

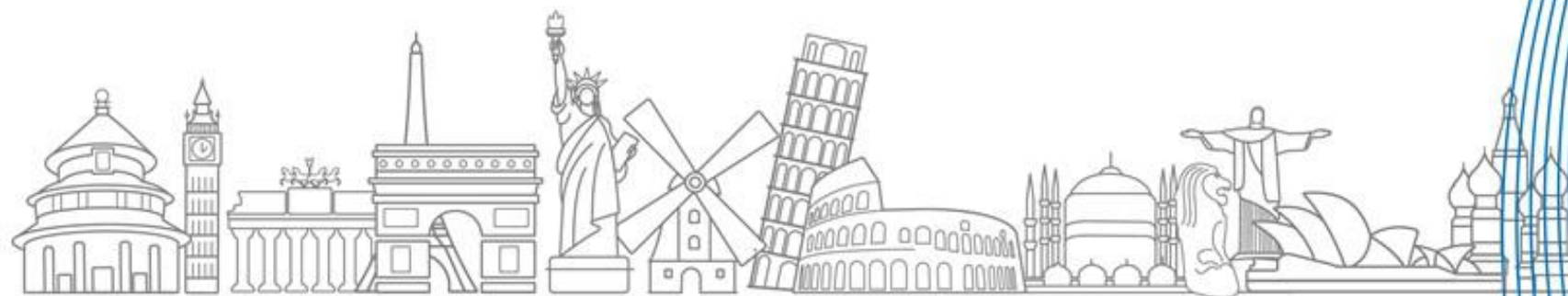
2019 年度業績發佈

ANNUAL RESULTS ANNOUNCEMENT

(International Financial Reporting Standards)



ANNUAL
RESULTS
ANNOUN-
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1. Industry Overview

2. Business Overview & Operation Highlights

3. 2019 Financial Highlights

4. Future Prospect





1

Industry Overview

favorable Factors in 2019



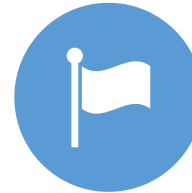
Suffered from market fluctuation in 2019 arise from Internal and external market uncertainties

Global aviation industry facing various opportunities and challenges



China's economy maintained stable growth

GDP increased by 6.1% YoY in 2019, of which 57.8% was contributed by consumer expenditure



Benefited from national strategies

The aviation industry benefited from national strategies such as the Greater Bay Area, coordinated development of the Beijing-Tianjin-Hebei (BTH) region, Yangtze River Delta integration, and Shenzhen's Pioneering Demonstration Zone, etc.



Further implementation of tax and fee cuts

The Civil Aviation Development Fund was halved which saved RMB780 million and the rate of basic pension insurance was reduced which saved RMB150 million.

Unfavorable Factors in 2019



More complicated and critical external environment

- Global trade environment deteriorated, the global GDP growth rate recorded a record low of 2.9% since 2009
- Trade talks took time and were full of twists and turns



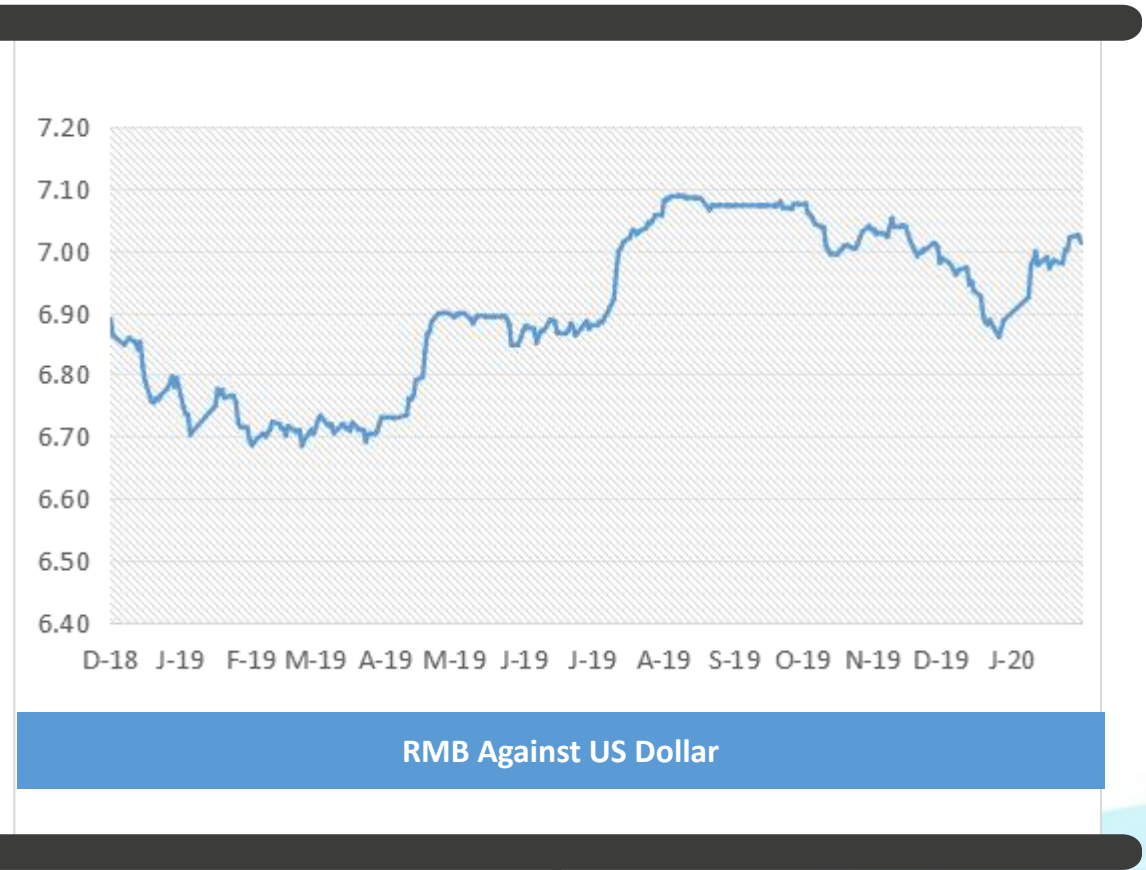
Significant slowdown in growth of market demand

