

China Airlines 2021 Investor Conference

April 14, 2021

TSE : 2610



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Agenda

- 1. Full Year Financial Results for 2020**
 - 1) Operating Performance**
 - 2) Composition of Op. Revenue & Cost**
 - 3) Financial Risk Management**

- 2. Impact of COVID-19 Pandemic**
 - 1) Industry Environment Update**
 - 2) Operational Performance Update**
 - 3) Response to COVID-19**

- 3. Post-COVID-19 Outlook**

Full Year Financial Results for 2020



Consolidated Operating Performance – 2020FY

Consolidated Financial Statistics			TWD 100 Million
	2019FY	2020FY	YoY %
Operating Revenue	1,684.44	1,152.5	-31.58%
Net Operating Income	26.66	21.84	-18.08%
Net Loss After Tax	-6.75	-2.80	58.52%
Net Income (Loss) Attributable to Owners of the company	-12.00	1.40	-
Earnings (Loss) Per Share (TWD)	-0.22	0.03	-

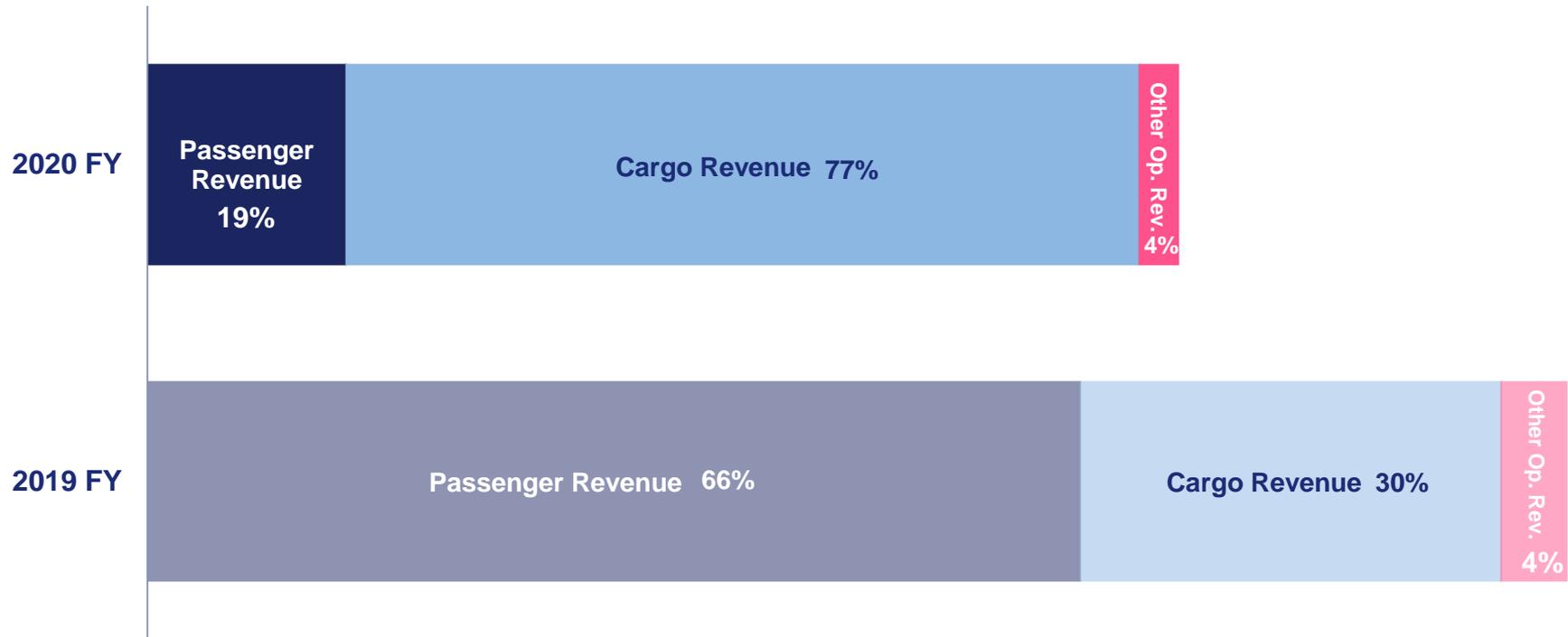
Group Revenue			TWD 100 Million
	2019FY	2020FY	YoY %
Passenger Revenue	1,114.13	257.04	-76.93%
Cargo Revenue	437.93	819.18	87.06%
Other Operating Revenue	132.38	76.28	-42.38%
Total Group Operating Revenue	1,684.44	1,152.5	-31.58%

