



Airfreight Institute
FIATA World Congress 2017
Kuala Lumpur



The Economics of Air Cargo: the current situation, the trends, the challenges

Agenda

Cathay Pacific Cargo Update

Market Overview and Trend

The Challenges



Cathay Pacific Cargo Update

CX Group Fleet

- Current freighter fleet:
 - 14x Boeing 747-8
 - 6x Boeing 747-400 ERF



- Passenger Fleet Development:

Aircraft	In Fleet	On order
A320/1	23	0
A321 neo	0	32
A330	61	0
B777	70	0
A350	18	30
B777-9X	0	21
Total	172	83





Tel Aviv, Israel*

*From 26Mar17



Barcelona, Spain^

^ Seasonal service, from 2Jul17 to 27Oct17



Christchurch, New Zealand#

#Seasonal service, from 1Dec17 to 28Feb18, subject to regulatory approvals



Brussels, Belgium

*From 25 March 2018



Dublin, Ireland

*From 02 June 2018



Copenhagen, Denmark

Seasonal service, from 2 May to 12 October 2018



Our Destinations

Europe

16* (5)

Mainland China

21 (5)

N. Asia

13 (4)

Americas

18 (14)

MEIA

14 (9)

SE Asia

19 (6)

SW Pacific

9^ (3)

111 (47)

Together with our sister company, Cathay Dragon, we have an extensive cargo network

*Cathay Pacific seasonal passenger service to Christchurch, New Zealand will be operated from 1 December 2017 to 28 February 2018

^Cathay Pacific passenger service to Brussels, Belgium, Dublin, Ireland and Copenhagen, Denmark (Seasonal Service) will be operated from 25 March 2018, 02 June 2018 and from 2 May 2018 to 12 October 2018 respectively