- In 2019, the growth rate of passenger traffic was 7.9%, decreased by 3 percentage points YoY.
- Downward pressure on fares increased



Exchange losses caused by depreciation of RMB

- The central parity of the RMB against the US dollar fell by 1.65% in 2019
- The addition of operating leases to financial statements amplified the impact of exchange rate fluctuations





Business Overview & Operation Highlights

2

Safety Position Remained Stable



Well performed in safety operation with industry-leading safety record



2.95 mn hours

Safe Flight in 2019

26.39 mn hours

Safe Flight Accumulated

20 years

Aviation Safety

25 years

Aviation Security

Continuous Improvement In Service Quality



Deepen the construction of large-scale operation and promote standardized management



Flight Punctuality Rate

83.3% 2.36% ↑

Adhere to the principle of sincere service and expanded 195 “Kapok International” Selected Routes

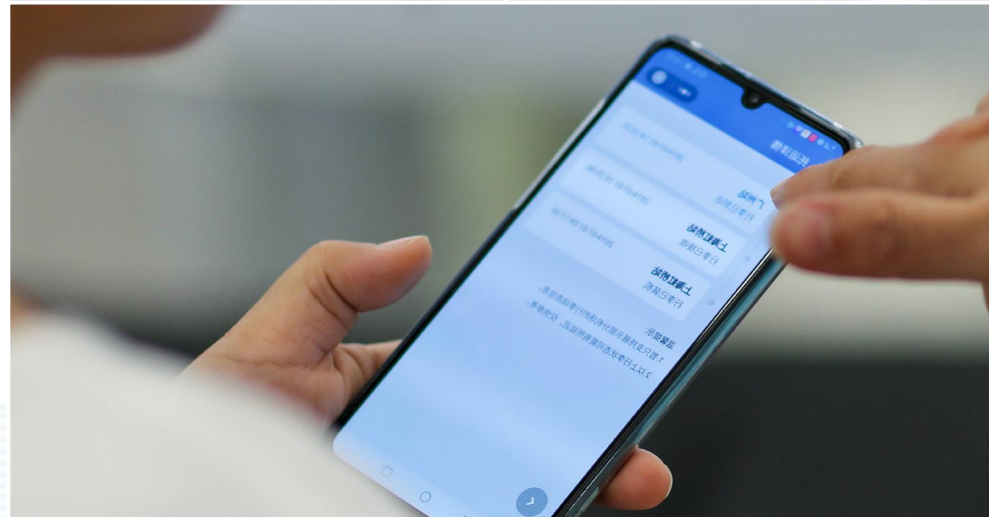


Actively promote “paperless” travel and enhance travel experience for customers



Self Check-in Rate

79.3% 23.8% ↑



Became the first airline to adopt electronic luggage tag service in China

Operation Quality Steadily Improved



According to the principle of maximization of marginal contribution, optimized and adjusted 21,922 flights throughout the year.

