China Airlines
2023 1st Investor Conference
Jun.13.'23
Disclaimer

The information disclosed in this presentation and its accompanying announcements, including content relating to business outlooks, financial operations, and business forecasts, is based on information derived from internal corporate data and external economic developments as a whole. The Company is not responsible for updating or making adjustments to the contents of this presentation to reflect the actual needs of the market, the latest policies or the ongoing changes of the economics.

This information disclosed here only represents the outlooks based upon the available data for the current time and does not indicate or ensure the actual performance in the future. Neither should the data be taken as the full statement of the future development of the company nor the industrial phenomena.

For the convenience of readers, this presentation has been translated into English from an original Chinese version. If there is any conflict between these two versions any misinterpretation in place, information in the Chinese version shall prevail.
Agenda

- 2023Q1 Operating Performance
- Operating Challenges
- Passenger Market, Performance & Strategies
- Cargo Market, Performance & Strategies
- Fleet Development
- Sustainability Actions and Achievements
2023Q1 Operating Performance
## 2023 Q1 Financial Performance

<table>
<thead>
<tr>
<th>(NTD 100 Million)</th>
<th>2023.Q1</th>
<th>2022.Q1</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>245.49</td>
<td>21.85</td>
<td>223.64</td>
<td>+1023.52%</td>
</tr>
<tr>
<td>Cargo revenue</td>
<td>157.04</td>
<td>327.79</td>
<td>-170.75</td>
<td>-52.09%</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>24.39</td>
<td>22.69</td>
<td>1.70</td>
<td>+7.49%</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>18.26</td>
<td>36.26</td>
<td>-18.00</td>
<td>-49.64%</td>
</tr>
<tr>
<td><strong>Net Income After Tax</strong></td>
<td>13.97</td>
<td>28.11</td>
<td>-14.14</td>
<td>-50.30%</td>
</tr>
<tr>
<td><strong>Net Income Attributable to Owners of the company</strong></td>
<td>13.06</td>
<td>30.72</td>
<td>-17.66</td>
<td>-57.49%</td>
</tr>
<tr>
<td><strong>Earnings Per Share (TWD)</strong></td>
<td>0.22</td>
<td>0.52</td>
<td>-0.30</td>
<td>-</td>
</tr>
</tbody>
</table>

Based on consolidated financial report
Operating Revenue by Source

Passenger revenue have exceeded cargo revenue becoming the largest revenue share representing 55% by 2023Q1.
The operating revenue in 2023Q1 was the highest since 2022. Mostly contributed by the 1,417% annual growth rate of passenger revenue, the passenger revenue from all regions increased significantly.

2023Q1 Passenger revenue distribution by region (YoY)

- North East Asia, +18,396%
- South East Asia, +1,243%
- China, +235%
- North America, +1,458%
- Europe, +1,837%
- Oceanic, +1,370%

Highest Quarterly Operating Revenue since 2022

Based on individual financial report
Cost Breakdown and Comparison

2023Q1:
- Fuel: 36%
- Rental, Depr. & Amortization: 17%
- Labor: 14%
- Maintenance: 14%
- Airport & ground handling: 10%
- OTH: 3%

2022Q1:
- Fuel: 34%
- Rental, Depr. & Amortization: 19%
- Labor: 18%
- Maintenance: 14%
- Airport & ground handling: 9%
- OTH: 4%

Based on individual financial report.
# Fuel Cost Analysis

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2023Q1</th>
<th>2022Q1</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jet fuel(MOPS)</td>
<td>USD/BBL</td>
<td>110.61</td>
<td>94.39</td>
<td>17.2%</td>
</tr>
<tr>
<td>Fuel Consumption</td>
<td>10K BBL</td>
<td>354.72</td>
<td>352.35</td>
<td>0.7%</td>
</tr>
<tr>
<td>Fuel Cost</td>
<td>TWD 100 million</td>
<td>130.29</td>
<td>105.14</td>
<td>23.9%</td>
</tr>
<tr>
<td>Hedging gain</td>
<td>TWD 100 million</td>
<td>0.13</td>
<td>(0.43)</td>
<td>-</td>
</tr>
<tr>
<td>Total fuel cost</td>
<td>TWD 100 million</td>
<td>130.42</td>
<td>104.71</td>
<td>24.5%</td>
</tr>
</tbody>
</table>

Based on individual financial report
Crude Oil and Jet Fuel Price Trends

USD/BBL

22/01/01 22/02/01 22/03/01 22/04/01 22/05/01 22/06/01 22/07/01 22/08/01 22/09/01 22/10/01 22/11/01 22/12/01 23/01/01 23/02/01 23/03/01 23/04/01 23/05/01

86.5 86.5 91.2 94.67 98.21 100.54 110.2 117.24 120.54 120.75 122.27 125.75 138.05 174.01

70 72.97 76.1 76.84 87.9

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 to currency fluctuation risks.

