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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)

October 2021 Traffic Figures

The appended press release contains traffic figures for October 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, 17 November 2021

17 November 2021

FOR IMMEDIATE RELEASE

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

Cathay Pacific today released its traffic figures for October 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 76,430 passengers last month, an increase of 98.3% compared to October 2020, but a 97.2% decrease compared to the pre-pandemic level in October 2019. The month's revenue passenger kilometres (RPKs) rose 95% year-on-year, but were down 96.1% versus October 2019. Passenger load factor increased by 11.4 percentage points to 29.6%, while capacity, measured in available seat kilometres (ASKs), increased by 19.9%, but remained 89.9% down on October 2019 levels. In the first 10 months of 2021, the number of passengers carried dropped by 87.8% against a 68.4% decrease in capacity and an 84% decrease in RPKs, as compared to the same period for 2020.

The airline carried 136,949 tonnes of cargo last month, an increase of 19.8% compared to October 2020, but a 25.2% decrease compared with the same period in 2019. The month's cargo revenue tonne kilometres (RFTKs) rose 21% year-on-year, but were down 14.9% compared to October 2019. The cargo load factor increased by 4 percentage points to 82.9%, while capacity, measured in available cargo tonne kilometres (AFTKs), was up by 15.2% year-on-year, but was down 30.3% versus October 2019. In the first 10 months of 2021, the tonnage decreased by 2.9% against a 14.7% drop in capacity and a 4.3% decrease in RFTKs, as compared to the same period for 2020.

Passenger

Chief Customer and Commercial Officer Ronald Lam said: "October was more challenging for our passenger business than recent months. Demand for student travel, which had been robust over the past few months, tapered down quickly from early October. As such, we trimmed our passenger capacity by about 19% compared to September. Overall, we only managed to operate approximately 10% of our pre-pandemic passenger capacity compared to October 2019. Meanwhile, our average daily passenger numbers dropped about 44% versus the previous month to 2,465.

"While our long-haul routes were less strong, our short-haul operations remained robust with demand for flights serving Asia remaining encouraging, in particular those serving the Philippines, Indonesia and Vietnam.

Cargo

“Air cargo demand continued to strengthen in October. We maintained an optimised freighter schedule to meet this demand, supplemented by capacity provided by our scheduled passenger services. We also operated 963 pairs of cargo-only passenger flights, including 78 sectors that were operated by our converted “freighters” carrying cargo in the cabins – both record-high numbers. Overall, we operated approximately 70% of our pre-pandemic cargo capacity when compared to October 2019. Meanwhile, our average load factor increased to nearly 83%.

“Our home market, Hong Kong, continued its strong performance, and other markets around our network were similarly encouraging. Southeast Asia in particular performed well with robust exports of consumer products and industrial parts. Return traffic from the Americas and Europe also gathered momentum.

Outlook

“The second half of the year is typically our peak cargo period. The exceptionally strong cargo season that we are experiencing so far, together with our continued focus on effective cash and cost management, have led to a positive impact on our operating cash burn. This is to the extent that we have been able to achieve close to operating cash breakeven for the four-month period from July to October 2021.

“On the passenger side, the re-opening of Australia’s borders for vaccinated Australian citizens, permanent residents and their immediate family has been a positive development. We have already added more capacity and seen an increase in flight bookings.

“Subject to travel restrictions and other operational constraints due to COVID-19, we expect that our second-half 2021 results will be a considerable improvement on our first-half 2021 results, although our overall losses for the full year 2021 will still be substantial. Nevertheless, our operating environment continues to be one of considerable uncertainty. Travel and operational restrictions continue to greatly impact our ability to mount flights and we are still facing many challenges to both our passenger and our cargo business as the COVID-19 situation in different parts of the world continues to evolve.”

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

AIRLINES COMBINED TRAFFIC	OCT 2021	% Change VS OCT 2020	Cumulative OCT 2021	% Change YTD
RPK (000)				
- Chinese Mainland	33,424	193.1%	254,718	-67.8%
- North East Asia	6,061	6.6%	59,481	-97.1%
- South East Asia	26,253	30.1%	176,744	-92.6%
- South Asia, Middle East & Africa	7,128	-	30,933	-97.9%
- South West Pacific	16,677	-18.1%	138,596	-95.7%
- North America	132,776	68.8%	1,563,898	-72.4%
- Europe	187,478	153.8%	928,372	-77.5%
RPK Total (000)	409,797	95.0%	3,152,742	-84.0%
Passengers carried	76,430	98.3%	554,793	-87.8%
Cargo revenue tonne km (000)	865,226	21.0%	6,526,394	-4.3%
Cargo carried (000kg)	136,949	19.8%	1,063,312	-2.9%
Number of flights	2,041	51.5%	13,836	-33.0%

AIRLINES COMBINED CAPACITY	OCT 2021	% Change VS OCT 2020	Cumulative OCT 2021	% Change YTD
ASK (000)				
- Chinese Mainland	78,149	16.9%	636,853	-55.1%
- North East Asia	43,291	33.6%	447,061	-85.6%
- South East Asia	99,833	5.4%	841,212	-79.3%
- South Asia, Middle East & Africa	14,956	-	109,584	-95.2%
- South West Pacific	416,606	154.6%	2,270,397	-53.9%
- North America	319,916	-34.6%	3,928,143	-59.9%
- Europe	410,697	33.7%	1,957,540	-70.7%
ASK Total (000)	1,383,448	19.9%	10,190,790	-68.4%
Passenger load factor	29.6%	11.4pt	30.9%	-30.0pt
Available cargo tonne km (000)	1,043,581	15.2%	8,063,697	-14.7%
Cargo load factor	82.9%	4.0pt	80.9%	8.8pt
ATK (000)	1,175,412	15.7%	9,034,295	-27.8%

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 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.

Operating cash burn / generation

Operating cash burn / generation includes aircraft loan and lease repayments, fuel hedging settlements, but excludes unsecured loan repayment or refinancing, capital expenditure and related new funding and one-off restructuring costs.

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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