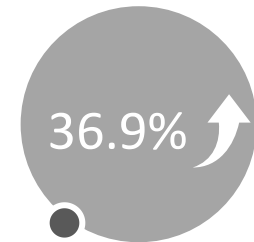


✓ Passenger transportation

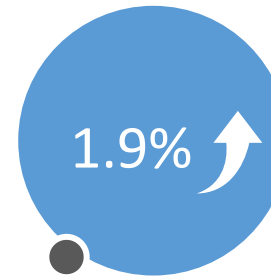
Developed **9.22 million** new members with an increase of **62% YoY**, and the total number of Pearl members reached **48.96 million**

✓ Cargo transportation

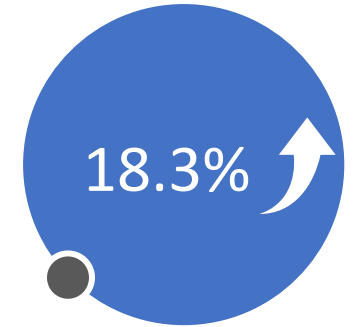
The revenue of emerging businesses such as temperature-controlled and cold chain business was **558 million yuan, up 14% YoY**



Auxiliary income

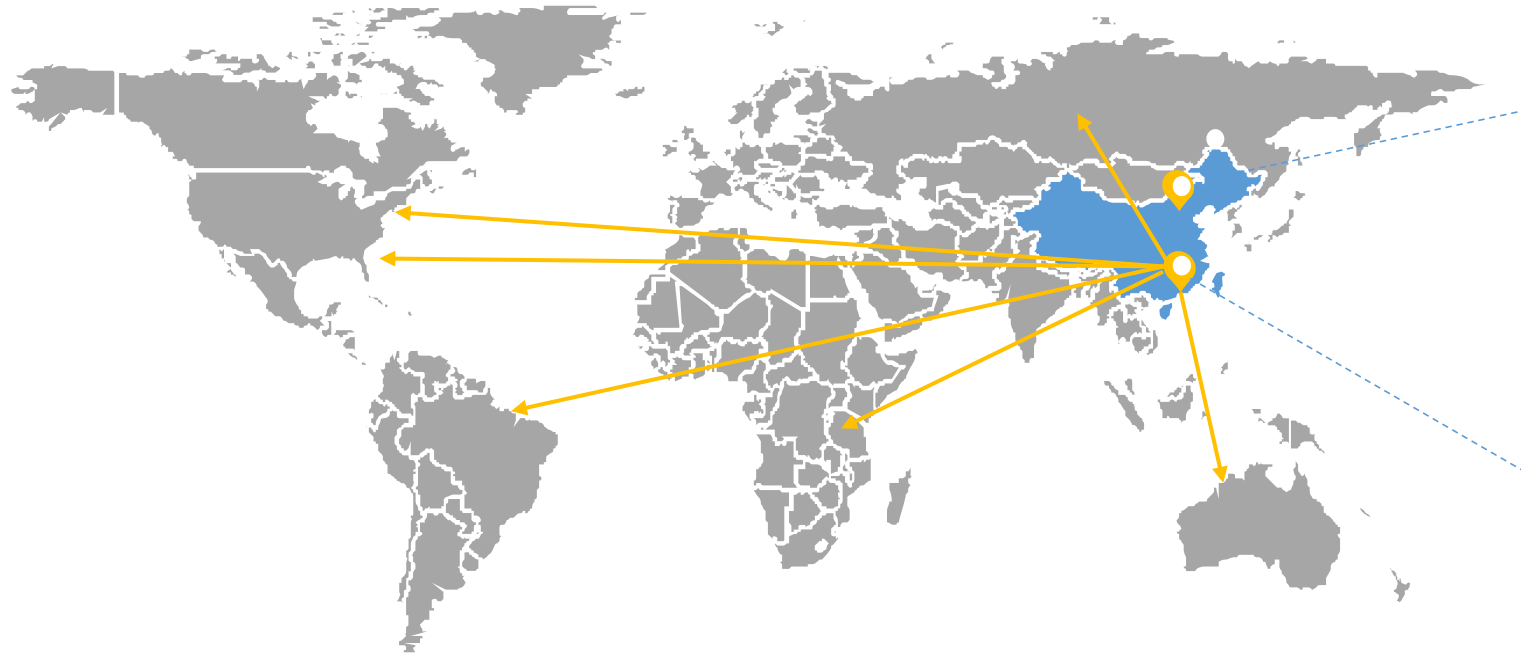


Group customer revenue



Revenue of Frequent flyer

Strengthened “Dual-hub” strategy



Beijing



Guangzhou

New Routes

Guangzhou Changsha Nairobi

Guangzhou Urumqi Vienna

Guangzhou Nagoya

Shenzhen Tokyo

Shenzhen Langkawi

Shenzhen Vientiane



Successfully completed the first trial flight at Beijing Daxing International Airport and handed over 13 routes in the first batch



Built the largest operation control center and aviation food production base at Beijing Daxing International Airport

