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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)

May 2021 Traffic Figures

The appended press release contains traffic figures for May 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: Ma Chongxian, Martin Murray, 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, 18 June 2021

18 June 2021

FOR IMMEDIATE RELEASE

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

Cathay Pacific today released its traffic figures for May 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 24,006 passengers last month, an increase of 30% compared to May 2020, but a 99.2% decrease compared to the pre-pandemic level in May 2019. The month's revenue passenger kilometres (RPKs) rose 24.5% year-on-year, but were down 98.9% versus May 2019. Passenger load factor decreased by 2.9 percentage points to 26.7%, while capacity, measured in available seat kilometres (ASKs), increased by 38%, but remained 96.5% down on May 2019 levels. In the first five months of 2021, the number of passengers carried dropped by 97.3% against an 88.6% decrease in capacity and a 97% decrease in RPKs, as compared to the same period for 2020.

The airline carried 92,394 tonnes of cargo and mail last month, a decrease of 6.4% compared to May 2020. The month's revenue freight tonne kilometres (RFTKs) fell 16.9% year-on-year. The cargo and mail load factor increased by 7.5 percentage points to 81%, while capacity, measured in available freight tonne kilometres (AFTKs), was down by 24.5%. In the first five months of 2021, the tonnage fell by 23.2% against a 37.3% drop in capacity and a 25.5% decrease in RFTKs, as compared to the same period for 2020.

Passenger

Cathay Pacific Group Chief Customer and Commercial Officer Ronald Lam said: "We have begun cautiously adding more flights and destinations to our schedule. There was a small 6.6% month-on-month increase in passenger capacity in May with the resumption of services to Fuzhou, Hangzhou and Dubai. Nevertheless, we still operated only 3.5% of the capacity that we operated prior to the pandemic in May 2019. Average daily passenger numbers remained low at 774, while load factor, despite reaching its highest point since June 2020, was still only 26.7%.

"We saw increasing demand for our UK services throughout the month. On 8 May, we operated our first scheduled flight from London since December last year. Meanwhile, our flights to London saw improved demand mostly driven by sales from Hong Kong and the Chinese mainland. Our US routes also benefitted from our customers from these markets, in particular our New York route, which recorded better-than-average load factors.

“Unfortunately, demand was weaker in our other markets. The ban on flights from the Philippines to Hong Kong was extended, and new COVID-19 cases emerged in Taiwan, impacting demand.

Cargo

“The relaxation of crew quarantine requirements in mid-April enabled us to gradually reinstate cargo capacity throughout May, although we are yet to return to our full freighter schedule due to crew rostering lead time. Last month, we operated 24% more freighter flights and 18% more cargo-only passenger flights than we did in April, providing more lift to meet demand from a reasonably buoyant air cargo market.

“Among all sales areas, Taiwan stood out last month with considerable export demand. We also experienced strong inbound and outbound demand on services to Asia, the Americas and Europe, which enabled our sales teams to maintain high load factors on these routes. Overall, our cargo load factor in May was 81%.

“We also made Ultra Track, a multi-dimensional tracking product, available to the market with a phased introduction at 25 ports across our network for pharmaceutical, perishable and other special shipments.

“Cathay Pacific Cargo supported humanitarian efforts in India by providing additional capacity to fly in essential medical supplies. We also allocated space aboard a flight to carry, free of charge, 300,000 COVID-19 testing kits that were donated to India by the Government of Portland in the US.

Outlook

“Looking ahead in June, we are continuing to add more passenger services to cater to demand from the Chinese mainland, UK and US. In particular, we are increasing our London frequencies to cater to student traffic returning to Hong Kong from the middle of June. We have also resumed flights this month to a number of destinations, including Amsterdam, Brisbane, Frankfurt, San Francisco, Seoul and Vancouver.

“Meanwhile, we look forward to the resumption of the Hong Kong-Singapore Air Travel Bubble given the positive response these flights had garnered from our customers.

“Overall cargo demand remains firm. Passenger belly capacity will remain constrained, but with quarantine restrictions easing due to the high uptake of vaccinations by our freighter crews, we will see a further resumption of our freighter frequencies from Hong Kong to various regions in our network.

