

China Airlines

2023 1st Investor Conference

Jun.13.'23

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Agenda

- **2023Q1 Operating Performance**
- **Operating Challenges**
- **Passenger Market, Performance & Strategies**
- **Cargo Market, Performance & Strategies**
- **Fleet Development**
- **Sustainability Actions and Achievements**

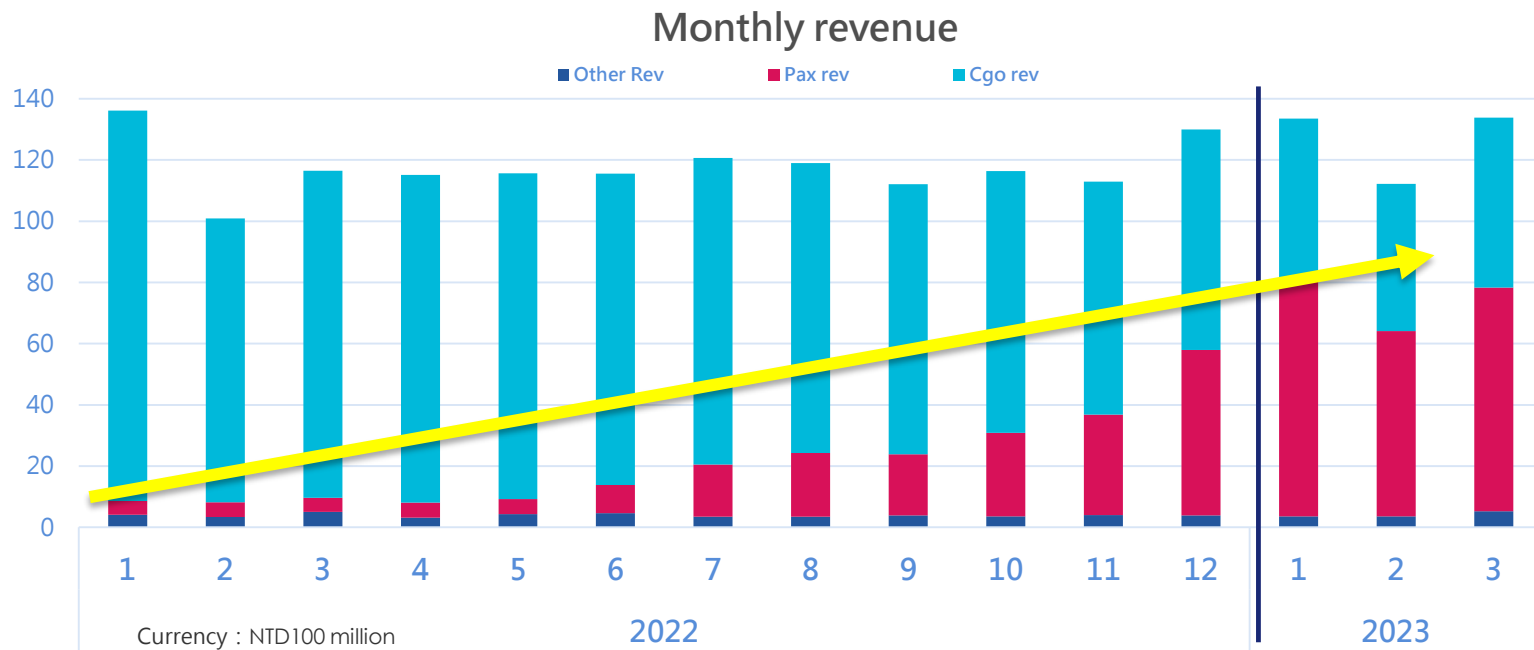
2023Q1 Operating Performance

2023 Q1 Financial Performance

(NTD 100 Million)	2023.Q1	2022.Q1	Differences	YoY
Operating revenue				
Passenger revenue	245.49	21.85	223.64	+1023.52%
Cargo revenue	157.04	327.79	-170.75	-52.09%
Other operating revenue	24.39	22.69	1.70	+7.49%
Net Operating Income	18.26	36.26	-18.00	-49.64%
Net Income After Tax	13.97	28.11	-14.14	-50.30%
Net Income Attributable to Owners of the company	13.06	30.72	-17.66	-57.49%
Earnings Per Share (TWD)	0.22	0.52	-0.30	-

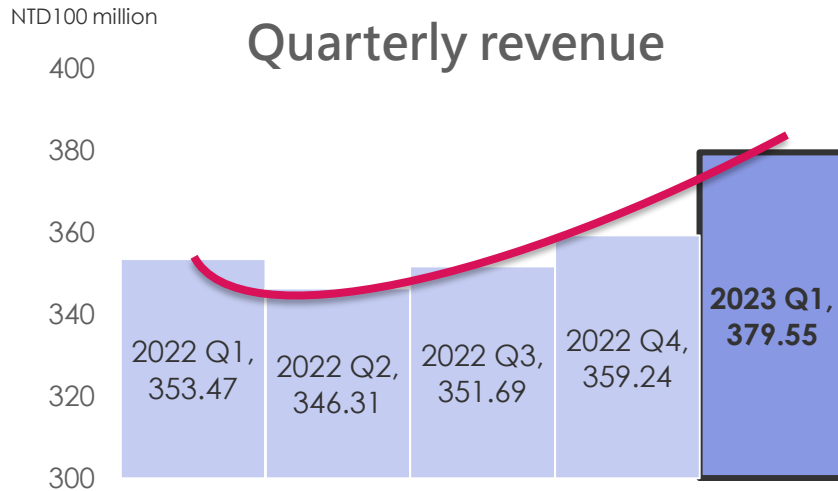
Operating Revenue by Source

→ Passenger revenue have exceeded cargo revenue becoming the largest revenue share representing 55% by 2023Q1.

