

China Airlines

2022 1st Investor Conference

Jun.10.'22



堅持不懈的乘載承諾
Non-Stop Flying
Your Cargo

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Agenda

→ 2022Q1 Operating Performance

1. Operating results

2. Revenue & Cost breakdown

3. Financial risk management

4. Pax & Cargo performance

→ Market Outlook

1. Business outlook

2. Pax & Cargo strategies

3. Fleet planning

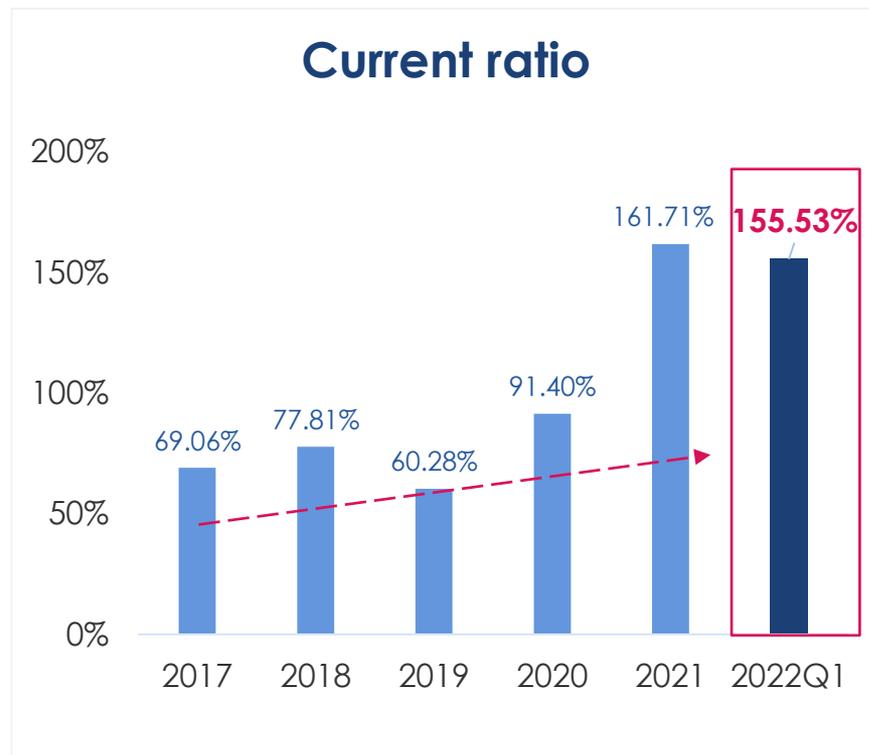
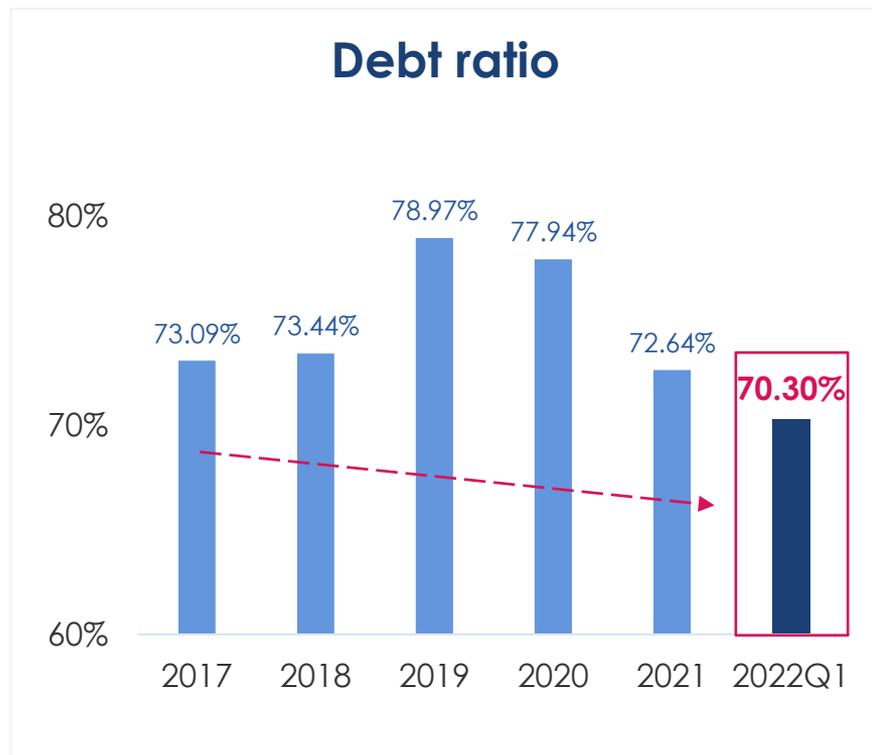
4. Sustainable development

