

China Airlines

2022 2nd Investor Conference

Dec.09.'22



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Agenda

→ 2022Q1-Q3 Operating Performance

1. Operating results
2. Revenue & Cost breakdown
3. Financial risk management

→ Operation Overview & Market Outlook

1. Pax & Cargo performance
2. *Business outlook*
3. *Pax & Cargo strategies*
4. Fleet planning
5. Sustainable development

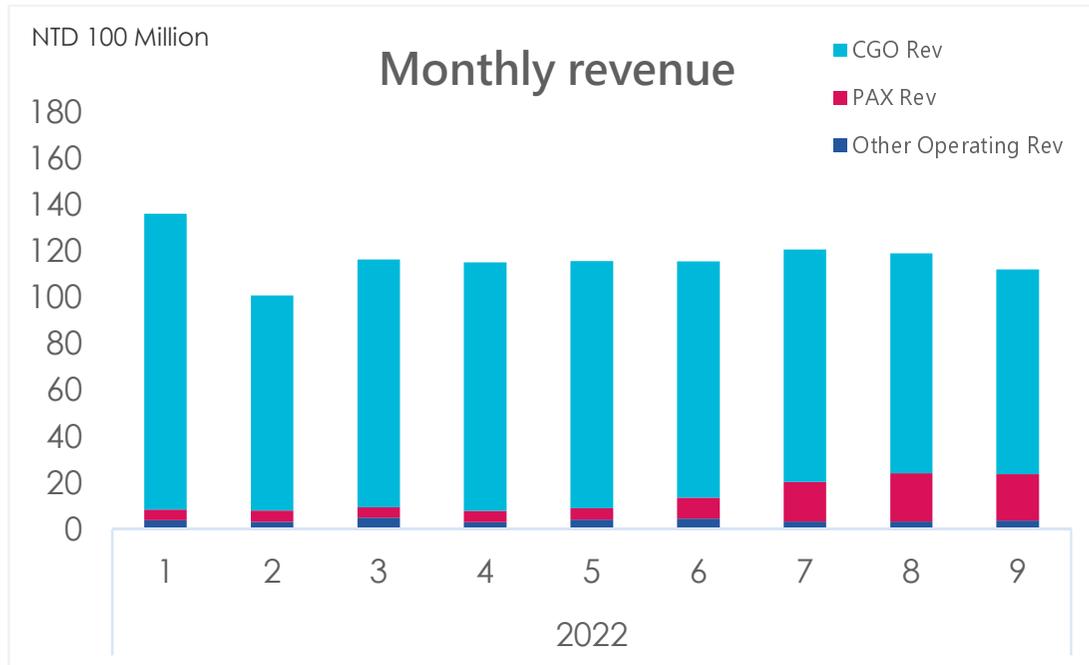
2022Q1-Q3 *Operating Results*

2022 Q1-Q3 Financial Results

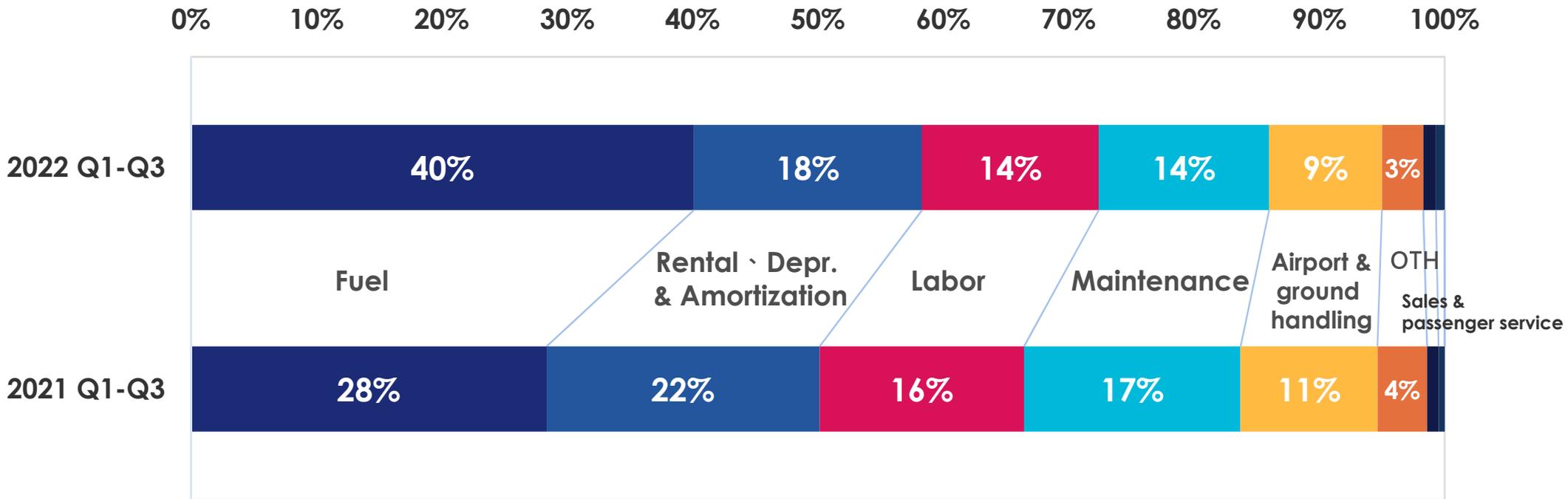
(NTD 100 Million)	2021 Q1-Q3	2022 Q1-Q3	Differences	YoY
Operating revenue				
Passenger revenue	45.69	122.81	77.12	+168.79%
Cargo revenue	813.10	928.08	114.98	+14.14%
Other operating revenue	57.96	66.94	8.98	+15.49%
Net Operating Income	47.22	42.49	-4.73	-10.02%
Net Income After Tax	10.98	31.42	20.44	+186.16%
Net Income Attributable to Owners of the company	15.55	36.18	20.63	+132.67%
Earnings Per Share (TWD)	0.28	0.60	0.32	-

Revenue breakdown and comparison

- By 2022Q3, Cargo revenue is still the main part of operating revenue (80%), while the proportion of passenger revenue has increased to 20%.
- Compared with last year, the revenue of 2022Q3 is lower than that of 2021Q4, 6% higher than 2021Q3 and 2% higher than 2022Q2.