Operating Performance – 2020FY

Financial Statistics		TWD 100 Million	
	2019FY	2020FY	YoY %
Operating Revenue	1,463.72	1,063.27	-27.36%
Net Operating Income	0.80	48.85	-
Non-Operating Loss	-12.67	-47.14	-272.06%
Net Income (Loss) After Tax	-12.00	1.40	-
Earnings (Loss) Per Share (TWD)	-0.22	0.03	-

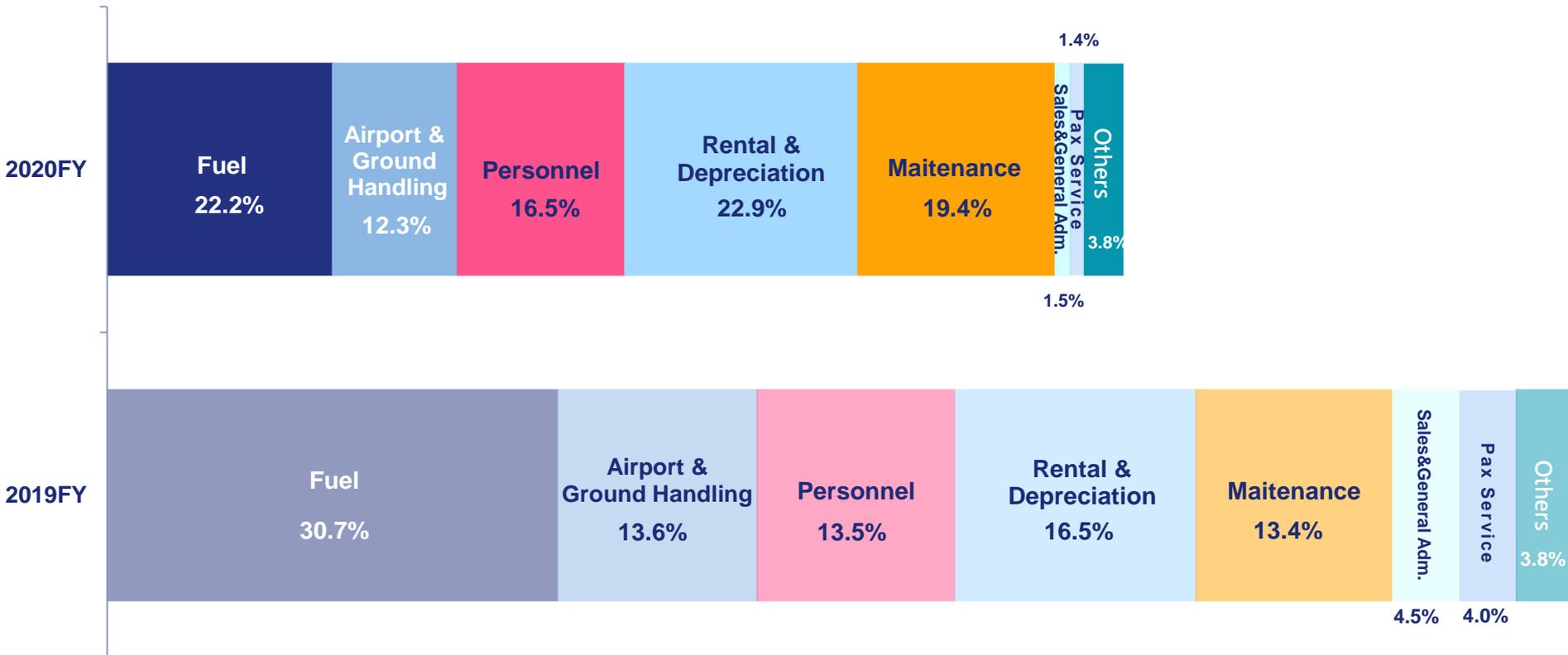
CI Revenue		TWD 100 Million	
	2019FY	2020FY	YoY %
Passenger Revenue	961.77	205.08	-78.68%
Cargo Revenue	434.06	816.93	88.21%
Other Operating Revenue	67.89	41.26	-39.23%
Total Operating Revenue	1,463.72	1,063.27	-27.36%

Composition of Op. Revenue - CI



Passenger, Cargo and other operating revenue accounted for 19%, 77% and 4% respectively in 2020.

Composition of Op. Expenses - CI



Fuel cost accounted for 22.2% of operating expenses due to the decrease in fuel price and consumption during COVID-19 pandemic.

