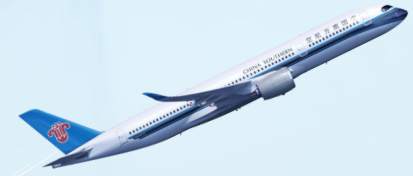




中国南方航空
CHINA SOUTHERN AIRLINES

H Share Stock Code: 1055 · A Share Stock Code: 600029 · ADR Code ZNH



2022 中期业绩 Interim Results

(International Financial Reporting Standards)

Presentation Team

Mr. Lou Laijun	Vice Chairman
Mr. Yao Yong	EVP & C.A. & CFO
Mr. Chen Weihua	General Counsel
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Ms. Mao Juan	SVP - Finance Division
Mr. Liu Zubing	President - China Southern Air Logistics

CONTENTS

- 01** Industry Overview
- 02** Business Overview
- 03** Financial Highlights
- 04** Future Prospect



01



Industry Overview

2022 Interim Results

Considerable Uncertainty



Complex international affair

Global economy was expected to decline significantly, facing multiple obstacles to recovery, such as supply chain obstruction, energy shortage, rising inflation, interest rate hikes in major economies, and escalating collisions among great powers.



Slow economic recovery

China's GDP expanded 2.5% in 1H2022. Key economic indicators including employment, consumption, and industrial production were at low levels. Triple pressures of shrunken demand, disrupted supply and weakening expectations were intensified.

Multiple difficulties intertwined



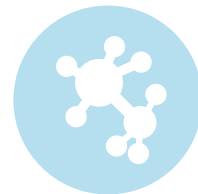
Significant decline in demand

Passenger traffic in the industry reached **118** million in 1H2022, accounting for **36.7%** of same period in 2019.



Significant Surplus transport capacity

Aircraft utilization rate in the industry was **4.4** hours for 1H2022 and decrease by **4.9** hours as compared to the level before the pandemic. **615** aircrafts were parked and stored, accounting for **15.2%** of the fleet in the world.



Repeated occurrence of pandemic

Civil aviation demand would drop dramatically when the pandemic spread in China. The drop in demand was rapid but the recovery was slow. There is a great uncertainty as to how quickly and to what extent subsequent recovery will take place.



Oil price surged

Due to the Russian-Ukrainian conflict, Brent Crude Oil fluctuated at high level; As of June, aviation oil price reached RMB 8,441/ton. The aviation oil price increased 66.1% on average for 1H2022.



Loss in exchange gains dropped

The central parity rate of RMB against USD devaluated by 5.3% in 1H2022. Fluctuation in the exchange rate was 7.8%, and there is still devaluation pressure in 2H2022.

02



Business Overview

2022 Interim Results

Effective pandemic prevention & Enhanced safety



Strictly prevent the import of overseas epidemics



Aviation safety

in **272** consecutive months



Guarantee the living facilities of the staff



Aviation security

in **337** consecutive months



Coordinate the resumption of work and production



Safety Level in China

Nation's leading

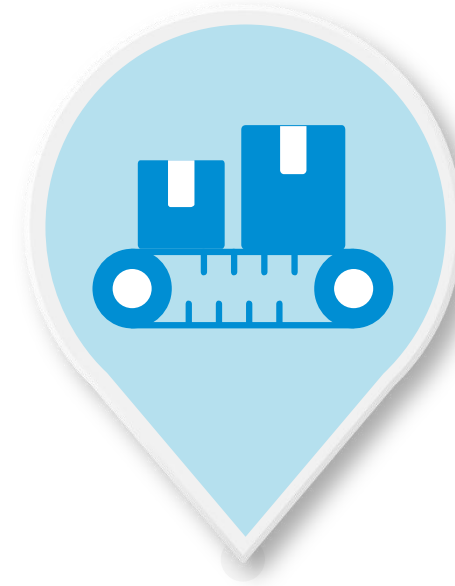
Achieved good business response



7.96 billion ton-km
**Total Air Transportation
Turnover**



29.73 million per time
**Passenger Transportation
Volume**



665 thousand tons
Cargo and Mail



With investments in the capacity of passenger transportation, the quality of revenue was ahead of the competitors

Aircraft Utilization Rate

5.1 h

Passenger Load Factor

64.4 %

Load Factor

61.0 %

Yield

RMB 0.54



Promoted the transformation in group customers channel business

new group customers

2727

new members

4.6 million

Proportion of revenue (YoY)

+2.4 pct.