() shows the number of freighter destinations

Cathay Pacific Group 2017 Interim Results Highlights

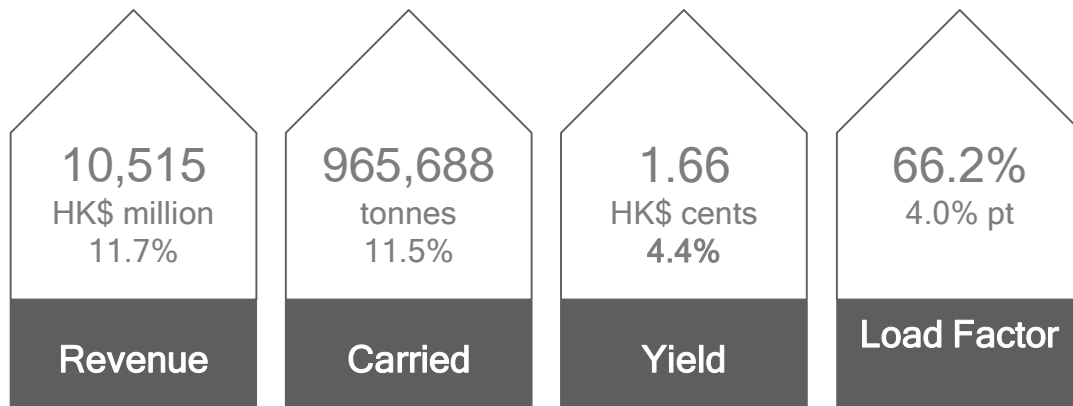
CX Group

HKD -2,051 million