Deepened Global Cooperation



Innovatively launched "CZ Priority" service brand

Ensure the services of priority luggage, priority boarding, VIP lounge and other benefits remain unchanged for members



Launched bilateral code-sharing cooperation with **28** domestic and overseas airlines on **531 routes**, further connected to **117 international destinations**



Revenue contributed by partners was **2.8 billion yuan**, up **7.6% YoY**

- Launched bilateral code-sharing cooperation with American Airlines, British Airways, Finnair, Emirates, Qatar Airways, Qantas Airways and Japan Airlines, etc.
- Cooperated with American Airlines on frequent flyer programs












3

2019 Financial Highlights

2019 Annual Results Highlights



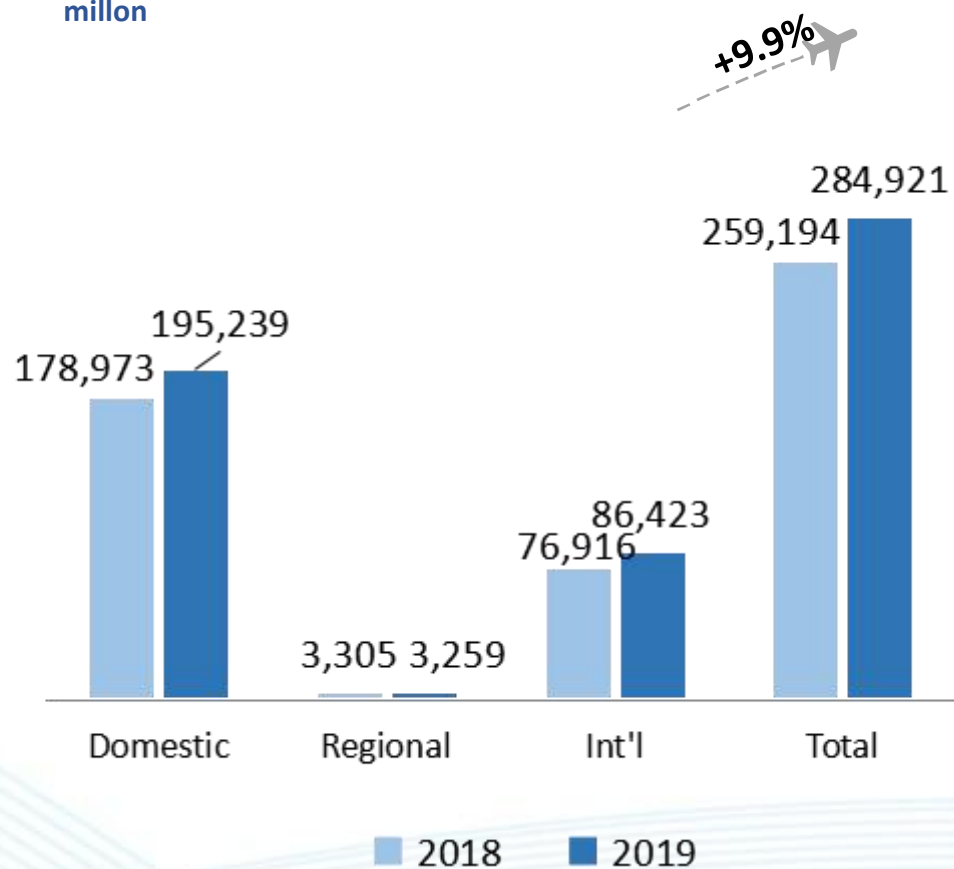
	2019	vs 2018
Total Operating Revenue	RMB154,322m	+7.4% 
Profit attributable to equity shareholders of the Company	RMB 2,640m	-8.8% 
Basic EPS	RMB 0.22	-18.5% 
EBITDA	RMB 34,520 m	+57.8% 
ASK	344,062 m	+9.4% 
ATK	46,434 m	+8.7% 
Pax Load Factor	82.81%	+0.37pts 
Overall Load Factor	70.26%	-0.73pts 
Aircraft Utilization(Hr)	9.96h	+0.23h 

