

Overview on The Hong Kong International Airport



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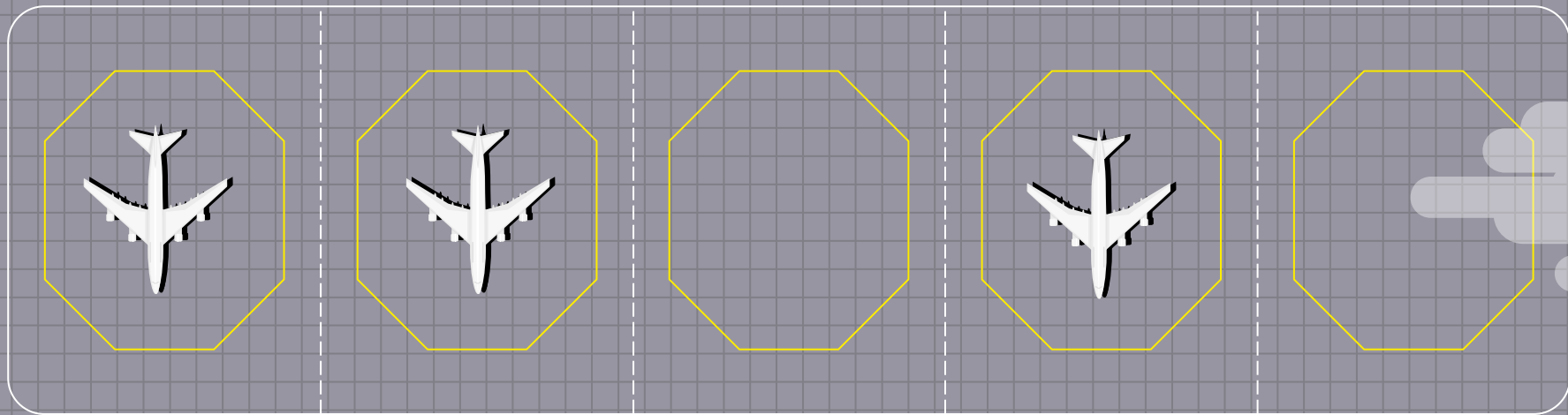


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Background

- The HK Airport Core Programme was announced by the govt. in 1989. Among which are 10 projects including constructing a new airport at Chek Lap Kok in 1991
- The HKIA first opened in 1998 with 2 runways:



Connecting to
200+ destinations
worldwide



71.5 million
passengers handled



Flights from
120 different
airlines



4.9 million
tonnes of cargo
moved

02

Strengths



The busiest international cargo airport

Cargo volumes stayed consistent

Shortage of belly capacity on passenger flights, additional flights carrying cargo without passengers

24% increase in freighter movements



02

Weaknesses



Evident that the revenue relies heavily on passengers



2% decrease in cargo volume

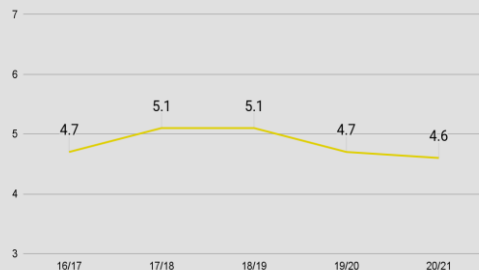


98.6% decrease in passenger traffic

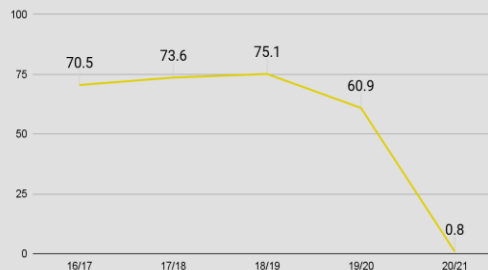


65.3% decrease in revenue

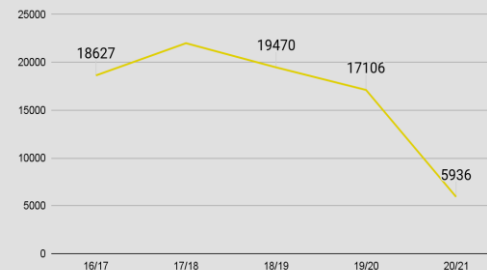
Cargo & Airmail Throughput



Passenger Traffic (million)



