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CATHAY PACIFIC AIRWAYS LIMITED

國泰航空有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

August 2021 Traffic Figures

The appended press release contains traffic figures for August 2021 for Cathay Pacific Airways Limited (“**Cathay Pacific**”). The information in the press release may be price sensitive. This announcement containing the press release is accordingly being issued pursuant to Part XIVA of the Securities and Futures Ordinance. The information in the press release has been prepared on the basis of internal management records. It has not been audited or reviewed by external auditors.

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Investors are advised to exercise caution in dealing in shares of Cathay Pacific.

As at the date of this announcement, the Directors of Cathay Pacific are:

Executive Directors: Patrick Healy (Chairman), Gregory Hughes, Ronald Lam, Rebecca Sharpe, Augustus Tang;

Non-Executive Directors: Guy Bradley, Ma Chongxian, Song Zhiyong, Merlin Swire, Samuel Swire, Xiao Feng, Zhang Zhuo Ping, Zhao Xiaohang;

Independent Non-Executive Directors: Bernard Chan, John Harrison, Robert Milton and Andrew Tung.

By Order of the Board

Cathay Pacific Airways Limited

Joanna Lai

Company Secretary

Hong Kong, 20 September 2021

20 September 2021

FOR IMMEDIATE RELEASE

**CATHAY PACIFIC RELEASES TRAFFIC FIGURES
FOR AUGUST 2021**

Cathay Pacific today released its traffic figures for August 2021 that continued to reflect the airline's substantial capacity reductions in response to significantly reduced demand as well as travel restrictions and quarantine requirements in place in Hong Kong and other markets amid the ongoing global COVID-19 pandemic.

Cathay Pacific carried a total of 135,353 passengers last month, an increase of 278.4% compared to August 2020, but a 95.3% decrease compared to the pre-pandemic level in August 2019. The month's revenue passenger kilometres (RPKs) rose 294.1% year-on-year, but were down 92.4% versus August 2019. Passenger load factor increased by 26.5 percentage points to 46.4%, while capacity, measured in available seat kilometres (ASKs), increased by 68.9%, but remained 86.9% down on August 2019 levels. In the first eight months of 2021, the number of passengers carried dropped by 92.2% against a 76.2% decrease in capacity and an 89.7% decrease in RPKs, as compared to the same period for 2020.

The airline carried 124,278 tonnes of cargo and mail last month, an increase of 21.7% compared to August 2020, but a 23% decrease compared with the same period in 2019. The month's revenue freight tonne kilometres (RFTKs) rose 20.7% year-on-year, but were down 15.4% compared to August 2019. The cargo and mail load factor increased by 2.3 percentage points to 77.7%, while capacity, measured in available freight tonne kilometres (AFTKs), was up by 17.2% year-on-year, but was down 33.8% versus August 2019. In the first eight months of 2021, the tonnage decreased by 8.7% against a 21.8% drop in capacity and a 10.9% decrease in RFTKs, as compared to the same period for 2020.

Passenger

Chief Customer and Commercial Officer Ronald Lam said: "While the COVID-19 situation continues to present us with considerable challenges, we did see some improvement in the performance of our passenger business in August. Overall, passenger capacity increased 81% compared with July, although we still only operated about 13% of our August 2019 pre-pandemic levels. Load factor reached 46.4% – the highest it's been since March 2020.

"August's passenger performance was driven primarily by student traffic, in particular from the Chinese Mainland to the US. We cautiously increased capacity on these services, with our Shanghai flights notably increasing to three times per day from mid-August, while our New York, San Francisco and Los Angeles flights also saw capacity increases. We also resumed flights to Chicago and Boston, which generated strong demand.

“Meanwhile, demand for student travel from Hong Kong and the Chinese Mainland to the UK also gradually picked up from mid-August. This included not only our London flights, but our newly resumed Manchester services. Other newly resumed services in August included Paris, Phuket and Qingdao.

“From early August, we were able to resume flights from the UK to Hong Kong, although the inbound demand was relatively weak. In general, inbound traffic slowed down after 20 August when the Hong Kong SAR Government tightened quarantine requirements for travellers arriving in Hong Kong from 16 overseas places.

Cargo

“While August is traditionally a quieter month for cargo due to the summer holiday period in the Northern Hemisphere, this was not the case this year and demand continued to be buoyant both from our home market, Hong Kong, and from across our network. Cargo capacity increased about 9% month-on-month, reaching approximately 66% of our August 2019 pre-pandemic levels.