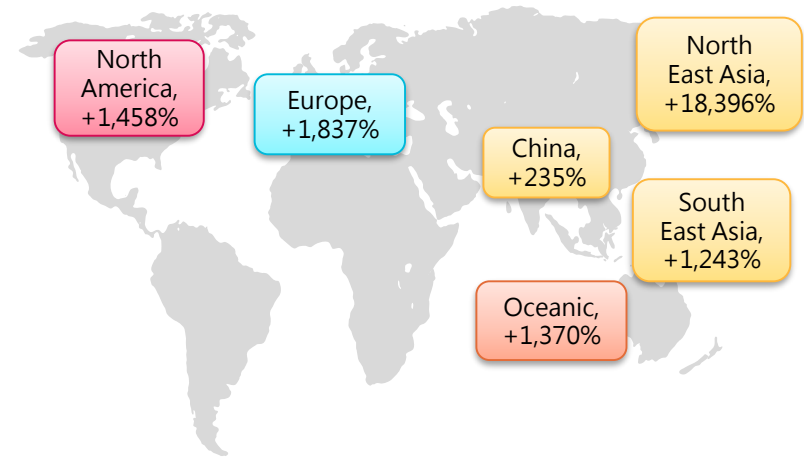


Highest Quarterly Operating Revenue since 2022

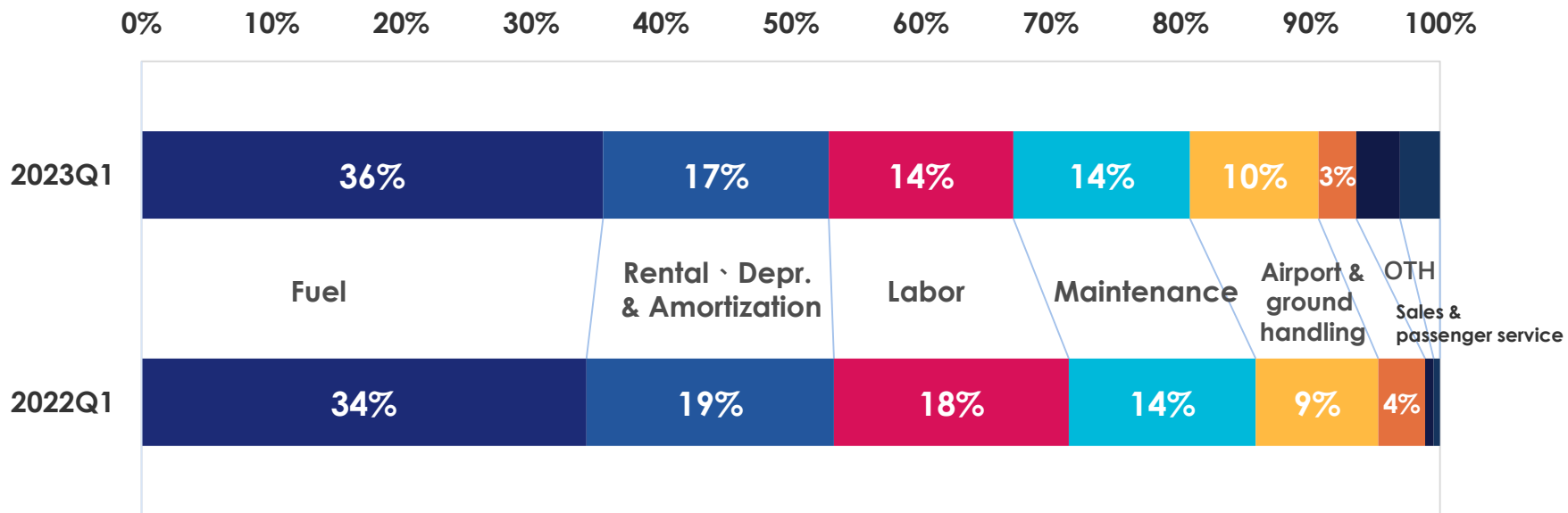
→ The operating revenue in 2023Q1 was the highest since 2022. Mostly contributed by the 1,417% annual growth rate of passenger revenue, the passenger revenue from all regions increased significantly.



2023Q1 Passenger revenue distribution by region (YoY)