Diversified income and improved subsidy income per customer

Subsidy income

RMB 770 million

subsidy Income per customer(YoY)

RMB 12.5

Operating conditions –profit from cargo reached new heights



Appropriately respond to the pandemic and stabilize the fundamentals of cargo operations



Being flexible to coordinate freight flights converted from passenger aircraft

Revenue
RMB 2.8 billion

YoY increase by
111 %



Enhanced customer management capabilities

Revenue from express freight products
RMB 140 million

Average revenue from overseas in-bound flights
+87 %

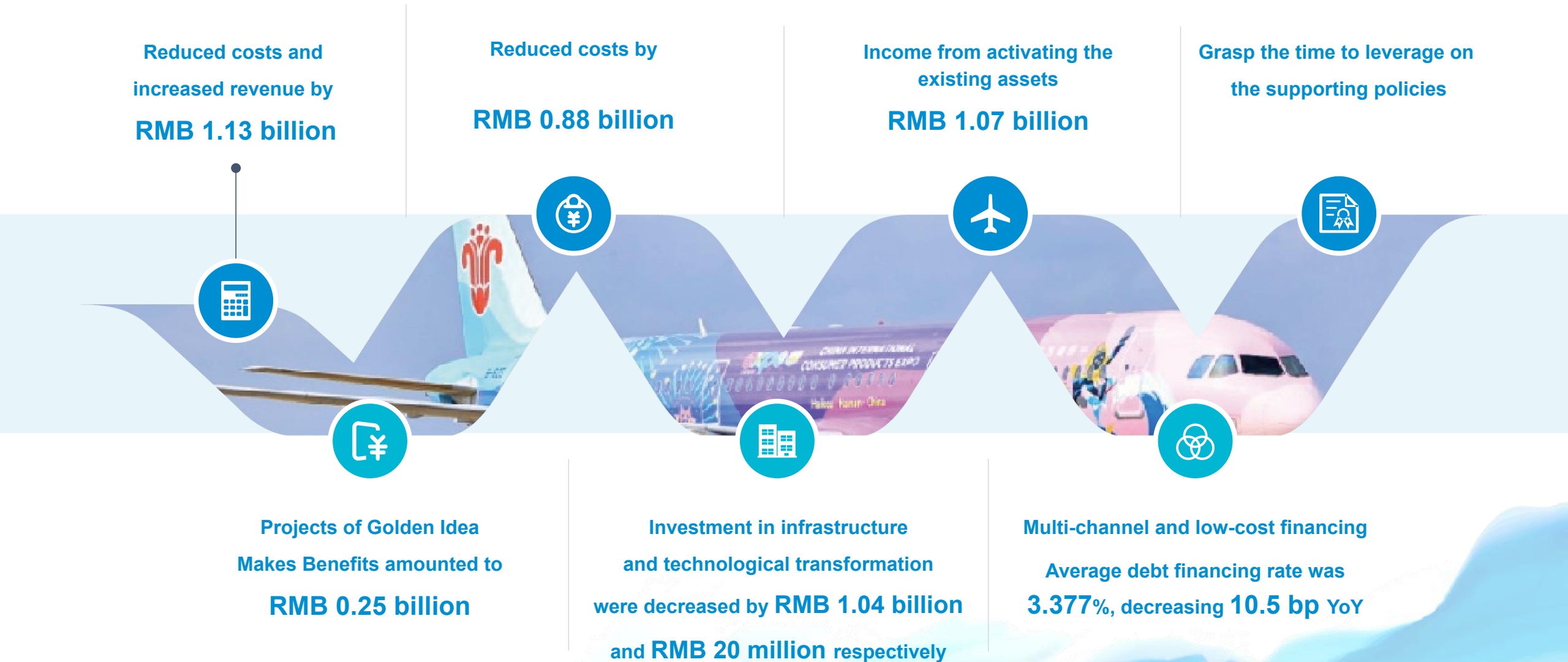


Performance of logistics company reached new heights

Revenue from cargo and mail operations
RMB 10.59 billion
+29.9%

Achieved profit
RMB 3.47 billion
+14.1 %

Operating conditions – Enhanced cost control



Steadily improved quality of operation services



Continue to carry out
a special campaign
to improve flight
on-time performance



Awards
“Best Airline Award”
“Service Enhancement
Excellence Award”



