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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 2019 Traffic Figures

The appended press release contains combined traffic figures for October 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

David Fu

Company Secretary

Hong Kong, 13th November 2019

13 November 2019

FOR IMMEDIATE RELEASE

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

The Cathay Pacific Group today released combined Cathay Pacific and Cathay Dragon traffic figures for October 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 2,740,830 passengers last month – a drop of 7.1% compared to October 2018. Passenger load factor decreased by 4.0 percentage points to 77.6%, while capacity, measured in available seat kilometres (ASKs), rose by 2.4%. In the first 10 months of 2019, the number of passengers carried grew by 0.5% and capacity increased by 6.4%, as compared to the same period for 2018.

The two airlines carried 183,119 tonnes of cargo and mail last month, a drop of 4.9% compared to the same month last year. The cargo and mail load factor fell by 2.4 percentage points to 68.0%. Capacity, measured in available freight tonne kilometres (AFTKs), was down by 2.5% while cargo and mail revenue freight tonne kilometres (RFTKs) dropped by 5.9%. In the first 10 months of 2019, the tonnage fell by 6.6% against a 0.4% increase in capacity and a 6.9% decrease in RFTKs, as compared to the same period for 2018.

Cathay Pacific Group Chief Customer and Commercial Officer Ronald Lam said: “It continues to be a challenging time for both the Cathay Pacific Group and for Hong Kong. In response to weakened travel sentiment to and from Hong Kong, we have so far reduced our passenger flight capacity against our original schedule by 2-4% between August and October, and 6-7% for November and December.

“In October, demand for travel into Hong Kong remained weak with our inbound passenger traffic seeing a year-on-year decline of 35%, consistent with the trend seen in both August and September. The drop in outbound Hong Kong traffic was 13% in October, again similar to the trend over the past two months. Transit traffic via Hong Kong remained relatively less affected. Our passenger load factor dropped by 4 percentage points to 77.6% compared to the same time last year. Apart from reduced traffic volume and load factor, overall passenger yield also continued to be under significant pressure.

“Mainland China routes in particular felt significant pressure with weak travel sentiment to Hong Kong by mainland tourists. Demand for premium class travel was also sluggish with passenger volume seeing a double-digit dip in October, traditionally a peak month for business travel. Japan routes were the star in our network – the Rugby World Cup generated good demand, especially from England and South Africa when both teams advanced to the final.

“Looking ahead, our advanced bookings continue to show weakness in both inbound and outbound Hong Kong traffic for the rest of 2019, partly offset by moderately increased transit passengers via Hong Kong.

“Cargo volume continued to improve as the market entered into its peak season of the year, with demand picking up after the National Day holidays in October. This began with an uptick in raw materials and machinery parts into mainland China, followed by encouraging exports from mainland China and Hong Kong, especially into trans-Pacific and European markets. Month-on-month tonnage growth was recorded across all sales territories. We anticipate this positive momentum continuing through mid-December. However, overall cargo yield remained significantly below that of the same time last year.

“Overall we foresee a challenging remainder of 2019 for our airlines. We expect our second-half financial results will be significantly below those of our first-half. The short-term outlook remains challenging and uncertain.

“Despite these short-term challenges, our strong commitment to the long-term development of Hong Kong and our airlines remains the same. We continue to invest in our customer experience offering with a number of enhancements, particularly new soft products and dining services in the First and Business Class cabins, being rolled out recently. Together with our expanded inflight entertainment offering and our new long-haul Economy Class dining collaboration with a Michelin-starred restaurant group, these enhancements will give passengers more reasons to fly with us.”

The full October figures are on the next page.

CATHAY PACIFIC / CATHAY DRAGON COMBINED TRAFFIC	OCT	% Change	Cumulative	% Change
	2019	VS OCT 2018	OCT 2019	YTD
RPK (000)				
- Mainland China	591,004	-21.9%	7,147,021	-8.3%
- North East Asia	1,310,436	-5.5%	13,608,115	1.3%
- South East Asia	1,341,552	-4.2%	14,393,278	0.6%
- South Asia, Middle East & Africa	819,590	-1.1%	8,601,185	6.9%
- South West Pacific	1,318,133	1.4%	13,117,741	5.1%
- North America	2,709,009	-4.6%	30,352,178	4.6%
- Europe	2,543,805	5.4%	25,520,569	9.3%
RPK Total (000)	10,633,529	-2.7%	112,740,087	4.0%
Passengers carried	2,740,830	-7.1%	29,614,537	0.5%
Cargo and mail revenue tonne km (000)	1,017,110	-5.9%	9,332,912	-6.9%
Cargo and mail carried (000kg)	183,119	-4.9%	1,666,022	-6.6%
Number of flights	6,777	-2.9%	68,305	0.5%

CATHAY PACIFIC / CATHAY DRAGON COMBINED CAPACITY	OCT	% Change	Cumulative	% Change
	2019	VS OCT 2018	OCT 2019	YTD
ASK (000)				
- Mainland China	943,726	-8.7%	9,631,237	-2.6%
- North East Asia	1,710,138	0.2%	17,335,047	5.9%
- South East Asia	1,753,698	1.5%	17,799,965	2.8%
- South Asia, Middle East & Africa	1,058,111	4.6%	10,484,059	7.2%
- South West Pacific	1,542,647	3.7%	15,407,596	1.6%
- North America	3,628,511	3.7%	36,880,947	10.4%
- Europe	3,072,784	5.1%	29,500,175	9.8%
ASK Total (000)	13,709,615	2.4%	137,039,026	6.4%
Passenger load factor	77.6%	-4.0pt	82.3%	-1.9pt
Available cargo/mail tonne km (000)	1,496,317	-2.5%	14,626,759	0.4%
Cargo and mail load factor	68.0%	-2.4pt	63.8%	-5.0pt
ATK (000)	2,799,545	-0.3%	27,654,841	3.1%

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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:

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