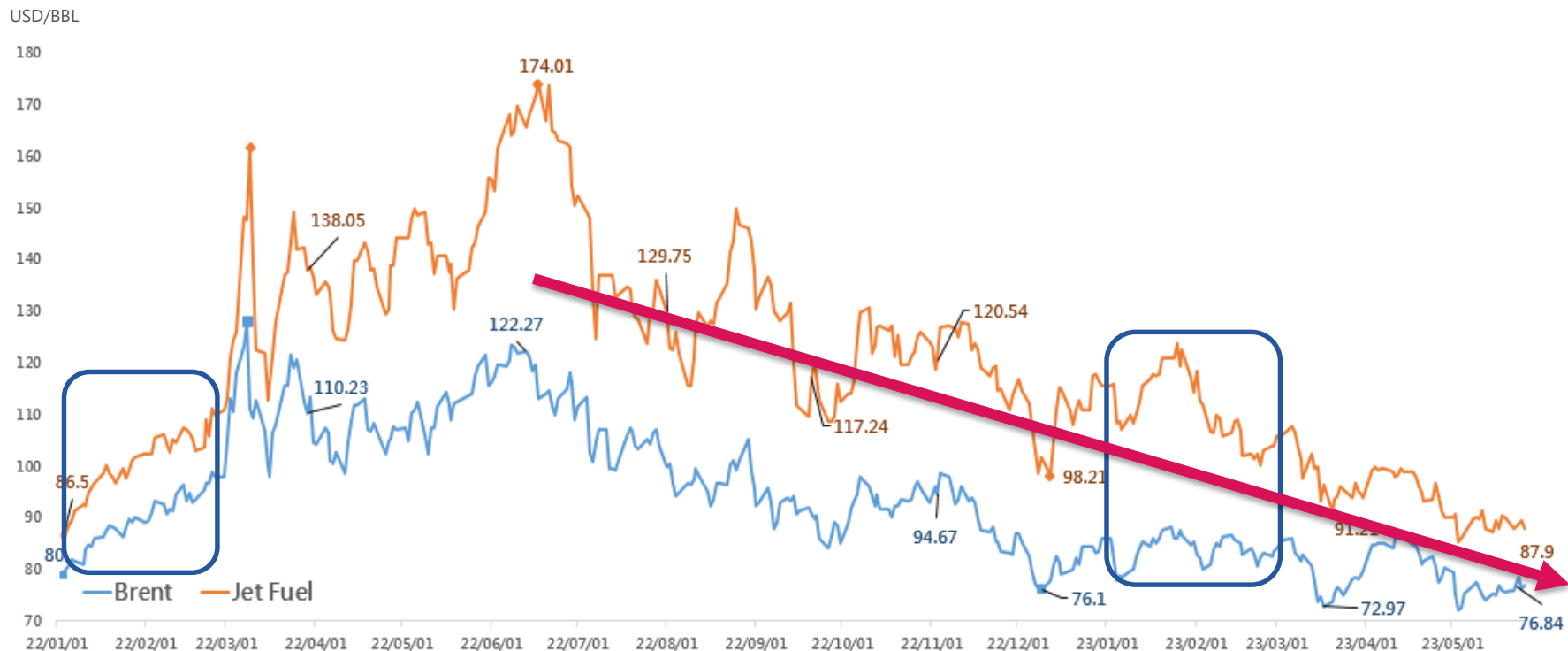
Cost Breakdown and Comparison



Fuel Cost Analysis

	Unit	2023Q1	2022Q1	YoY
Jet fuel(MOPS)	USD/BBL	110.61	94.39	17.2%
Fuel Consumption	10K BBL	354.72	352.35	0.7%
Fuel Cost	TWD 100 million	130.29	105.14	23.9%
Hedging gain	TWD 100 million	0.13	(0.43)	-
Total fuel cost	TWD 100 million	130.42	104.71	24.5%

Crude Oil and Jet Fuel Price Trends



Financial Risk Management

- CAL's hedging of fuel, exchange rates and interests rates etc., are based on the decisions made by the Risk Committee of Board of Directors.
- Exchange rates : Natural hedge is applied in order to reduce exposure to currency fluctuation risks.
- Interest rates : Issue fixed-rate corporate bonds and trade derivative products such as IRS to reduce interest rate risks.

Operating Challenges

Operating Challenges & Variables

COVID-19 Pandemic

Passenger traffic recovering
Cargo demand softening

Supply chain issues

Delay of aircraft delivery
Staff shortage of aviation industry

Economic Factors

Global economic variables
SEMI/electronics recovers
quarter by quarter
Manufacturing destocking
comes to an end

Geopolitics

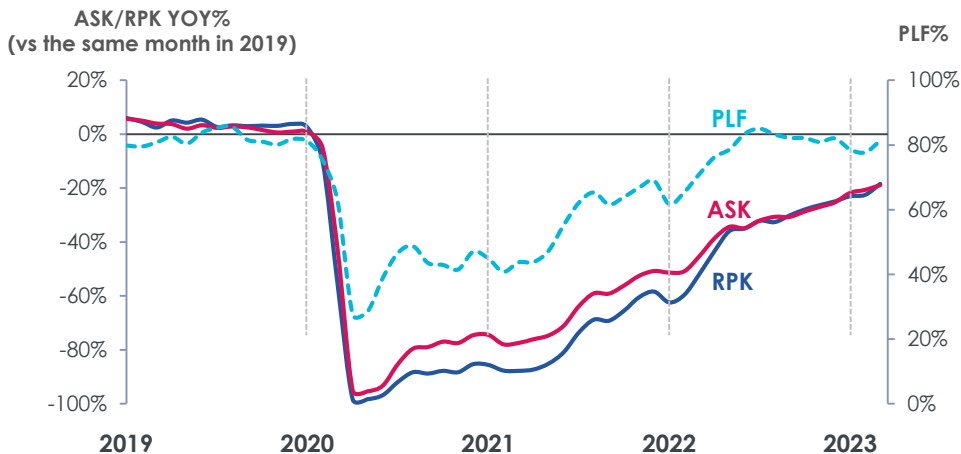
Russia-Ukraine crisis
US-China trade war
Cross-Strait Relations



