

China Airlines

2024 1st Investor Conference

Jun.6 '24

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Agenda

→ **2024Q1 Operating Performance**

→ **Market Outlook**

Passenger Market, Performance & Strategies

Cargo Market, Performance & Strategies

Fleet Development

Sustainability Actions and Achievements

2024 Q1 Operating Performance

2024 Q1 Financial Performance

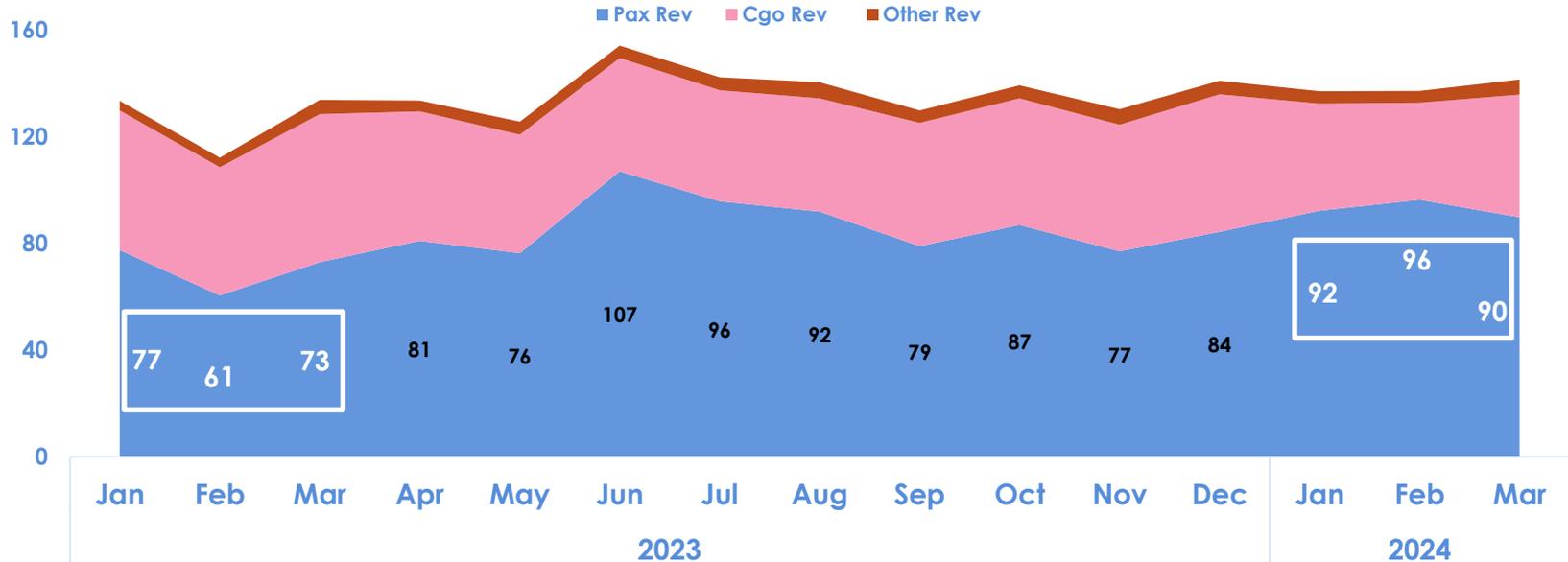
NTD 100 Million	2024 Q1	2023 Q1	Differences	YoY
Operating revenue	486.5	426.9	59.5	13.9%
Passenger revenue	330.1	245.5	84.6	34.5%
Cargo revenue	123.1	157.0	-33.9	-21.6%
Other operating revenue	33.3	24.4	8.9	36.4%
Net Operating Income	38.5	18.3	20.3	111.0%
Net Income After Tax	34.1	14.0	20.1	144.3%
Net Income Attributable to Owners of the company	31.0	13.1	17.9	137.3%
Earnings Per Share (TWD)	0.51	0.22	0.29	131.8%

Operating Revenue by Source

The share of passenger revenue has gradually increased to nearly 70% of total revenue, and passenger revenue in the first quarter of 2024 increased more than 30% compared with the same period in 2023

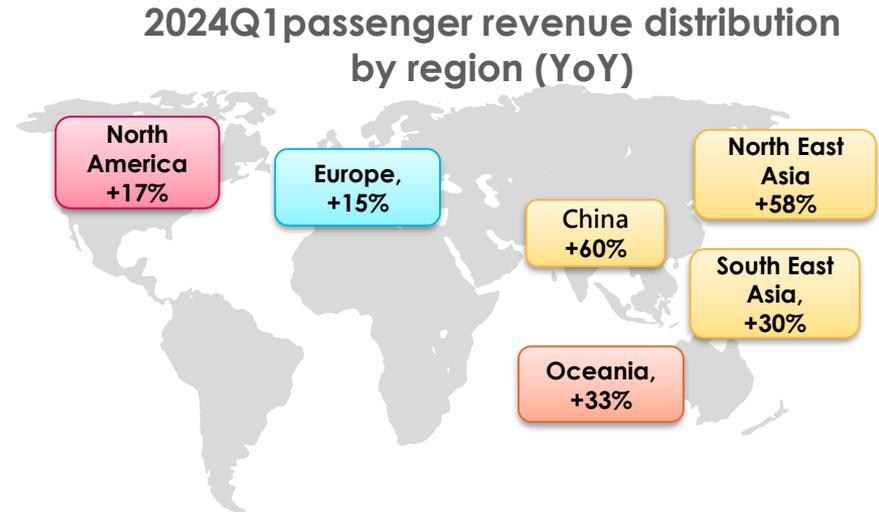
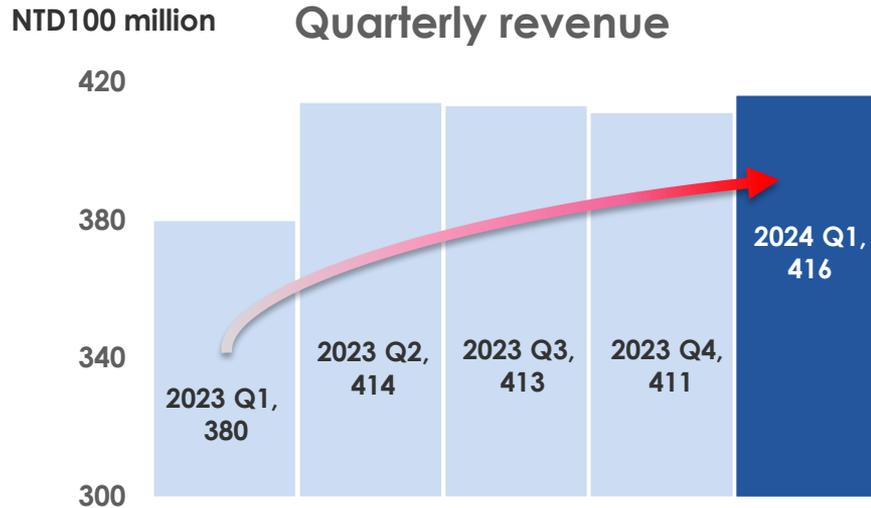
Monthly revenue