Financial Risk Management – Fuel (CI)

Fuel Cost

		2019FY	2020FY	YoY%
Jet Fuel (MOPS)	USD/BBL	77.25	44.82	-41.98%
Fuel Consumption	10KBBL	1,759.04	1,424.65	-19.01%
Fuel Expend	TWD/100Million	449.61	224.87	-49.99%
Hedging Loss	TWD/100Million	0.19	0.60	215.79%
Total Fuel Cost	TWD/100Million	449.80	225.47	-49.87%

Fuel Hedging

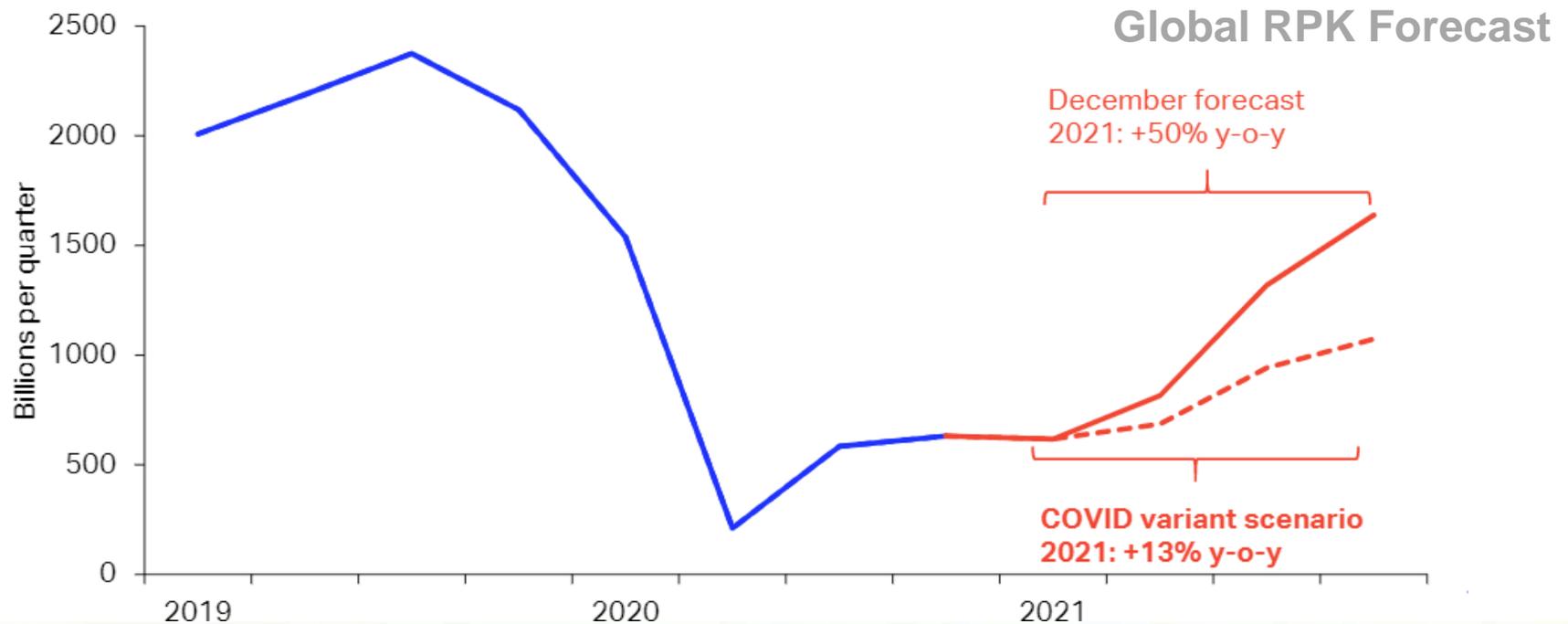
Year	Hedging%
2021.04-2022.03	0.4%

Impact of COVID-19 Pandemic Industry Environment Update



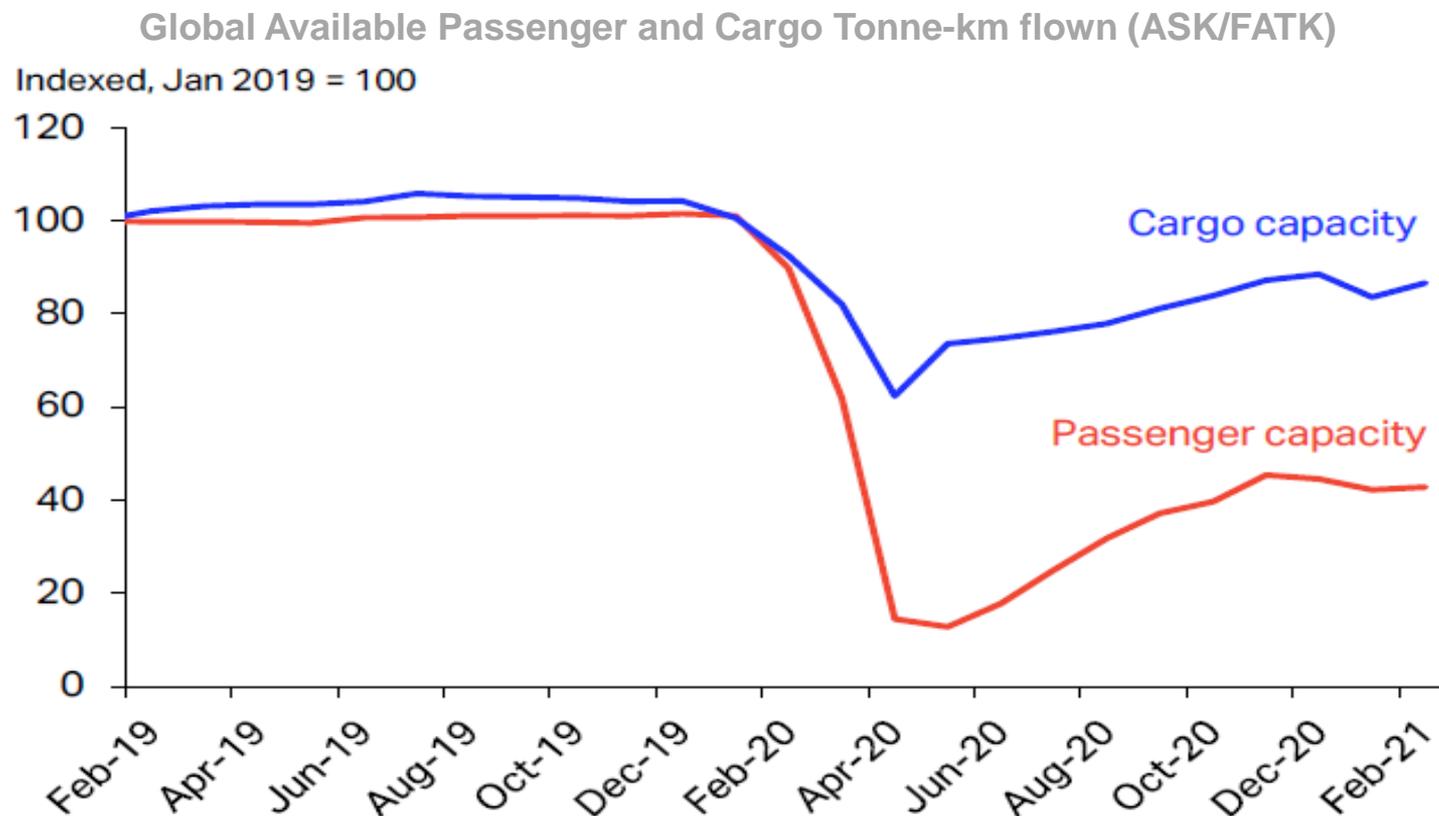
RPK Path Depends on New Variants and Policy Response

- Air travel recovery in 2020 stalled after the summer, RPKs ended year down 70% : domestic -43%, international -85% yoy in 2020.
- According to IATA's data released on February 24, 2021 RPKs might only grow 13% to average 38% of 2019 levels.



Recovery in Cargo Capacity Impacted by Groundings of Passenger Aircraft

Available cargo tonne-kilometres (FATKs) in February 2021 were lower by **14.9%** vs. the pre-crisis levels, February 2019 because of variants of the virus of COVID-19.