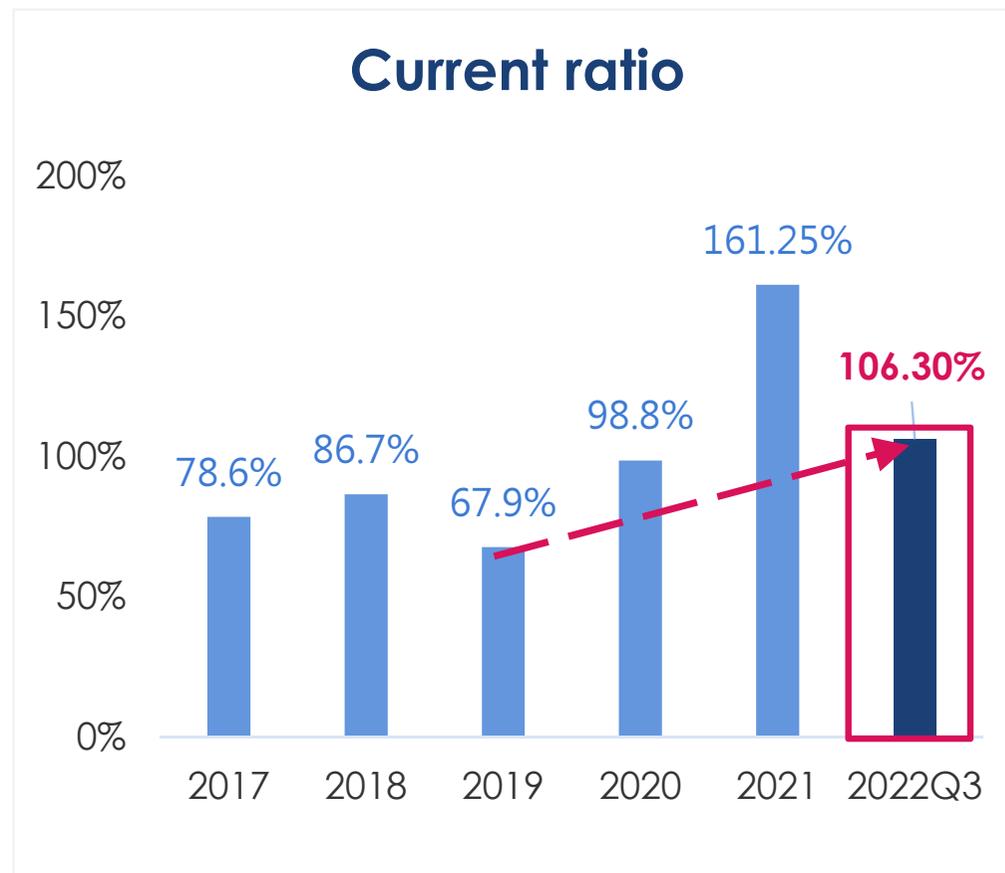
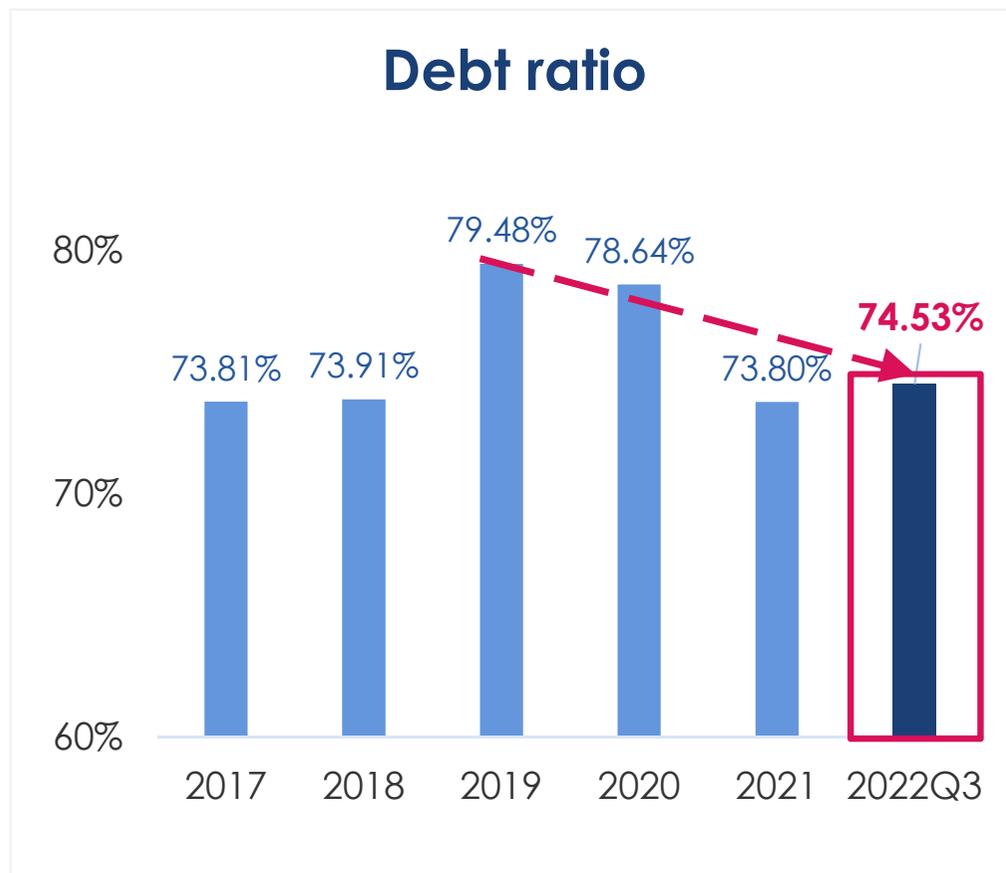
Cost breakdown and comparison



