

Qatar Airways exits Cathay Pacific with USD 897m stake sale

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Dhaka: Qatar Airways has sold its entire 9.7 percent stake in Cathay Pacific Airways for about USD 897 million (HKD 6.97 billion), ending its eight-year investment in Hong Kong's flagship carrier.

Cathay announced late on November 5 that the Doha-based airline had approached it to divest the holding, which the Hong Kong carrier will repurchase through a share buyback at HKD 10.8374 per share — roughly 4 percent below its last closing price.

Qatar Airways first acquired the stake in November 2017, becoming Cathay's third-largest shareholder after Swire Pacific and Air China. The buyback price represents about a 35 percent premium to what Qatar originally paid. Cathay said it will finance the purchase through its own funds and existing credit facilities.

Analysts said the move likely reflects Qatar Airways' internal financial considerations rather than any strategic shift for Cathay.

"It's probably more about Qatar Airways needing liquidity than anything else," said Kenny Ng Lai-yin, a strategist at China Everbright Securities International, adding that the deal could be positive for Cathay's share performance by reducing the stock's market float.

Shares of Cathay Pacific rose 4.8 percent on November 6 following the announcement, while Air China and Swire Pacific also gained 4 percent and 1 percent, respectively.

Qatar Airways said the sale aligns with its long-term portfolio strategy, allowing the company to optimize investments after a strong financial performance.

"The exit reflects our disciplined approach to managing investments and positions us for sustained growth," said Qatar Airways CEO Badr Mohammed Al-Meer.

The Gulf carrier has pursued an expansive global investment strategy over the past decade, taking stakes in IAG (parent of British Airways), LATAM Airlines, and Virgin Australia.

Cathay's chairman Patrick Healy said the airline's decision to buy back the shares underscores its confidence in future prospects. The carrier recently unveiled a HKD 100 billion investment plan over seven years, focusing on fleet renewal, cabin upgrades, and new lounges.

Cathay, one of Asia's largest air cargo operators, has seen a rebound in demand driven by e-commerce growth from China. The airline and its budget arm HK Express carried 20 percent more passengers in September compared to a year earlier, continuing their recovery from pandemic-era losses.

If the repurchase is completed, Swire Pacific's ownership will increase from 43.12 percent to 47.69 percent, while Air China's stake will rise from 28.74 percent to 31.78 percent.

Despite the share sale, Cathay and Qatar Airways confirmed that their partnership under the oneworld alliance will remain unchanged.