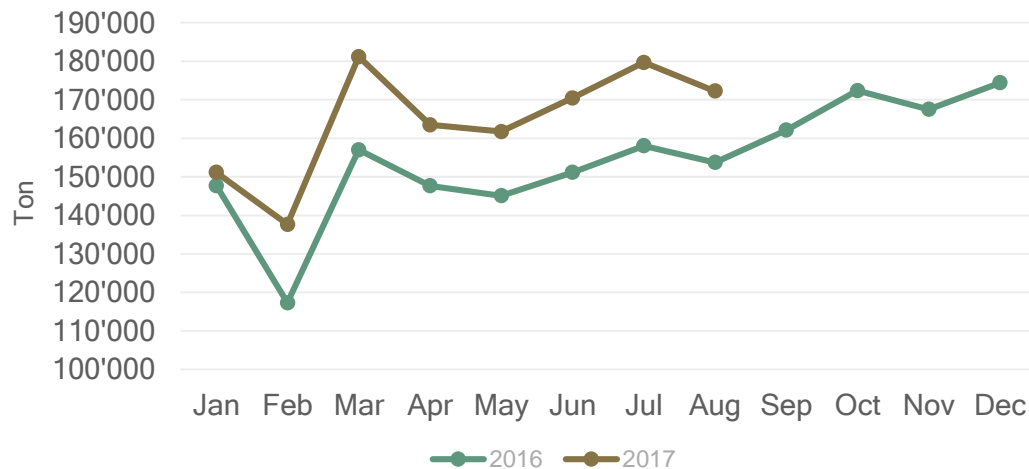
-681%

Profit Attributable to the shareholders of Cathay Pacific

Cargo business



Cargo YTD Tonnage Trend

