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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 2020 Traffic Figures

The appended press release contains combined traffic figures for October 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, 13th November 2020

13 November 2020

FOR IMMEDIATE RELEASE

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

The Cathay Pacific Group today released its combined traffic figures for October 2020 that continued to reflect the airlines' substantial 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 (which ceased operation on 21 October 2020) carried a total of 38,541 passengers last month, a decrease of 98.6% compared to October 2019. The month's revenue passenger kilometres (RPKs) fell 98% year-on-year. Passenger load factor dropped by 59.3 percentage points to 18.2%, while capacity, measured in available seat kilometres (ASKs), decreased by 91.6%. In the first 10 months of 2020, the number of passengers carried dropped by 84.6% against a 76.5% decrease in capacity and an 82.6% decrease in RPKs, as compared to the same period for 2019.

The two airlines carried 114,346 tonnes of cargo and mail last month, a decrease of 37.6% compared to October 2019. The month's revenue freight tonne kilometres (RFTKs) fell 30.2% year-on-year. The cargo and mail load factor increased by 10.4 percentage points to 78.3%, while capacity, measured in available freight tonne kilometres (AFTKs), was down by 39.4%. In the first 10 months of 2020, the tonnage fell by 34.3% against a 35.4% drop in capacity and a 27.3% decrease in RFTKs, as compared to the same period for 2019.

Passenger

Cathay Pacific Group Chief Customer and Commercial Officer Ronald Lam said: "For the first time since May, we saw a month-on-month drop in capacity following an already very difficult summer. We operated just 8.4% of planned capacity in October compared to about 9% in September.

"As anticipated, much of the demand for student travel that we had been relying on throughout the summer season tapered off in early October. Additionally, demand for UK and Continental Europe flights dropped rapidly amid a resurgence of COVID-19 in many European countries.

"We did see some slight improvements on our Indonesia services, with load factors on flights serving Jakarta reaching 39%, supported by sales from Hong Kong, Indonesia and the Chinese mainland. Overall in October, however, we carried on average only 1,243 passengers per day, while load factor was just 18.2%, its lowest ever point."

Cargo

“As has been the case for most of this year, our cargo business continues to be the better performer. Following the National Day Holidays at the beginning of October, demand from our home market, Hong Kong, and the Chinese mainland rebounded quickly, driven by new electronic products. Return traffic from the Americas and Europe also improved month-on-month, whilst Intra-Asia traffic was buoyant with solid perishable goods movements and some signs of a recovery in auto-parts traffic.

“To cater to this demand, our freighter fleet continued to operate at full capacity, supplemented by 576 pairs of cargo-only passenger flights – about 10% more than we operated in September. Despite this additional capacity, the average load factor reached its highest point so far in 2020 at 78.3%. We also continued to add to our specialised products capability with the introduction of a Skid-Size Fire Containment Bag solution, enabling the safe transport of lithium-ion batteries packed on skids. This solution will be progressively rolled out across our network.”

Outlook

“This week we welcomed the exciting news of the introduction of the all-purpose, two-way, quarantine-free Hong Kong-Singapore Air Travel Bubble from 22 November. This is a hugely encouraging development and an important first step in the return of regular international air travel to and from Hong Kong. As Hong Kong’s home carrier, we are proud to facilitate what we believe will be a milestone showcase for the opening of more, similar travel bubbles with other popular destinations in the region and beyond.

“Safety is always our number one priority. We introduced Cathay Care, our enhanced measures across every stage of the journey, earlier this year to ensure our customers take off with confidence. Cathay Pacific is ready to fly passengers safely and securely between Hong Kong and Singapore under the new travel bubble. We look forward to welcoming our customers aboard our first travel bubble flights for a festive getaway as we head towards the popular Christmas holiday season.

“Outside of these travel bubble flights, which we are pleased to note have been met with strong enthusiasm from the travelling public, the pickup in passenger demand otherwise in November has remained sluggish with stricter quarantine requirements in place in Hong Kong. We remain in a very dynamic situation and overall recovery is anticipated to be slow. As we have previously announced, we expect to operate well under 25% of 2019 passenger capacity in the first half of 2021 and below 50% for the entire year.”

The full October figures are on the next page.

CATHAY PACIFIC / CATHAY DRAGON COMBINED TRAFFIC	OCT	% Change	Cumulative	% Change
	2020	VS OCT 2019	OCT 2020	YTD
RPK (000)				
- Chinese mainland	11,404	-98.1%	790,718	-88.9%
- North East Asia	5,688	-99.6%	2,030,612	-85.1%
- South East Asia	20,172	-98.5%	2,387,920	-83.4%
- South Asia, Middle East & Africa	-	-100.0%	1,449,874	-83.1%
- South West Pacific	20,360	-98.5%	3,197,303	-75.6%
- North America	78,671	-97.1%	5,663,967	-81.3%
- Europe	73,873	-97.1%	4,125,002	-83.8%
RPK Total (000)	210,168	-98.0%	19,645,396	-82.6%
Passengers carried	38,541	-98.6%	4,553,451	-84.6%
Cargo and mail revenue tonne km (000)	709,964	-30.2%	6,787,184	-27.3%
Cargo and mail carried (000kg)	114,346	-37.6%	1,094,574	-34.3%
Number of flights	1,347	-80.1%	20,639	-69.8%

CATHAY PACIFIC / CATHAY DRAGON COMBINED CAPACITY	OCT	% Change	Cumulative	% Change
	2020	VS OCT 2019	OCT 2020	YTD
ASK (000)				
- Chinese mainland	66,824	-92.9%	1,417,412	-85.3%
- North East Asia	32,405	-98.1%	3,104,154	-82.1%
- South East Asia	94,715	-94.6%	4,055,029	-77.2%
- South Asia, Middle East & Africa	-	-100.0%	2,278,996	-78.3%
- South West Pacific	163,643	-89.4%	4,925,070	-68.0%
- North America	489,195	-86.5%	9,794,177	-73.4%
- Europe	307,156	-90.0%	6,681,048	-77.4%
ASK Total (000)	1,153,938	-91.6%	32,255,886	-76.5%
Passenger load factor	18.2%	-59.3pt	60.9%	-21.4pt
Available cargo/mail tonne km (000)	906,202	-39.4%	9,448,777	-35.4%
Cargo and mail load factor	78.3%	10.4pt	71.8%	8.0pt
ATK (000)	1,015,991	-63.7%	12,515,924	-54.7%

Media Contact:

Email: press@cathaypacific.com Tel: +852 2747 5393

Cathay Pacific website: www.cathaypacific.com

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:

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