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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 2019 Traffic Figures

The appended press release contains combined traffic figures for December 2019 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, 16th January 2020

16 January 2020

FOR IMMEDIATE RELEASE

**CATHAY PACIFIC RELEASES COMBINED TRAFFIC FIGURES
FOR DECEMBER 2019**

The Cathay Pacific Group today released combined Cathay Pacific and Cathay Dragon traffic figures for December 2019 that show decreases in the number of passengers carried and the amount of cargo and mail uplifted compared to the same month in 2018.

Cathay Pacific and Cathay Dragon carried a total of 2,994,830 passengers last month – a decline of 3.6% compared to December 2018. Passenger load factor increased by 1.2 percentage points to 85%, while capacity, measured in available seat kilometres (ASKs), decreased by 1.3%. For 2019 as a whole, the number of passengers carried declined by 0.7% against a 5.1% increase in capacity as compared to 2018.

The two airlines carried 177,561 tonnes of cargo and mail last month, a decrease of 2.9% compared to the same month last year. The cargo and mail load factor declined by 1.3 percentage points to 66.4%. Capacity, measured in available freight tonne kilometres (AFTKs), was down by 3.8% while cargo and mail revenue freight tonne kilometres (RFTKs) dropped by 5.7%. For 2019 as a whole, the tonnage fell by 6.1% against a 0.3% reduction in capacity and a 6.7% decrease in RFTKs as compared to 2018.

Cathay Pacific Group Chief Customer and Commercial Officer Ronald Lam said: “Demand for travel into Hong Kong continued to be weak in December with our inbound passenger traffic seeing a year-on-year decline of 46% – unchanged from November. The sentiment for travel into Hong Kong was particularly weak on our regional routes such as mainland China, Taiwan and Japan. On the brighter side, our long-haul routes performed well with better load factors. Outbound traffic, meanwhile, was down 4% – a further improvement over the previous few months, but still significantly below what we would expect for a peak holiday month.

“Given the overall weak performance of both our inbound and outbound traffic, we remained heavily focused and reliant upon lower-yield transit traffic via Hong Kong, which grew by 15% compared to the same time in 2018. Overall, our passenger load factor in December improved by 1.2 percentage points from last year to 85%, partly due to a 1.3% reduction in capacity.

“2019 was an incredibly challenging year for both the Cathay Pacific Group and Hong Kong. Our full-year load factor remained above 82% despite being 1.8 percentage points lower compared with 2018. Intense competition, particularly during the non-peak period, along with our greater reliance on transit traffic have continued to place significant pressure on yield.

“Looking ahead, advance bookings for Chinese New Year appear promising with the boost in transit passengers; however, we continue to see a significant shortfall for the period after Chinese New Year, especially from inbound traffic.

“On the cargo side, our overall volume in December was on par with November and we enjoyed good all-round support from and to all the regions in our network all the way through to the final week of the year. Our mainland China and Southwest Pacific routes were the outstanding performers, recording both month-on-month and year-on-year improvement in sales. Our focus on specialised cargo solutions continued to offer positives; we carried more mail and Fresh LIFT cargo, backed by strong demand for e-commerce and seasonal produce towards the end of the year. We also celebrated our first ever freighter flight to South America, carrying seasonal cherries from Chile back to Asia.

“As previously reported, our second-half performance will be significantly below that of the first half. We anticipate 2020 will continue to present us with a highly challenging operating environment. We remain agile in our operations, ensuring our capacity is best aligned with demand. As announced last month, we are reluctantly reducing our overall seat capacity in 2020 by 1.4% year-on-year as opposed to our original plan of 3.1% growth in light of the immediate commercial challenges we are facing.

“Our commitment to our customers remains resolute. In 2020, we look forward to taking delivery of the first of our modern Airbus A321neo single-aisle aircraft and continuing to prepare for our upcoming Boeing 777-9 aircraft. Customers can look forward to a further enhanced experience on the ground and in the air, as new aircraft are a great platform to showcase the best of what we offer. We will also continue to invest in our digital transformation to enable customers to enjoy a seamless and personalised journey, giving them more reasons to choose to fly with us.”

The full December figures are on the next page.

CATHAY PACIFIC / CATHAY DRAGON COMBINED TRAFFIC	DEC	% Change	Cumulative	% Change
	2019	VS DEC 2018	DEC 2019	YTD
RPK (000)				
- Mainland China	539,640	-23.8%	8,216,349	-10.9%
- North East Asia	1,418,022	-3.4%	16,229,074	0.1%
- South East Asia	1,647,081	3.0%	17,463,772	0.4%
- South Asia, Middle East & Africa	1,046,372	5.9%	10,540,035	6.6%
- South West Pacific	1,719,668	3.5%	16,045,797	4.3%
- North America	3,107,668	3.4%	36,090,484	3.5%
- Europe	2,243,306	-2.0%	29,811,323	7.7%
RPK Total (000)	11,721,757	0.0%	134,396,834	2.9%
Passengers carried	2,994,830	-3.6%	35,233,131	-0.7%
Cargo and mail revenue tonne km (000)	979,537	-5.7%	11,311,090	-6.7%
Cargo and mail carried (000kg)	177,561	-2.9%	2,021,546	-6.1%
Number of flights	6,663	-6.6%	81,195	-0.6%

CATHAY PACIFIC / CATHAY DRAGON COMBINED CAPACITY	DEC	% Change	Cumulative	% Change
	2019	VS DEC 2018	DEC 2019	YTD
ASK (000)				
- Mainland China	854,305	-12.2%	11,337,388	-4.2%
- North East Asia	1,707,653	-3.4%	20,576,236	4.5%
- South East Asia	1,932,360	4.0%	21,483,794	2.7%
- South Asia, Middle East & Africa	1,210,566	1.7%	12,815,876	6.6%
- South West Pacific	1,926,269	1.8%	18,798,615	1.6%
- North America	3,513,127	-1.5%	43,554,838	8.1%
- Europe	2,651,033	-2.9%	34,677,166	8.1%
ASK Total (000)	13,795,313	-1.3%	163,243,913	5.1%
Passenger load factor	85.0%	1.2pt	82.3%	-1.8pt
Available cargo/mail tonne km (000)	1,475,946	-3.8%	17,557,756	-0.3%
Cargo and mail load factor	66.4%	-1.3pt	64.4%	-4.4pt
ATK (000)	2,787,461	-2.7%	33,077,043	2.1%

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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:

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