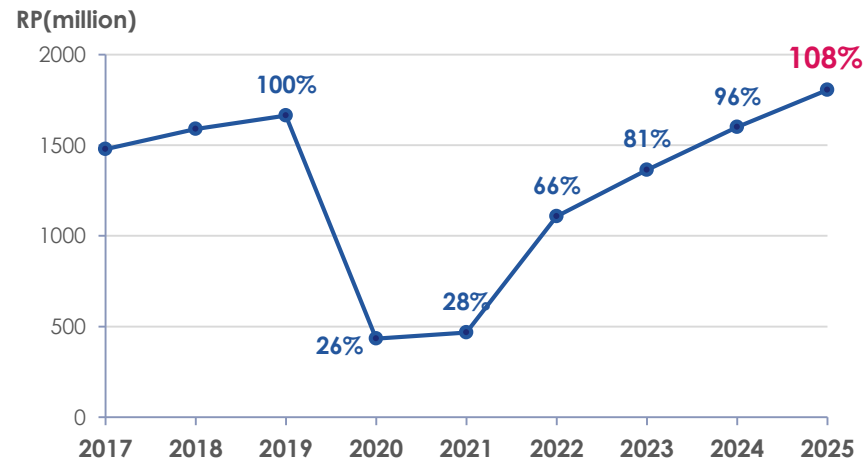
Passenger Market, Performance & Strategies

International Passenger Market under Recovery

Global International Passenger Market



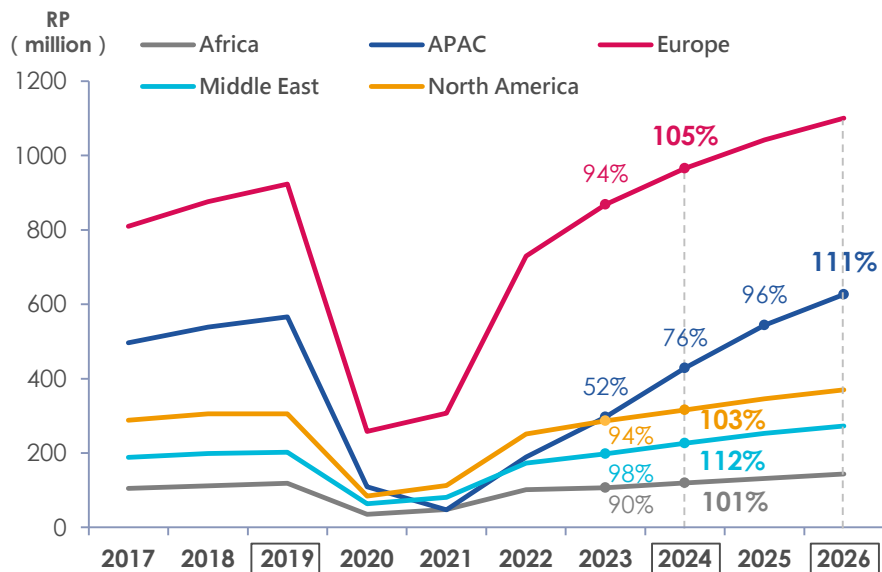
Global International Passenger Market recovery forecast