NTD100 million

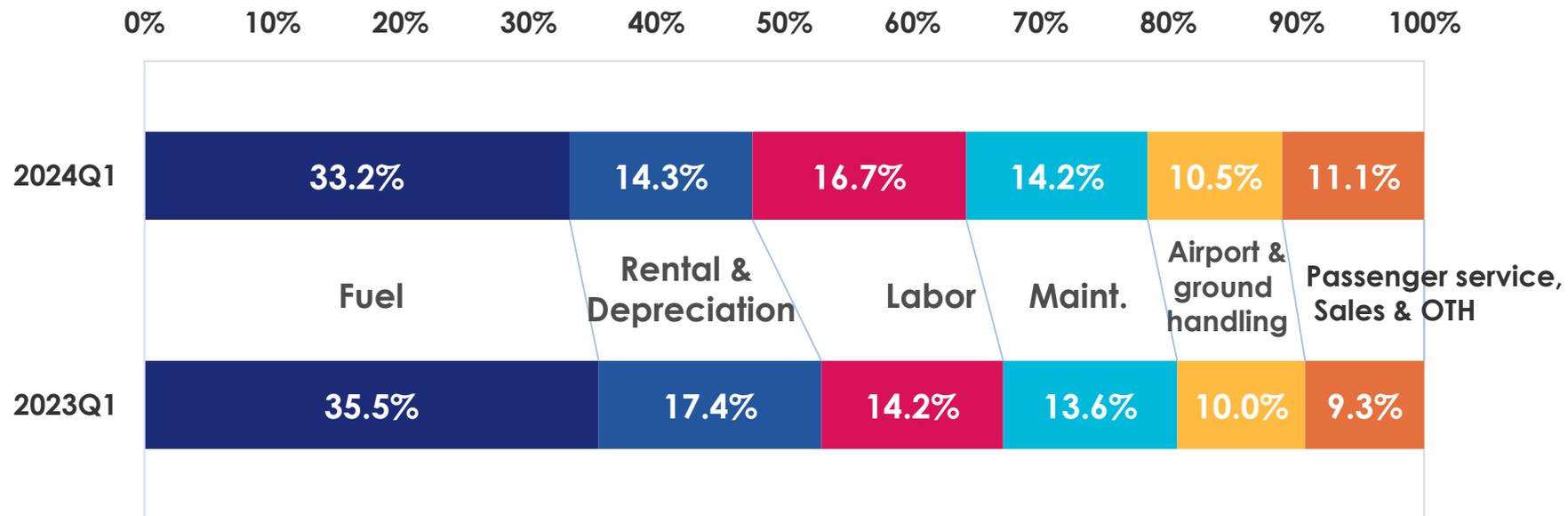


The growth operating revenue in 2024Q1

The operating revenue over the first quarter of 2024 increased by 9.6% compared with the same period last year. Mostly contributed by the 32.1% annual growth rate of passenger revenue, the passenger revenue from all regions increased significantly.