Fuel cost analysis

	Unit	2021 Q1-Q3	2022 Q1-Q3	YoY
Jet fuel(MOPS)	USD/BBL	70.75	129.79	83.45%
Fuel Consumption	10K BBL	1,059.95	1,004.17	-5.26%
Fuel Cost	TWD 100 million	223.27	395.30	77.05%
Hedging gain	TWD 100 million	(0.02)	(1.12)	-
Total fuel cost	TWD 100 million	223.25	394.18	76.56%

Stable financial structure



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 influences made by currency fluctuation.
- Interest rates : Issue fixed-rate corporate bonds and trade derivative product such as IRS to reduce the risk of rates rising in the future.

Operation Overview & Market Outlook

2022Q1-Q3 Passenger operational results



Currency: TWD

Passenger revenue

9.06 billion

YoY(+ 251.3 %)

Revenue passenger

588 '000

(+327.5 %)

Available seat kilometer
(ASK)

7.69 billion
(+172.0%)

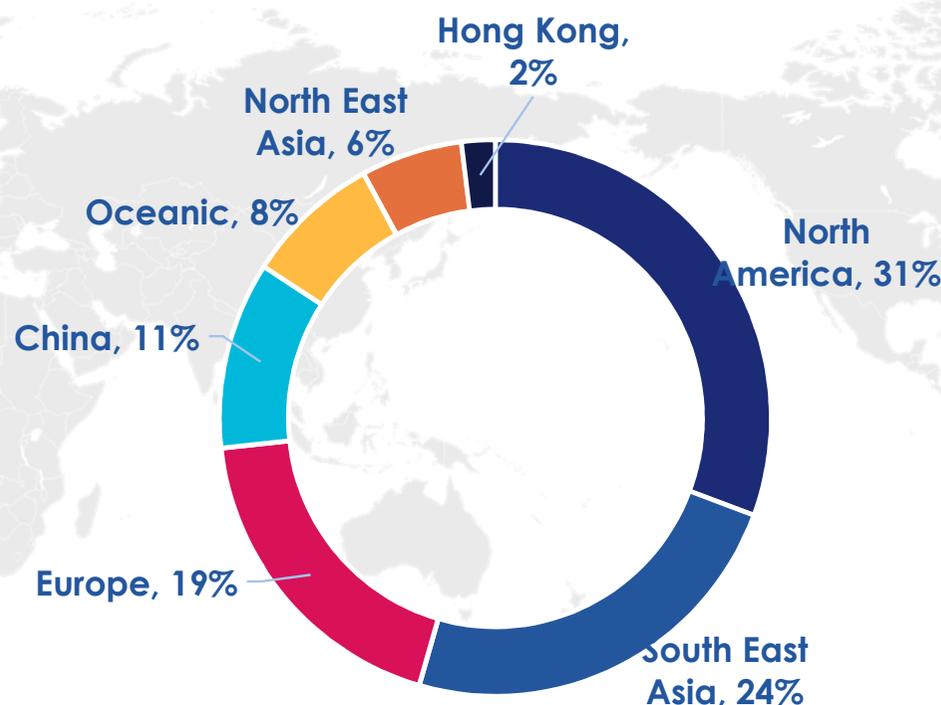
Average load factor

34.4 %
(+16.83 ppt)