2022Q1 *Operating Results*

2022Q1 Financial Results

(NTD 100 Million)	2021.Q1	2022.Q1	Differences	YoY
Operating revenue	278.28	372.33	94.05	33.80%
Passenger revenue	19.75	21.85	2.1	10.63%
Cargo revenue	240.25	327.79	87.54	36.44%
Other operating revenue	18.28	22.69	4.41	24.12%
Net Operating Income(Loss)	-4.69	36.36	41.05	-
Net Income(Loss) After Tax	-12.17	28.11	40.28	-
Net Income(Loss) Attributable to Owners of the company	-10.19	30.72	40.91	-
Earnings(Loss) Per Share (TWD)	-0.19	0.52	0.71	-

Enhancing financial structure ratios



Revenue breakdown and comparison

- In 2022Q1, over 90% of income is contributed by cargo revenue is the major income during the pandemic period.
- Compared with the quarters of the last year, 2022Q1 total operating revenue is lower than the final quarter but higher than the first 3 quarters.

NTD 100 million

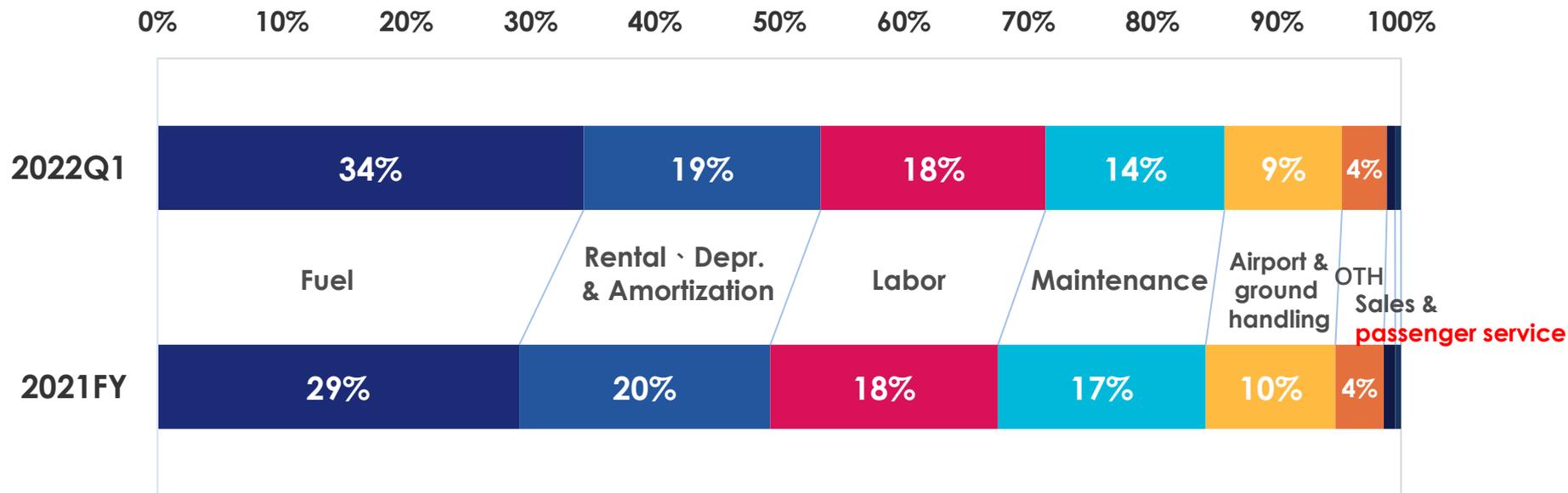
Monthly revenue



Quarterly revenue



Cost breakdown and comparison



Fuel cost analysis

	Unit	2021Q1	2022Q1	YoY
Jet fuel(MOPS)	USD/BBL	63.44	112.74	77.72%
Fuel Consumption	10K BBL	343.75	352.35	2.50%
Fuel Cost	TWD 100 million	65.52	105.14	60.47%
Hedging gain/loss	TWD 100 million	0	(0.43)	-
Total fuel cost	TWD 100 million	65.52	104.71	59.81%

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.