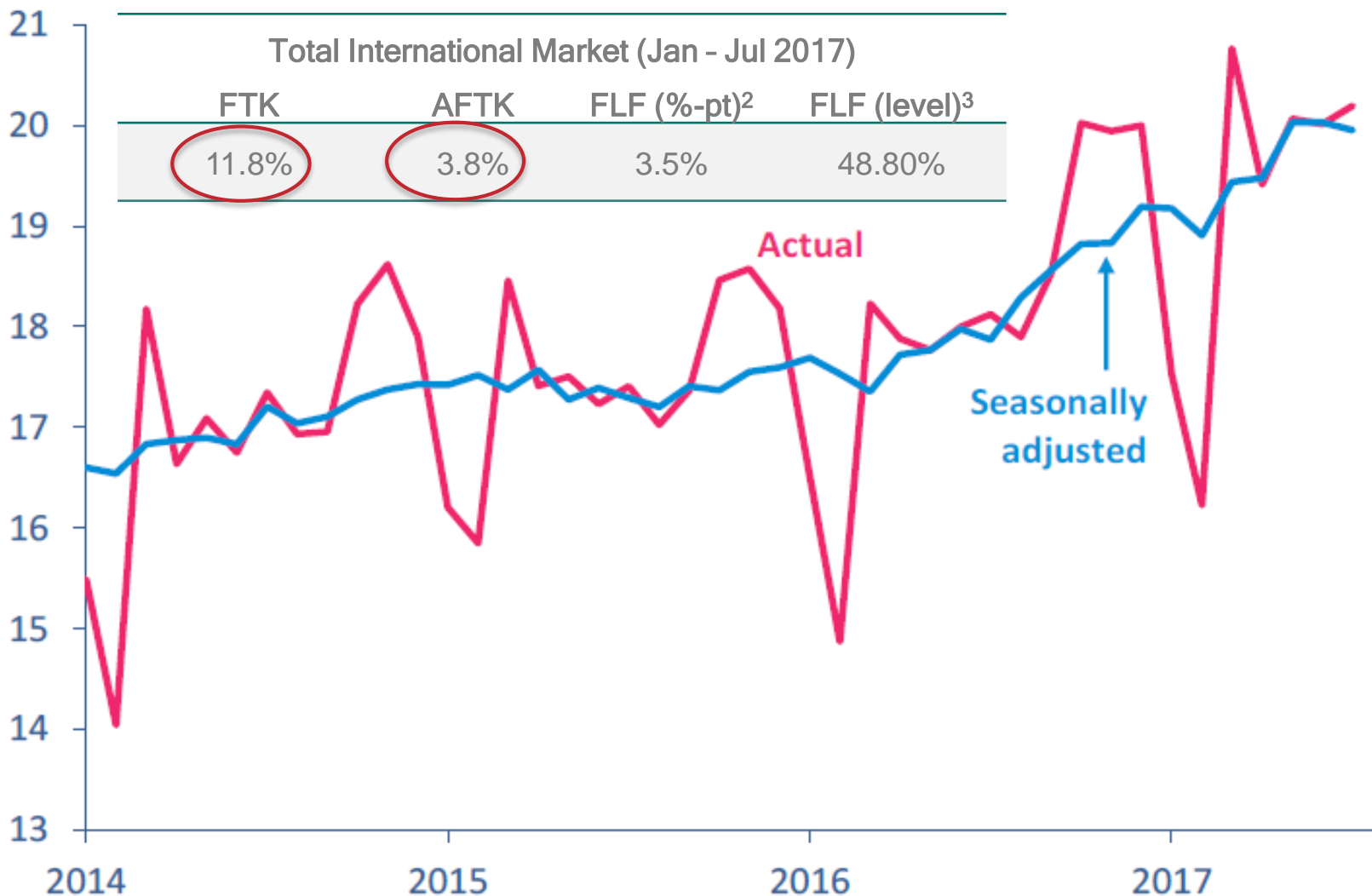




Market Overview and Trend

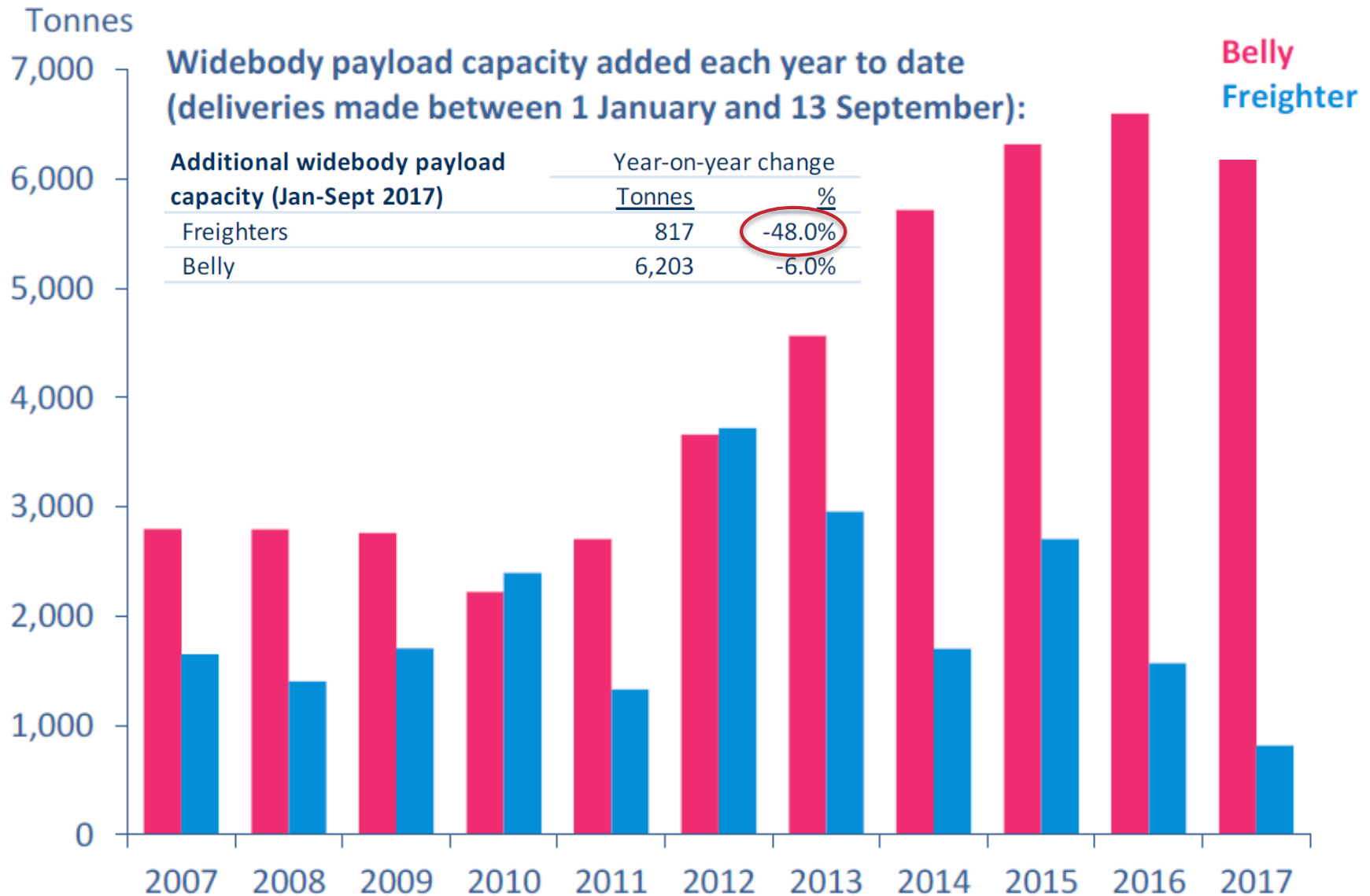
Strongest first half year since 2010

Industry FTKs (billion per month)