Pax yield

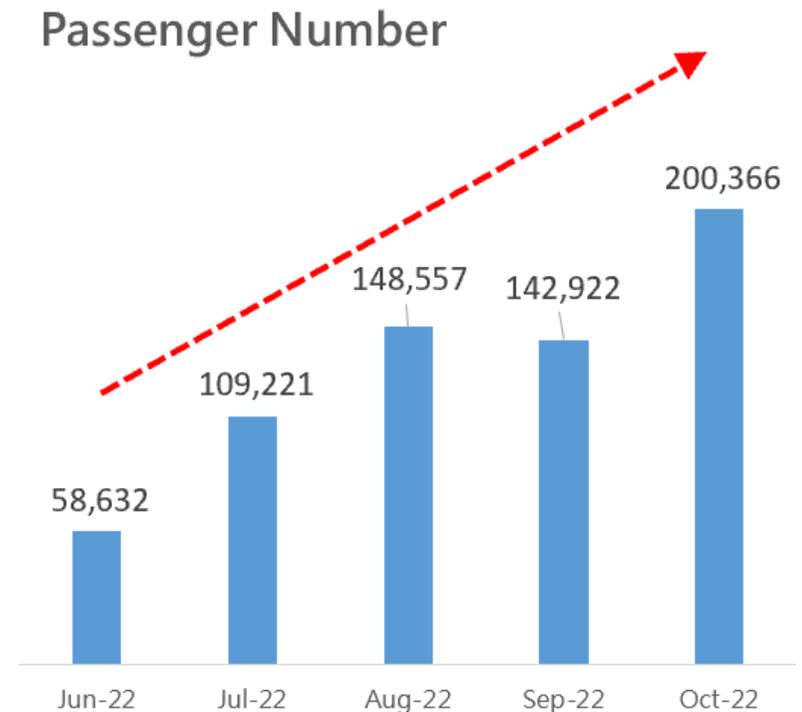
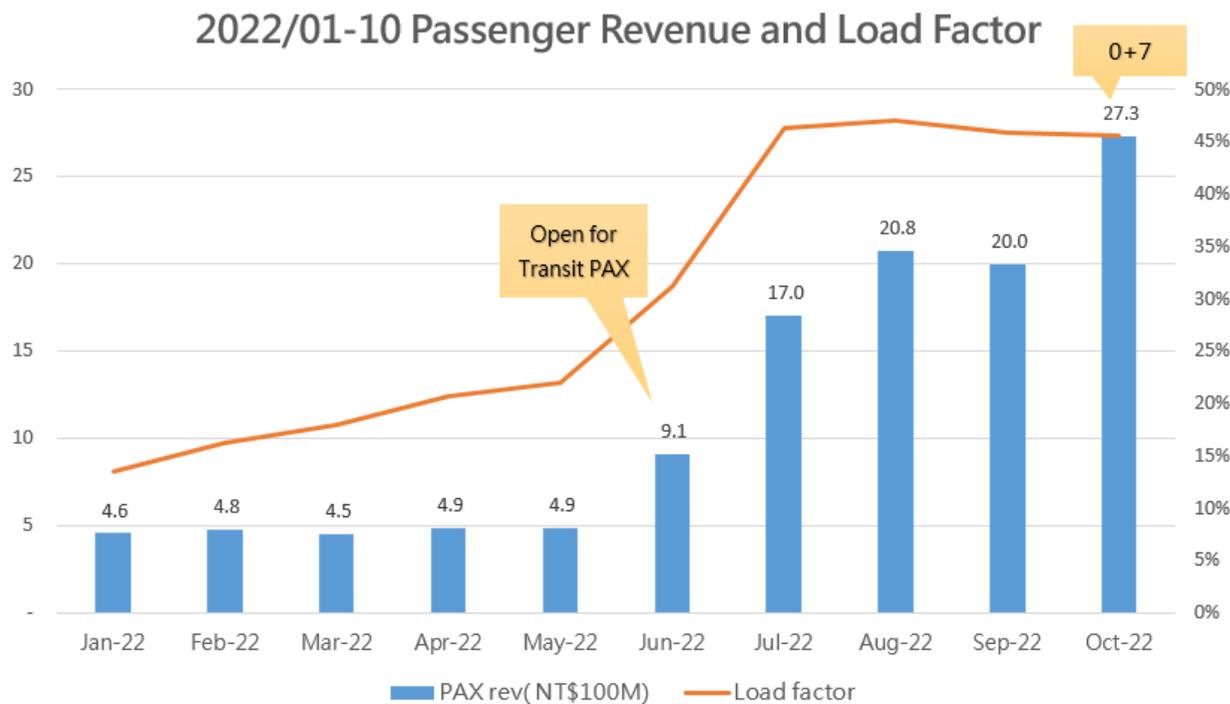
\$ 3.42
(-\$1.77)

Passenger revenue distribution by region



Passenger operating performance

- Taiwan reopened for transit passenger starting from June 15, 2022, and adopted 7-day self-initiated prevention policy for arrivals from October 13, 2022.
- The number of passenger has been increasing significantly since June.



2022Q1-Q3 Cargo operational results



Currency: TWD

Cargo revenue

92.51 billion

YoY(+ 14.1 %)

Carried tonnes

715 '000

(- 7.7 %)

Available Freight
Ton Kilometer(AFTK)

6.24 billion
(-14.8 %)

Average load factor

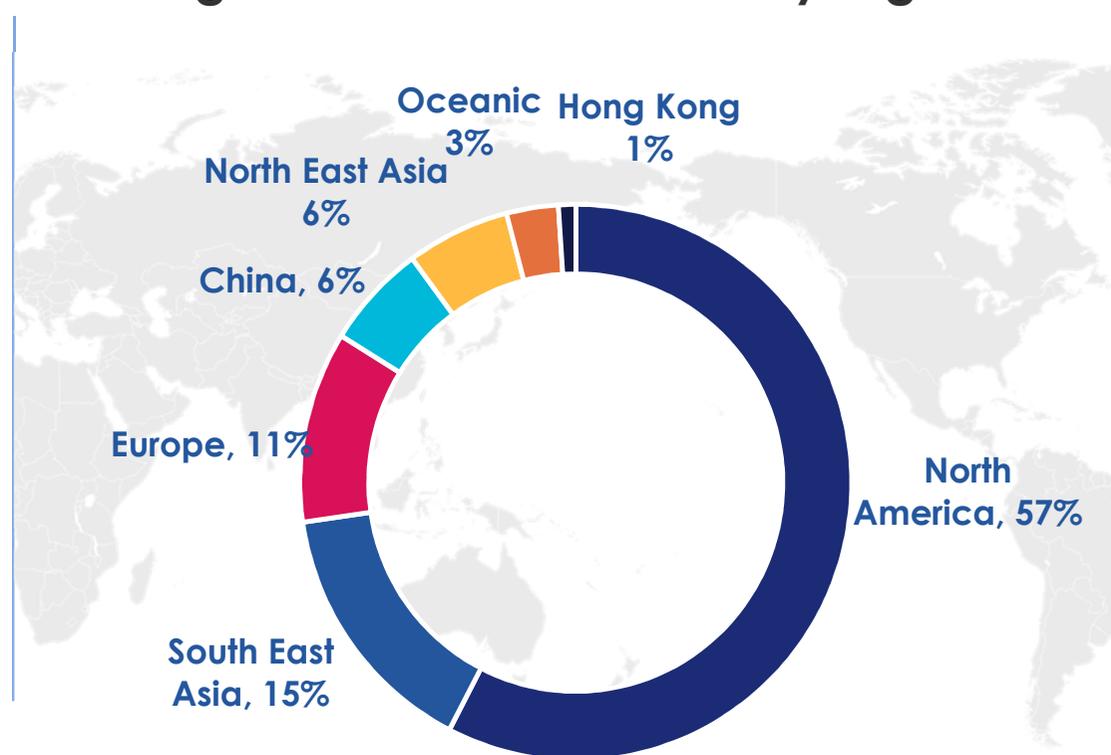
77.8 %
(+ 2.4 ppt)

