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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)

May 2020 Traffic Figures

The appended press release contains combined traffic figures for May 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, Michelle Low, 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

Paul Chow

Company Secretary

Hong Kong, 12th June 2020

12 June 2020

FOR IMMEDIATE RELEASE

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

The Cathay Pacific Group today released combined Cathay Pacific and Cathay Dragon traffic figures for May 2020 that reflected the airlines' substantial 97% 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 and Cathay Dragon carried a total of 18,473 passengers last month, a decrease of 99.4% compared to May 2019. The month's revenue passenger kilometres (RPKs) fell 99.1% year-on-year. Passenger load factor plummeted by 53.3 percentage points to 29.6%, while capacity, measured in available seat kilometres (ASKs), decreased by 97.5%. In the first five months of 2020, the number of passengers carried dropped by 71.2% against a 59.5% decrease in capacity and a 67% decrease in RPKs, as compared to the same period for 2019.

The two airlines carried 98,710 tonnes of cargo and mail last month, a decrease of 41.3% compared to May 2019. The month's revenue freight tonne kilometres (RFTKs) fell 29.1% year-on-year. The cargo and mail load factor increased by 9.1 percentage points to 73%, while capacity, measured in available freight tonne kilometres (AFTKs), was down by 37.9%. In the first five months of 2020, the tonnage fell by 29.7% against a 27.9% drop in capacity and a 22.3% decrease in RFTKs, as compared to the same period for 2019.

Given the already significant drop in passengers carried and RPKs over the first five months of this year, the Cathay Pacific Group continues to anticipate a substantial loss in the first half of 2020.

Earlier this week, Cathay Pacific announced a HK\$39 billion recapitalisation plan designed to provide the company with the necessary funds to survive the current downturn and to continue to contribute to the success of Hong Kong as an international aviation hub amid unprecedented challenges to the global travel market.

Cathay Pacific Group Chief Customer and Commercial Officer Ronald Lam said: "The impact the global COVID-19 pandemic is having on the Cathay Pacific Group, and the wider aviation industry as a whole, is phenomenal. Though there have been some small positive signs, such as the ban on transit traffic through Hong Kong International Airport (HKIA) beginning to ease, the future remains very uncertain. Unlike many of our global airline peers, we have no domestic network and so are entirely dependent upon cross-border travel. The extension of restrictions on foreign arrivals into Hong Kong has emphasised the need to maintain a cautious and agile approach to resuming passenger services.

“We have therefore revised our expected operating passenger capacity for June and July. Overall, we plan to operate approximately 3.5% capacity in June and 9.4% in July. These plans remain contingent on the further relaxation of travel restrictions around the world and are subject to change. We will continue to monitor demand and adapt our passenger schedule accordingly, though we expect we will be operating a substantially reduced schedule over the coming months.”

Passenger

Mr Lam said of the airlines' May traffic performance: “Demand remained very weak in May. We carried less than 1% of the number of passengers we carried in the same month last year. Passenger volume averaged some 600 passengers per day while load factor, although higher than the 21.7% seen in April, was still low at 29.6%.

“We continued to operate only a skeleton passenger schedule throughout May serving just 14 destinations, mostly regional. With the ban on transit traffic through HKIA still in place in May, much of our very limited passenger traffic came from inbound Hong Kong travel, in particular from North America and Australia, which recorded load factors of up to 75% and 68%, respectively.”

Cargo

The cargo business continued to be the highlight in May as more cargo-only passenger flights were operated.

Mr Lam said: “Cargo performance remained strong and we carried approximately 17% more tonnage in May compared to April, though this still represented a significant year-on-year drop from the same month in 2019. Driven by strong demand for urgent shipments against a backdrop of reduced market capacity, load factor further improved to 73%, while cargo yields increased significantly.

“To ensure time-sensitive cargo, such as medical supplies, was shipped to where it was needed most, we continued to take steps to maximise our available cargo-carrying capacity. We improved the utilisation of our freighter aircraft, which have been flying around the clock, and chartered more flights from our all-cargo subsidiary, Air Hong Kong, to serve regional demand.

“Additionally, we mounted close to 900 pairs of cargo-only passenger flights in May, primarily serving long-haul destinations in North America, Europe and Australia. We have also been optimising much-needed airfreight capacity by loading select cargo in the passenger cabins of our Boeing 777-300ER aircraft where possible.

“The latter half of May saw demand for medical supplies soften, while traditional industrial and consumer products began to show signs of picking up. Exports from Southeast Asia and the Indian sub-continent also improved as local lockdown measures eased. We continue to adjust our capacity in accordance with demand. Moving forward, we expect our freighters will operate at near full capacity, while our cargo-only passenger flights may be reduced.

Outlook

“We are facing an incredibly dynamic situation, and one that looks certain to significantly change the landscape of global aviation. Over the coming months, we will be re-evaluating all aspects of our business model in light of these changes with a recommendation on the optimum size and shape of the Group moving forward. This will ensure we adapt accordingly to the new reality of global aviation and are in a position of long-term strength and competitiveness when international air travel recovers.

“Although we find ourselves facing the most challenging operating environment we have ever witnessed, we remain resolutely committed to our customers and we continue to have absolute confidence in our ability to overcome these short-term challenges. The long-term future of the Cathay Pacific Group, and of the Hong Kong international aviation hub, remains as bright as ever.”

The full May figures are on the next page.

CATHAY PACIFIC / CATHAY DRAGON COMBINED TRAFFIC	MAY	% Change	Cumulative	% Change
	2020	VS MAY 2019	MAY 2020	YTD
RPK (000)				
- Mainland China	3,811	-99.5%	754,289	-80.2%
- North East Asia	5,173	-99.6%	2,001,329	-71.5%
- South East Asia	8,984	-99.4%	2,290,410	-69.0%
- South Asia, Middle East & Africa	-	-100.0%	1,449,874	-67.0%
- South West Pacific	14,450	-98.8%	3,080,609	-54.7%
- North America	49,542	-98.5%	5,205,294	-65.5%
- Europe	18,173	-99.3%	3,740,540	-67.9%
RPK Total (000)	100,133	-99.1%	18,522,345	-67.0%
Passengers carried	18,473	-99.4%	4,361,986	-71.2%
Cargo and mail revenue tonne km (000)	666,880	-29.1%	3,533,077	-22.3%
Cargo and mail carried (000kg)	98,710	-41.3%	573,297	-29.7%
Number of flights	1,432	-79.3%	14,603	-57.2%

CATHAY PACIFIC / CATHAY DRAGON COMBINED CAPACITY	MAY	% Change	Cumulative	% Change
	2020	VS MAY 2019	MAY 2020	YTD
ASK (000)				
- Mainland China	24,781	-97.5%	1,221,772	-74.9%
- North East Asia	24,235	-98.6%	2,943,927	-65.8%
- South East Asia	72,117	-96.0%	3,593,313	-59.6%
- South Asia, Middle East & Africa	-	-100.0%	2,278,996	-57.1%
- South West Pacific	37,271	-97.3%	4,318,490	-45.8%
- North America	121,908	-96.8%	7,404,520	-58.3%
- Europe	57,715	-98.0%	5,437,796	-60.3%
ASK Total (000)	338,027	-97.5%	27,198,814	-59.5%
Passenger load factor	29.6%	-53.3pt	68.1%	-15.6pt
Available cargo/mail tonne km (000)	913,775	-37.9%	5,158,158	-27.9%
Cargo and mail load factor	73.0%	9.1pt	68.5%	4.9pt
ATK (000)	945,929	-65.7%	7,744,036	-42.8%

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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:

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