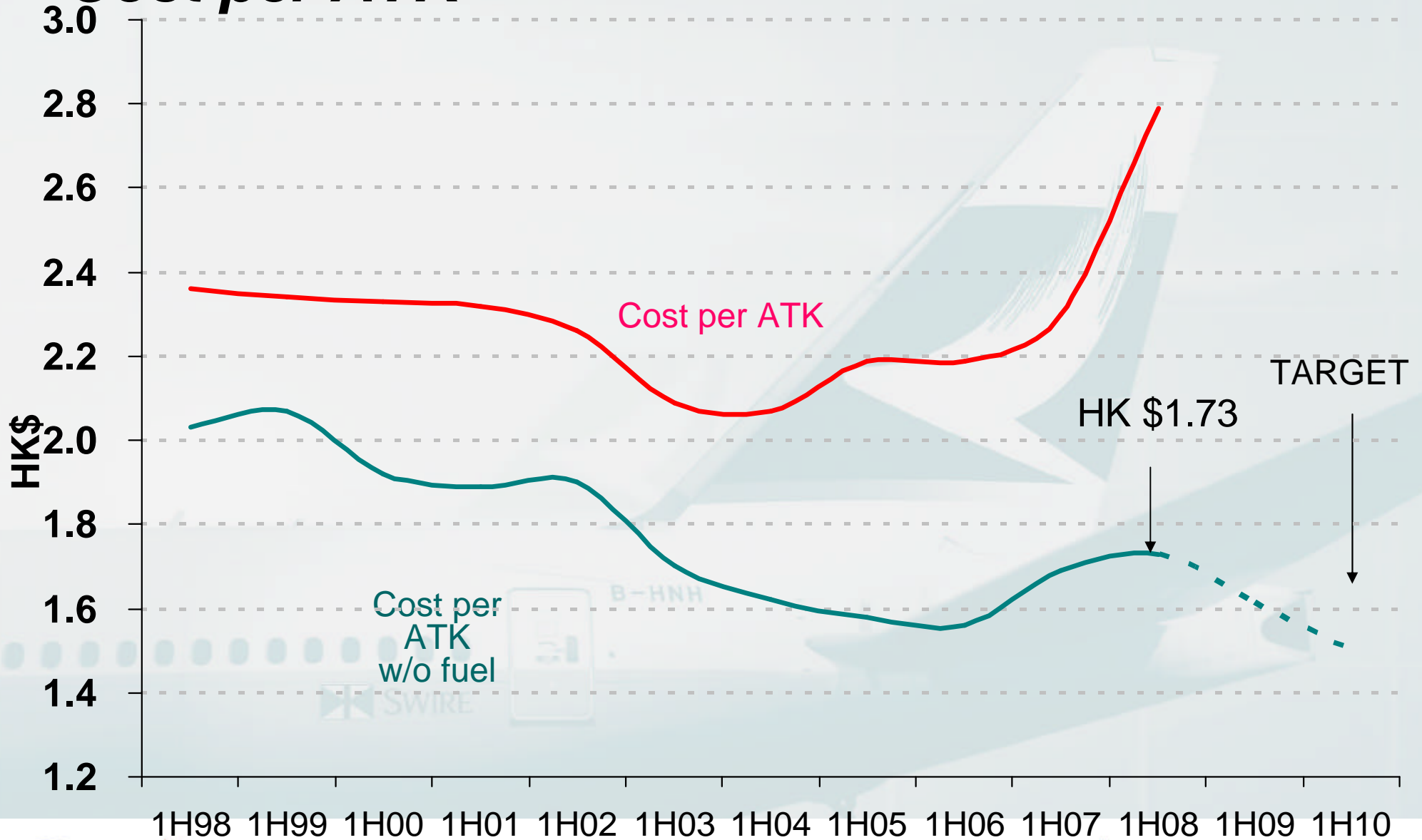
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Productivity Measures

	<u>1H 2008</u>	<u>vs 1H 2007</u>
Cost per ATK - with fuel	HK\$2.79	21.3% up
- without fuel	HK\$1.73	2.4% up
ATK per HK\$1,000 Staff Cost	2,119	0.8% up
Staff Number	20,794	8.3% up
Aircraft Utilisation (Hrs/day)	11.4	2.6% down



Cost per ATK



Note: Includes KA from 1H07



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