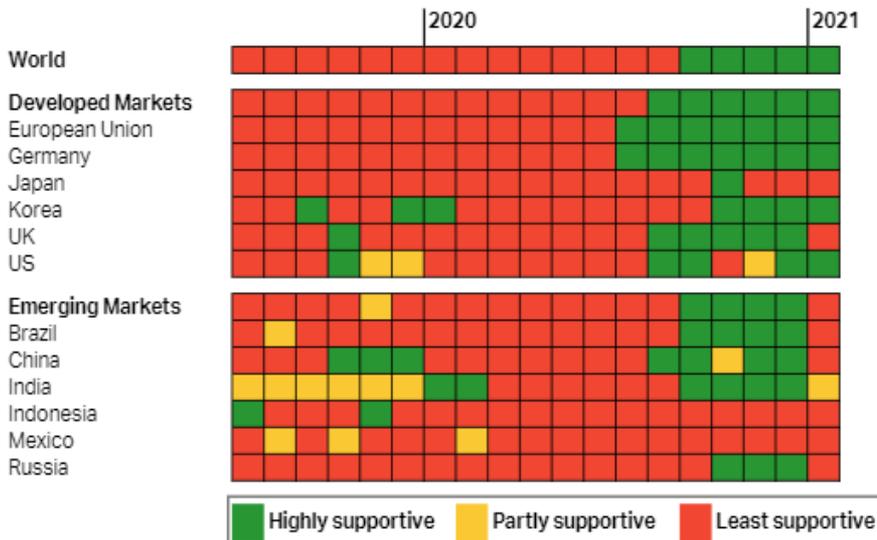


Drivers of Air Cargo Demand Remained Generally Supportive

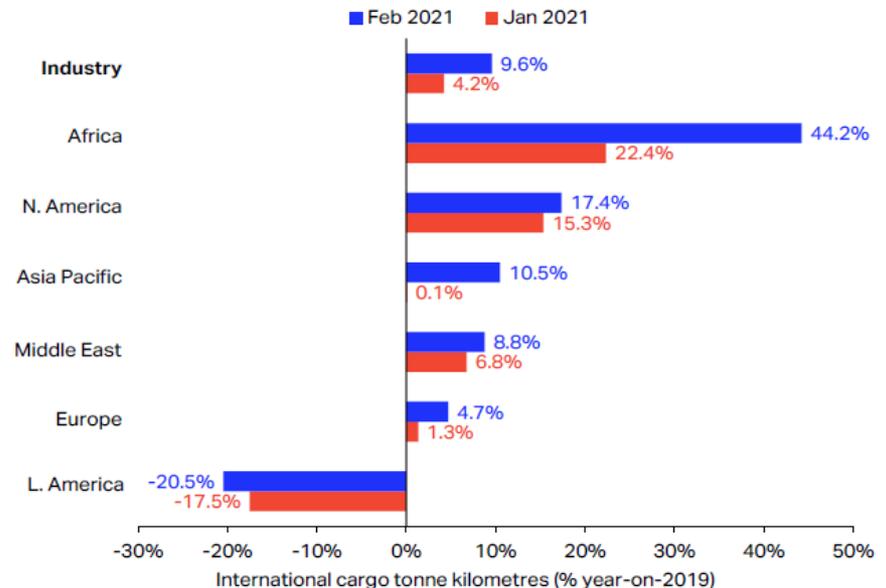
- Global manufacturing PMI was at 53.5 in January 2021, where anything above 50 indicates expansion.
- International cargo tonne-kilometres (FRTK) in February 2021 was 9.6% higher comparing with the same month in 2019.

Monthly Data From Manufacturing PMIs

New export orders* Legend: >50 and rising = green; >50 but stable or falling = yellow; <50 = red