Revenue (in HK\$ million)



03

Problem

Slow Recovery Rate Compared to other Airports

(No. Of Passengers)



	Dec. 2019	Dec. 2022	% of the figure in 2019
HKG	5,716,000	1,602,000	28.0%
ATL	9,094,827	7,921,067	87.1%
JFK	5,101,501	4,868,087	95.4%

- *"It's effectively off the map now, and I think it's going to be difficult for Hong Kong to recover."* - Willie Walsh, Director general of the International Air Transport Association
- Passengers are not willing to fly to HK unless necessary
- Surrounding countries relaxed entry restrictions

ATL: Hartsfield-Jackson Atlanta International Airport

JFK: John F. Kennedy International Airport

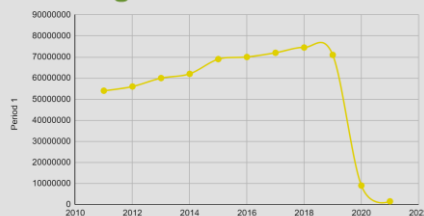


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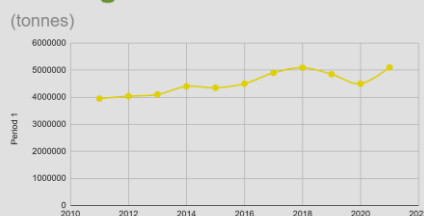
Insight 1/2

- The no. of passengers dropped from 71 million in 2019 to 135 thousand in 2021, by 99.8%
- Air freight movements increased in the last 10 years. Despite a small drop in 2020, it continues to raise in 2022 to reach a peak

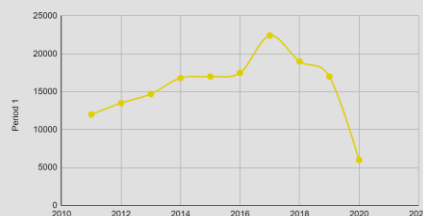
Passenger Movements



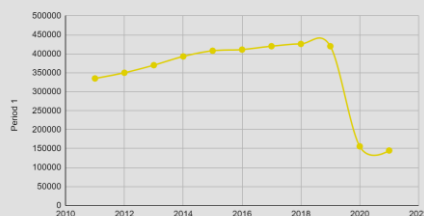
Airfreight Movements



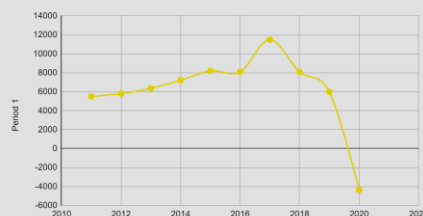
Revenue



Aircraft Movements



Profit



03

Insight 2/2

The drop in passengers in 2020 & 2021 is probably an irreparable damage:

- The loss of 2021 corresponds to 6 months of pre-pandemic profits. 2022 will also be a loss
- Political situations may impact Hong Kong's international image, reducing tourists
- A drop in the share of retail licenses and advertising revenue can be seen
- 78% of tourists were from the Mainland in 2018

