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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)

**December 2022 Traffic Figures,
Update on 2022 Full-year Performance and 2023 Outlook**

The appended press release contains traffic figures for December 2022, an update on 2022 full-year performance and 2023 outlook for Cathay Pacific Airways Limited (“**Cathay Pacific**”, and together with its subsidiaries, “**Cathay Pacific Group**” or the “**Group**”). 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 and may be subject to adjustments.

This announcement is issued by Cathay Pacific pursuant to Part XIVA of the Securities and Futures Ordinance.

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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 (Chair), Gregory Hughes, Ronald Lam, Lavinia Lau, Rebecca Sharpe;

Non-Executive Directors: Ma Chongxian (Deputy Chair), Guy Bradley, Gordon McCallum, Sun Yuquan, Merlin 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

國泰航空有限公司

Joanna Lai

Company Secretary

Hong Kong, 20th January 2023

20 January 2023

**CATHAY PACIFIC PUBLISHES TRAFFIC FIGURES FOR DECEMBER 2022,
RELEASES UPDATE ON 2022 PERFORMANCE AND 2023 OUTLOOK**

Cathay Pacific today released its traffic figures for December 2022 together with an update on its performance in the year ended 31 December 2022, which saw a marked improvement in the second-half results of the Group's airlines and subsidiaries over the first-half results. Looking ahead at 2023 and beyond, the Group will continue on the path to rebuilding its airlines and the Hong Kong international aviation hub.

December 2022 traffic figures

Cathay Pacific carried a total of 801,088 passengers last month, an increase of 768.7% compared with December 2021, but a 73.3% decrease compared with the pre-pandemic level in December 2019. The month's revenue passenger kilometres (RPKs) increased 545.2% year-on-year, but were down 68.4% versus December 2019. Passenger load factor increased by 46.7 percentage points to 83.3%, while capacity, measured in available seat kilometres (ASKs), increased by 183.5% year-on-year, but decreased by 67.8% compared with December 2019 levels. In the full year of 2022, the number of passengers carried increased by 291% against a 51.6% increase in capacity and a 258.3% increase in RPKs, as compared with 2021.

Chief Executive Officer Ronald Lam said: "December saw a drastic uptick in travel demand with Christmas being the first major holiday since travel restrictions in Hong Kong were lifted, although we were still only operating about 32% of pre-pandemic passenger flight capacity levels. We carried over 25,800 passengers per day on average.

"Demand was overwhelming for travel to short-haul leisure destinations as we continued to ramp up our frequencies. We also added more destinations in December, including Sapporo, Fukuoka, Penang and Dhaka, ending the year with close to 60 destinations in our network – double the 29 we flew to in January 2022."

The airline carried 106,471 tonnes of cargo last month, a decrease of 21% compared with December 2021, and a 40% decrease compared with the same period in 2019. The month's cargo revenue tonne kilometres (RFTKs) decreased 22.6% year-on-year, and were down 34% compared with December 2019. The cargo load factor decreased by 16.9 percentage points to 67.3%, while capacity, measured in available cargo tonne kilometres (AFTKs), decreased by 3.2% year-on-year, and was down by 35% versus December 2019. In the full year of 2022, the tonnage decreased by 13.4% against a 19% decrease in capacity and a 29.8% decrease in RFTKs, as compared with 2021.

Mr Lam said: "In terms of cargo, overall market demand continued to be flat in December, as was the case for the fourth quarter. Tonnage saw a mild month-on-month increase of 3% against a 4% increase in cargo flight capacity. Overall in December, we operated 65% of pre-pandemic cargo flight capacity levels.

Full-year 2022 financial performance

Based on a preliminary review of the unaudited consolidated management accounts of the Cathay Pacific Group for the year ended 31 December 2022 and the information currently available to the Board of Directors of Cathay Pacific, the Group is expected to record a consolidated loss attributable to shareholders of approximately HK\$6.4-7.0 billion. This compares to the attributable loss to shareholders of HK\$5.5 billion for the year ended 31 December 2021.

