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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 2022 Traffic Figures

The appended press release contains traffic figures for August 2022 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, Sun Yuquan, Merlin Swire, Samuel Swire, Xiao Feng, Zhang Zhuo Ping;

Independent Non-Executive Directors: Bernard Chan, John Harrison, Christoph Mueller and Andrew Tung.

By Order of the Board

Cathay Pacific Airways Limited

Joanna Lai

Company Secretary

Hong Kong, 16th September 2022

16 September 2022

CATHAY PACIFIC RELEASES TRAFFIC FIGURES FOR AUGUST 2022

Cathay Pacific today released its traffic figures for August 2022. The airline's traffic figures continued to reflect the positive impact of further adjustments to the Hong Kong Special Administrative Region Government's travel restrictions and quarantine requirements, notably the mandatory hotel quarantine arrangement for inbound travellers.

Cathay Pacific carried a total of 253,907 passengers last month, an increase of 87.6% compared to August 2021, but a 91.3% decrease compared to the pre-pandemic level in August 2019. The month's revenue passenger kilometres (RPKs) increased 82.7% year-on-year, but were down 86.1% versus August 2019. Passenger load factor increased by 22.2 percentage points to 68.6%, while capacity, measured in available seat kilometres (ASKs), increased by 23.5% year-on-year, but decreased by 83.8% compared with August 2019 levels. In the first eight months of 2022, the number of passengers carried increased by 133.5% against a 1.6% increase in capacity and a 141.9% increase in RPKs, as compared to the same period for 2021.

The airline carried 104,851 tonnes of cargo last month, a decrease of 15.6% compared to August 2021, and a 35% decrease compared with the same period in 2019. The month's cargo revenue tonne kilometres (RFTKs) decreased 23.3% year-on-year, and were down 35.1% compared to August 2019. The cargo load factor decreased by 10.7 percentage points to 67%, while capacity, measured in available cargo tonne kilometres (AFTKs), was down by 11.1% year-on-year, and was down by 41.1% versus August 2019. In the first eight months of 2022, the tonnage decreased by 8% against a 25.4% drop in capacity and a 32.4% decrease in RFTKs, as compared to the same period for 2021.

Travel

Chief Customer and Commercial Officer Ronald Lam said: "We continued to see improved performance in our travel business in August. Average daily passenger numbers further increased month on month and exceeded 8,000. Passenger flight capacity increased 28% compared with July, although we still only operated about 16% of pre-pandemic levels. Meanwhile, load factor remained high at close to 69%.

“Following the Hong Kong SAR Government’s adjustment to the hotel quarantine arrangement for travellers entering Hong Kong from 12 August, we observed an increase in inbound traffic to our home hub. This was particularly so for long-haul traffic from the US, Canada and Europe. Meanwhile, our passenger flight capacity to the Chinese Mainland remained restricted, although we were able to resume carrying passengers to Zhengzhou, Qingdao and Xiamen in August.

“Student traffic from the Chinese Mainland to the US represented a significant portion of our passenger traffic last month. On top of our existing services to New York, Los Angeles and San Francisco, we resumed flights to Chicago and Boston in August for the first time this year to cater to the strong demand. As a result, our US-bound flights managed 80% load factors. Apart from student traffic, our US routes were also boosted in the other direction by transit traffic travelling to Southeast Asia, the result of greater connectivity from increased flight frequency.

Cargo

“In terms of cargo, we operated a full freighter schedule in August, which was supported by increased passenger flights as well as regional cargo-only passenger flights. While our overall cargo flight capacity was down 11% compared with the same period last year, this was because we operated a significant number of long-haul cargo-only passenger flights at that time. Overall, we operated 59% of our pre-pandemic cargo flight capacity in August. Demand has remained flat throughout the summer months, but we have continued to make all preparations to ensure smooth operations as we step into the cargo peak season.

“Supporting the Cathay Pacific Group’s net-zero carbon emissions by 2050 target, we have extended our carbon-offset programme, Fly Greener, to our air cargo services. The programme not only enables our cargo customers to calculate the carbon emissions for their shipments, but also allows them to purchase carbon offsets to support carbon-offset projects. All selected projects are certified by the internationally recognised non-profit organisation, Gold Standard, to ensure their carbon reductions and societal benefits are verified to have met their standards.

“Furthermore, in an ongoing effort to improve the quality of our service delivery, we have introduced two new Cargo iQ milestone measurements – freight out of warehouse (FOW) and freight into warehouse (FIW). These additional milestones will bring greater transparency to the overall shipment journey, and are now operational at the Cathay Pacific Cargo Terminal in Hong Kong, with plans in place to roll them out across our network in the near future.