Sources: IATA Economics, IATA Monthly Statistics

Airlines have continuously rationalized the freighter capacities

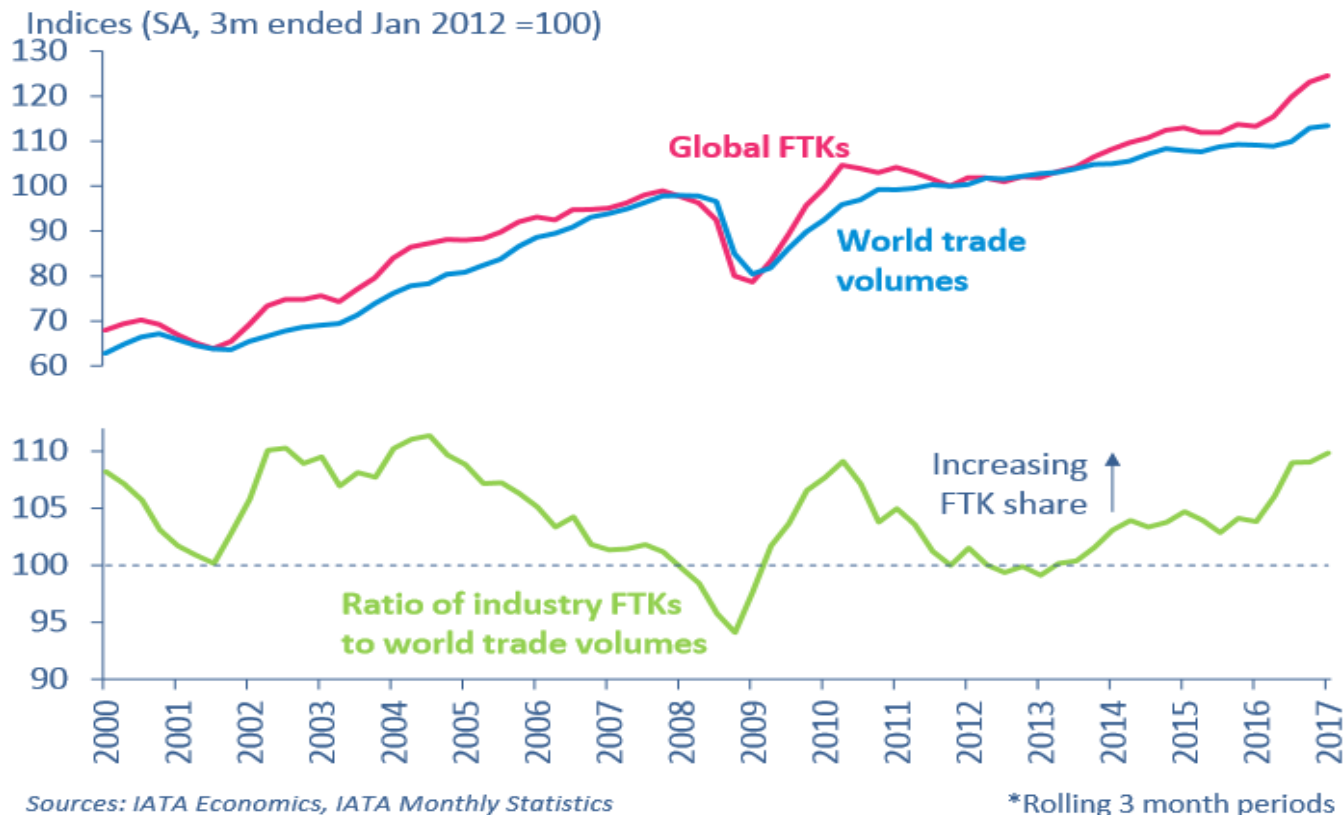