The second-half 2022 results for the Group's airlines and subsidiaries were a marked improvement over the first-half 2022 results, although still a small loss overall for the full year of 2022. However, the results from associates, the majority of which are recognised three months in arrears, and which in some cases have already been announced, include significant losses.

Mr. Lam said: "I am very encouraged to see a trend of continuous improvement in our operations and financial performance for our airlines and subsidiaries in the second half of 2022. Progressive relaxations to travel restrictions and quarantine requirements in Hong Kong enabled us to be operating cash generative overall in the second half of 2022."

Cathay Pacific is still in the process of finalising the Group's annual results for the year ended 31 December 2022, and will publish its annual results in March 2023.

2023 business outlook

Mr. Lam continued: “Looking ahead into 2023, we are very excited to be firmly on the path to rebuilding Cathay Pacific and the Hong Kong international aviation hub. Nevertheless, challenges still remain and we are taking a measured and responsible approach to our rebuilding efforts.

“We remain fully committed to restoring connectivity and capacity at our home hub. As a Group, which includes passenger airlines Cathay Pacific and HK Express, we anticipate we will be operating about 70% of pre-pandemic passenger flight capacity by the end of 2023 with the aim of returning to pre-pandemic levels by the end of 2024.

“In terms of passenger travel, we expect demand will continue to be strong in January and the Chinese New Year period, driven by leisure traffic from Hong Kong. Following the return of quarantine-free travel between Hong Kong and the Chinese Mainland, we are continuing to add more flights and more destinations as quickly as is feasible. We aim to operate more than 100 return flights per week to and from 14 cities in the Chinese Mainland by the end of February.

“Concerning cargo, the easing of restrictions for cross-border trucking between Hong Kong and the Chinese Mainland is welcome news. On the other hand, with COVID-19 still impacting various parts of the country, coupled with Chinese New Year occurring in January, the air cargo market will continue to experience challenges until mid-February. We will remain agile in our response to these new challenges.”

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

CATHAY PACIFIC TRAFFIC	DEC	% Change	Cumulative	%
	2022	VS DEC 2021	DEC 2022	Change YTD
RPK (000)				
- Chinese Mainland	67,941	123.0%	497,462	62.2%
- North East Asia	507,924	10,604.5%	986,320	1,295.5%
- South East Asia	455,008	2,100.0%	1,290,116	471.7%
- South Asia, Middle East & Africa	195,431	2,373.4%	554,355	1,091.8%
- South West Pacific	581,719	486.9%	2,001,107	595.6%
- North America	1,041,959	339.3%	5,283,862	168.0%
- Europe	853,800	391.0%	4,150,523	242.6%
RPK Total (000)	3,703,782	545.2%	14,763,745	258.3%
Passengers carried	801,088	768.7%	2,803,784	291.0%
Cargo revenue tonne km (000)	646,055	-22.6%	5,774,172	-29.8%
Cargo carried (000kg)	106,471	-21.0%	1,154,486	-13.4%
Number of flights	2,291	11.1%	18,902	5.0%

CATHAY PACIFIC CAPACITY	DEC	% Change	Cumulative	%
	2022	VS DEC 2021	DEC 2022	Change YTD
ASK (000)				
- Chinese Mainland	124,759	28.1%	1,210,634	48.3%
- North East Asia	645,423	1,742.5%	1,495,222	183.4%
- South East Asia	630,652	724.5%	2,051,241	101.9%
- South Asia, Middle East & Africa	228,866	875.0%	841,260	449.8%
- South West Pacific	687,234	55.3%	2,711,094	-14.8%
- North America	1,158,569	110.5%	6,868,059	41.0%
- Europe	972,488	183.0%	4,878,748	83.3%
ASK Total (000)	4,447,991	183.5%	20,056,258	51.6%
Passenger load factor	83.3%	46.7%pt	73.6%	42.5%pt
Available cargo tonne km (000)	959,454	-3.2%	8,181,055	-19.0%
Cargo load factor	67.3%	-16.9%pt	70.6%	-10.8%pt
ATK (000)	1,384,072	21.4%	10,099,982	-11.0%

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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