Cathay forecasts weak passenger demand but stronger cargo

- A Monitor Desk Report | Date: 13 August, 2020

Dhaka: Hong Kong based Cathay Pacific does not expect to make a significant recovery in passenger demand for some time due to COVID-19 following the announcement of a record first-half loss, warned the carrier in a statement on August 12.

However, the airline expressed hopes of a brighter cargo market.

The airline said it lost HKD 9.9 billion (USD 1.27 billion) in the first half of 2020, making it the latest major airline to reveal how badly the COVID-19 pandemic has crushed its business.

"The first six months of 2020 were the most challenging that the Cathay Pacific Group has faced in its more than 70-year history," said Patrick Healy, Chairman, Cathay.

"The global health crisis has decimated the travel industry and the future remains highly uncertain, with most analysts suggesting that it will take years to recover to pre-crisis levels," he added.

The figure was in line with the HKD 9.9 billion forecast it had flagged last month and included HKD 2.47 billion of impairment charges.

Revenue plunged 48.3 per cent to HKD 27.7 billion in the six months ended June 30 as it slashed passenger flying to a barebones schedule due to lower demand and border restrictions, though it added more cargo-only flights as freight yields rose 44.1 per cent.

Asia-Pacific airlines were likely to stay hit for longer given spiralling tensions between the US and China, the world's two biggest economies, Healy noted.

The firm said it carried 4.4 million passengers in the first six months of 2020 - a 76 per cent plunge year-on-year - as the pandemic burst out of central China and then spread around the world.

At the height of the global lockdowns in April and May, its entire fleet was averaging just 500 passengers a day.

Cathay expects passenger capacity to operate at around 8 per cent of normal in August and September, down from an earlier forecast of up to 10 per cent as travel restrictions continue, said Augustus Tang, CEO of Cathay.

Ronald Lam, Chief Customer and Commercial Officer of Cathay said the cargo business had peaked in May but yields remained high and the outlook heading into the peak Christmas season was positive.

Cargo revenue topped passenger revenue and accounted for 46 per cent of total sales in the first half, up from 21 per cent a year earlier when the freight market was depressed.