Cargo yield

\$ 19.04

(+\$ 4.37)

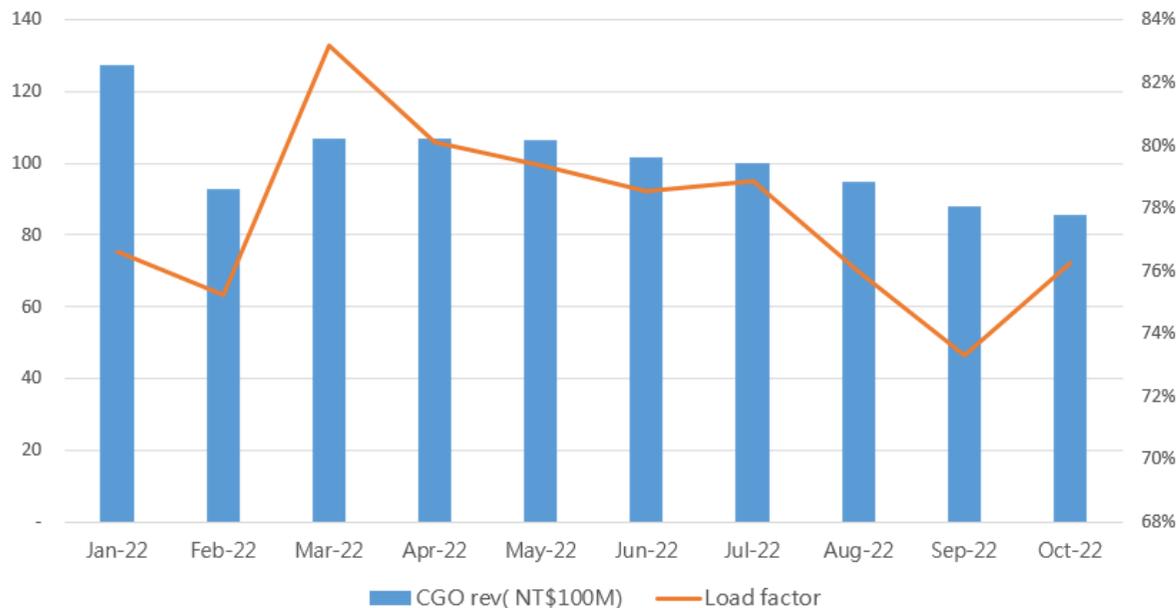
Cargo revenue distribution by region



Cargo operating performance

- Affected by the overall economic environment, the demand of freight market is getting weak gradually.
- From January to October 2022, the average Load factor has maintained 78%, and the yield of Q3 has slowed down. Compared with the same period of last year, it is relatively stable.
- From January to October 2022, the accumulated cargo revenue has exceeded NT\$10 billion.

2022/01-10 Cargo Revenue and Load Factor

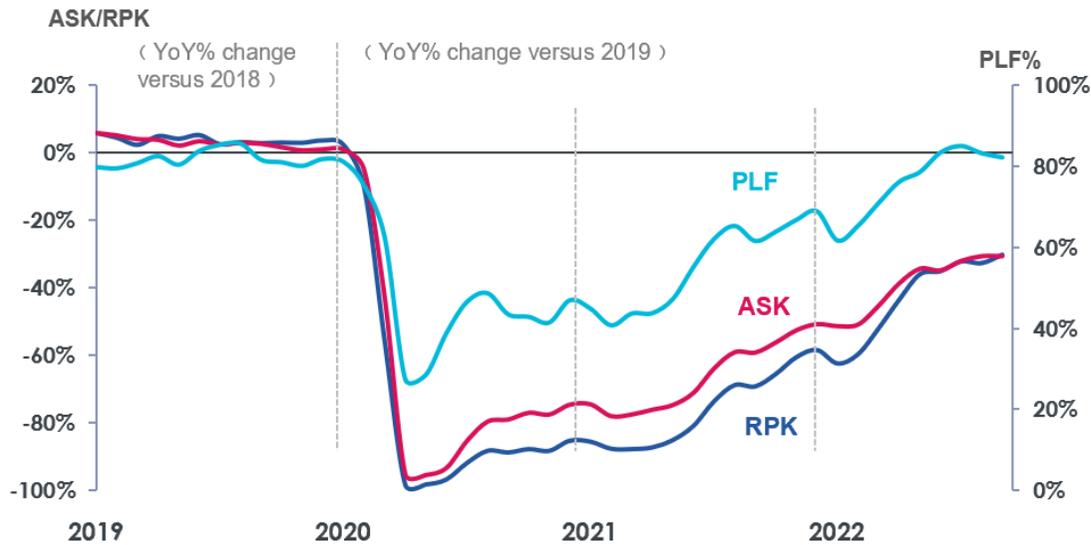


Cargo Yield (YOY%)