Outlook

"Looking ahead, we welcome the Hong Kong SAR Government's adjustments to the mandatory quarantine arrangements for locally based aircrew arriving in Hong Kong earlier this month. While we will continue to add back more flights as quickly as is feasible to strengthen the network connectivity of the Hong Kong aviation hub, this will still take time as we build operational readiness and undertake a substantial amount of training and aircraft reactivation.

"This, combined with other operational complexities, means that capacity can only be increased gradually over a period of several months. As such, we are now projecting by the end of the year to be able to operate about one-third of our pre-pandemic passenger flight capacity – about double the passenger flight capacity we operated in August – and about two-thirds of our pre-pandemic cargo flight capacity. As the market and operating conditions further improve moving forward, we will aim to add back more flights where feasible.

"On the travel side, we expect that demand will remain solid going into the fourth quarter. Transit traffic between the Americas and Southeast Asia and India is anticipated to be strong, while traffic between Australia, New Zealand and other parts of our network is also expected to increase.

"As more regional destinations such as Japan continue to adjust their inbound travel policies, we will continue to monitor demand and adjust our passenger flight capacity accordingly. We intend to add about 200 pairs of passenger flights in October, primarily to regional destinations such as Osaka, Seoul (Incheon), Bangkok, Kuala Lumpur and Manila, and also to long-haul destinations such as Vancouver, Sydney and Melbourne.

"Regarding cargo, whilst the anti-pandemic measures in the Chinese Mainland may affect supply chains, it has been encouraging to see New Product Introduction (NPI) shipments begin in September, which bodes well for the expected solid peak season. As a result, we will continue to maximise freighter capacity, supported by increased passenger services and regional cargo-only passenger flights."

The full August figures and glossary are on the following pages.

CATHAY PACIFIC TRAFFIC	AUG 2022	% Change VS AUG 2021	Cumulative AUG 2022	% Change YTD
RPK (000)				
- Chinese Mainland	72,967	0.9%	255,076	66.3%
- North East Asia	23,618	121.4%	71,813	56.9%
- South East Asia	77,827	342.3%	271,709	111.3%
- South Asia, Middle East & Africa	31,583	313.5%	90,046	447.5%
- South West Pacific	135,153	631.4%	554,102	422.9%
- North America	825,314	35.4%	2,041,843	81.7%
- Europe	436,049	210.1%	1,463,269	276.8%
RPK Total (000)	1,602,511	82.7%	4,747,858	141.9%
Passengers carried	253,907	87.6%	809,115	133.5%
Cargo revenue tonne km (000)	600,283	-23.3%	3,269,911	-32.4%
Cargo carried (000kg)	104,851	-15.6%	731,442	-8.0%
Number of flights	1,795	-2.7%	11,127	13.5%

CATHAY PACIFIC CAPACITY	AUG 2022	% Change VS AUG 2021	Cumulative AUG 2022	% Change YTD
ASK (000)				
- Chinese Mainland	126,196	-1.3%	717,259	59.1%
- North East Asia	66,689	14.1%	245,423	-29.3%
- South East Asia	151,095	54.9%	516,528	-17.9%
- South Asia, Middle East & Africa	65,139	131.4%	198,616	160.1%
- South West Pacific	205,987	-34.3%	935,151	-38.9%
- North America	1,231,895	29.4%	2,843,014	-6.3%
- Europe	489,843	56.0%	1,762,317	70.0%
ASK Total (000)	2,336,844	23.5%	7,218,308	1.6%
Passenger load factor	68.6%	22.2%pt	65.8%	38.1%pt
Available cargo tonne km (000)	895,827	-11.1%	4,467,284	-25.4%
Cargo load factor	67.0%	-10.7%pt	73.2%	-7.6%pt
ATK (000)	1,120,209	-5.7%	5,159,158	-22.6%

Glossary

Cargo iQ

Cargo iQ is a not-for-profit membership group supported by the International Air Transport Association (IATA) composed of major airlines, freight forwarders, ground-handling agents, trucking companies and IT providers who work together to bring standardisation and transparency to the air cargo journey. As part of that, the Cargo iQ MOP, which has been endorsed by IATA as a recommended industry practice, describes the standard end-to-end process of transporting air cargo from shipper to consignee.

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 on each sector multiplied by the sector distance.

Available cargo tonne kilometres ("AFTK")

Cargo capacity measured in tonnes available for the carriage of freight 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 revenue tonne kilometres ("RFTK")

Amount of cargo, measured in tonnes, carried on each sector multiplied by the sector distance.

Ratio:

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

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