Sources: IATA Economics, Ascend

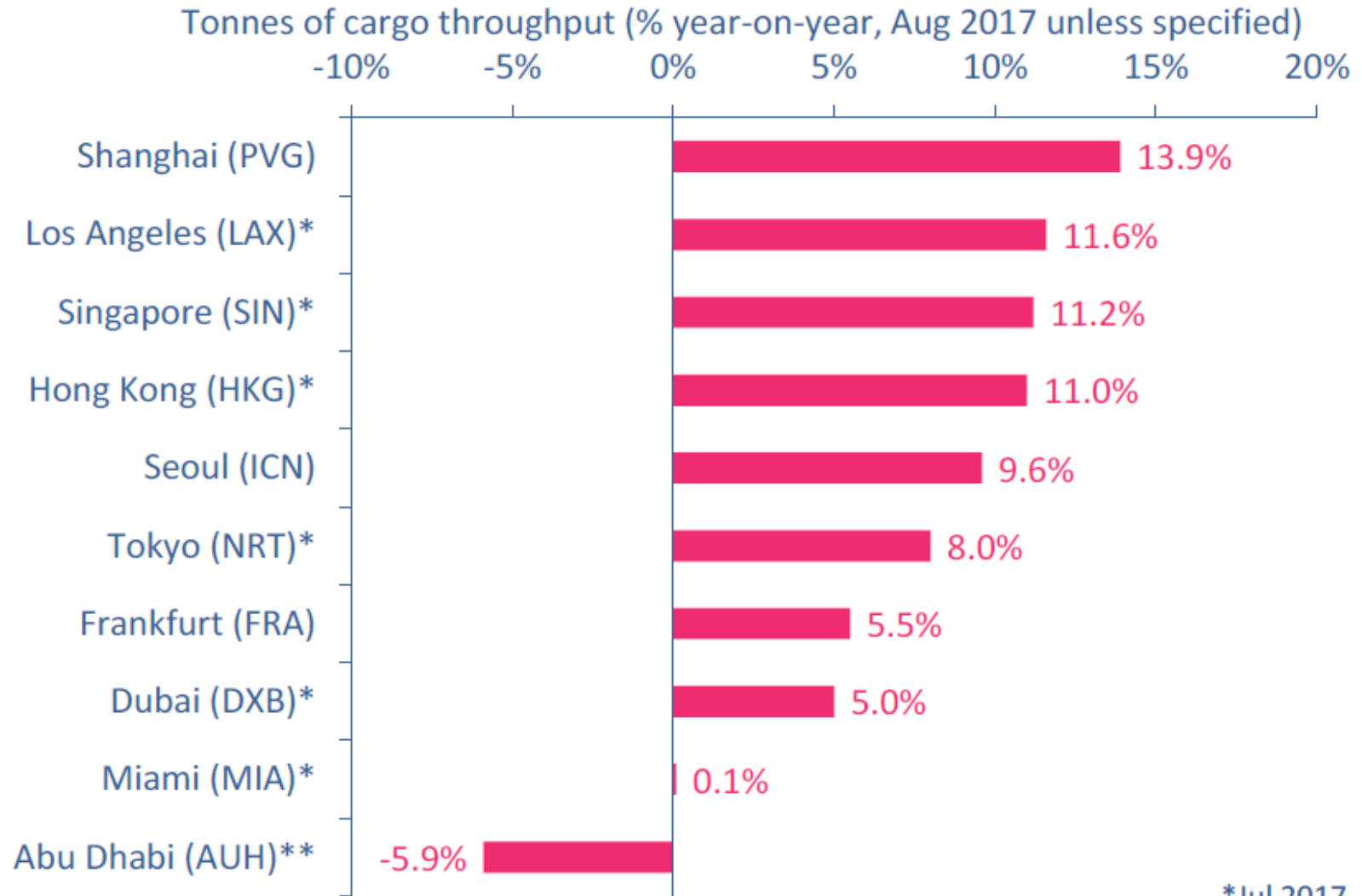
Improved share of world trade for Air freight