Operating Data



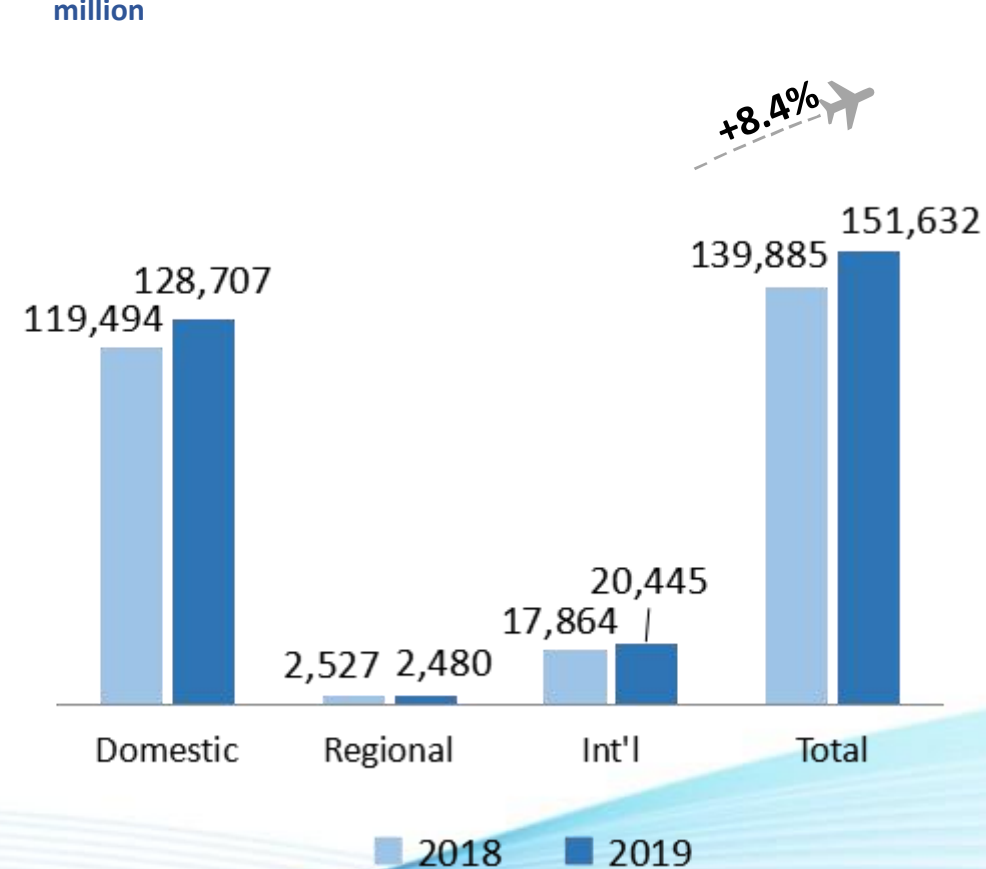
Revenue Passenger Kilometers (RPK)

million



Passenger

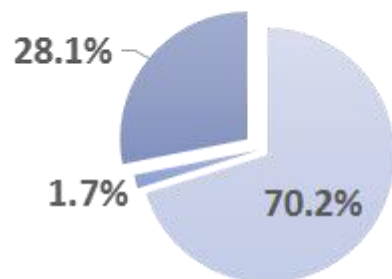
million



2019 Traffic Revenue Breakdown

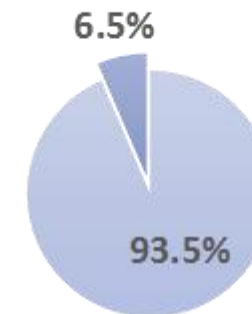


Revenue breakdown (Geographic)



■ Domestic ■ Regional ■ International

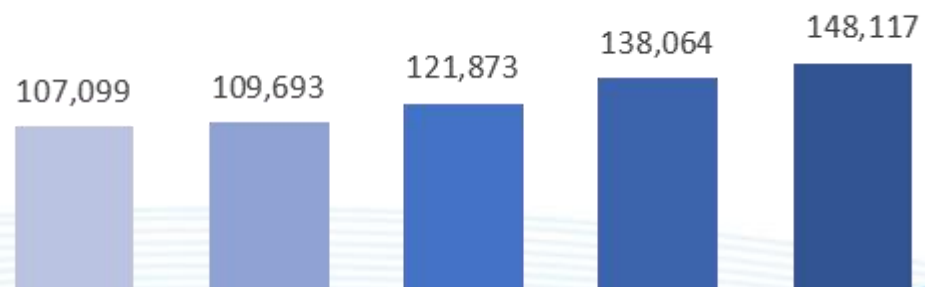
Revenue breakdown (Product)



■ Passenger ■ Cargo & Mail

Transportation Revenue

RMB mn



■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019






Traffic Revenue by Geographic Region



PAX revenue

Market Segment (PAX)	2019	vs 2018
Domestic	RMB 101,956 m	+ 6.5% 
Regional	RMB 2,436 m	-0.4% 
International	RMB 34,110 m	+14.4% 
Total	RMB 138,502 m	+8.2% 





Cargo revenue

Market Segment	2019	vs 2018
Domestic	1,952 m	-0.2% 
Regional	122 m	+4.3% 
International	7,541 m	-5.2% 
Total	9,615 m	-4.1% 
Traffic Total	148,117 m	+7.3% 





