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Cathay Pacific raises USD 650m in first US dollar bond in 25 years

A Monitor Report



Hong Kong: Hong Kong's Cathay Pacific has raised USD 650 million in its first US dollar bond in 25 years, according to reports on May 10.

The deal consisted of 5.25-year senior unsecured notes priced at 4.875 per cent, the term sheet showed.

The final pricing was 32.5 basis points cheaper than indicated by the deal's book runners when launched earlier in Asia on Monday.

The airline will use the proceeds to bolster its working capital levels and fund general corporate purposes, the term sheet said.

A US dollar bond will be the pandemic-hit carrier's first since 1996 as it primarily has issued its debt in Hong Kong dollars.

Cathay issued HKD 6.74 billion (USD 869.51 million) of convertible bonds in Hong Kong dollars in January to shore up liquidity, prompting its shares to record their worst daily decline in more than 12 years.

The carrier's shares were up 1.8 per cent on May 10.

Cathay said in March it was focused on preserving cash after posting a record annual loss of HKD 21.65 billion, caused by a travel downturn, restructuring costs and fleet write-downs.

Passenger numbers fell by 98.7 per cent compared with a year earlier, though cargo carriage was down by a smaller 32.3 per cent.

Cathay had planned a US dollar bond issuance in 2019 at the peak of the prodemocracy protests in Hong Kong but pulled the transaction because of the price demanded by investors.