APAC/Taiwan will Reach 2019 levels by 2025-2026

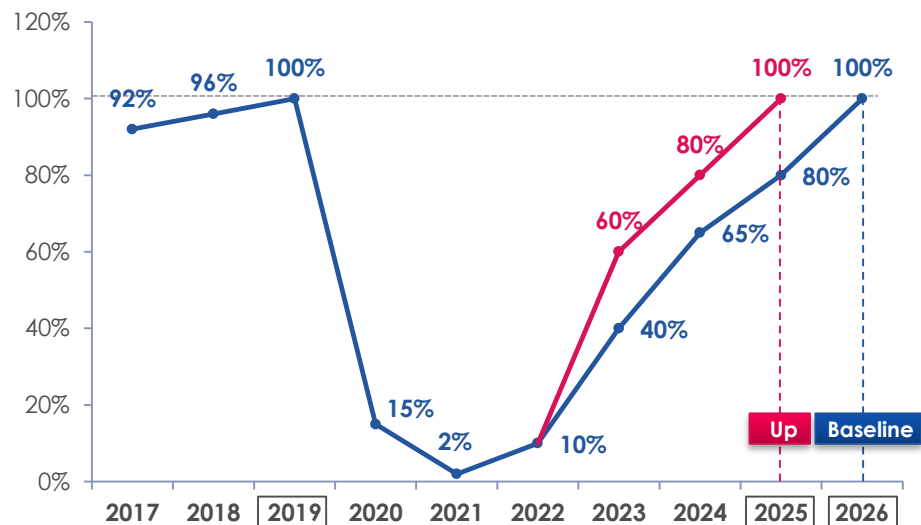
All Regions

International Passenger Market recovery forecast



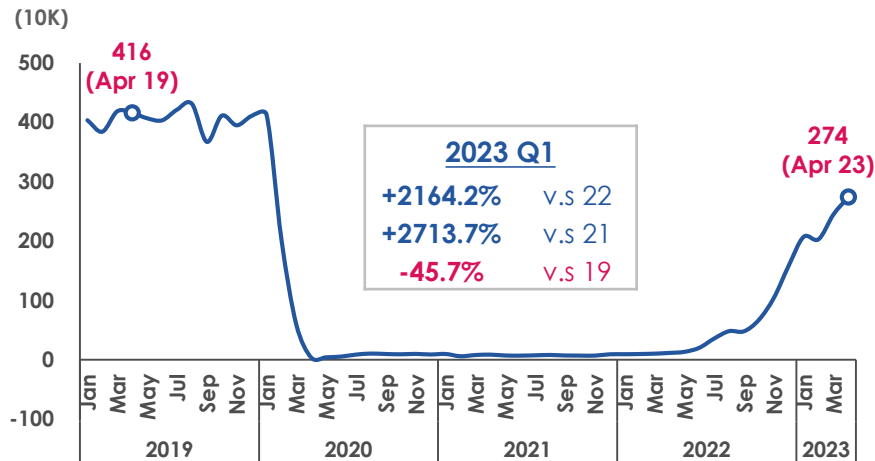
Taiwan

International Passenger Market recovery forecast

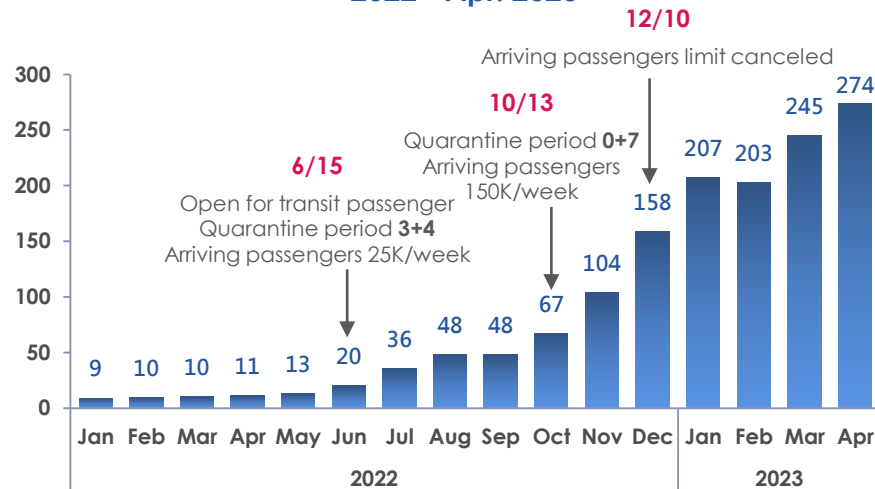


Taiwan's Travel Demand Recovers Rapidly

Taoyuan International Airport Passenger Volume
2019 - Apr. 2023



Taoyuan International Airport Passenger Volume
2022 - Apr. 2023



Passenger Volume (million)

2019

48.69

2020

7.44

2021

0.91

2022

5.34

2023E

28.00 萬

Recovery level (vs 2019)

100%

15.3%

1.9%

11%

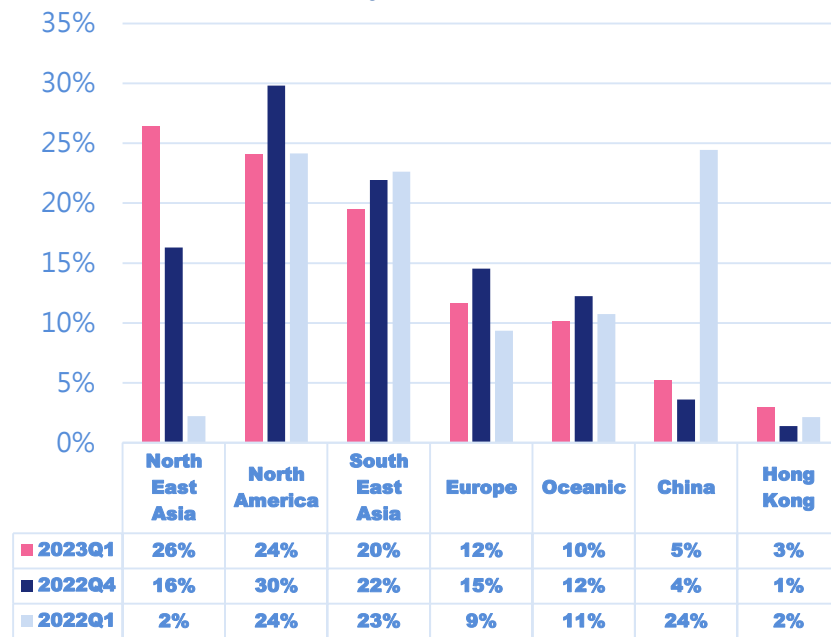
58%

2023 Q1 Passenger Operational Results



	2023Q1	2022Q4 QoQ	2022Q1 YoY
Passenger revenue (NT \$billion)	21.10	+84.7%	+1,417.0%
Revenue passenger (‘000)	1,887	+106.3%	+2,784.1%
Available Seat Kilometer (ASK)(billion)	9.49	+32.1%	+500.8%
Average load factor (%)	74.0	+19.2ppt	+57.9ppt
Passenger yield (NT\$)	3.00	+3.5%	-45.3%

Passenger revenue distribution by region
(by Sector)



Capacity Reached 70% of pre-COVID19

Long-Haul

Flights: 90~95%
(PAX revenue : 125%~153%)

S.E. Asia

Flights: 75%
(PAX revenue : 90%)