Passenger Yield and Freight Yield



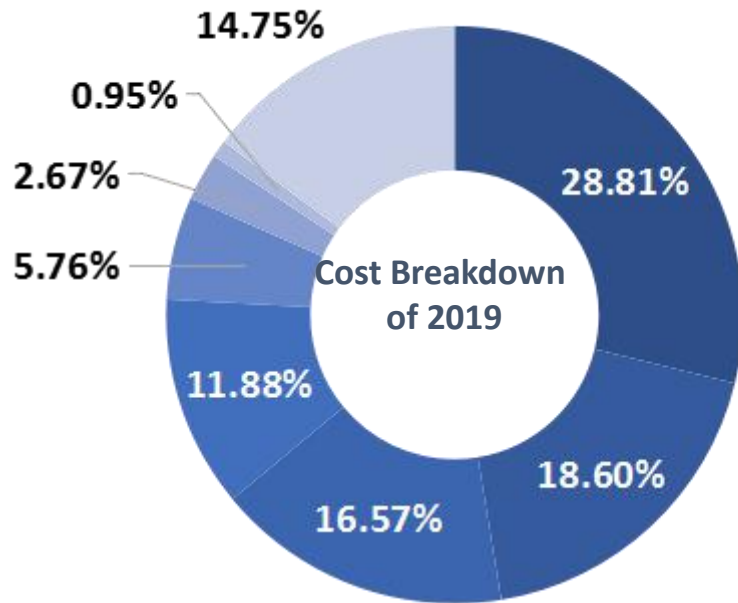
PAX Yield in RMB

Market Segment	2019	2018	Change
Domestic	0.522	0.535	-2.4% 
Regional	0.748	0.740	+1.1% 
International	0.395	0.388	+1.8% 
Average	0.486	0.494	-1.6% 

Cargo Yield in RMB

Market Segment	2019	2018	Change
Domestic	1.138	1.169	-2.7% 
Regional	4.660	4.674	-0.3% 
International	1.291	1.363	-5.3% 
Average	1.268	1.331	-4.7% 

2019 Annual Operating Costs



- Jet Fuel
- Staff
- Depreciation and Amortization
- Landing and Navigation
- Airframe and Engine Maintenance
- Catering
- Operating lease
- Others

Operating Costs

RMB million

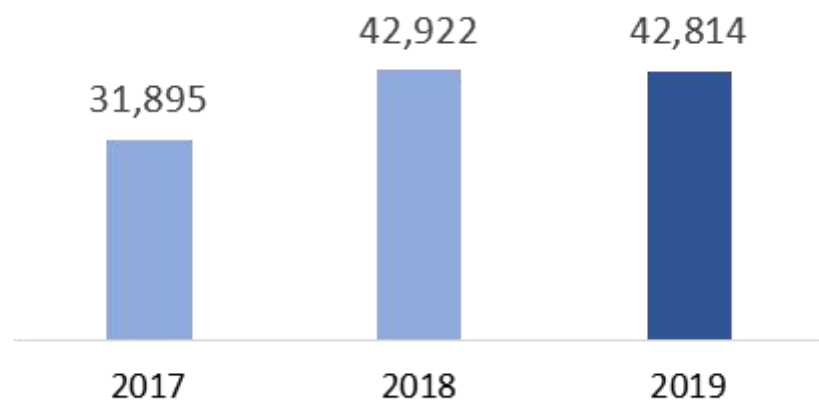
	2019	2018	Change
Jet Fuel	42,814	42,922	-0.3%
Staff	27,647	25,030	+10.5%
Landing and Navigation	17,658	15,980	+10.5%
Depreciation and Amortization	24,620	14,308	+72.1%
Airframe and Engine Maintenance	8,565	8,394	+2.0%
Catering	3,975	3,734	+6.5%
Operating lease	1,412	8,726	-83.8%
others	21,917	21,148	+3.6%

Jet Fuel Price



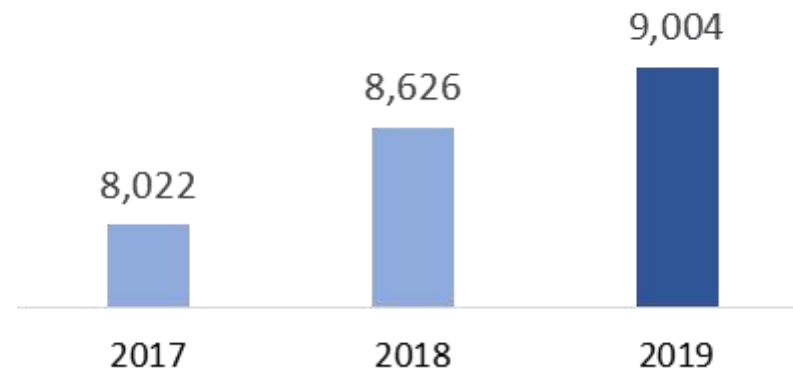
Fuel Cost (RMB)