- Interest rates: Issue fixed-rate corporate bonds and trade derivative products such as IRS to reduce interest rate risks.
Operating Challenges
Operating Challenges & Variables

COVID-19 Pandemic
- Passenger traffic recovering
- Cargo demand softening

Supply chain issues
- Delay of aircraft delivery
- Staff shortage of aviation industry

Economic Factors
- Global economic variables
- SEMI/electronics recovers quarter by quarter
- Manufacturing destocking comes to an end

Geopolitics
- Russia-Ukraine crisis
- US-China trade war
- Cross-Strait Relations
Passenger Market, Performance & Strategies
International Passenger Market under Recovery

Global International Passenger Market

ASK/RPK YOY% (vs the same month in 2019)

Global International Passenger Market recovery forecast

Source: IATA, Oxford Economics
APAC/Taiwan will Reach 2019 levels by 2025-2026

International Passenger Market recovery forecast

All Regions

<table>
<thead>
<tr>
<th>Year</th>
<th>Africa</th>
<th>APAC</th>
<th>Europe</th>
<th>Middle East</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RP (million)

Source: IATA Passenger forecast, CAA

Taiwan

International Passenger Market recovery forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>92%</td>
<td>96%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2018</td>
<td>15%</td>
<td>40%</td>
<td>65%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>2019</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2020</td>
<td>15%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2021</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2022</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2023</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2024</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2025</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2026</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: IATA Passenger forecast, CAA
Taiwan’s Travel Demand Recovers Rapidly

Taoyuan International Airport Passenger Volume
2019 - Apr. 2023

2023 Q1
+2164.2% v.s 22
+2713.7% v.s 21
-45.7% v.s 19

Taoyuan International Airport Passenger Volume
2022 - Apr. 2023

Arriving passengers limit canceled
10/13
Quarantine period 0+7
Arriving passengers 150K/week
6/15
Quarantine period 3+4
Arriving passengers 25K/week

Source: Taoyuan Airport official site
2023 Q1 Passenger Operational Results

<table>
<thead>
<tr>
<th></th>
<th>2023Q1</th>
<th>2022Q4 QoQ</th>
<th>2022Q1 YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger revenue</td>
<td>21.10</td>
<td>+84.7%</td>
<td>+1,417.0%</td>
</tr>
<tr>
<td>(NT $billion)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue passenger</td>
<td>1,887</td>
<td>+106.3%</td>
<td>+2,784.1%</td>
</tr>
<tr>
<td>(’000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available Seat</td>
<td>9.49</td>
<td>+32.1%</td>
<td>+500.8%</td>
</tr>
<tr>
<td>Seat Kilometer (ASK)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(billion)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average load factor</td>
<td>74.0</td>
<td>+19.2ppt</td>
<td>+57.9ppt</td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger yield</td>
<td>3.00</td>
<td>+3.5%</td>
<td>-45.3%</td>
</tr>
<tr>
<td>(NT$)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Passenger revenue distribution by region (by Sector)

Based on individual financial report

SOURCE: 本公司整理
Capacity Reached 70% of pre-COVID19

**Long-Haul**
Flights: 90~95%  
(PAX revenue: 125%~153%)

**S.E. Asia**
Flights: 75%  
(PAX revenue: 90%)

**China & Hong Kong**
Increased gradually according to governments’ policy

**Japan、Korea**
Resume 13 routes / 1,000 flights of Original 17 routes / 1,600 flights  
(TSA-GMP, TSA-HND fully restored)

Up to 80% at the end of year 2023

※ 2023Q1 vs. 2019Q1

PAX: Passenger Airline Services
### 2023Q2 Capacity Growing (verses 2023Q1)