Revenue by Source

for the year ended 31 March 2019



Revenue by Source

for the year ended 31 March 2021

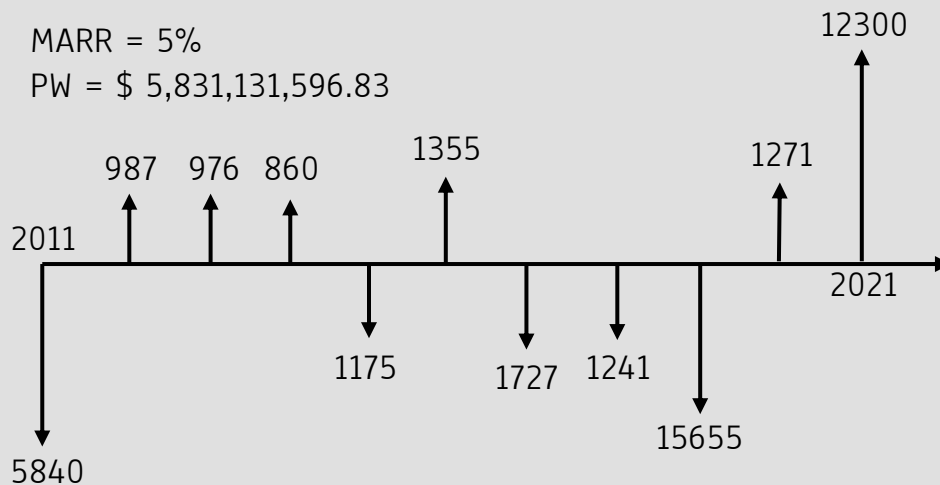


04

Past Performance Analysis



Cash Flows (2011 - 2021) in millions



04

Past Performance Analysis

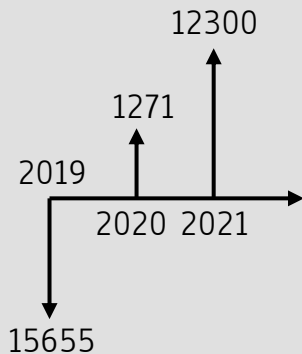


Cash Flows (2019 - 2021) in millions

MARR = 5%

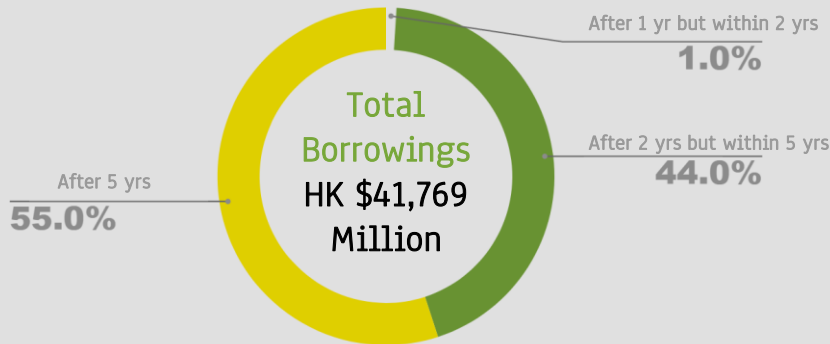
PW = - \$ 3,288,061,224.49

2021: lost \$4,368 million



Loan Maturity Profile

as of 31 March 2021



Forecast

05

- We estimated the no. of tourists for the next 5 years with 3 different scenarios
- Ratio: no. of passengers / tourist = 1.2
- Revenue per passenger = HK \$80
- Revenue per tonne of freight = HK \$2000
- The evolution of freight traffic worldwide from 2004 to 2022 is 3% per year; in Hong Kong over the last 10 years is 2.5% per year
- The cost of a 3rd runway is HK \$140 billion (financed by extra tax \$70 per passenger, but with the current scenarios it will finance only \$49 - \$104 billion in the next 50 years)

Forecast

05

Present Worth of the different recovery scenarios for both cargo and commercial activities for the next 5 years:

	Slow	Partial	Fully
2.50%	\$54,684,791,488	\$58,892,721,258	\$64,955,058,516
3%	\$55,362,879,566	\$59,570,809,336	\$65,633,146,594
2% + 3rd runway	\$91,031,328,408	\$95,239,258,179	\$101,301,595,436

06

Suggestions & Conclusion



Focus on cargo

- is the busiest cargo airport in the world
- only slightly impacted by the pandemic (-2%)
- low risk investment



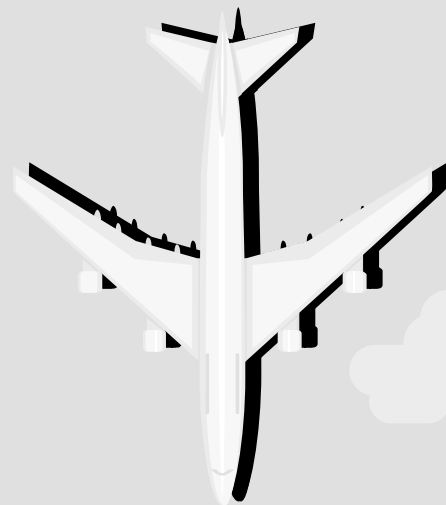
Make connection flights more convenient

- loosen up the restrictions



Construct a 3rd runway

- PW with a 3rd runway is highest in all 3 scenarios





Thank You

Question & Answer Session