RMB mn



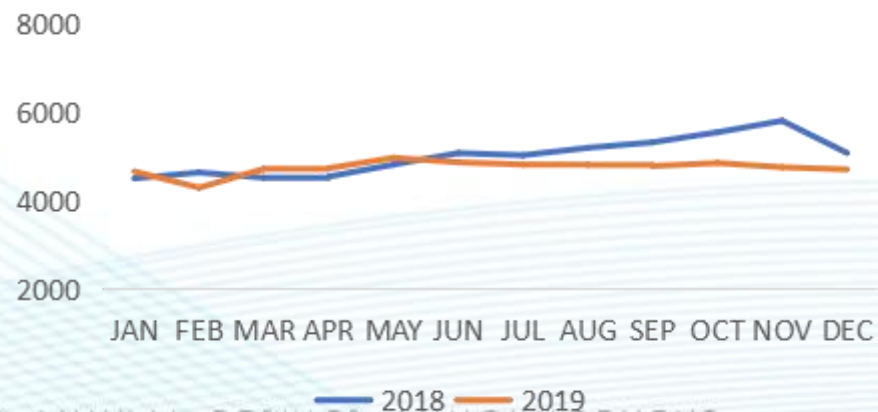
Aviation Fuel Consumption

KT



Monthly Jet Fuel Price (RMB/TON)

RMB'000



Sensitivity Performance



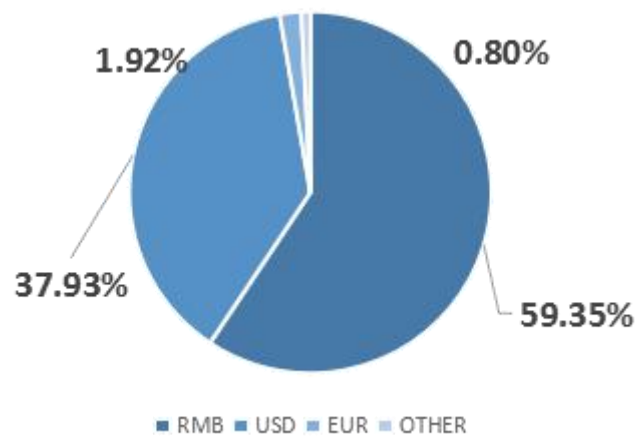
Oil price 10%

Operating Costs RMB 4,281 mn

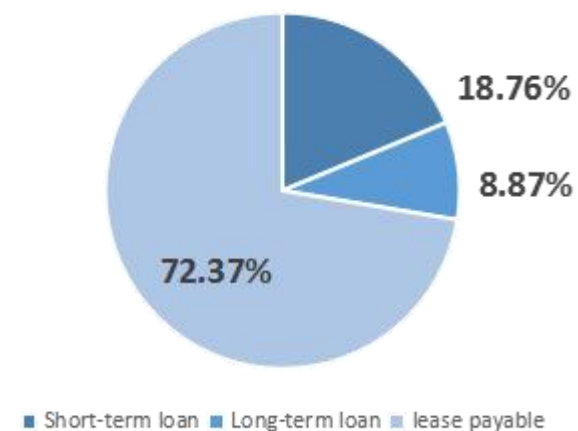
Debt Analysis



Debt Structure (RMB million Equivalent)



Term of the Debt



Exchange Rate Sensitivity Performance



RMB/USD 1%

Net Profit RMB 434mn

Interest Rate Sensitivity Performance



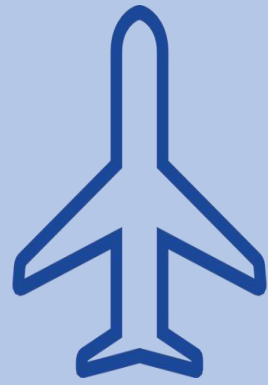
Interest Rate 100bp

Net Profit RMB 559mn

Our Fleet



As of 31 December 2019



862
aircrafts

1st

in Asia

2019	Aircraft type	Operating Leased	Finance Leased	purchased	Total	Avg. Age	Daily Utilization Rate
Passenger Aircraft	A380	0	1	4	5	7.7	10.24
	A350	0	6	0	6	0.2	11.40
	A330	7	29	11	47	6.8	11.67
	A320	128	95	94	317	7.6	9.76
	B787	8	25	4	37	3.2	11.78
	B777	0	14	1	15	3.2	12.40
	B737	163	82	156	401	6.5	9.71
	EMB190	14	0	6	20	7.3	8.10
Freighter	B777	0	5	7	12	7.3	13.50
	B747	0	0	2	2	17.4	0.92
Total	/	320	257	285	862	6.7	9.96
	(%)	37.1%	29.8%	33.1%	100.00%	/	/
	Aircraft type (%)	Boeing	Airbus	Others	100.00%	/	/
		54.2%	43.5%	2.3%			