Up to 80% at the
end of year 2023

China & Hong Kong

Increased gradually according
to governments' policy

Japan · Korea

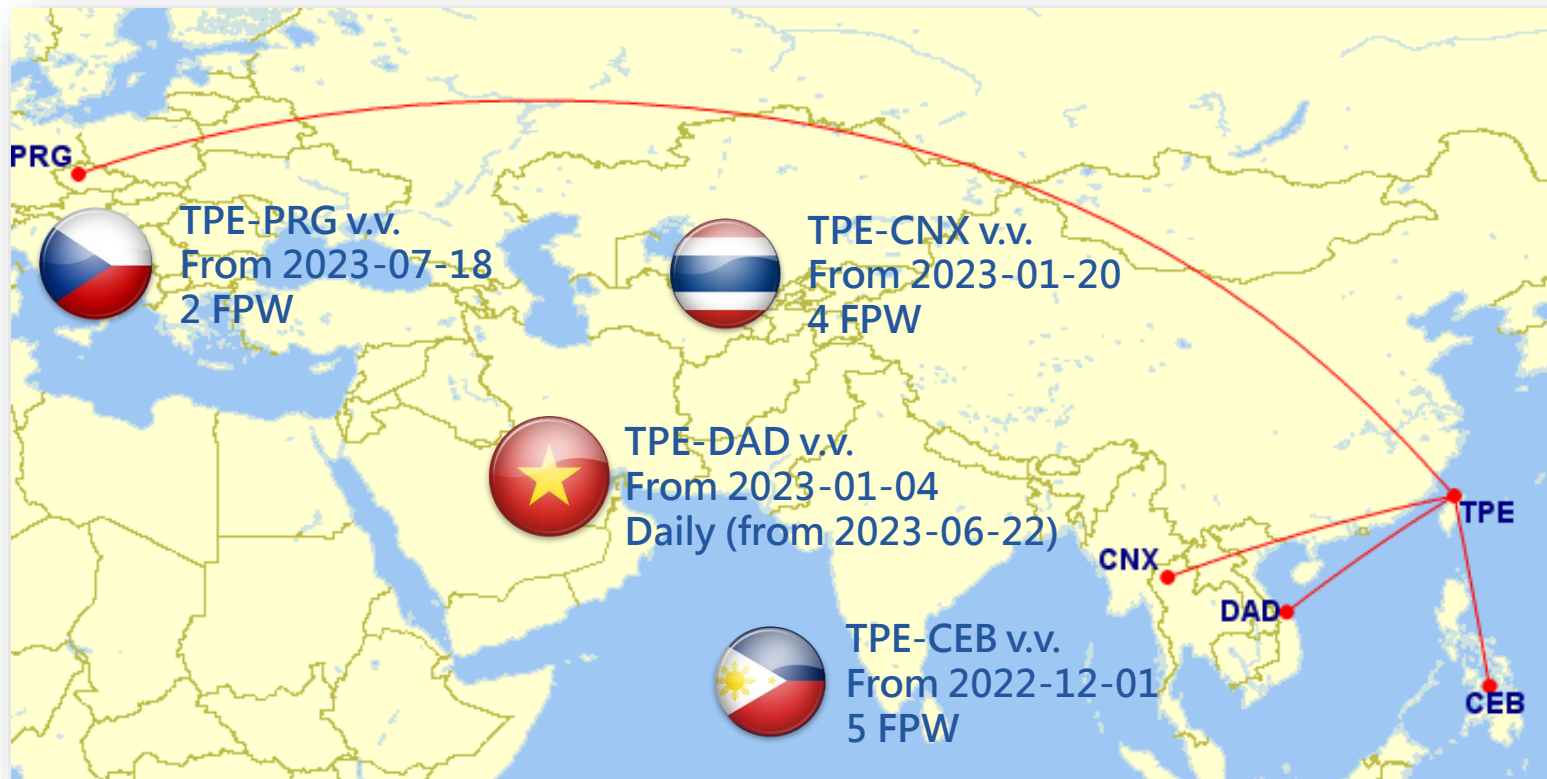
Resume 13 routes / 1,000 flights of
Original 17 routes / 1,600 flights
(TSA-GMP, TSA-HND fully restored)

2023Q2 Capacity Growing (verses 2023Q1)

Y2023	Trips			ASKs (million)		
Route	Q1	Q2	+ / -	Q1	Q2	+ / -
N. America	800	926	16%	2,898	3,394	17%
S.E. Asia	3,467	3,870	12%	2,263	2,421	7%
Europe	491	576	17%	1,497	1,752	17%
N.E. Asia	2,896	3,512	21%	1,452	1,738	20%
Oceania	578	526	-9%	1,082	955	-12%
China	692	1,458	111%	163	339	108%
Hong Kong	703	1,174	67%	134	227	70%
TOTAL	9,629	12,042	25%	9,492	10,825	14%

***Capacity of 2023Q2 in Oceania decreased due to low season.**

New Routes : TPE-CNIX 、 DAD 、 CEB 、 PRG



「KHH」 Operations (9routes , 1,190 flights restored)



A321 neo Cabin: Modernized & Natural



Luxury Business Cabin



Personal 4K HD Screens



"Fu Dia" to bless passengers a pleasant journey



Multi-Layer Pockets for user's convenience



New Chairs with more Space & Comfort



Persimmon wood & unique decorations

Enriched Cabin Services



Fantasy Sky
100+ Movie+TV+Music



Dynasty Sky Reading
100+ book, magazine,
& newspapers,
in various languages



Clean & Green
Plant-based Cuisine
by "Yang Ming Spring"



Exclusive Bedding for
Premium Business Class



Skyward 3-Stars
Private Cuisine for all cabins
by "Le Palais", the only 3-star
Michelin restaurant in Taiwan



"Natural Style" Japanese Cuisine
for Premium Business/Business Class
by famous restaurant "TOUTOUAN" in Tokyo



Signature Desserts made
with seasonal ingredients
produced in Taiwan
by "Le Ruban Pâtisserie"



SkyLounge with
"Taiwan Wonderful Food"

Passenger Operation Strategy



Steady Development

- Take advantage of Taiwan's geographic position as a transit hub.
- Develop bilateral tourism by integrating local resources
- Strengthen cooperation between partner airlines
- Develop diversified and global business customers
- Cultivate new generation customers



Continuous Innovation

- Provide a unique journey to passengers with enhanced digitalized customer service
- Upgrade member system
- Enhance official website and app function
- Digitalize Corporate Card Service (CFS)
- Enhance product value by cross-industry collaboration.