Cost Breakdown and Comparison



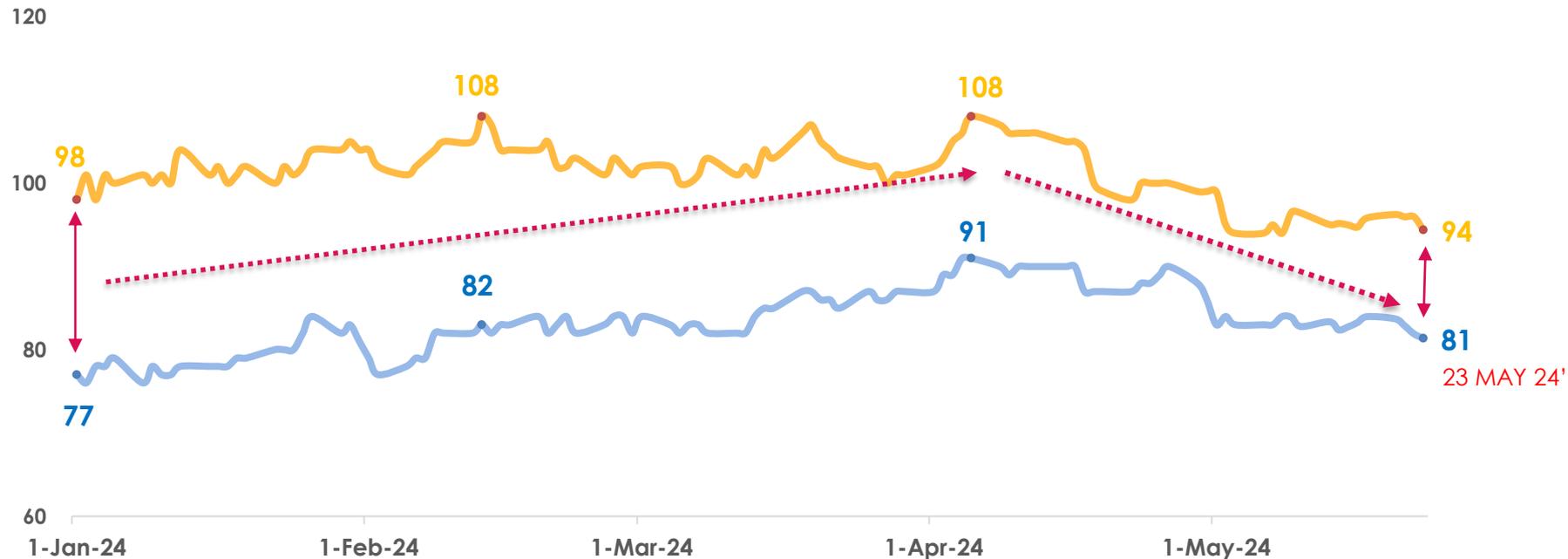
Fuel Cost Analysis

	Unit	2024Q1	2023Q1	YoY
Jet fuel(MOPS)	USD/BBL	102.4	110.6	-7.4%
Fuel Consumption	10K BBL	377.7	354.7	6.5%
Fuel Cost	TWD 100 million	130.7	130.3	0.3%
Hedging gain	TWD 100 million	0.04	0.13	-
Total fuel cost	TWD 100 million	130.7	130.4	0.2%

Crude Oil and Jet Fuel Price Trends

USD/BBL

— Brent — Jet Fuel



Financial Risk Management

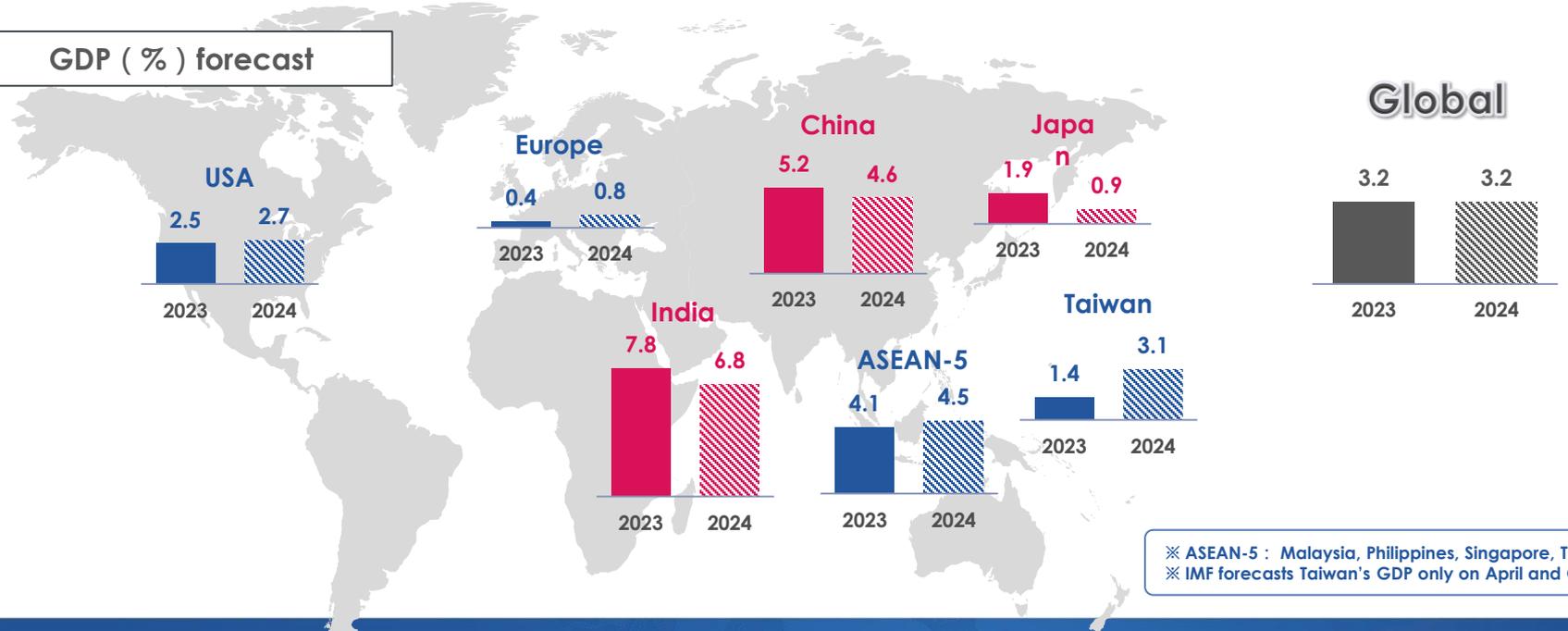
- CAL's hedging of fuel, exchange rates and interests rates etc., are based on the decisions made by the Risk Committee of Board of Directors.
- Exchange rates : Natural hedge is applied in order to reduce exposure of currency fluctuation risks.
- Interest rates : Issue fixed-rate corporate bonds and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

Market Outlook

2024 Global Economics Outlook - Slow but Steady

- From 2023 to 2024, the global GDP is expected to remain steady at 3.2%
- In 2024, the U.S. GDP is projected to reach as high as 2.7%, serving as a major driver of global growth
- China's economic outlook is weakening due to sluggish domestic demand

