

Cathay Pacific 'is back' with first annual profit since 2019

March 13 2024, by Holmes CHAN



Cathay Pacific's net profit of US\$1.25 billion was the first since 2019.

Hong Kong carrier Cathay Pacific on Wednesday reported its first annual net profit in four years, citing a surge in demand as it emerges from the impact of the financial hub's COVID isolation.

Hong Kong's aviation sector has struggled to fully recover from the impact of pandemic-era policies, which imposed strict rules on travelers and kept the city internationally isolated before they began to be lifted in late 2022.

"In 2023, we finally left the COVID-19 pandemic behind us," Cathay chair Patrick Healy said, adding that it was "our first profitable year since 2019".

"The year was characterized by a notable surge in travel demand following three years of pandemic-related restrictions."

And CEO Ronald Lam said in the statement: "To our stakeholders, thank you for standing by us and motivating us to be the company of choice. We are ready to unleash the potential and innovation of our next exciting phase of development -- Cathay is back!"

While airlines around the world had been hit by the impact of travel restrictions, Cathay's recovery has been slower than regional rivals such as Singapore Airlines.

The airline said profit surged to US\$1.25 billion last year, compared with a loss of US\$847 million in 2022, after hitting its target of operating at 70 percent of pre-pandemic passenger flights.

It carried 18 million passengers in the 12 months, up from 2.8 million in 2022.

Cathay also posted an operating profit of US\$1.9 billion in 2023, the highest on record, according to Bloomberg News, and announced its first dividend payment since 2019, at HK\$0.43 per ordinary share.

"In 2023, we finally left the COVID-19 pandemic behind us," Healy

said.

The firm's share price jumped 5.5 percent on the news in Hong Kong afternoon trade.

Total revenue surged 85 percent to US\$12 billion, though cargo revenue fell 16.2 percent to US\$3.3 billion.

Cathay earlier vowed to return to 100 percent pre-pandemic passenger flight levels by the end of 2024, but on Wednesday pushed back the target by up to three months.

The company said it was working to address the effects of "truly significant" challenges facing the [aviation industry](#), in areas including "recruitment, training and supply chain shortages".

It added that it planned to expand its workforce this year by around 20 percent, or 5,000 people.

Cathay saw a spate of flight cancellations during the Christmas and New Year holidays, which the company attributed to underestimating the pilot levels needed during the seasonal flu peak in Hong Kong.

"This incident has negatively impacted our brand reputation and the confidence that Hong Kong people and our customers have in Cathay," Lam said in an internal memo at the time.

In January, Cathay said it had signed up 100 [cabin crew](#) via its first recruitment drive in mainland China.

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