2022Q1 Passenger performance



Currency: TWD

Passenger revenue

1.3 billion
(YoY+8.1%)

Revenue passenger

60.5 '000
(-12.8%)

Available seat kilometer
(ASK)

1.58 billion
(+17.2%)

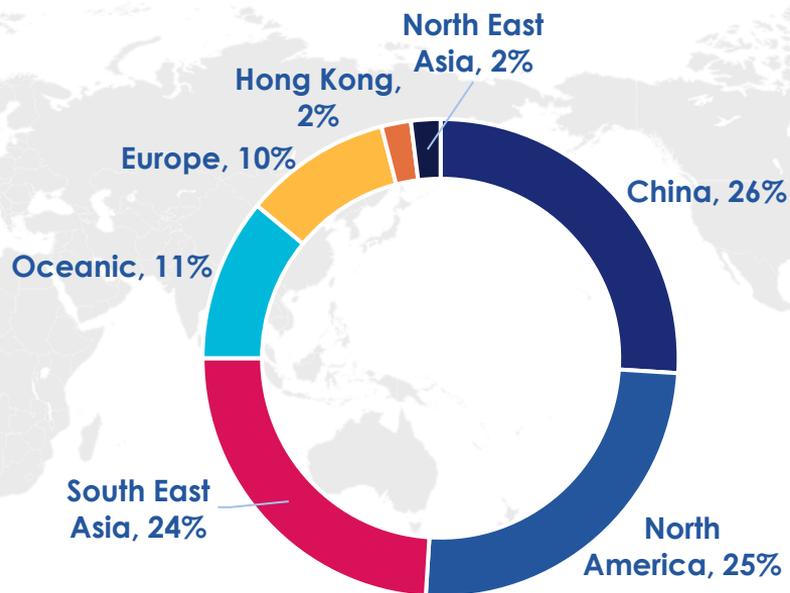
Average load factor

16.1 %
(-3.5 ppt)

Pax yield

\$5.48
(-\$0.25)

Passenger revenue distribution by region



2022Q1 Cargo performance



Currency: TWD

Cargo revenue

32.7 billion
(YoY+36.5%)

Carried tonnes

240.9 '000
(-2.8%)

Available Freight
Ton Kilometer(AFTK)

2.23 billion
(-4.2%)

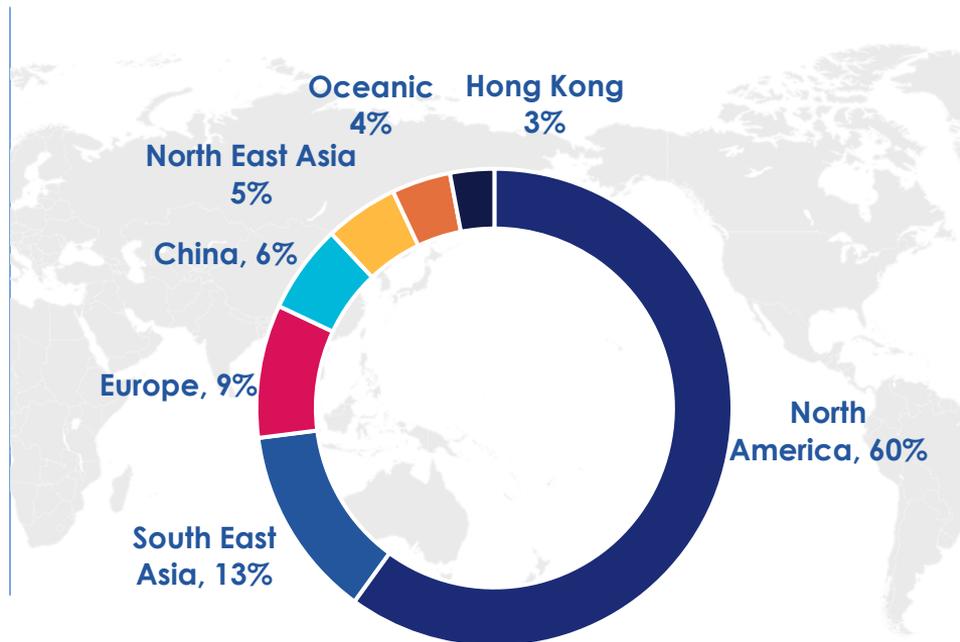
Average load factor

78.2 %
(+2.7 ppt)

Cargo yield

\$18.74
(+\$5.2)