“Towards the end of the month our freighter schedule ramped up to peak season levels, with transpacific flights notably increasing to 39 flights per week. Two additional Boeing 777 “preighters” have also now entered into service, bringing our total to six, providing us with additional capacity for carrying cargo.

“At the same time, our teams have been agile in responding to the constantly changing operating environment brought on by the COVID-19 outbreaks in various parts of our network. This has particularly impacted our services to Shanghai, where authorities have increased quarantine requirements for ground staff to contain the situation.

Outlook

“Our August passenger performance, with capacity at about 13% of pre-pandemic levels, was an improvement over previous months. We had hoped to operate as much as 30% of pre-pandemic capacity by the fourth quarter of 2021. However, operational and passenger travel restrictions remain in place, continuing to constrain our ability to operate more flights. As such, we now only expect to maintain similar passenger capacity levels to August 2021 for the remainder of the year, whilst remaining responsive to any unexpected changes in travel restrictions. We maintain our focus on prudent cash management, targeting cash burn of less than HK\$1 billion per month for the rest of 2021.

“For cargo, market indicators suggest a strong peak season driven by the need for inventory replenishment, against a backdrop of ongoing air capacity constraints and disruptions to supply chains due to seaport congestion. We are planning for this, whilst remaining vigilant regarding changes to the COVID-19 situation that could impact operations.

“Despite our short-term challenges, we remain committed to keeping our home city connected to the world via the Hong Kong international aviation and logistics hub.”

AIRLINES COMBINED TRAFFIC	AUG 2021	% Change VS AUG 2020	Cumulative AUG 2021	% Change YTD
RPK (000)				
- Chinese Mainland	72,325	1,179.3%	153,370	-80.1%
- North East Asia	10,670	95.0%	45,771	-97.7%
- South East Asia	17,596	5.4%	128,577	-94.5%
- South Asia, Middle East & Africa	7,638	-	16,446	-98.9%
- South West Pacific	18,479	-21.3%	105,968	-96.6%
- North America	609,751	563.4%	1,123,978	-79.6%
- Europe	140,598	77.2%	388,373	-90.0%
RPK Total (000)	877,057	294.1%	1,962,483	-89.7%
Passengers carried	135,353	278.4%	346,589	-92.2%
Cargo and mail revenue tonne km (000)	783,031	20.7%	4,838,080	-10.9%
Cargo and mail carried (000kg)	124,278	21.7%	795,366	-8.7%
Number of flights	1,844	59.4%	9,800	-45.6%

AIRLINES COMBINED CAPACITY	AUG 2021	% Change VS AUG 2020	Cumulative AUG 2021	% Change YTD
ASK (000)				
- Chinese Mainland	127,887	291.9%	450,864	-65.6%
- North East Asia	58,451	69.9%	347,128	-88.6%
- South East Asia	97,559	2.3%	629,461	-83.7%
- South Asia, Middle East & Africa	28,144	-	76,348	-96.6%
- South West Pacific	313,691	174.7%	1,529,852	-66.8%
- North America	951,932	62.3%	3,032,518	-65.5%
- Europe	314,100	22.4%	1,036,403	-82.7%
ASK Total (000)	1,891,764	68.9%	7,102,574	-76.2%
Passenger load factor	46.4%	26.5pt	27.6%	-36.4pt
Available cargo/mail tonne km (000)	1,007,351	17.2%	5,986,775	-21.8%
Cargo and mail load factor	77.7%	2.3pt	80.8%	9.9pt
ATK (000)	1,187,577	22.9%	6,662,881	-36.5%

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Glossary

Terms:

Available seat kilometres (“ASK”)

Passenger seat capacity, measured in seats available for the carriage of passengers on each sector multiplied by the sector distance.

Available tonne kilometres (“ATK”)

Overall capacity measured in tonnes available for the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

Available cargo/mail tonne kilometres

Cargo capacity measured in tonnes available for the carriage of cargo and mail on each sector multiplied by the sector distance.

Revenue passenger kilometres (“RPK”)

Number of passengers carried on each sector multiplied by the sector distance.

Cargo and Mail revenue tonne kilometres

Traffic volume, measured in load tonnes from the carriage of cargo and mail on each sector multiplied by the sector distance.

Ratio:

$$\text{Passenger/Cargo and mail load factor} = \frac{\text{Revenue passenger kilometres/} \\ \text{Cargo and mail revenue tonne kilometres}}{\text{Available seat kilometres/} \\ \text{Available cargo and mail tonne kilometres}}$$