International FRTK Growth versus The Same Month in 2019

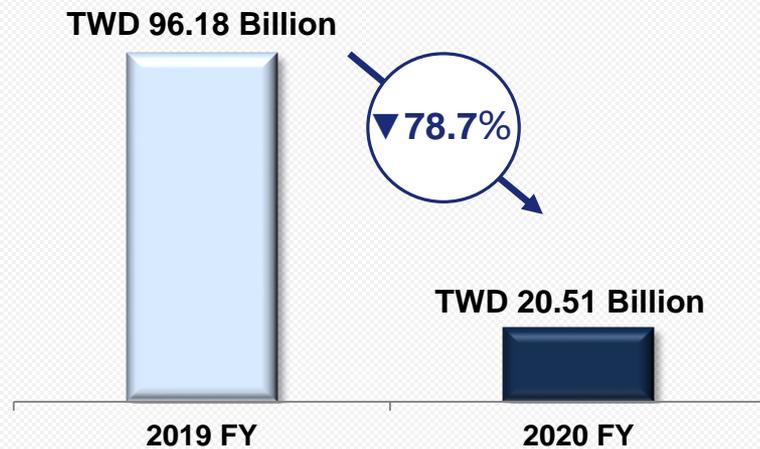


Impact of COVID-19 Pandemic Operational Performance Update

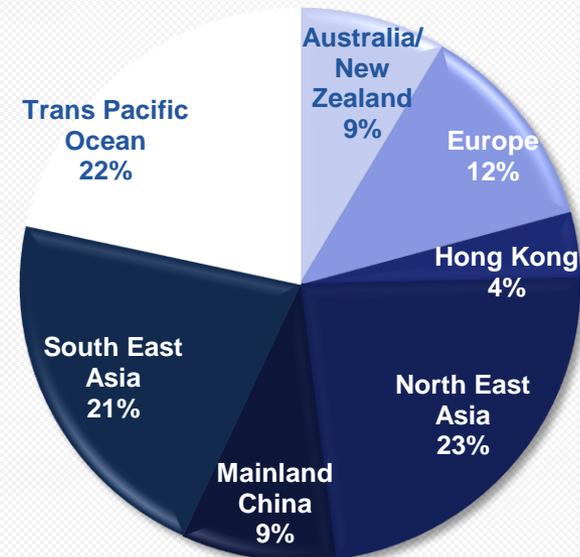


Passenger Performance

Revenue

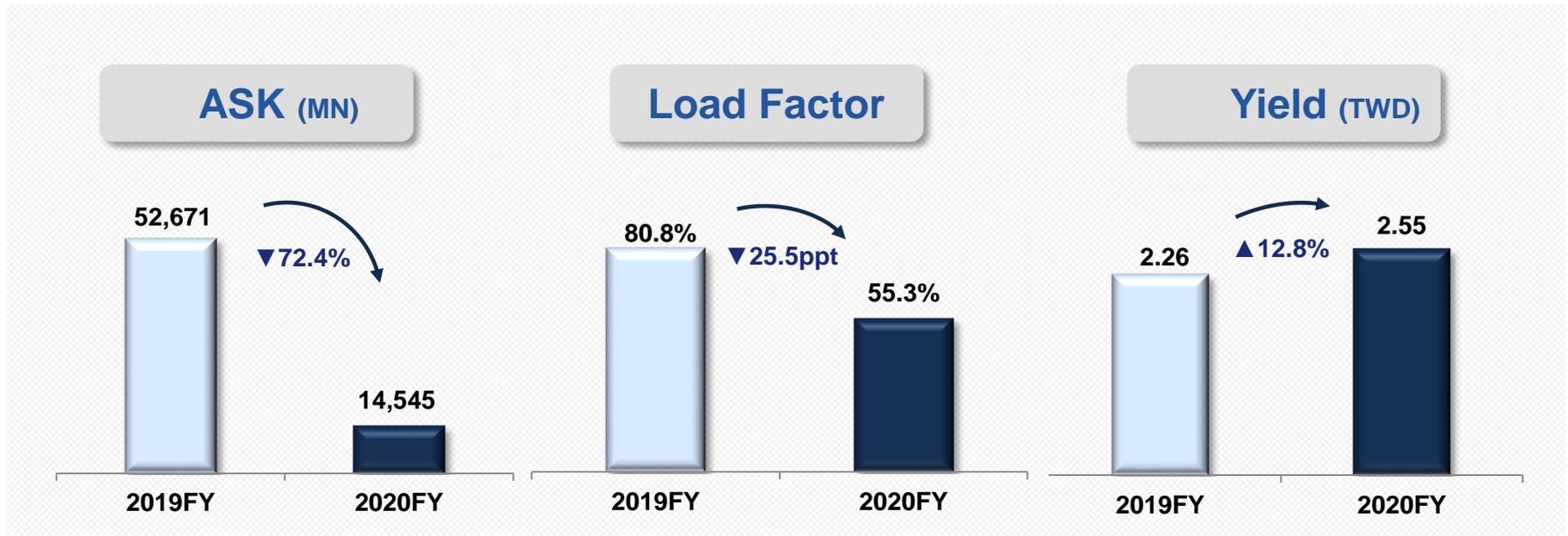


Composition by Region



- Passenger revenue decreased by 78.7% to TWD 20.51 billion in 2020.
- Northeast Asia accounted for the largest share (23%) of revenue, followed by Trans Pacific Ocean and South East Asia with revenue share of 22% and 21% respectively.

Passenger Performance Index



ASK and load factor decreased by 72.4% and 25.5ppt respectively while yield increased by 12.8% in 2020.

Impact on Passenger Traffic



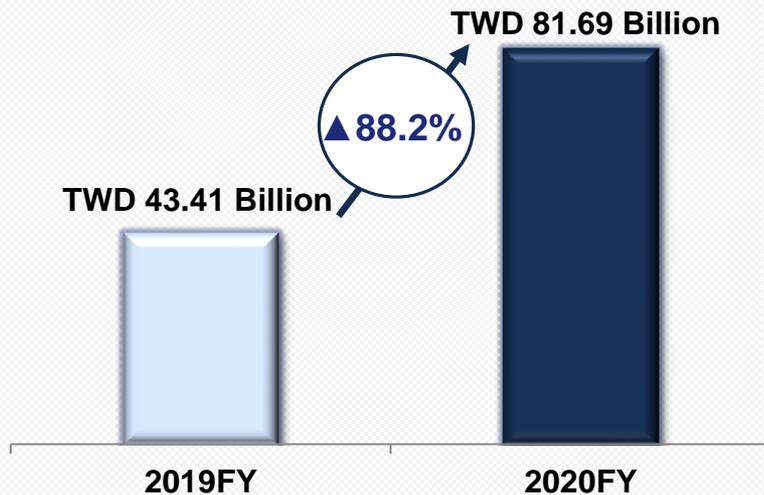
- **CAL provided a minimum passengers-carried schedule to meet market demand.**
- **Our frequencies between April and June plunged more than 97% compared to the same period last year; however there is slowly recovering with essential travelling.**