Delivery and Retirement Plan (2020-2022)



Aircraft type	2020			2021			2022		
	Delivery	Retirement	Year-end Forecast	Delivery	Retirement	Year-end Forecast	Delivery	Retirement	Year-end Forecast
Airlines									
Airbus									
A380			5			5			5
A350	6		12	4		16	4		20
A330		7	40			40			40
A320	30	18	329	12		341			341
Boeing									
B787	5		42			42			42
B777	1		16			16			16
B737	36	1	436	48		484	39		523
Others									
EMB190		11	9		3	6			6
ARJ21	6		6	8		14	8		22
Airliner Total	84	37	895	72	3	964	51	0	1015
Cargo									
B777	2		14			14			14
B747			2			2			2
Cargo Total	2	0	16	0	0	16	0	0	16
Total	86	37	911	72	3	980	51	0	1031



4

Future Prospect

Development Strategy



Build a world-class airline

Adhering to upholding high-quality development through reform and innovation



Strenuously improve safety quality



Enhance business capacity

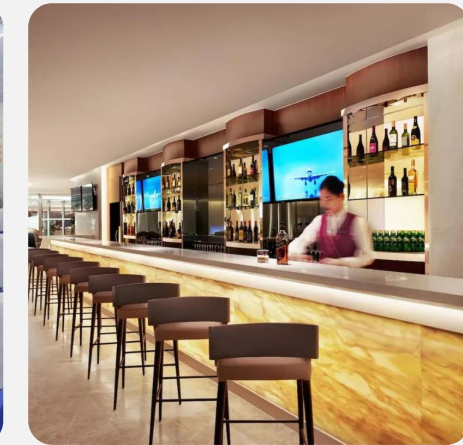


Strengthen cost control



Promote construction of integrated operation

Promote high-quality development

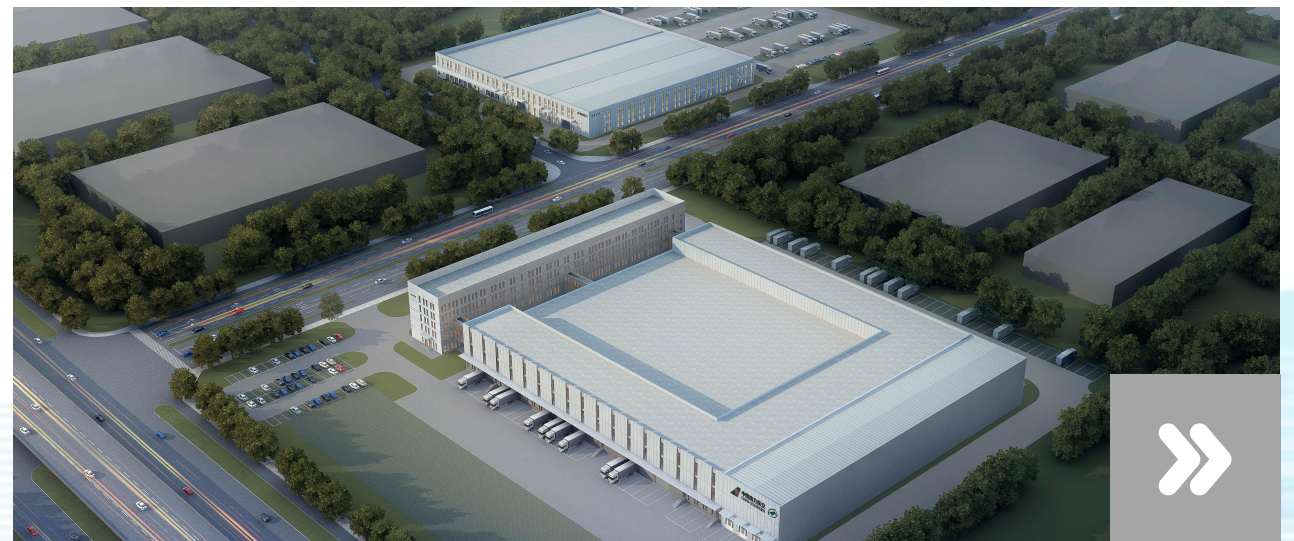


Development Strategy

Build a world-class airline

Adhering to upholding high-quality development through reform and innovation

- ✓ Build a first-class branding service system
- ✓ Fully develop a dual hub layout
- ✓ Accelerate reform in key areas
- ✓ Epidemic prevention and market strategies



Q & A

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Disclaimer

Warning about Forward-looking Statement

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