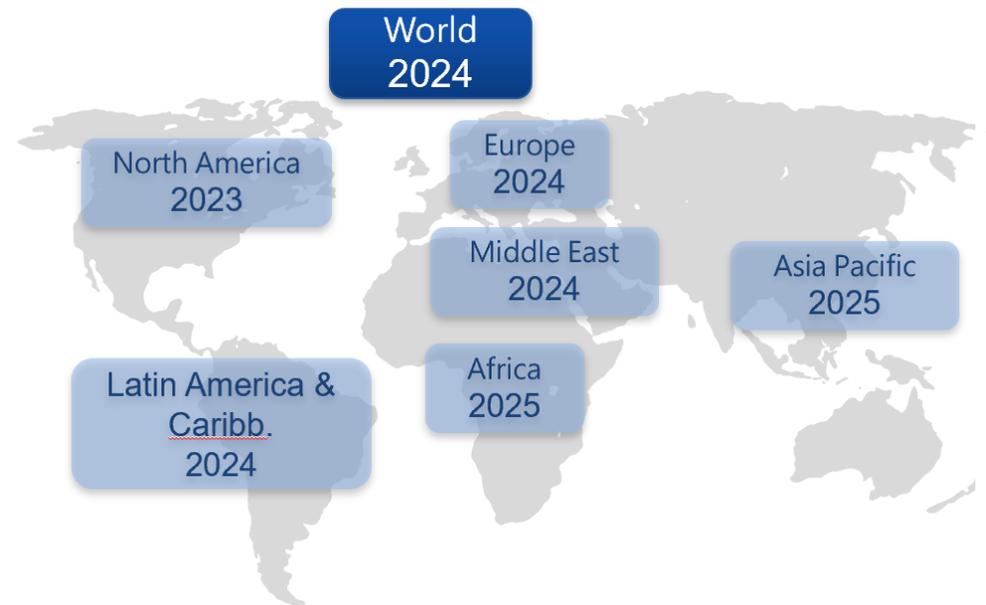


Air passenger recovery continues

International passenger traffic

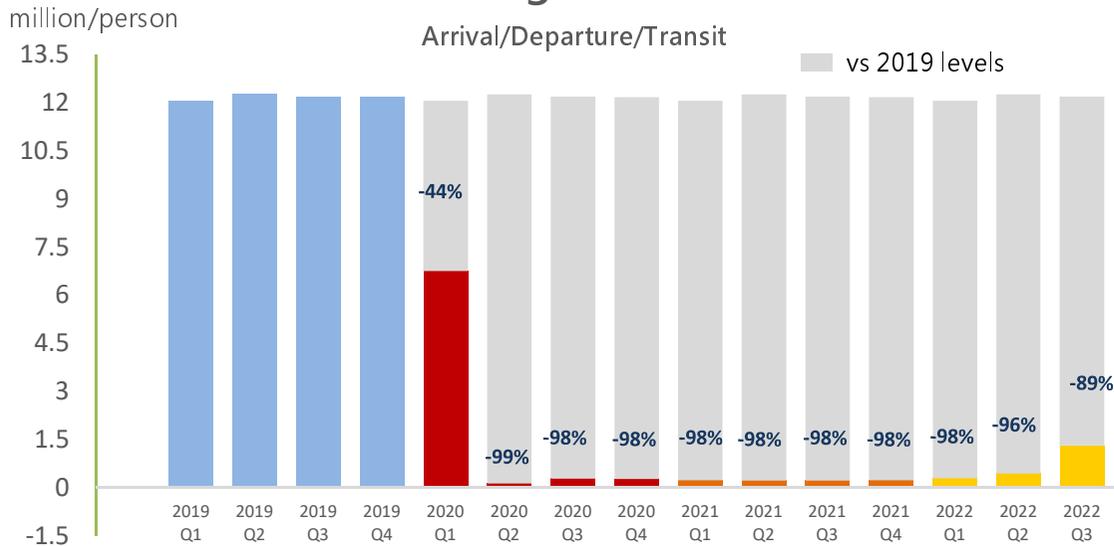


Regional pax recovery (2019=100)2020-2025



Recovery continues as passenger demand remains strong

Taoyuan International Airport
Passenger Volume



- **06/15** 3+4 quarantine / weekly cap of arrivals 25,000
- **07/07** weekly cap of arrivals increased to 40,000
- **08/15 ~ 0822**
remove requirement that inbound passengers should provide COVID-19 PCR test result / weekly cap of arrivals increased to 50,000
- **09/12**
reinstate visa-exempt entry for US, Canada, New Zealand, Australia, countries in Europe, and diplomatic allies
- **09/29** weekly cap of arrivals increased to 60,000
- **10/13**
lifted the quarantine requirement for all arrivals 0+7 / weekly cap of arrivals 150,000
- **12/01** weekly cap of arrivals increased to 200,000
- **12/10** remove weekly arrival cap

