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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)

January 2020 Traffic Figures

The appended press release contains combined traffic figures for January 2020 for Cathay Pacific Airways Limited (“**Cathay Pacific**”) and its wholly owned subsidiary, Hong Kong Dragon Airlines Limited (“**Cathay Dragon**”). 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, Martin Murray, Augustus Tang;

Non-Executive Directors: Cai Jianjiang, Ivan Chu, Michelle Low, Song Zhiyong, Merlin Swire, Samuel Swire, Xiao Feng, Zhao Xiaohang;

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

By Order of the Board

Cathay Pacific Airways Limited

Paul Chow

Company Secretary

Hong Kong, 17th February 2020

17 February 2020

FOR IMMEDIATE RELEASE

**CATHAY PACIFIC RELEASES COMBINED TRAFFIC FIGURES
FOR JANUARY 2020**

The Cathay Pacific Group today released combined Cathay Pacific and Cathay Dragon traffic figures for January 2020 that show decreases in the number of passengers carried and the amount of cargo and mail uplifted compared to the same month in 2019.

Cathay Pacific and Cathay Dragon carried a total of 3,010,012 passengers last month – a decrease of 3.8% compared to January 2019. Passenger load factor decreased by 1.3 percentage points to 84.7%, while capacity, measured in available seat kilometres (ASKs), decreased by 0.3%.

The two airlines carried 151,964 tonnes of cargo and mail last month, a decrease of 8.9% compared to the same month last year. The cargo and mail load factor declined by 1.4 percentage points to 60.2%. Capacity, measured in available freight tonne kilometres (AFTKs), was down by 3.2% while cargo and mail revenue freight tonne kilometres (RFTKs) decreased by 5.4%.

Cathay Pacific Group Chief Customer and Commercial Officer Ronald Lam said: “This was the most challenging Chinese New Year period we have experienced. As the novel coronavirus outbreak in mainland China intensified towards the end of the holiday period, travel demand dropped substantially. With more governments worldwide having imposed travel restrictions on passengers from mainland China and in some cases Hong Kong, we are seeing continued cancellations of bookings.

“We have since taken a series of short-term measures in response. These notably include the sharp reduction of capacity across our global network. For February and March, we have now reduced our overall passenger flight capacity by approximately 40%, representing further reduction since our recent announcement. Passenger capacity reduction is also likely for April as we continue to monitor and match market demand. Meanwhile, we have kept our freighter capacity intact.

Passenger

“Our overall passenger performance in January was slightly behind that of 2019. Inbound passenger traffic to Hong Kong was down 40% year-on-year, a slight improvement over the 46% declines seen in November and December. For the first time in the past few months we saw growth in our outbound traffic – 1% – though this was largely due to the Chinese New Year holiday starting earlier this year. We remain heavily reliant on lower-yield transit traffic through Hong Kong, which grew by 7% versus the same period last year.

“We started off 2020 fairly positively, seeing satisfactory passenger traffic volume through the first three weeks of the year. This was particularly evident with our long-haul routes, which showed improved load factors and yield over 2019. However, our performance deteriorated rapidly in the last week of January as the novel coronavirus situation became more severe, and it continues to weaken significantly. We saw significant cancellation of bookings within a short period of time.

Cargo

“We saw reasonably solid demand across our network for the first three weeks of January. Our mainland China point of sales particularly stood out, recording year-on-year tonnage growth. By the last week of January, however, overall demand plummeted as manufacturing came to a halt in mainland China during the Chinese New Year holiday.

“The delay of the post-Chinese New Year resumption of manufacturing across mainland China has significantly affected both our Hong Kong and mainland China markets. However, demand elsewhere across our network remains buoyant, especially on trade lanes that have seen significant reductions in passenger capacity.

Outlook

“The first half of 2020 was already expected to be extremely challenging financially. As a result of this additional significant drop in demand for flights and consequential capacity reduction caused by the novel coronavirus outbreak, the financial results for the first half of 2020 will be significantly down on the same period last year.

“We have an incredible brand with a reputation and track record of premium service and commitment to our customers that differentiates us from our competitors. These qualities and values remain at the heart of everything we do and are what will help us come back stronger when we emerge from this current crisis.”

The full January figures are on the next page.

| CATHAY PACIFIC / CATHAY DRAGON COMBINED TRAFFIC | JAN | % Change | Cumulative | % Change |
|---|------------|-------------|------------|----------|
| | 2020 | VS JAN 2019 | JAN 2020 | YTD |
| RPK (000) | | | | |
| - Mainland China | 623,620 | -18.9% | 623,620 | -18.9% |
| - North East Asia | 1,379,130 | -3.2% | 1,379,130 | -3.2% |
| - South East Asia | 1,537,014 | 1.1% | 1,537,014 | 1.1% |
| - South Asia, Middle East & Africa | 1,006,997 | -0.8% | 1,006,997 | -0.8% |
| - South West Pacific | 1,765,853 | 9.6% | 1,765,853 | 9.6% |
| - North America | 3,222,357 | -3.2% | 3,222,357 | -3.2% |
| - Europe | 2,295,604 | -3.8% | 2,295,604 | -3.8% |
| RPK Total (000) | 11,830,575 | -1.8% | 11,830,575 | -1.8% |
| Passengers carried | 3,010,012 | -3.8% | 3,010,012 | -3.8% |
| Cargo and mail revenue tonne km (000) | 855,433 | -5.4% | 855,433 | -5.4% |
| Cargo and mail carried (000kg) | 151,964 | -8.9% | 151,964 | -8.9% |
| Number of flights | 6,649 | -5.3% | 6,649 | -5.3% |

| CATHAY PACIFIC / CATHAY DRAGON COMBINED CAPACITY | JAN | % Change | Cumulative | % Change |
|--|------------|-------------|------------|----------|
| | 2020 | VS JAN 2019 | JAN 2020 | YTD |
| ASK (000) | | | | |
| - Mainland China | 896,694 | -11.7% | 896,694 | -11.7% |
| - North East Asia | 1,749,611 | 2.5% | 1,749,611 | 2.5% |
| - South East Asia | 1,866,848 | 3.7% | 1,866,848 | 3.7% |
| - South Asia, Middle East & Africa | 1,198,208 | -0.5% | 1,198,208 | -0.5% |
| - South West Pacific | 2,016,481 | 6.8% | 2,016,481 | 6.8% |
| - North America | 3,571,618 | -2.2% | 3,571,618 | -2.2% |
| - Europe | 2,663,279 | -2.6% | 2,663,279 | -2.6% |
| ASK Total (000) | 13,962,739 | -0.3% | 13,962,739 | -0.3% |
| Passenger load factor | 84.7% | -1.3pt | 84.7% | -1.3pt |
| Available cargo/mail tonne km (000) | 1,422,019 | -3.2% | 1,422,019 | -3.2% |
| Cargo and mail load factor | 60.2% | -1.4pt | 60.2% | -1.4pt |
| ATK (000) | 2,749,499 | -1.8% | 2,749,499 | -1.8% |

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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:

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