96.2%
Flight on-time performance
rate



The First Brand in
Aviation Service Industry
2022 China's brand index

Accelerated the implementation of development strategies



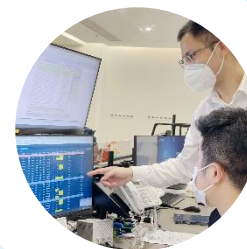
**Dedicated to
constructing the
Beijing hub**



**Further improved
Greater Bay Area's
market control**



**The five major
structural
adjustments and
optimizations
achieved significant
results**



**Positive progress
was made in
ecosystem
construction**



**Launch the
construction of
customer
management
system**

03



Financial Highlights

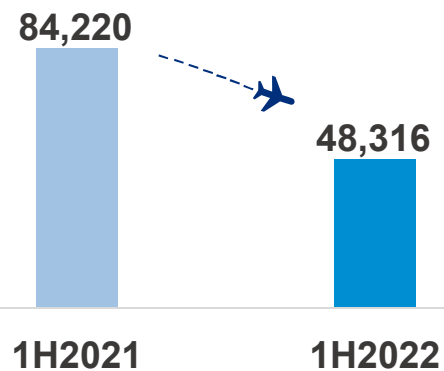
2022 Interim Results

Results Highlights

	1H2022	vs 1H2021	
Total Operating Revenue	RMB 40,817 m	-20.86%	↓
Attributable to Equity shareholders of the Company	RMB -11,490 m	+144.99%	↑
Basic EPS	RMB -0.68	+126.67%	↑
EBITDA	RMB -284 m	/	
ASK	75,058.50 m	-34.33%	↓
ATK	13,054.10 m	-26.92%	↓
Pax Load Factor	64.37%	-9.32 pts	↓
Overall Load Factor	61.00%	-3.27 pts	↓
Aircraft Utilization (Hr)	5.11 h	-2.43 h	↓

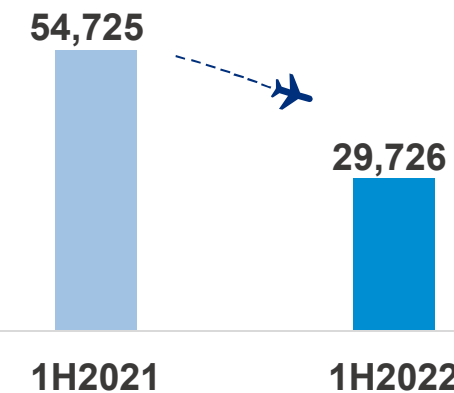
Revenue Passenger Kilometers (RPK)