The recent outperformance of air freight relative to wider world trade reflected:

- The ability of air freight to allow firms to restock quickly at the start of upturns
- The sectors having higher air freight share are growing faster
- Impact on ocean due to Hanjin bankruptcy, cyber attack, ocean alliance shift



Strong throughput growth in Asia

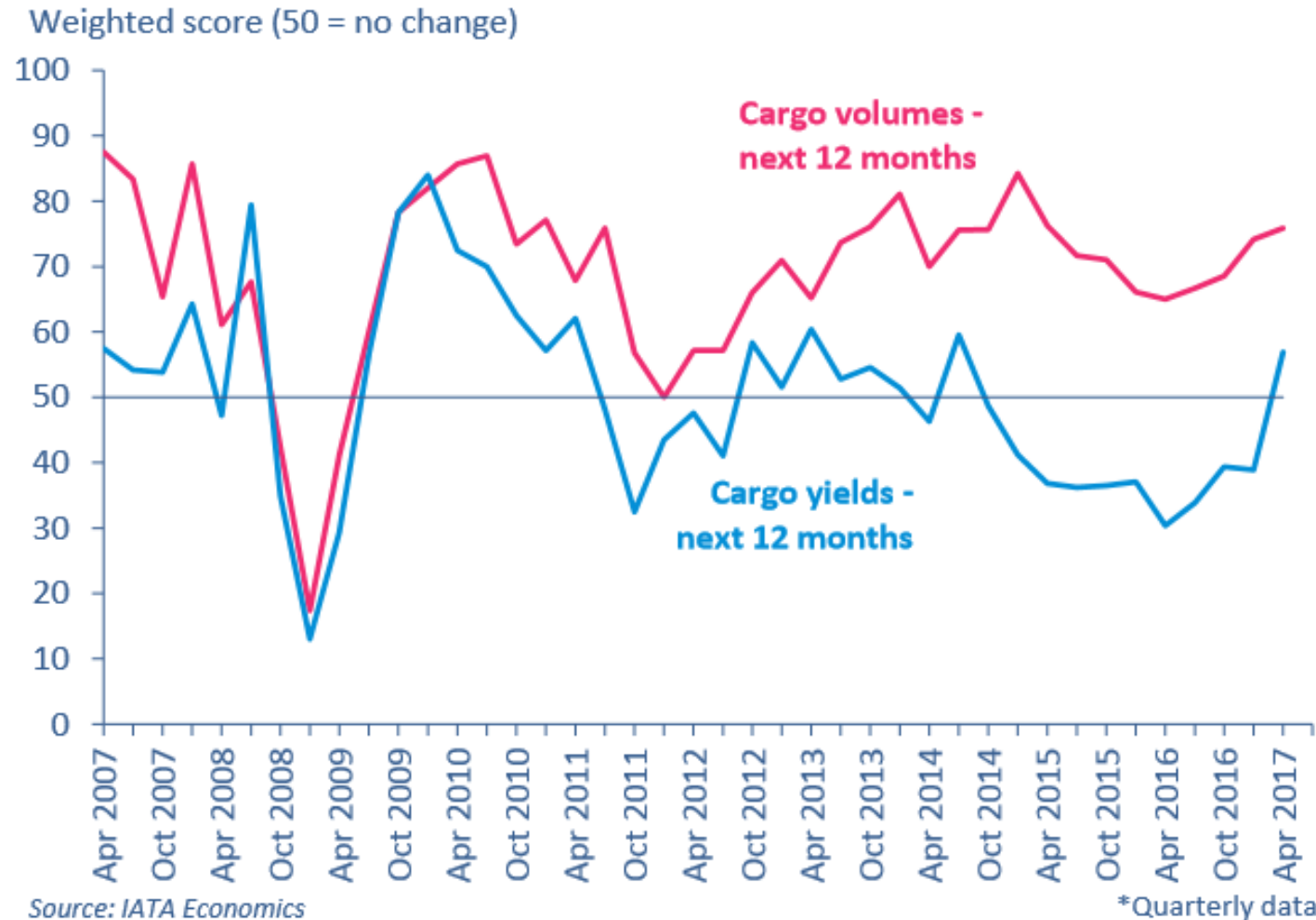


Source: Individual airport websites

*Jul 2017

**Jun 2017

Airlines are increasingly confident about the outlook for demand and yields





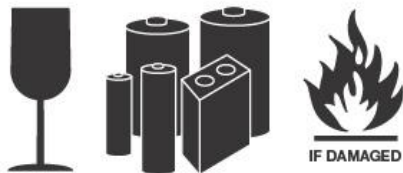
The Challenges



New Technology vs. Safety



CAUTION!



Lithium Ion Battery

DO NOT LOAD OR TRANSPORT
PACKAGE IF DAMAGED

For more information, call _____

**SAFETY
FIRST**

WHAT'S NEW

DESIGNERS

CLOTHING

SHOES

BAGS

ACCESSORIES

JEWELRY

LINGERIE

BEAUTY

MAGAZINE



— WHAT TO BUY NOW



AMAZON is facing a hefty fine after it was found guilty of shipping highly flammable items for transport by plane.

The online giant repeatedly breached safety regulations by giving the go-ahead for dangerous goods - flammable aerosols and potentially unstable lithium-ion batteries - to be delivered by air.





New Customer Requirements

MOST ACTIVE PHARMA INVESTORS

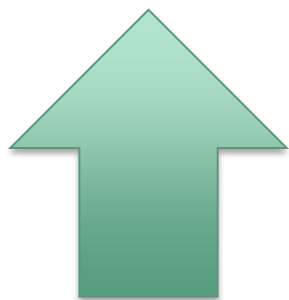
FIRMS RANKED BY UNIQUE PHARMA INVESTMENTS, 2013 - 2017 YTD (6/2/17)