GDP (%) forecast

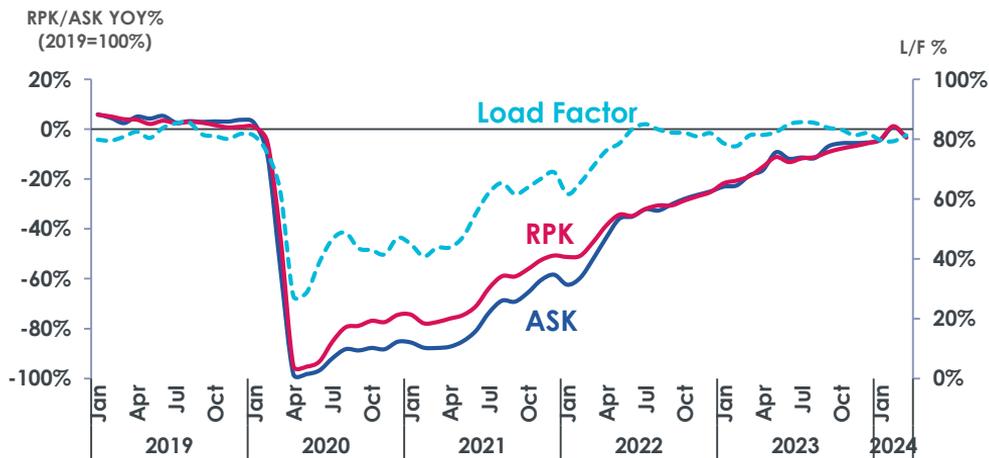


※ ASEAN-5 : Malaysia, Philippines, Singapore, Thailand
※ IMF forecasts Taiwan's GDP only on April and October

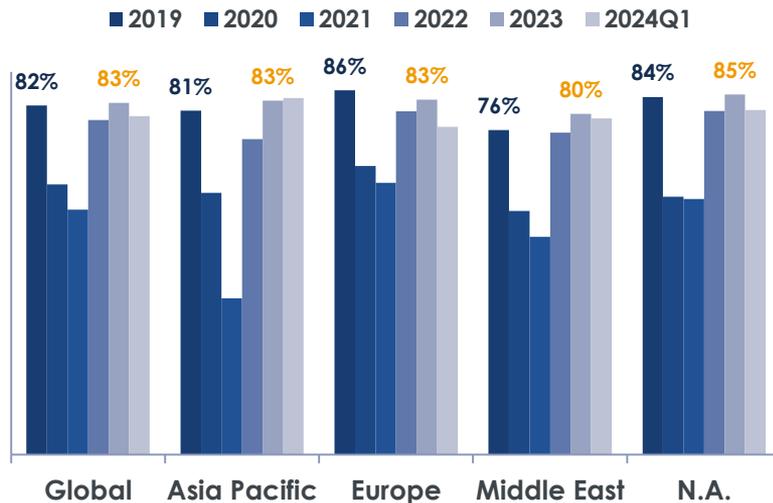
Global Passenger Market Overview

- In February 2024, driven by the Lunar New Year celebrations, global international passenger traffic for the first time exceeded pre-pandemic (2019) levels.
- Due to factors such as aircraft supply and labor shortages, the load factor across various regions for the entirety of 2023 and the beginning of 2024 generally remained higher than in 2019.