“The first half of 2021 has seen the tightening of travel restrictions and quarantine requirements as Hong Kong and our major markets continued the fight against COVID-19. These measures and the resulting increased quarantine for our aircrew have restricted our ability to operate passenger services beyond a single-digit percentage of our passenger capacity and have reduced our effective freighter capacity. However, with the cost-saving measures implemented in 2020 (which are continuing) and a strong underlying cargo performance, our losses in the first half of 2021, while still very substantial, are expected to be somewhat lower than the losses reported in both the first and second halves of 2020.

“With the easing of passenger and crew quarantine measures, the roll-out of the community vaccination programme in Hong Kong and the high vaccination rate of our aircrew, we are cautiously adding more passenger flights and flying to more destinations. Our current plan is that by the fourth quarter of 2021 we will be operating approximately 30% of our pre-COVID-19 passenger capacity.

“Earlier this month, the Hong Kong SAR Government agreed to extend the drawdown period of the HK\$7.8 billion loan facility for 12 months to 8 June 2022, which we welcomed. We also successfully raised HK\$6.74 billion from a convertible bond issue in February and US\$650 million under the Medium Term Note programme last month. Our continued ability to raise debt financing in the capital markets demonstrates the investing community’s ongoing confidence in our long-term prospects as a leading airline.

Vaccination

“COVID-19 will continue to impact global travel until herd immunity is reached in markets around the world. We recently bolstered our support for the Hong Kong SAR Government’s community vaccination drive with a range of incentives for both our employees and the wider Hong Kong public.

“We are very grateful to the approximately 90% of our pilots and more than 64% of our cabin crew in Hong Kong who have already booked or received their vaccinations. So far this year, there have been zero positive tests among the more than 44,000 tests that our operating Hong Kong-based aircrew have taken in the days following their arrival in Hong Kong. We hope many more people will get inoculated against COVID-19 to help build a vaccination barrier in Hong Kong that will enable the economy and international air travel to recover.”

The full May figures are on the next page.

AIRLINES COMBINED TRAFFIC	MAY 2021	% Change VS MAY 2020	Cumulative MAY 2021	% Change YTD
RPK (000)				
- Chinese mainland	10,110	165.3%	44,276	-94.1%
- North East Asia	3,820	-26.2%	21,179	-98.9%
- South East Asia	12,846	43.0%	76,280	-96.7%
- South Asia, Middle East & Africa	564	-	564	-100.0%
- South West Pacific	9,098	-37.0%	51,207	-98.3%
- North America	48,721	-1.7%	246,480	-95.3%
- Europe	39,485	117.3%	113,621	-97.0%
RPK Total (000)	124,644	24.5%	553,607	-97.0%
Passengers carried	24,006	30.0%	116,493	-97.3%
Cargo and mail revenue tonne km (000)	558,458	-16.9%	2,639,331	-25.5%
Cargo and mail carried (000kg)	92,394	-6.4%	440,064	-23.2%
Number of flights	997	-30.4%	5,012	-65.7%

AIRLINES COMBINED CAPACITY	MAY 2021	% Change VS MAY 2020	Cumulative MAY 2021	% Change YTD
ASK (000)				
- Chinese mainland	40,274	62.5%	195,655	-84.0%
- North East Asia	36,419	50.3%	188,515	-93.6%
- South East Asia	58,108	-19.4%	371,339	-89.7%
- South Asia, Middle East & Africa	6,220	-	6,220	-99.7%
- South West Pacific	97,205	160.8%	670,476	-84.5%
- North America	138,594	13.7%	1,261,218	-83.0%
- Europe	89,779	55.6%	396,831	-92.7%
ASK Total (000)	466,599	38.0%	3,090,254	-88.6%
Passenger load factor	26.7%	-2.9pt	17.9%	-50.2pt
Available cargo/mail tonne km (000)	689,470	-24.5%	3,236,202	-37.3%
Cargo and mail load factor	81.0%	7.5pt	81.6%	12.9pt
ATK (000)	733,882	-22.4%	3,530,193	-54.4%

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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:

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