2019
48.68 million

2020
7.43 million

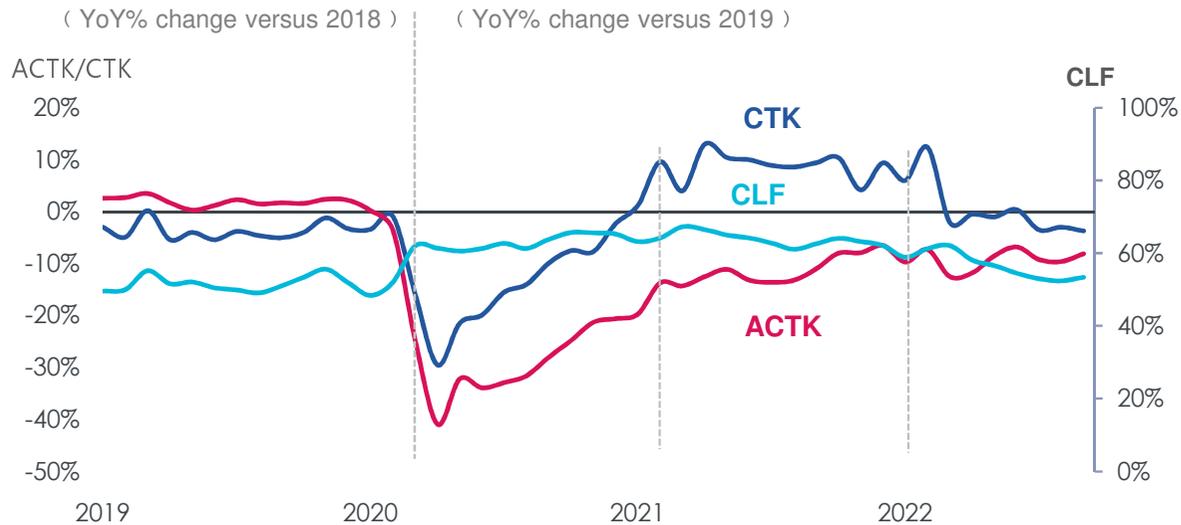
2021
0.9 million

2022E
4.0 ~ 4.5 million

2023F
20 ~ 30 million

Air cargo tracks near pre-COVID levels

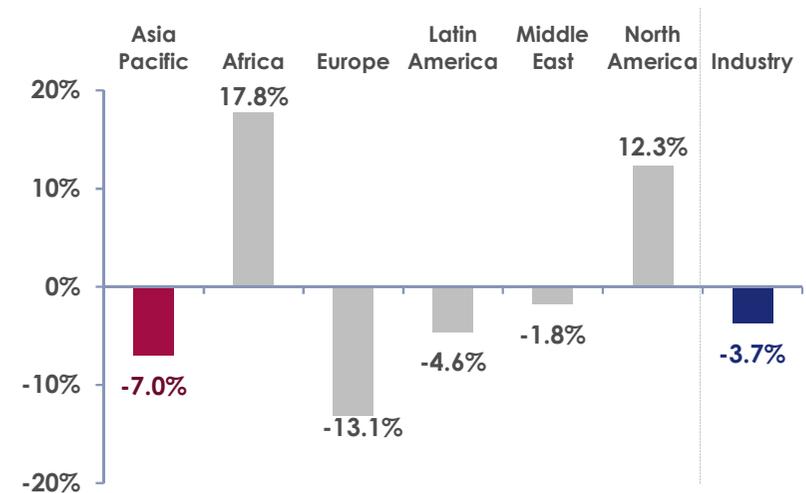
International air cargo



International CTKs

September 2022

(% ch vs the same month in 2019)



Operating challenges

Sustainable development

Economic Factors

Inflation, Interest Rates, and Exchange Rates
Oil prices extremely high
GDP / Manufacturing PMI index

Service Disruptions

Coronavirus variant
Unforeseen circumstances
Staff shortage



Geopolitics

Airspaces closure
Russia-Ukraine crisis

Supply chain issues

US-China chip war

Operation strategy



Passenger

- Introduce new A321neo aircraft
- Develop potential routes in Southeast Asia
ex: CEB, CNX, DAD,
- Increase flights between Southeast Asia and Europe / US to target the transit passenger and encourage effective network
- Deepen the member loyalty
- Provide customized charter flights/services