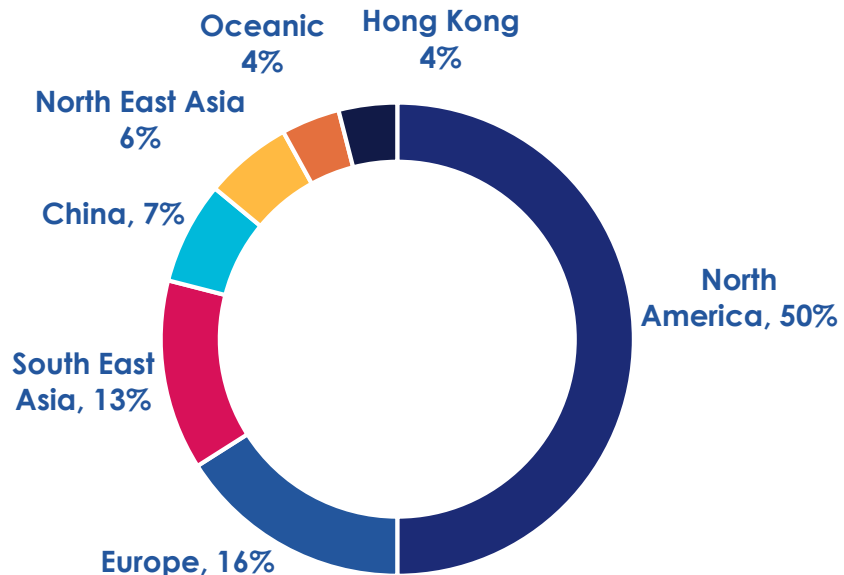
Cargo Market, Performance & Strategies

2023 Q1 Cargo operational results



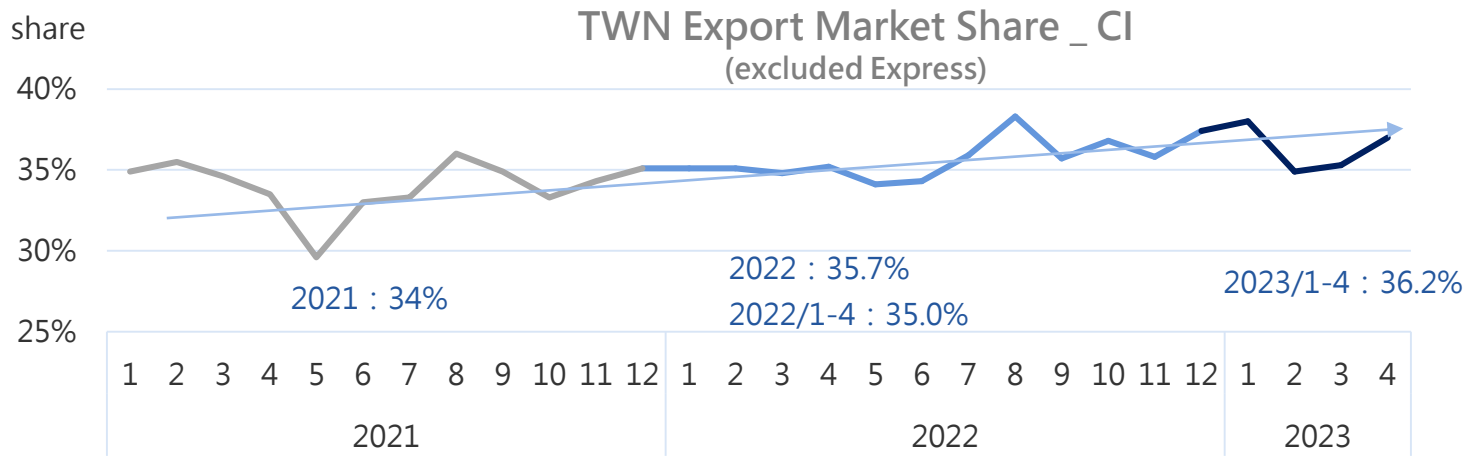
	2023Q1	2022Q1 YoY	2019Q1 YoY
Cargo revenue (NT \$billion)	15.61	-52.2%	+55.1%
Carried tonnes ('000)	184	-26.0%	+1.7%
Available Freight Ton Kilometer (AFTK)(billion)	1.95	-12.8%	+6.6%
Average load factor (%)	68.3	-9.9ppt	+2.7ppt
Cargo yield (NT\$)	11.76	-37.3%	+39.7%

