China Airlines
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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
## 2022 Q1-Q3 Financial Results

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

Based on consolidated financial report
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

Based on individual financial report
# Fuel cost analysis

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

Based on individual financial report.
Stable financial structure

Debt ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt ratio (%)</td>
<td>73.81</td>
<td>73.91</td>
<td>79.48</td>
<td>78.64</td>
<td>73.80</td>
<td>74.53</td>
</tr>
</tbody>
</table>

Current ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ratio (%)</td>
<td>78.6</td>
<td>86.7</td>
<td>67.9</td>
<td>98.8</td>
<td>161.25</td>
<td>106.30</td>
</tr>
</tbody>
</table>

Based on consolidated financial report
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

**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)

Currency: TWD

Based on individual financial report
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
Y-o-Y (+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)

Based on individual financial report
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.
Air passenger recovery continues

International passenger traffic

Regional pax recovery (2019=100) 2020-2025

- World 2024
- North America 2023
- Europe 2024
- Middle East 2024
- Asia Pacific 2025
- Latin America & Carrib. 2024
- Africa 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

Source: Taoyuan International Airport
Air cargo tracks near pre-COVID levels

International air cargo

International CTKs

September 2022

(% ch vs the same month in 2019)

Source: IATA
Operating challenges

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

Sustainable development
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

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>Year End 2022</th>
<th>Year End 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>777-300ER</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>A350-900</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>A330-300</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>737-800</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>A321neo</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td><strong>Passenger Jets</strong></td>
<td><strong>66</strong></td>
<td><strong>65</strong></td>
</tr>
<tr>
<td>747-400F</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>777F</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td><strong>Freighters</strong></td>
<td><strong>22</strong></td>
<td><strong>23</strong></td>
</tr>
<tr>
<td><strong>In-Service Fleet</strong></td>
<td><strong>88</strong></td>
<td><strong>88</strong></td>
</tr>
</tbody>
</table>

Boeing 787-9 x16 Entry Into Service

2024

2025

Boeing 777F x10

2026

Airbus A321neo x 25
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.
Thank you