<table>
<thead>
<tr>
<th>Route</th>
<th>Y2023</th>
<th>Trips</th>
<th>ASKs (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q1</td>
</tr>
<tr>
<td>N. America</td>
<td>800</td>
<td>926</td>
<td>2,898</td>
</tr>
<tr>
<td>S.E. Asia</td>
<td>3,467</td>
<td>3,870</td>
<td>2,263</td>
</tr>
<tr>
<td>Europe</td>
<td>491</td>
<td>576</td>
<td>1,497</td>
</tr>
<tr>
<td>N.E. Asia</td>
<td>2,896</td>
<td>3,512</td>
<td>1,452</td>
</tr>
<tr>
<td>Oceania</td>
<td>578</td>
<td>526</td>
<td>1,082</td>
</tr>
<tr>
<td>China</td>
<td>692</td>
<td>1,458</td>
<td>163</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>703</td>
<td>1,174</td>
<td>134</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,629</td>
<td>12,042</td>
<td>9,492</td>
</tr>
</tbody>
</table>

*Capacity of 2023Q2 in Oceania decreased due to low season.*
- TPE-PRG v.v. From 2023-07-18, 2 FPW
- TPE-CN v.v. From 2023-01-20, 4 FPW
- TPE-DAD v.v. From 2023-01-04, Daily (from 2023-06-22)
- TPE-CEB v.v. From 2022-12-01, 5 FPW

FPW: flight per week
「KHH」Operations (9 routes, 1,190 flights restored)
A321 neo Cabin: Modernized & Natural

- Luxury Business Cabin
- Personal 4K HD Screens
- "Fu Dia" to bless passengers a pleasant journey
- Multi-Layer Pockets for user’s convenience
- New Chairs with more Space & Comfort
- Persimmon wood & unique decorations
Enriched Cabin Services

Fantasy Sky
100+ Movie+TV+Music

Clean & Green
Plant-based Cuisine
by “Yang Ming Spring”

Skyward 3-Stars
Private Cuisine for all cabins
by “Le Palais”, the only 3-star
Michelin restaurant in Taiwan

Signature Desserts made
with seasonal ingredients
produced in Taiwan
by “Le Ruban Pâtisserie”

Dynasty Sky Reading
100+ book, magazine, & newspapers,
in various languages

Exclusive Bedding for
Premium Business Class

“Natural Style” Japanese Cuisine
for Premium Business/Business Class
by famous restaurant “TOUTOUAN” in Tokyo

SkyLounge with
“Taiwan Wonderful Food”
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.

**Continuous Innovation**
- Provide a unique journey to passengers with enhanced digitalized customer service.
- Upgrade member system.
- Enhance official website and app function.
- Digitalize Corporate Card Service (CFS).
- Enhance product value by cross-industry collaboration.
Cargo Market, Performance & Strategies
### 2023 Q1 Cargo operational results

<table>
<thead>
<tr>
<th></th>
<th>2023Q1</th>
<th>2022Q1 YoY</th>
<th>2019Q1 YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo revenue (NT $billion)</td>
<td>15.61</td>
<td>-52.2%</td>
<td>+55.1%</td>
</tr>
<tr>
<td>Carried tonnes ('000)</td>
<td>184</td>
<td>-26.0%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Available Freight Ton Kilometer (AFTK)(billion)</td>
<td>1.95</td>
<td>-12.8%</td>
<td>+6.6%</td>
</tr>
<tr>
<td>Average load factor (%)</td>
<td>68.3</td>
<td>-9.9ppt</td>
<td>+2.7ppt</td>
</tr>
<tr>
<td>Cargo yield (NT$)</td>
<td>11.76</td>
<td>-37.3%</td>
<td>+39.7%</td>
</tr>
</tbody>
</table>

#### Cargo revenue distribution by region

- North America, 50%
- North East Asia, 6%
- South East Asia, 13%
- China, 7%
- Europe, 16%
- Oceanic, 4%
- Hong Kong, 4%

*Based on individual financial report*
For Taiwan import/export/transfer cargo in 2022, China Airlines carried nearly 740 thousand tons with market share of 42%, ranking NO. 1 among all airlines.

In terms of Taiwan export volume, China Airlines carried 196 thousand tons in 2022, with market share of 35.7%, which was also in a leading position, same in the first four months of 2023 further elevated to 36.2%.

Source: Taiwan CAA
2023 Global Market Outlook

- **2023 H1**: Forecast the global demand decrease while supply increase.
- **2023 H2**: With the continuous reduction and adjustment of inventory in the industrial supply chain, and the forecasts of related industries, the demand for air cargo is expected to stabilize.