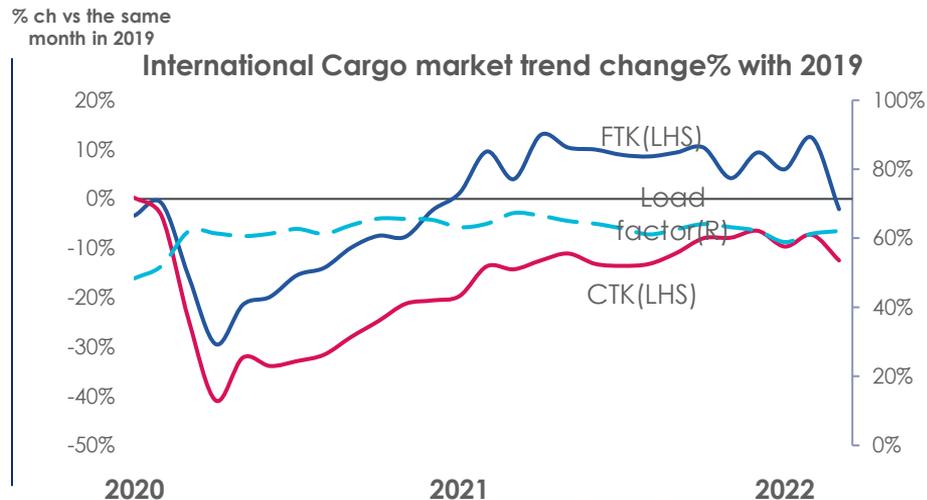
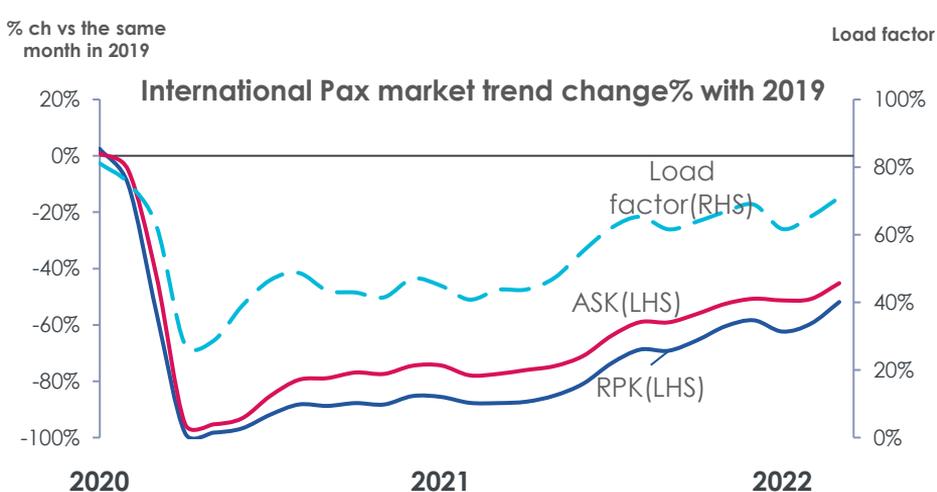
Cargo revenue distribution by region