Intl. Passenger Market - RPK/ASK/LF

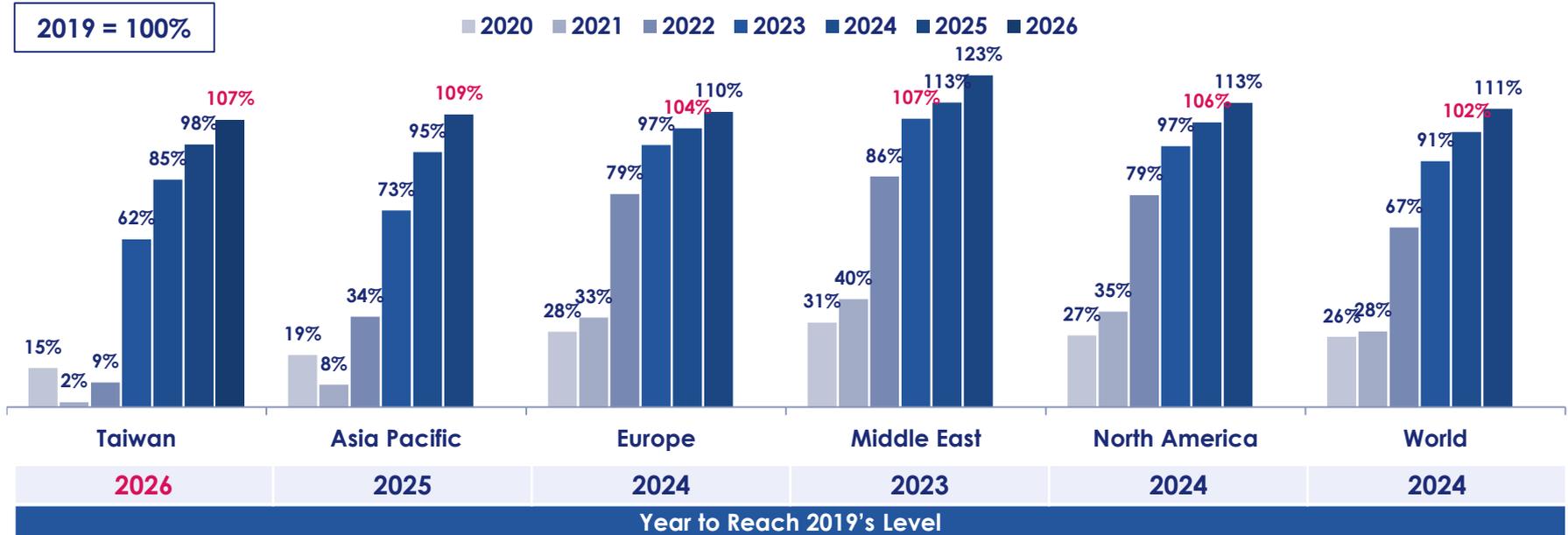


International L/F by Regions



Forecast for the Recovery of International Passenger Markets by Region

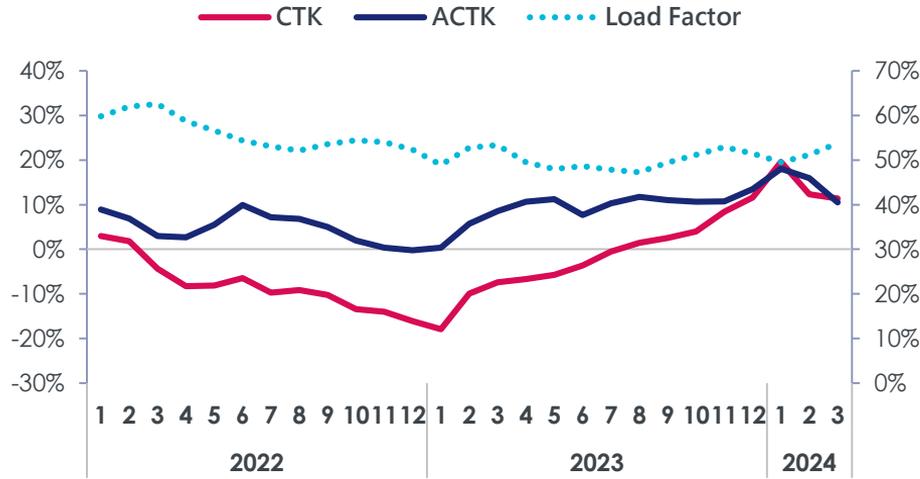
Regional Recovery (RP, 2020-2026)



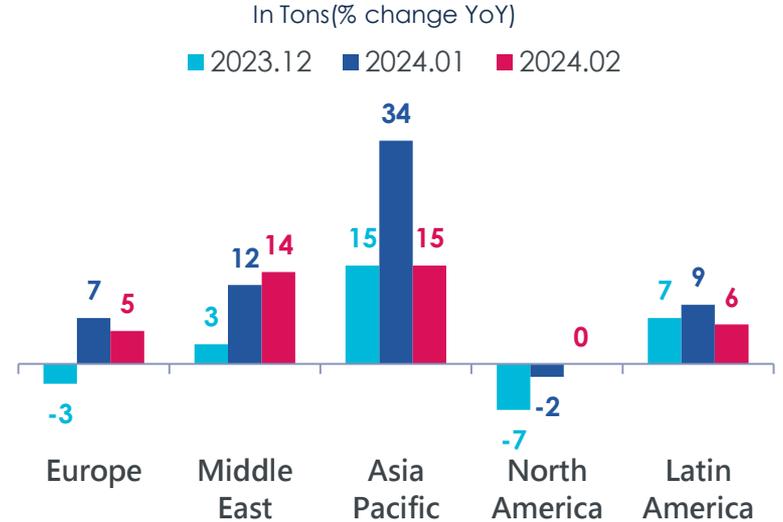
Global Cargo Market Overview

- Driven by the booming e-commerce, limited shipping capacity (due to the Red Sea crisis), and diversification of supply chains, the demand for air freight has shown positive YoY growth since August 2023.
- In January 2024, the Asia-Pacific region reached a peak in cargo volume due to the Lunar New Year, and it is expected to continue growing, driven by e-commerce.

Intl. Cargo Market- CTK ∙ ACTK (%YOY) / LF (%)



Regional Cargo Volume Development



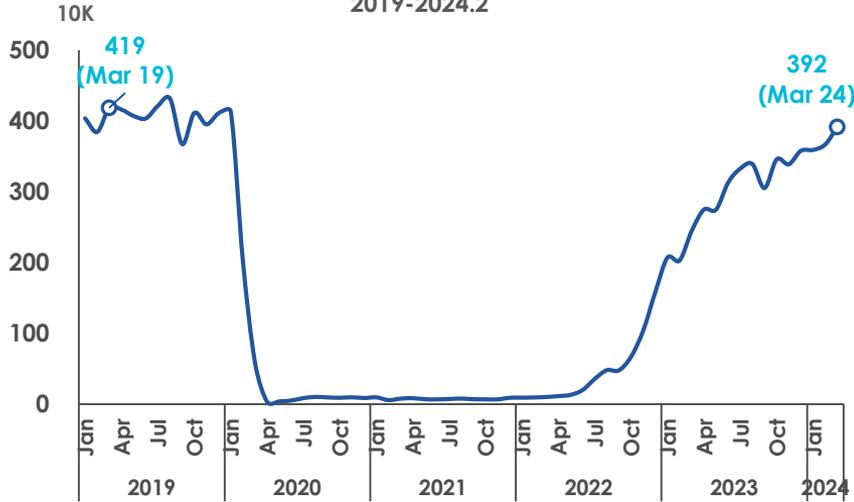
Passenger Market Overview

Taoyuan airport passenger Demand Continues to Soar

- In Q1 2024, passenger traffic at Taoyuan Airport reached 93% of the levels in 2019
- Since the lifting of travel restrictions in 2022, travel demand has been rising month by month, regardless of the season
- It is anticipated that the Dragon Boat Festival and the summer vacation will approach pre-pandemic levels even more closely"

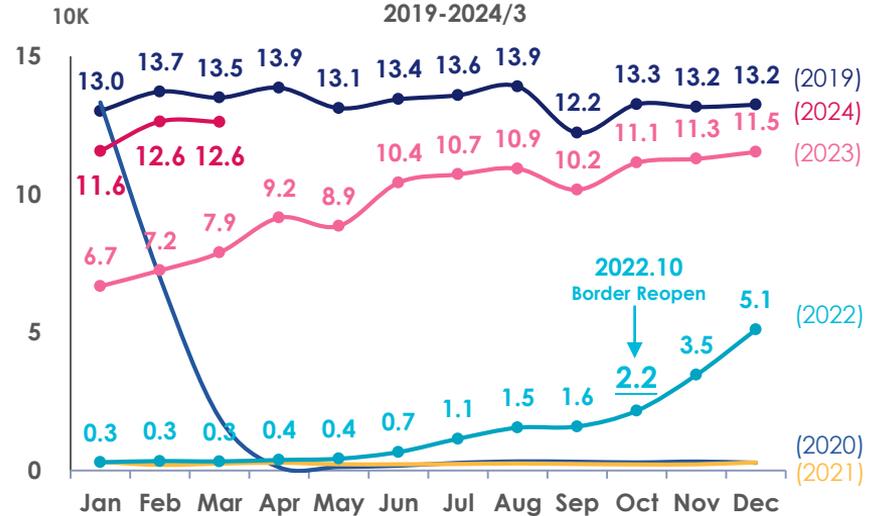
Taoyuan Intl. Airport Passenger TTL Vol.