Investor	Rank	Select Investments									
OrbiMed Healthcare Fund Management	1	Nabiva <i>nabiva</i>	PMV Pharma <i>PMV</i>	Adaptimmune <i>Adaptimmune</i>	Zai Lab <i>zaiLab</i>	Syndax Pharma <i>Syndax</i>	Intellia <i>Intellia</i>	Corvus Pharma <i>CORVUS</i>	Kala Pharma <i>kala</i>	NextCure <i>NextCure</i>	ARMO Bioscience <i>ARMO</i>
Novartis Venture Fund	2	Nabiva <i>nabiva</i>	Merus <i>Merus</i>	G4 Therapeutics <i>G4 Therapeutics</i>	Viamet <i>VIAMET</i>	Ra Pharma <i>Ra Pharma</i>	Bicycle Tx <i>bicycle</i>	Adicet Bio <i>Adicet Bio</i>	Thesan <i>Thesan</i>	Covagen <i>COVAGEN</i>	eFFECTOR <i>eFFECTOR</i>
New Enterprise Associates	3	CRISPR Tx <i>CRISPR</i>	Milendo <i>MILLENDO</i>	Obseva <i>OBSEVA</i>	Trevena <i>Trevena</i>	Ra Pharma <i>Ra Pharma</i>	Adaptimmune <i>Adaptimmune</i>	Dermira <i>Dermira</i>	Tocagen <i>Tocagen</i>	Lumena <i>LUMENA</i>	Cleave Biosciences <i>CLEAVE</i>
RA Capital Management RACAPITAL EVIDENCE-BASED INVESTING IN HEALTHCARE AND LIFE SCIENCES	4	Moderna Tx <i>moderna</i>	Infercia <i>Intarcia</i>	Merus <i>Merus</i>	Aimmune <i>aimmune</i>	Biohaven <i>biohaven</i>	Kala <i>kala</i>	Wave <i>WAVE</i>	Audentes <i>AUDENTES</i>	Dimension <i>DIMENSION</i>	Ascendis <i>ascendis</i>
Pfizer Venture Investments	5	Mission Tx <i>mission</i>	Merus <i>Merus</i>	NextCure <i>NextCure</i>	RAANA Tx <i>RANA</i>	Morphic <i>MORPHIC</i>	Petra <i>Petra</i>	Blade <i>BLADE</i>	Nimbus <i>NIMBUS</i>	Second Genome <i>SECOND GENOME</i>	Mima <i>mima</i>
SR One	6	Mission Tx <i>mission</i>	Timoma <i>tima</i>	CRISPR Tx <i>CRISPR</i>	Dicerna <i>Dicerna</i>	Rana <i>RANA</i>	Decibel <i>DECIBEL</i>	Spero <i>SPERO</i>	Morphic <i>MORPHIC</i>	Principia <i>PRINCIPIA</i>	eFFECTOR <i>eFFECTOR</i>
Versant Ventures	7	BlueRock <i>BlueRock</i>	Gritstone <i>gritstone</i>	Audentes <i>AUDENTES</i>	CRISPR Tx <i>CRISPR</i>	Aprisa <i>aprisa</i>	Vividion <i>VIVIDION</i>	GenSight <i>GenSight</i>	Turnstone <i>TURNSTONE</i>	Crinetics <i>Crinetics</i>	Anokion <i>ANOKION</i>
Third Rock Ventures	7	Neon Tx <i>NEON</i>	Relay <i>RELAY</i>	Fulcrum <i>Fulcrum</i>	Tango Tx <i>TANGO</i>	Decibel <i>DECIBEL</i>	Alcrestia <i>ALCRESTIA</i>	Blueprint <i>blueprint</i>	Magenta <i>magenta</i>	GBT <i>gbt</i>	Jounce Tx <i>Jounce</i>
Novo A/S	7	Adaptimmune <i>Adaptimmune</i>	Merus <i>Merus</i>	Symphogen <i>symphogen</i>	Utium <i>UTIUM</i>	Genoa <i>Genoa</i>	PTC Tx <i>PTC</i>	ZS <i>ZS</i>	Entasis <i>ENTASIS</i>	Spinifex <i>spinifex</i>	Forendo <i>FORENDO</i>
ARCH Venture Partners	7	Densali <i>DENALI</i>	Vir <i>VIR</i>	Juno Tx <i>Juno</i>	Unity Biotech <i>UNITY</i>	Carrick <i>Carrick</i>	Bellerophon <i>Bellerophon</i>	Kura <i>KURA</i>	Syros <i>SYROS</i>	Sienna <i>sienna</i>	Hua Medicine <i>Hua Medicine</i>

CATHAY PACIFIC SERVICES LTD

CATHAY PACIFIC CARGO



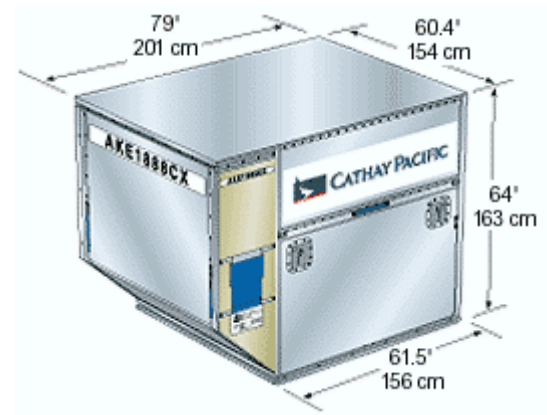
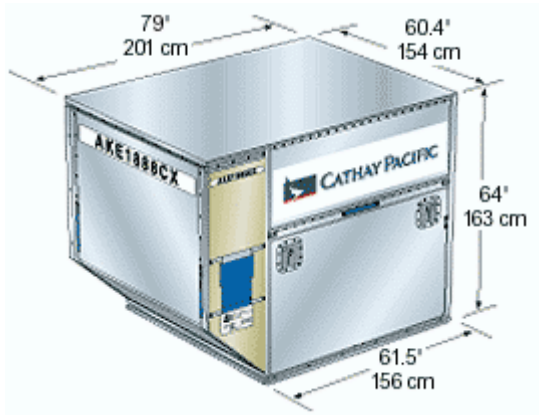




www.iata.org/ceiv-pharma



The Economics



2010

550Kgs

2017

400Kgs

Others

New additional services

Equipment Positioning Cost



**CATHAY PACIFIC
CARGO**