**International Air Cargo Market**

- **Growth Rate (Y/Y)**
  - 2019: -10%
  - 2020: -20%
  - 2021: 0%
  - 2022: 10%
  - 2023: 20%

- **Load Factor (%)**
  - 2019: 60%
  - 2020: 40%
  - 2021: 20%
  - 2022: 0%
  - 2023: 80%

**Global GDP Forecast**

- 2023 03 Forecast
- 2022 12 Forecast
- 2022 01 Forecast
- 2010-19 Avg of GDP

**Source**: IATA • Boeing (S&P Global dated March 2023)
Cargo Operation Strategy

- Introduce 777F new freighter
- Focus on industrial supply chain reconstruction and optimize cargo network
- Strive for medium/long-term customized services/chartered flights
- Strive for high-yield sources of goods, e.g., semiconductor, cool chain products, etc.
- Cooperate with integrators and other interlines to expand CI network
Fleet Development
### Operating Fleet

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>March 2023</th>
<th>Year end 2023</th>
<th>Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>777-300ER</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>A350-900</td>
<td>14</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>A330-300</td>
<td>20</td>
<td>19</td>
<td>-1</td>
</tr>
<tr>
<td>737-800</td>
<td>12</td>
<td>10</td>
<td>-2</td>
</tr>
<tr>
<td>A321neo</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>Passenger total</strong></td>
<td><strong>66</strong></td>
<td><strong>63</strong></td>
<td><strong>-3</strong></td>
</tr>
<tr>
<td>744F</td>
<td>17</td>
<td>13</td>
<td>-4</td>
</tr>
<tr>
<td>777F</td>
<td>5</td>
<td>7</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Freighter total</strong></td>
<td><strong>22</strong></td>
<td><strong>20</strong></td>
<td><strong>-2</strong></td>
</tr>
<tr>
<td><strong>Total Fleet</strong></td>
<td><strong>88</strong></td>
<td><strong>83</strong></td>
<td><strong>-5</strong></td>
</tr>
</tbody>
</table>

### Recent Plan

**Exercise of option to purchase**
- Total size of 787 fleet: 24

**Support regional routes & expand long-haul routes**
- Improve long-haul operational efficiency

**Plan to sell 5 747-400F this year.**
- Replace the old with the new to optimize operational efficiency

**Extend lease on 737-800**
- Maintain stability of regional flight schedules

**Considering leasing more long-haul aircraft**
- Supplement long-haul capacity
- Meet the demand during the recovery period

**Recent Plan**
- Replace the old with the new to optimize operational efficiency
- Meet the demand during the recovery period
- Maintain stability of regional flight schedules

**Total size of 787 fleet: 24**

- Support regional routes & expand long-haul routes
- Improve long-haul operational efficiency

- Replace the old with the new to optimize operational efficiency

- Supplement long-haul capacity
- Meet the demand during the recovery period

**Plan to sell 5 747-400F this year.**

- Replace the old with the new to optimize operational efficiency

**Extend lease on 737-800**

- Maintain stability of regional flight schedules

**Considering leasing more long-haul aircraft**

- Supplement long-haul capacity
- Meet the demand during the recovery period
Sustainability Actions and Achievements
On 2021/10/26, CAL has pledged to achieve net zero emissions on both flight and ground operations by 2050, in order to achieve the global net zero carbon emissions target by 2050. Short, medium, and long-term goals have been established for carbon reduction and the use of SAF (Sustainable Aviation Fuel).

**Flight Operation Reduction Target**
- 0% Carbon Emission Growth with CORSIA from 2020
- 1.5% Fuel Efficiency increase every year by 2030
- Net Zero Carbon Emissions by 2050

**Ground Operation Reduction Target**
- 44% Carbon reduction in 2025 compared with 2009
- 50% carbon reduction in 2030 compared with 2009
- 10% RE installations by 2030
- Net Zero Carbon Emissions by 2050

**Use of SAF Target**
- 2% by 2025
- 5% by 2030
Sustainable Performance & Achievement

- FTSE4Good TIP Taiwan ESG Index: 7 consecutive years selected for FTSE4Good Index Series (2016-2022)
- Taiwan High Compensation 100 Index: 6 consecutive years (2017-2022)
- Taiwan Employment Creation 99 Index: 6 consecutive years (2017-2022)
- Taiwan Corporate Sustainability Award: 9 consecutive years (2014-2022)
- Global Corporate Sustainability Awards: 4 consecutive years (2019-2022)
- Sustainability Yearbook: 6 consecutive years (2017-2022)
- FTSE4Good TIP Taiwan ESG Index: 4 consecutive years (2018-2019, 2021-2022)
- Taiwan High Compensation 100 Index: 6 consecutive years (2017-2022)
- Taiwan Employment Creation 99 Index: 6 consecutive years (2017-2022)
- National Sustainable Development Award: 1 year (2022)

 Ranked 1st in Global Aviation Industry
Top Sustainability Report award
Thank you