2019-2024.2



Taoyuan Airport Daily Average Passenger Vol.

2019-2024/3



Cargo Market Outlook

---Benefiting from E-commerce Boom, Expected to Grow Quarterly

- In Q1 2024, cargo volume was higher compared to the same periods in 2019 and 2023
- Due to a continuous supply of cross-border e-commerce goods after the Lunar New Year in March, and increased shipments of AI and semiconductor products."

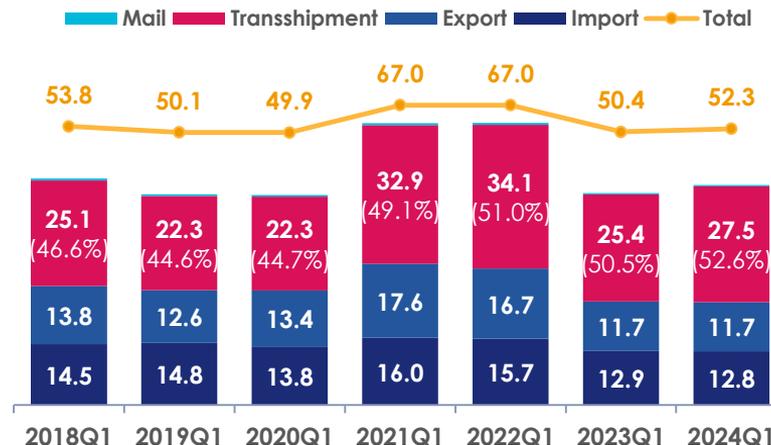
Taoyuan Airport Monthly Cargo Vol.
2019 – 2024/3

Unit : 10K tons



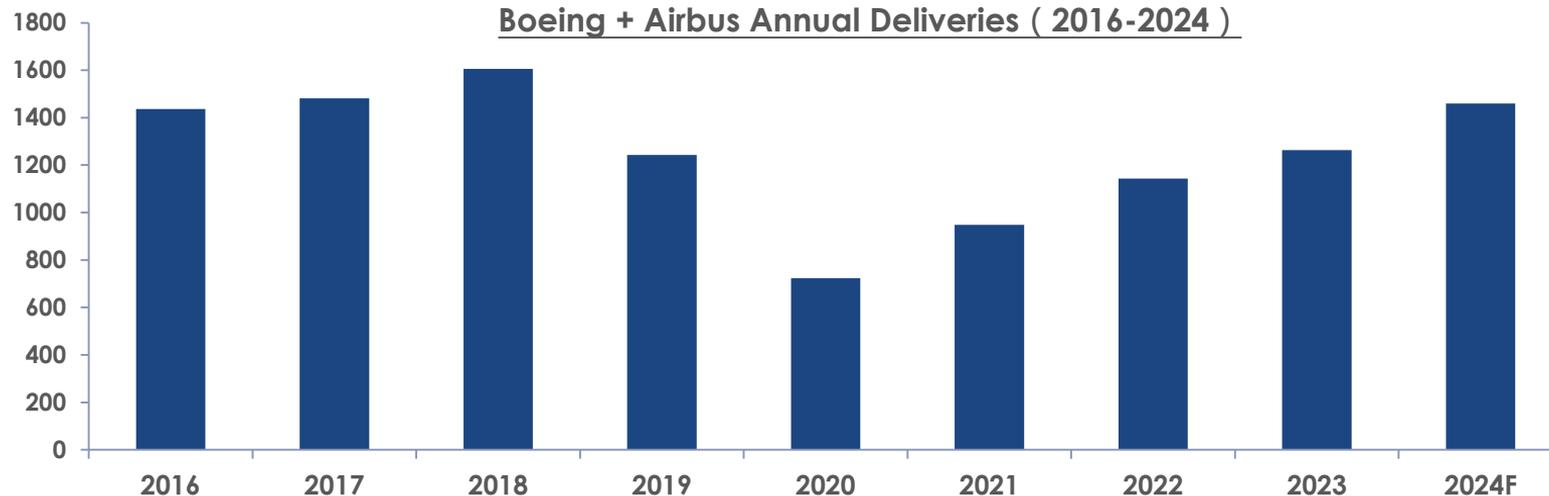
Import/Export/Transshipment vol.
2018 – 2024 (only Q1)

Unit : 10K tons



Delivery Delays, Capacity Constrained

- Based on previous aircraft delivery cycles, the peak annual delivery volume from 2020 to 2023 should have reached approximately 1,800 aircraft per year.
- Due to post-pandemic supply chain disruptions, the global aviation industry is facing delivery delays, with a shortfall of approximately 3,500 to 4,000 aircraft.

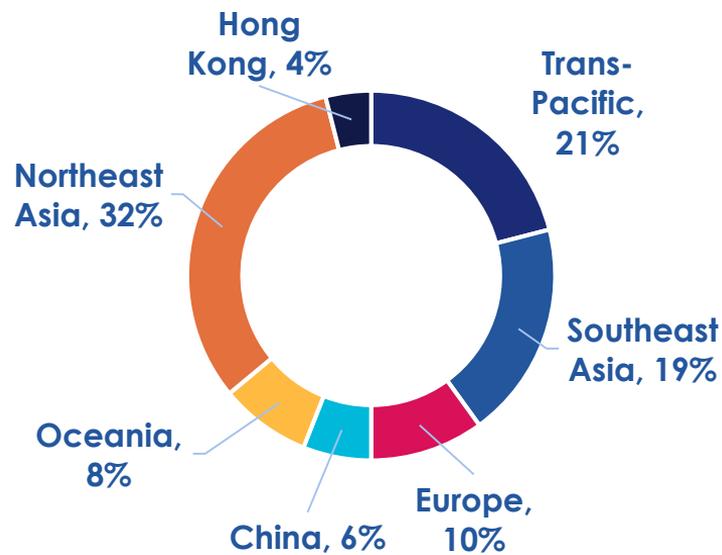


Passenger Market, Performance & Strategies

2024 Q1 Passenger Operational Results

	2024Q1	2023Q1	2024Q1 vs 2023Q1
Passenger revenue (NT \$billion)	27.9	21.1	+32.1%
Revenue passenger ('000)	2,945	1,877	+56.1%
Available Seat Kilometer (ASK)(billion)	11.8	9.5	+24.8%
Average load factor (%)	79.5	74	+5.5 ppt
Passenger yield (NT\$/RPK)	2.96	3.00	-1.5%