Passenger Impact- Skeletal Network

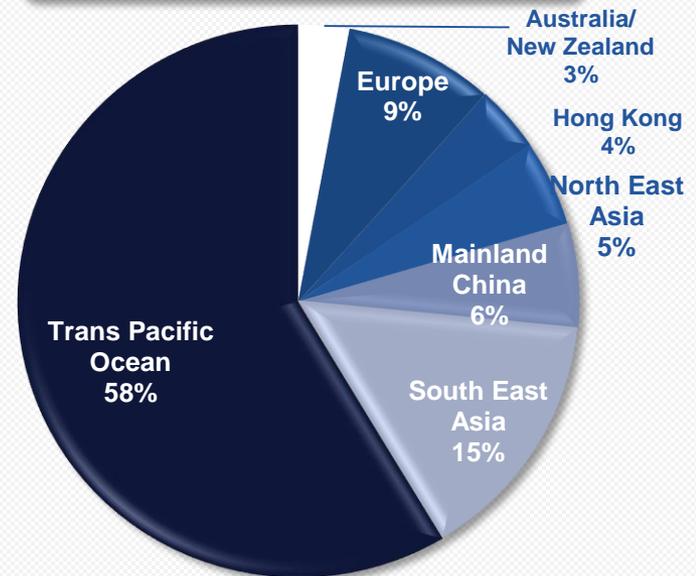
Region	Route Adjustments
North America	Los Angeles/San Francisco 3 Flights/wk, Vancouver 1~2 Flights/wk, New York 1 Flights/fortnightly
Europe	Amsterdam 1~2 Flights/wk, Frankfurt/ London 1 Flight/wk
Oceania	Sydney/ Brisbane 1 Flight/wk, Melbourne 3(O) + 4(I) Flights/mth, Auckland 1 Flight/mth
Northeast Asia	Tokyo 2~3 Flights/wk, Seoul 1~2 Flights/wk, Osaka/ Fukuoka/ Nagoya 1 Flight/wk
Southeast Asia	Jakarta 7(O) + 4~6(I) Flights/wk, Vietnam 2~3(O) + 11~12(I) Flights/wk, Manila 3(O) + 6(I) Flights/wk, Bangkok 2(O) + 4(I) Flights/wk, Kuala Lumpur 2 Flights/wk, Penang 1~2 Flights/wk, Singapore/ Phnom Penh 1 Flight/wk, Yangon 1(O) + 3~4(I) Flights/fortnightly, Palau 1 Flight/mth /
Mainland China (KHH departures included)	Shanghai 9 Flights/wk, Xiamen 3 Flights/wk, Chengdu 2 Flights/wk, Beijing 1 Flight/wk
Hong Kong (KHH, RMQ departures included)	7(O) + 11(I) Flights/wk

Cargo Performance

Revenue



Composition by Region



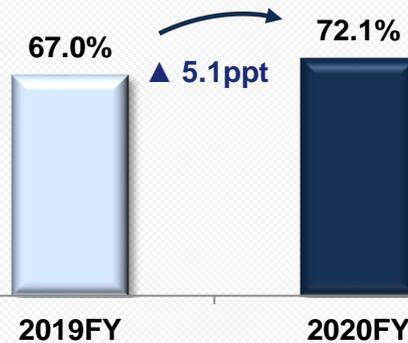
- Cargo revenue totaled TWD 81.69 billion, a 88.2% increase, in 2020.
- Trans Pacific Ocean accounted for the largest share(58%) of revenue, followed by Southeast Asia and Europe with revenue share of 15% and 9% respectively.

Cargo Performance Index

FATK (MN)



Load Factor



Yield (TWD)



FATK increased by 10.3% and load factor grew 5.1 ppt with a 58.6% rise in yield in 2020.

Response to COVID-19

- Passenger
- Cargo



Flight Schedule Adjusted in Line with Market Demand

Operations remain active in adapting to the dynamic changes of the market landscape and governments regulations.



Operate selected routes to maintain network connectivity, taking advantage of sixth traffic rights after open for transit through TPE.



Gradually resume flights to align with boarder reopening, regional business travel needs and travel bubble.



Increase Taiwan domestic air travel market via CAL Group's subsidiaries .



Operate charter flights to generate revenue.

Biosecurity for Air Transport

- Contactless travel is a key element of IATA Travel Pass –making travel easier & more sanitary.
- CAL has launched biometric self-check-in services in Hong Kong, New York and San Francisco.