Market Outlook

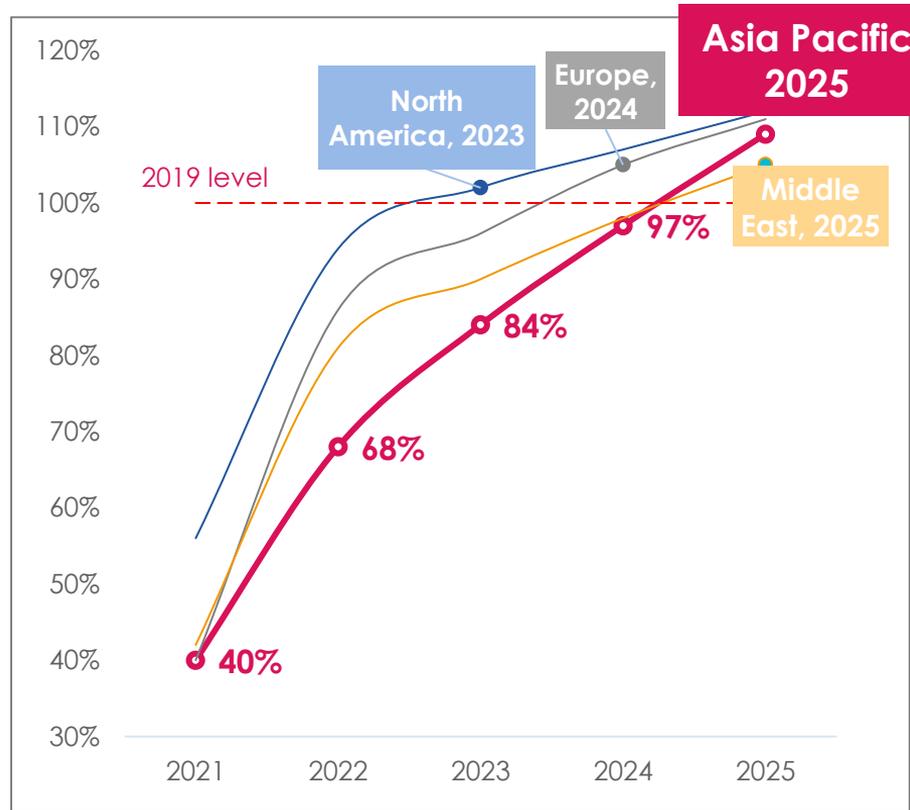
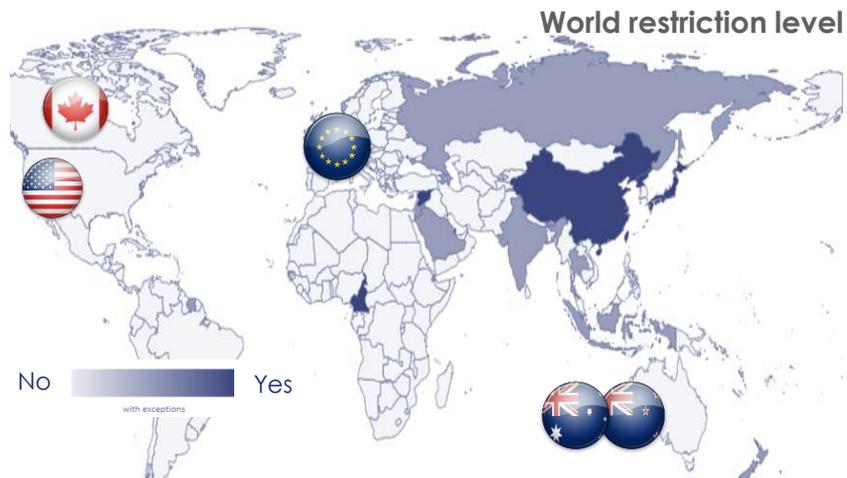
Overall business environment

- ➔ Pax market : following by the border restriction ease, international RPK has recovered to 50% compared with pre-covid level.
- ➔ Cargo market : cargo capacity is still below 2019 level due to the Omicron outbreak leading to lockdown in China and the Ukraine-Russia conflict threat further weaken global supply chains, making, growth trend turned negative in March for the first time for the past year.



Re-opening border is boosting pax market recovery

- US & EU have started re-opening of borders, which stimulates pax demand; however, some Asia Pacific key markets remain closed which may slow down recovery and keep them from international connectivity.



TPE airport pax volume is bottomed out

TPE airport international trend



Taiwan entry policies

- Open borders to foreign business travelers, foreign student spouses and minors, Southeast workers to Taiwan.
- Replace on-arrival PCR test with saliva test.
- Reopening by different steps.

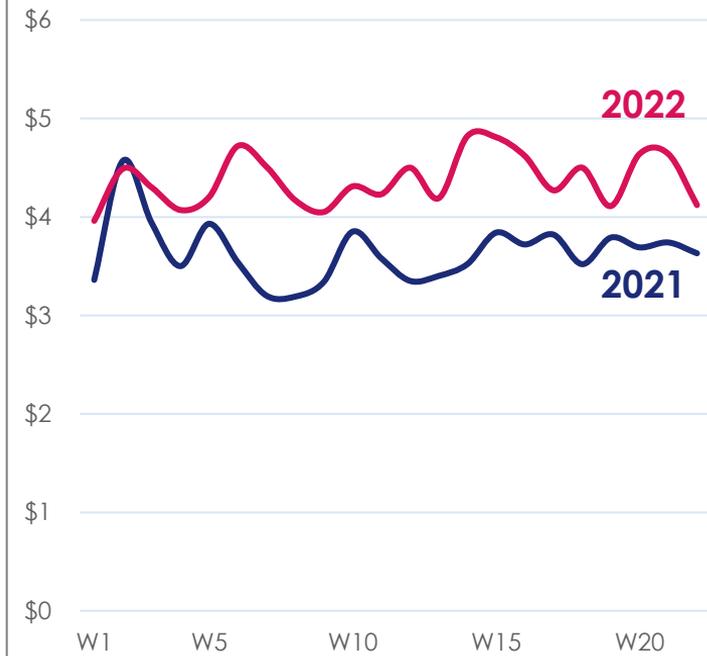
China lockdown and Ukraine-Russia conflict weaken global supply chain strain, but air rate is still in historical high