2024Q1 Passenger Revenue Sources by Region



Capacity (AS) Reached 80% & Revenue up to 119% of pre-COVID19

Long-Haul

AS : 90%~116%
(PAX revenue : 138%~178%)

S.E. Asia

AS : 90%
(PAX revenue : 116%)



AS up to 80%
Revenue up to 119%
in 2024Q1

China & Hong Kong

AS : 52%~61%
(PAX revenue : 52%~68%)

Japan · Korea

AS : 80%
(PAX revenue : 114%)



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.
- Flexibly passenger schedule flights to maximize capacity.



Continuous Innovation

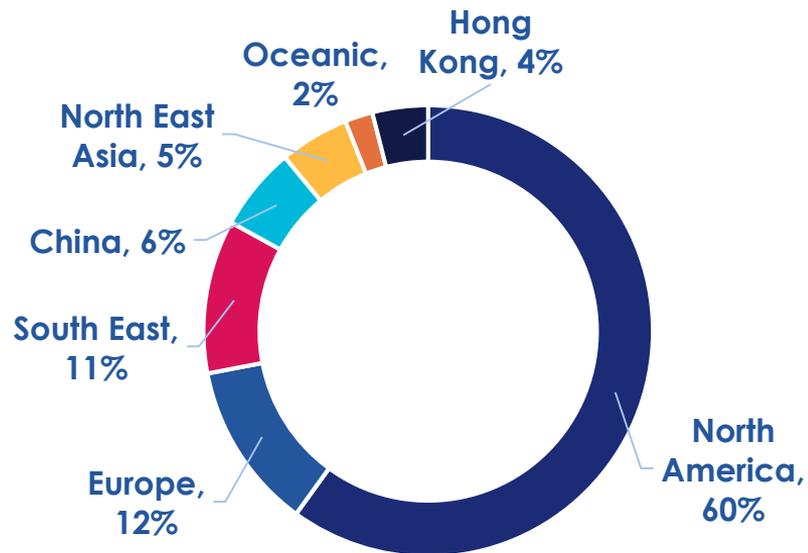
- Provide a unique journey to passengers with enhanced digitalized customer service.
- Upgrade member system.
- Enhance official website and app function.
- Enhance product value by cross-industry collaboration.
- Improving the ticket purchasing experience by optimizing the official website.
- Incorporate ESG and promote green Economy.

Cargo Market, Performance & Strategies

2024 Q1 Cargo Operational Results

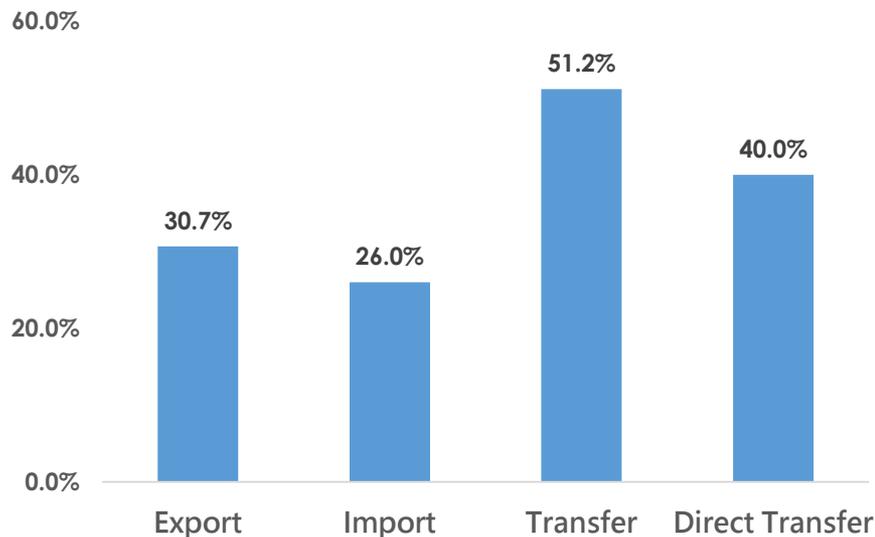
	2024Q1	vs 2023Q1	vs 2019Q1
Cargo revenue (NT \$billion)	12.3	-21.6%	+21.6%
Carried tons ('000)	166	-9.8%	-8.3%
Available Freight Ton Kilometer (AFTK)(billion)	1.82	-6.6%	-0.5%
Average load factor (%)	67.5	-0.7ppt	+2ppt
Cargo yield (NT\$)	9.98	-15.1%	+18.6%