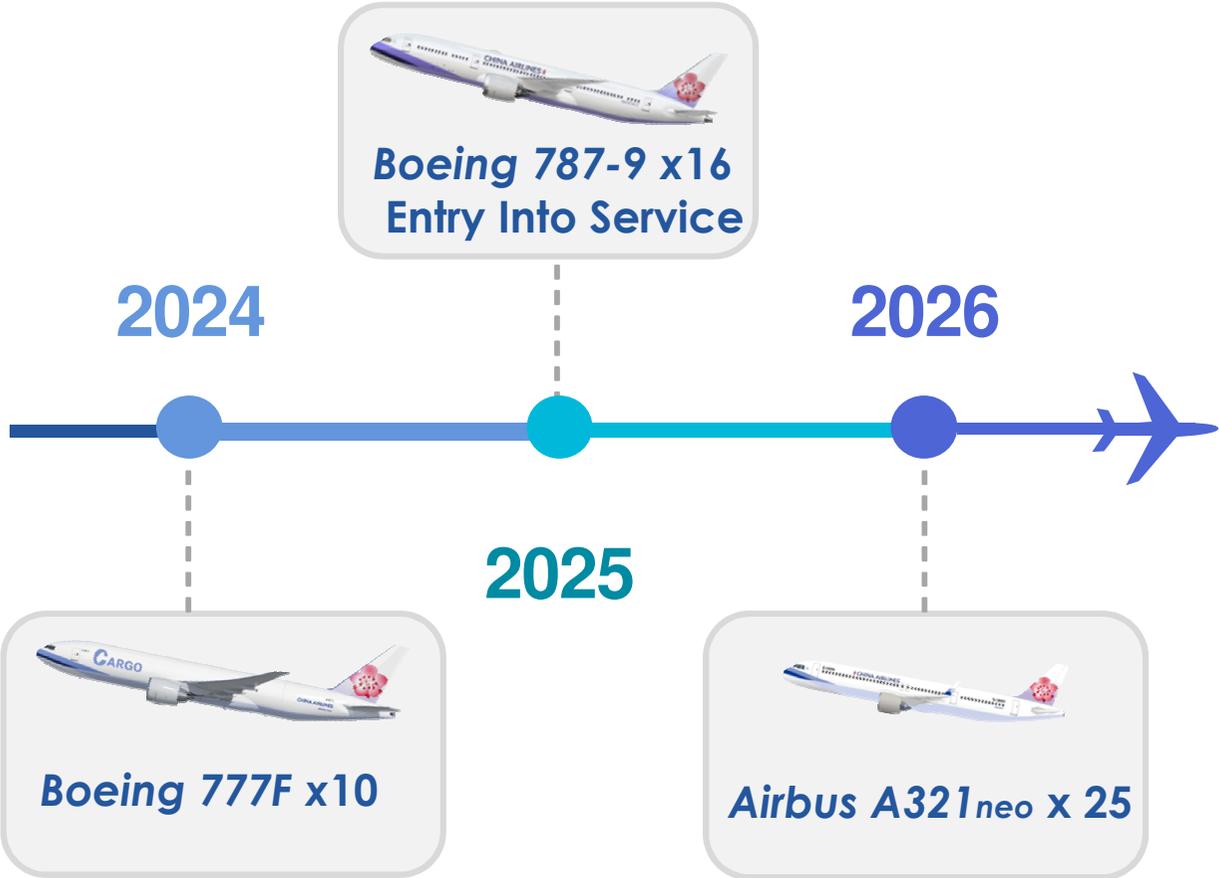


Cargo

- Introduce 777F new freighter
- Cultivate the market, develop potential goods and grasp industrial changes
- Fully plan cargo capacity and network, and strengthen Taiwan's position as a transshipment hub
- Strive for chartered flights and medium/long-term customized services

The next generation fleets ready for post-pandemic boom

Aircraft Type	Year End 2022	Year End 2023
777-300ER	10	10
A350-900	14	14
A330-300	20	19
737-800	12	10
A321neo	10	12
Passenger Jets	66	65
747-400F	17	16
777F	5	7
Freighters	22	23
In-Service Fleet	88	88



Sustainability performance and recognition

- The only Taiwanese airline selected for DJSI Emerging Markets for six consecutive years and ranked in 2nd place among the world's airlines.
- The only Taiwanese airline selected for Sustainability Yearbook for five consecutive years and awarded "Silver Class" in 2021.
- Set the goal of sustainable aviation fuel and net zero carbon emissions



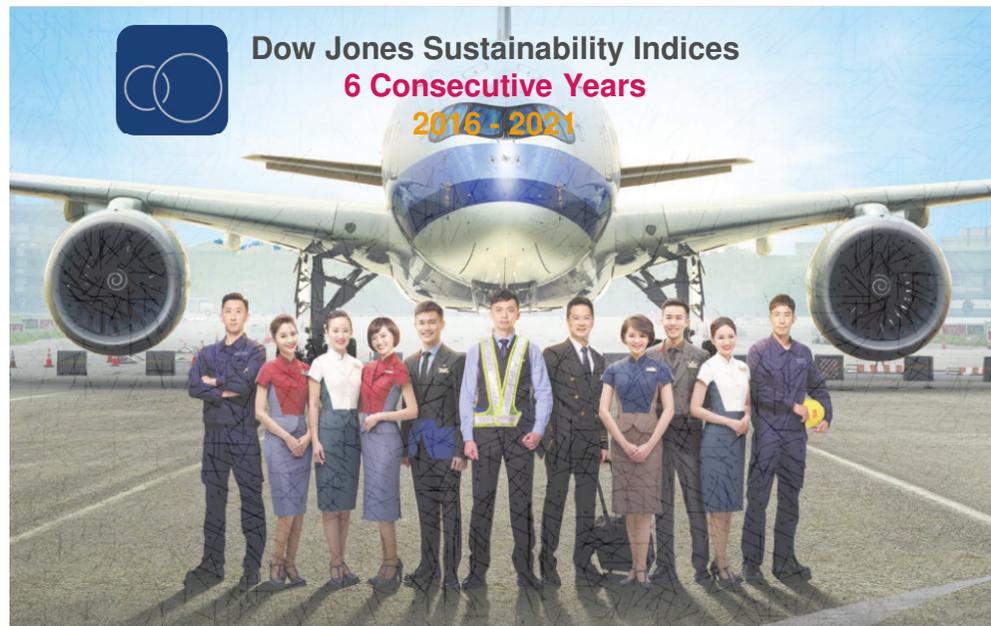
Sustainability Yearbook
5 Consecutive Years
2017 - 2021



GCSA Award
4 Consecutive Years
2019 – 2022



TCSA Award
9 Consecutive Years
2014 – 2022



FTSE4Good Index Series
7 Consecutive Years
2016 - 2022



FTSE4Good TIP
Taiwan ESG Index
4 Consecutive Years
2018 – 2022



Taiwan HC 100/Taiwan EMP 99
6 Consecutive Years
2017 – 2022

Thank you