CATHAY PACIFIC RELEASES UPDATE ON 2021 PERFORMANCE AND 2022 OUTLOOK

News / Airlines

Cathay Pacific released its traffic figures for December 2021 together with an update on its performance in the year ended 31 December 2021, which continued to reflect the airline's substantial capacity reductions in response to significantly reduced demand as well as travel restrictions and quarantine requirements in Hong Kong and other markets amid the ongoing COVID-19 pandemic.

Traffic figures for December 2021

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Cathay Pacific carried a total of 92,219 passengers in December 2021, an increase of 130.6% compared to December 2020, but a 96.9% decrease compared to the pre-pandemic level in December 2019. The month's revenue passenger kilometres (RPKs) rose 156.5% year-on-year, but were down 95.1% versus December 2019. Passenger load factor increased by 18.2 percentage points to 36.6%, while capacity, measured in available seat kilometres (ASKs), increased by 28.6%, but remained 88.6% down on December 2019 levels. In the full year of 2021, the number of passengers carried dropped by 84.5% against a 61.8% decrease in capacity and a 79.5% decrease in RPKs, as compared to 2020.

The airline carried 134,691 tonnes of cargo last month, an increase of 12% compared to December 2020, but a 24.1% decrease compared with the same period in 2019. The month's cargo revenue tonne kilometres (RFTKs) rose 11.7% year-on-year, but were down 14.7% compared to December 2019. The cargo load factor increased by 4 percentage points to 84.3%, while capacity, measured in available cargo tonne kilometres (AFTKs), was up by 6.5% year-on-year, but was down 32.9% versus December 2019. In the full year of 2021, the tonnage increased by 0.1% against a 10.9% drop in capacity and a 1.1% decrease in RFTKs, as compared to 2020.

2021 full-year performance

Based on a preliminary review of the unaudited consolidated management accounts of the Cathay Pacific Group for the year ended 31 December 2021 and the information currently available to the Board of Directors of Cathay Pacific, the Group is expected to record a consolidated loss attributable to shareholders of approximately HK$5.6-6.1 billion. While the expected loss is substantial, it compares favourably to the attributable loss to shareholders of HK$21.6 billion for the year ended 31 December 2020. The improvement was primarily driven by strong cargo demand, high cargo yield and load factors, together with continued focus on effective cash and cost management. In addition, the full-year 2020 result included the recognition of one-off items such as impairment charges and restructuring, which were significantly reduced in 2021.

Chief Executive Officer Augustus Tang said: "Passenger travel remained extremely subdued throughout 2021, as a result of ongoing travel restrictions and strict quarantine requirements. We flew 717,059 passengers during 2021, getting people home, reuniting many of them with family, and helping students travel to and from school or university overseas. This compares to the 4.6 million passengers that we flew in 2020 and 35.2 million passengers that we flew in 2019.

"While passenger travel continued to be acutely affected, cargo demand was strong throughout the year. We carried approximately 1.3 million tonnes of cargo in 2021, which compares to around 1.3 million tonnes in 2020 and 2 million tonnes in 2019. Throughout 2021, we deployed all available capacity to meet the consistently high demand, achieving strong yield and high load factors and transporting a wide range of goods including daily necessities, fresh produce, electrical items and pharmaceutical products.

"Despite quarantine restrictions and operational challenges, Cathay Pacific surpassed the milestone of 120 million COVID-19 vaccines carried in 2021. We carried more than 13.3 million doses in a single day. As a group, our airlines have carried more than 165 million doses of different COVID-19 vaccines around the world since the pandemic began.

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“Having worked hard to tackle the challenges presented by the COVID-19 pandemic, taken decisive actions to create a more focused, efficient and competitive business and responded to strong cargo demand, we have reduced operating cash burn from the HK$2.5-3.0 billion range in the first half of 2020 down to marginally cash generative in the second half of 2021.”

Cathay Pacific is still in the process of finalising the Group’s annual results for the year ended 31 December 2021, and will publish its annual results in March 2022.

2022 outlook

Augustus Tang continued: “In late December and then early January, the Hong Kong SAR Government further tightened aircrew quarantine requirements and travel restrictions. These measures will have a significant impact on our passenger and cargo flight capacity. While we are fully committed to increasing our cargo capacity when conditions allow and to upholding Hong Kong’s international aviation hub status, for the month of January 2022, cargo has reduced to 20% of its pre-pandemic capacity and passenger flights have reduced to around 2% of their pre-pandemic capacity.

“Regrettably, the capacity reduction will have an impact on Cathay Pacific’s business and we have been evaluating the potential impact of these measures on our operations and cost base. According to our preliminary assessment, we expect these capacity levels to result in an operating cash burn of HK$1.0-1.5 billion per month from February.

“Until conditions improve, we are doing everything in our power to maximise capacity, and estimate that mitigation measures to increase crew resources will enable us to operate approximately an additional 5% more cargo flight capacity than we are currently operating.

“We continue to operate freighter services to the Chinese Mainland and regional destinations, as well as a daily freighter operation to North America. The shipment of goods to and from Europe and the Southwest Pacific is being served by passenger aircraft carrying only cargo.

“On the travel side, we will strive to maintain passenger connectivity with key destinations, although at reduced frequencies, under the confines of the place-specific and flight-specific suspension mechanism. While passenger flights to the Chinese Mainland will remain largely unaffected, capacity to the rest of the Cathay Pacific network will see a reduction to ensure continued compliance with the latest Government measures. We will also leverage the capacity provided by our low-cost subsidiary HK Express to maintain connectivity with a number of regional destinations.

“As Hong Kong’s home airline, we remain resolutely committed to keeping the city safely connected with the world. We are exploring all options to keep the flow of people and goods moving despite the considerable challenges we continue to face. We also want to reiterate that the health and wellbeing of our people, customers and the Hong Kong community remain our top priority.”

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