2024Q1 Cargo Revenue Sources by Region



Cargo Market Share Performance in 2024Q1

CI's Cargo Market Share in Taiwan Market in 2024Q1

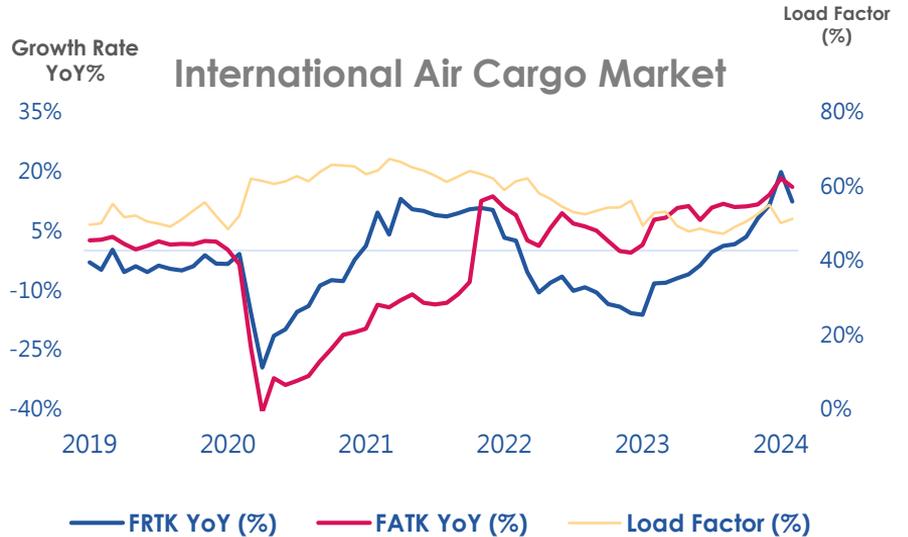
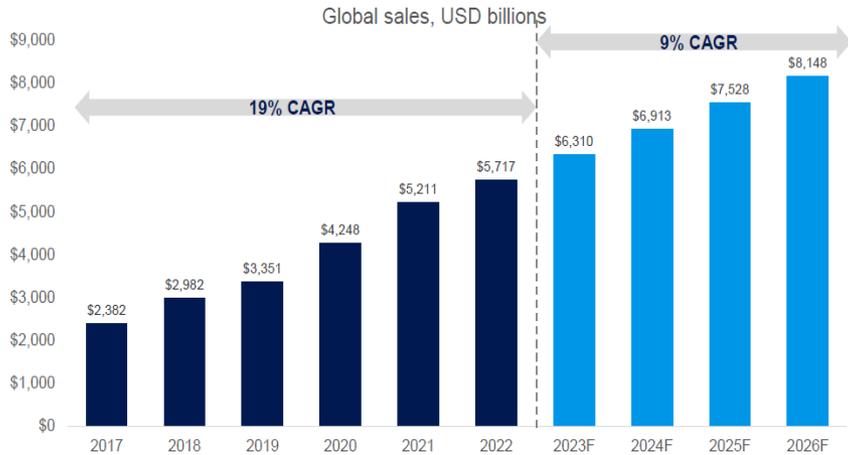


- In 2024Q1, China Airlines maintained the leading market share from 2023 across all cargo segments, including export, import, transfer, and direct transfer in Taiwan.
- China Airlines' transfer market share in the Taiwan market is as high as 51.2%, which fully reflects its important role as an Asia-Pacific transshipment center.

Global Market Outlook

- 2024H2, the global freight market will maintain stable growth, and demand is estimated to be better than 2024H1
- Global e-commerce will continue to see a growth in the near future
- The industrial supply chain inventory continues to be depleted, and the forecasts for the prospects of related indicator industries are positive

Global E-Commerce Sales



Cargo Operation Strategy



Optimize Network and Strengthen Revenue Management

- Introduce the new 777F freighter.
- Focus on the cross-border e-commerce and AI-related semiconductor markets, and optimize the cargo network accordingly.
- Pursue medium- and long-term customized services and chartered flights.
- Pursue high-yield sources of goods, such as semiconductors and cool chain products.
- Collaborate with integrators and other interline partners to expand the CI network.

Fleet Development

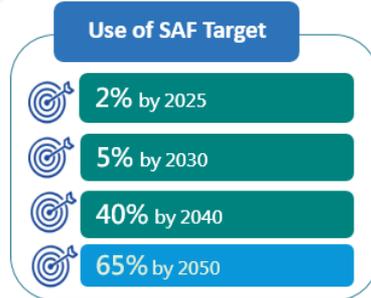
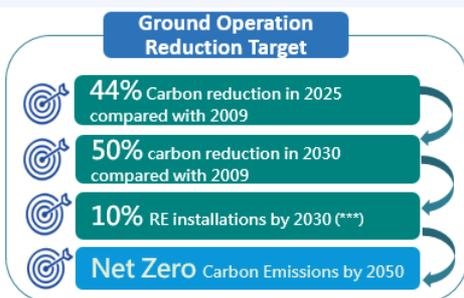
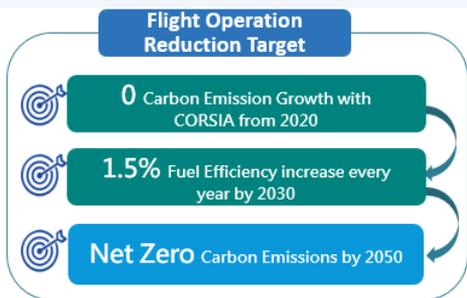
Fleet Development

	Aircraft Type	2024.Q1	End of 2024	Remark
	777-300ER	10	10	
	787-9	0	0	2025 Commencing Introduction
	A350-900	15	15	One Extra Lease
	A330-300	18	16	Revert Aircraft to Lessor Extend Short Leases
	737-800	10	10	Extend Short Leases
	A321neo	11	15	Continue to Introduce
	Passenger	64	66	
	744F	13	8	Phase out
	777F	7	10	Continue to Introduce
	Freighter	20	18	
	Total	84	84	

Sustainability Actions and Achievements

Carbon Reduction Target/Strategy

- CAL continues to execute fleet renewal, introduce fuel-saving technologies/sustainable fuels, improve passenger/cargo load factors, optimize routes and air traffic management operations, reduce fuel consumption and carbon emissions intensity, and lower operational and regulatory compliance costs.
- CAL has developed short, medium, and long-term carbon reduction targets for flight and ground operations as well as the usage targets of SAF(Sustainable Aviation Fuel) and ground renewable energy installation capacity targets, to achieve GHG reduction and reach net zero carbon emissions by 2050 .



CAL CSR Climate Change

Thank you