Asia pacific supply and demand(change% with 2019)

- Demand decreased in Mar.2022
- Air cargo growth starts to slowdown
- West coast workers negotiation



USD/kg 2022/2021 average air rete

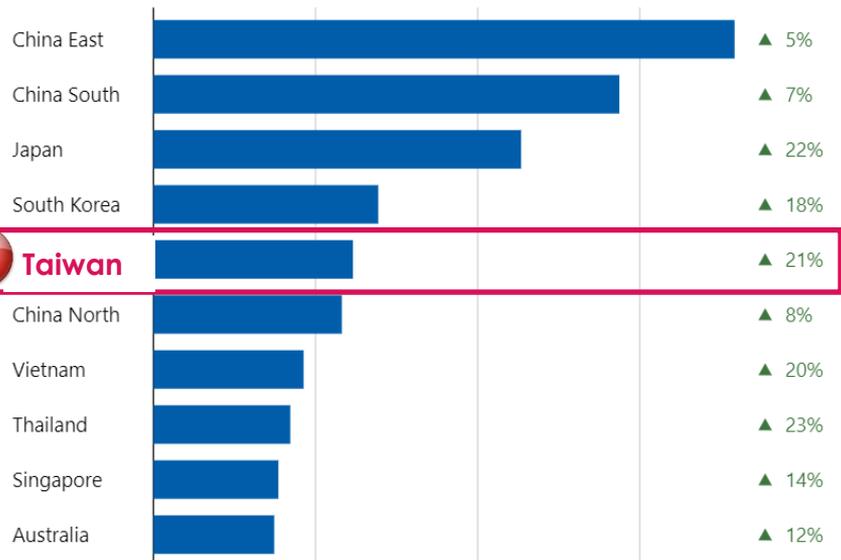


Taiwan is one of major air cargo transit demand markets in Asia Pacific

Top 10 Demand Markets

Total and YoY % growth

April 2021 - March 2022



TPE airport cargo volume growth % with 2019



Business planning & strategies



Well-prepared for reopening PAX market

- Increase customer preference by deploying the A321neo on regional routes
- Expand route network, according to recovery in demand
- Integration of passenger and freighter capacity along with continued optimization of schedules and connections
- Respond timely to the market demand
- Minimize loss of operation by stabilizing operation and seek out new market



High efficiency freight introduction and stable cargo income

- Deploying the 777F, through operational efficiency to improve profitability
- Strengthen handling for pharmaceutical cold-chain logistics, secure business opportunities
- Take advantage of the cargo fleet to provide differentiated services
- Flexible operations responding to the market volatility, provide reliable and customized services
- Increase profit through the utilization of belly cargo space and freighter business

Fleet planning

Fleet type		2022.05	2022.12	Remark
Wide body	777-300ER	10	10	
	A350-900	14	14	
	A330-300	22	21	Phase out*1
Narrow body	737-800	12	12	
	A321neo	6	10	introduction*4
Total pax aircraft		64	67	Net increase 3 pax aircraft
Freighters	747-400F	18	18	
	777F	4	5	introduction*1
Total freighter aircraft		22	23	Net increase 1 FTR aircraft
Total operating aircraft		86	90	

Launch environmentally friendly flight

- China Airlines participated in “The Sustainable Flight Challenge” (TSFC) issued by SkyTeam on 5/4, selecting flight CI-753 from Taipei to Singapore as the sustainability demonstration flight.
- With ECO as the core concept, we take care of every details including flight plan based on fuel saving, ground handling, online check-in and meal on board, doing our best to set up sustainable flying environment as an industrial milestone.

Renew Fleet

Reduce Weight of Aircraft

Operation Improvements

Advanced Maintenance & Operation

Four Fuel-Saving Strategies



**FLY
NET
ZERO**



Sustainability award & performance

➤ The only Taiwanese airline selected as a component of DJSI Emerging Markets for six consecutive years.

➤ Ranking 2nd place in the global aviation industry.



Thank you