

Cathay Pacific slashes loss to \$703 mn from \$2.76 bn in 2020

March 9 2022, by Holmes Chan



Cathay Pacific said the airline carried an average of just 1,965 passengers a day in 2021.

Hong Kong carrier Cathay Pacific on Wednesday posted a loss of just over US\$703 million for last year, a massive improvement on the record

loss suffered in 2020 even as the airline struggled with tough travel restrictions.

Chairman Patrick Healy said the company "continued to face serious challenges" and the overall loss for the year was "substantial" despite a considerable improvement in the second half.

Cathay's result was a vast improvement from its record losses of HK\$21.6 billion (\$2.8 billion) in 2020, which Healey described as the "most challenging" year in the airline's seven-decade history.

Cathay recorded an attributable loss of HK\$5.5 billion for the full year, recovering ground in the second half of the year with a HK\$2 billion attributable profit.

"The exceptional performance of our cargo business, especially during the second-half peak season, was extremely encouraging," Healy said.

The average estimate from analysts tracked by Bloomberg was for an annual loss of HK\$9.8 billion.

Cathay also beat its own forecast in January when it expected a net loss of HK\$5.6 billion-HK\$6.1 billion.

Hong Kong has imposed some of the world's harshest travel restrictions under its "zero-Covid" policy, isolating a city that was once one of the world's largest logistics and transportation hubs.

Cathay said passenger numbers were down 85 percent from 2020, with the airline flying just 1,965 passengers a day on average in 2021, and a far cry from the 35.2 million transported in pre-Covid 2019.

Strict quarantine rules for aircrew that Hong Kong imposed in February

2021 were "very demanding" and had a "substantial impact" on Cathay's travel business, Healy said.

Cargo was the bright spot, however, with revenue up 32 percent to HK\$32.38 billion.

"Our cargo business performed exceptionally well," Healy said, with Cathay's freighter fleet operating at peak capacity towards the end of 2021 supplemented by extra cargo-only passenger flight operations.

'Burning cash again'

But any gains accumulated in the second half of 2021 have been reversed as Hong Kong struggles to contain its worst-ever coronavirus wave, said Healy, who called the start of 2022 "extremely challenging".

Hong Kong's tight travel restrictions, with flights from several countries banned beginning in January, were expected to continue to impact operations in 2022 as the city battles a massive outbreak of Omicron Covid-19 infections.

"Unfortunately, these latest restrictions have put us back into a position where we will be burning cash once again," Healy told reporters.

Losses are expected be in the range of HK\$1-HK\$1.5 billion (\$128-\$192 million) a month, starting from February, he said.

For 2022, Cathay said it expected to operate around two percent of its pre-coronavirus passenger flight capacity, with the figure for cargo flight capacity remaining at less than one-third.

"Though we are still facing many challenges, we have the utmost confidence in the long-term future of Cathay Pacific," Healy said.

Cathay had also faced public pressure after Hong Kong's first outbreak of the Omicron variant was traced to two airline staff who breached home quarantine rules in late December.

Healy previously argued that a "tiny minority" of rule-breakers should not overshadow Cathay's contributions to Hong Kong, and that the airline's crew in 2021 spent more than 62,000 nights in quarantine hotels.

Cathay's share price on Wednesday closed 4.7 percent up at HK\$6.64.

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Citation: Cathay Pacific slashes loss to \$703 mn from \$2.76 bn in 2020 (2022, March 9)
retrieved 5 May 2024 from

<https://techxplore.com/news/2022-03-cathay-pacific-slashes-loss-mn.html>

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