Cargo revenue distribution by region



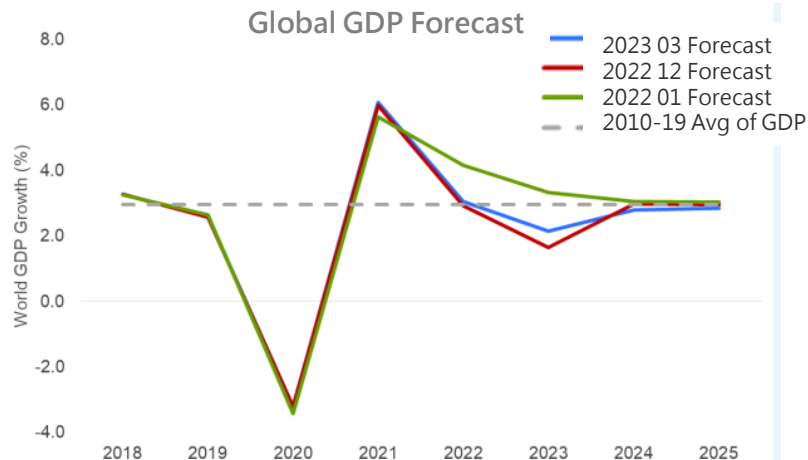
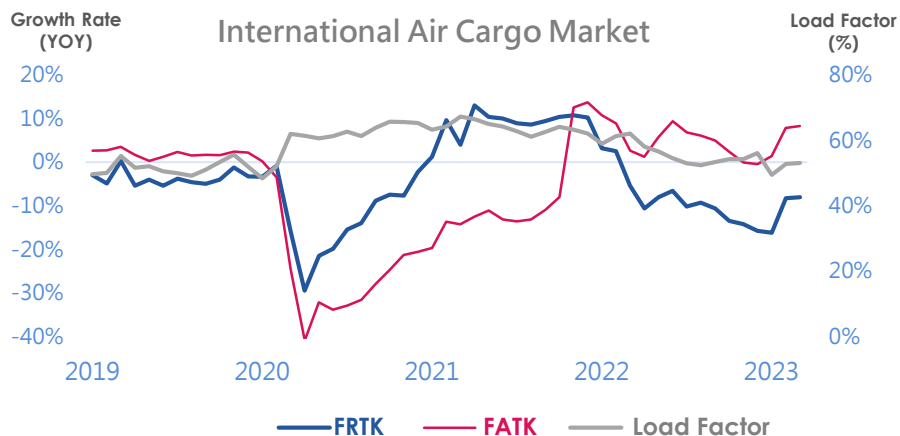
2022 China Airlines Cargo Performance and Market Share

- For Taiwan import/export/transfer cargo in 2022, China Airlines carried nearly 740 thousand tons with market share of 42%, ranking NO. 1 among all airlines.
- In terms of Taiwan export volume, China Airlines carried 196 thousand tons in 2022, with market share of 35.7%, which was also in a leading position, same in the first four months of 2023 further elevated to 36.2%.



2023 Global Market Outlook

- 2023 H1 : Forecast the global demand decrease while supply increase.
- 2023 H2 : With the continuous reduction and adjustment of inventory in the industrial supply chain, and the forecasts of related industries, the demand for air cargo is expected to stabilize .



Cargo Operation Strategy



Optimize Network and Strengthen Revenue Management

- Introduce 777F new freighter
- Focus on industrial supply chain reconstruction and optimize cargo network
- Strive for medium/ long-term customized services /chartered flights
- Strive for high-yield sources of goods, e.g., semiconductor, cool chain products, etc.
- Cooperate with integrators and other interlines to expand CI network

Fleet Development

Operating Fleet

Aircraft Type	March 2023	Year end 2023	Diff.
 777-300ER	10	10	
 A350-900	14	14	
 A330-300	20	19	-1
 737-800	12	10	-2
 A321neo	10	10	
Passenger total	66	63	-3
 744F	17	13	-4
 777F	5	7	+2
Freighter total	22	20	-2
Total Fleet	88	83	-5

Recent Plan

**Exercise of option to purchase
Total size of 787 fleet: 24**

Support regional routes & expand long-haul routes
Improve long-haul operational efficiency

Plan to sell 5 747-400F this year.

Replace the old with the new to optimize operational efficiency

Extend lease on 737-800

Maintain stability of regional flight schedules

Considering leasing more long-haul aircraft

Supplement long-haul capacity
Meet the demand during the recovery period

Sustainability Actions and Achievements

Carbon Emission Policy/Carbon Reduction Strategy

→ On 2021/10/26 CAL has pledged to achieve net zero emissions on both flight and ground operations by 2050, in order to achieve the global net zero carbon emissions target by 2050. Short, medium, and long-term goals have been established for carbon reduction and the use of SAF(Sustainable Aviation Fuel) .



Flight Operation Reduction Target

- 0 Carbon Emission Growth with CORSIA from 2020
- 1.5% Fuel Efficiency increase every year by 2030
- Net Zero Carbon Emissions by 2050

Ground Operation Reduction Target

- 44% Carbon reduction in 2025 compared with 2009
- 50% carbon reduction in 2030 compared with 2009
- 10% RE installations by 2030
- Net Zero Carbon Emissions by 2050

Use of SAF Target

- 2% by 2025
- 5% by 2030

Sustainable Performance & Achievement

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

7
consecutive years
2016-2022

selected for DJSI Emerging Markets Index

Ranked 1st in Global
Aviation Industry

6
consecutive years
2017-2022

Sustainability Yearbook



FTSE4Good

7
consecutive years
2016-2022

selected for FTSE4Good Index Series

4
consecutive years
2018-2019、2021-2022

FTSE4Good TIP Taiwan ESG Index



TCSA

9
consecutive years
2014-2022

Taiwan Corporate Sustainability Award

Top Sustainability
Report award

6
consecutive years
2017-2022

Taiwan High Compensation 100 Index

6
consecutive years
2017-2022

Taiwan Employment Creation 99 Index



GCSA

4
consecutive years
2019-2022

Global Corporate Sustainability Awards

1
2022

National Sustainable Development Award



CHINA AIRLINES



Thank you