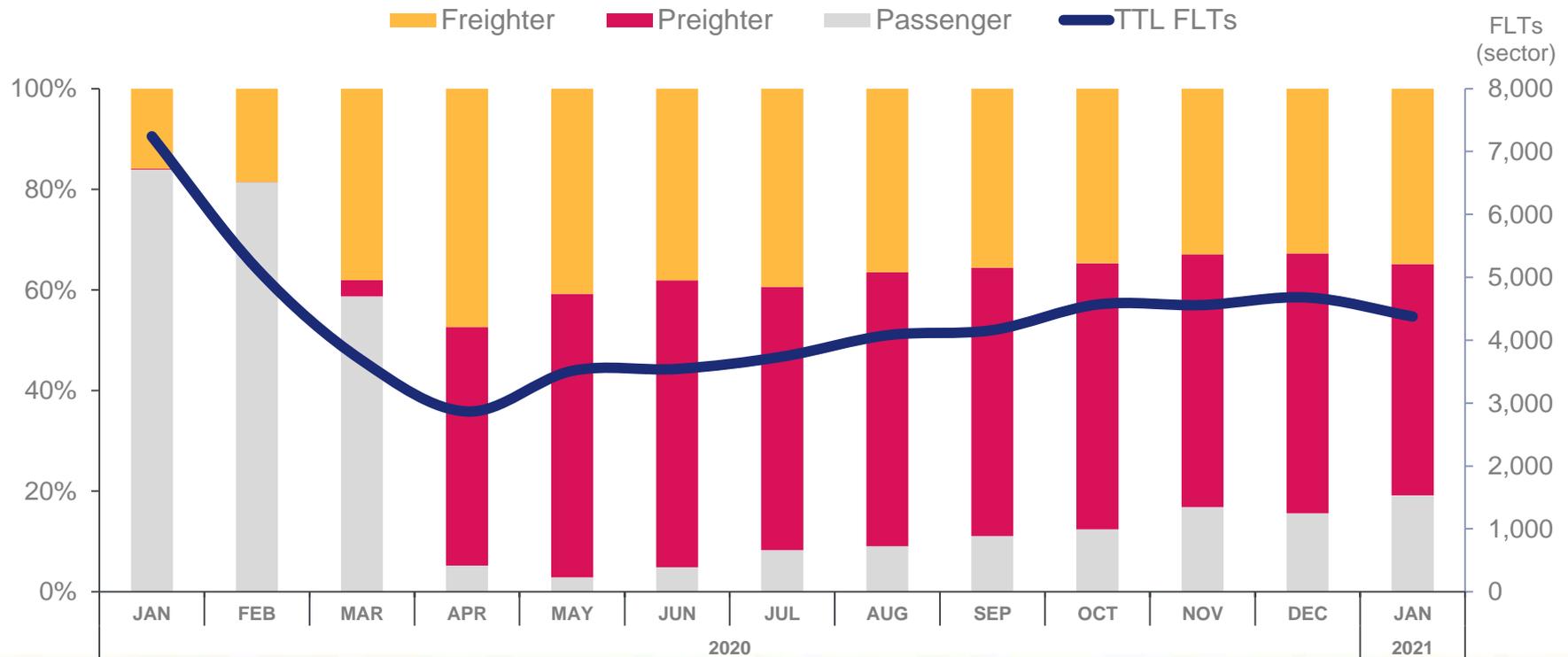
A layered approach to biosafety: departure airport



When proven and available at scale, testing for COVID-19, anti-body testing, or immunity passports could also be included as temporary biosafety measures.

Air Cargo Market Demand Persists

- Pre-pandemic : Around 50% ~ 80% cargo worldwide used to be transported by passenger aircraft based on IATA's estimations.
- During the COVID-19 crisis : CAL adjusting some of the passenger aircraft and putting them to use in freight transportation.



CAL Expands Cargo Service

CAL leverages Taiwan's strategic position and cargo capacity during the pandemic, reaching 117 schedule flights per week or 120-125 flights including charter flights per week in 2021.



- Utilize CAL 18 747-400 freighters
- Make the most of belly capacity of passenger aircraft
- Improve operational efficiency with 3 777F deliveries

- Monthly route review and flexible route adjustment
- Priority for high-yield goods and regular project shipment for route profit boost
- Pursue charter to maintain load factor and revenue uplift



Post-COVID-19 Outlook



Proactive COVID-19 Response Strategies

01

Conserve cash-flow & lower the cost

02

Maintain business continuity and stability

03

Integrate sales and marketing strategy

04

Rebuild passenger confidence in air travel

05

Comply with regulations to promote safe travel

Work Together with All Stakeholders to Create Greater Value

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FTSE4Good



2016-2020

Dow Jones Sustainability Indices

CAL was also the only transportation company in Taiwan to be included in the DJSI Emerging Market Index for five years in a row.

2016-2020

FTSE4Good Emerging Index

2014-2020

Taiwan Corporate Sustainability Awards

2019-2020

Global Corporate Sustainability Awards Reporting (World Class)

2017-2020

Taiwan High Compensation 100 Index (HC 100)
Taiwan Employment Creation 99 Index (EMP 99)



Operating Fleet as of March 2021

As of March 2021, CAL operates **83** aircraft, **including 62 passenger aircraft and 21 freighters**, and 43 of which are self-owned and 40 are operating leased.



Aircraft Type	Owned	Leased
777-300ER	-	10
A350-900	14	-
A330-300	8	15
737-800	-	15
747-400F (Freighter)	18	-
777F (Freighter)	3	-
Number of aircraft in fleet	43	40

Thank you

*# We fly We fight
We will all be fine*

2021.04

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