m

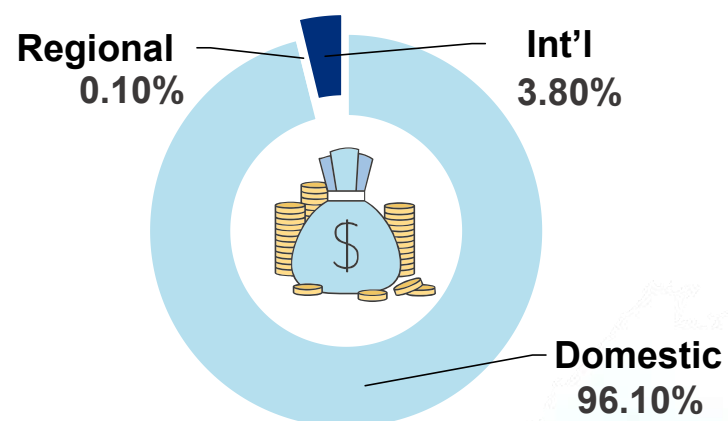


Passenger

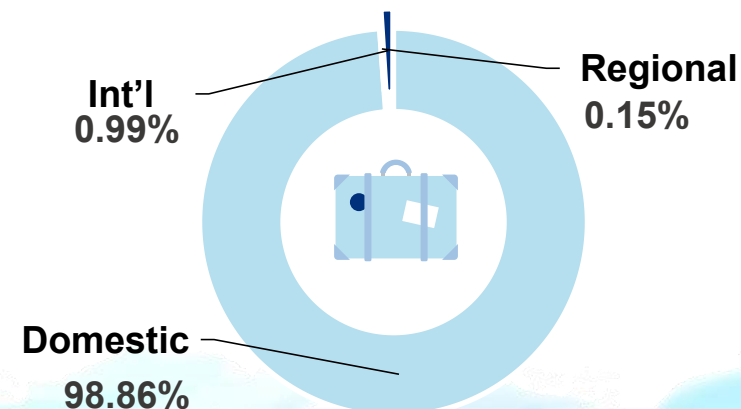
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RPK Breakdown

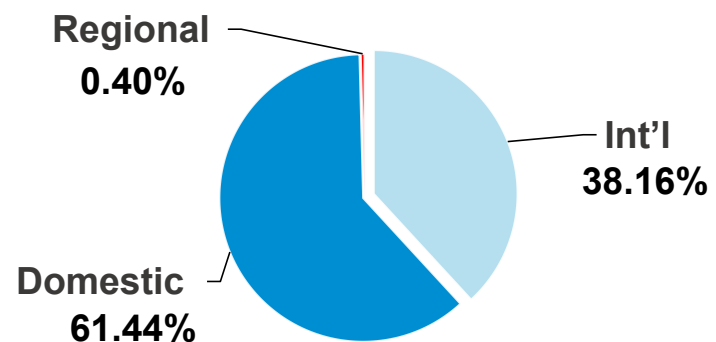


Passenger Breakdown

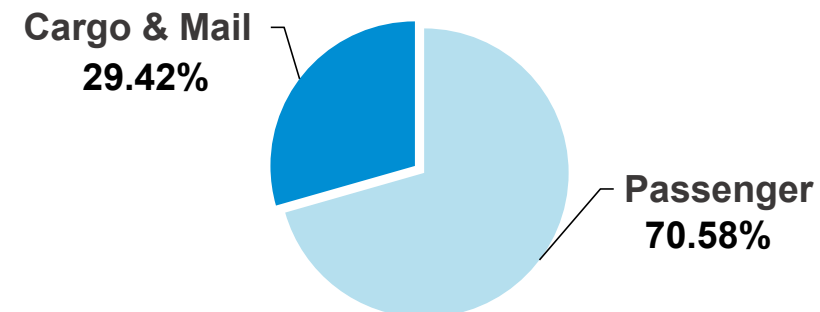


Traffic Revenue Breakdown

Revenue breakdown (Geographic)

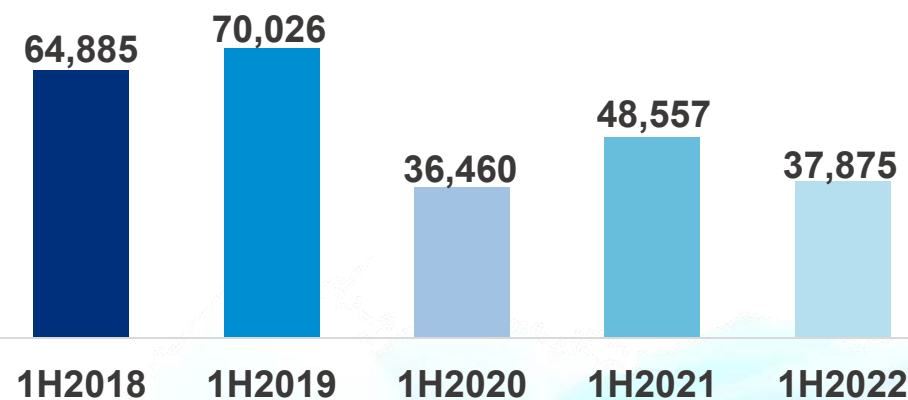


Revenue breakdown (Product)



Traffic Revenue

RMB m



Traffic Revenue By Geographic Region

PAX Revenue			
(RMB million)	1H2022	vs 1H2021	
Domestic	22,481	-38.61%	↓
Regional	101	-27.86%	↓
International	4,150	+41.64%	↑
Total	26,732	-32.65%	↓
Cargo Revenue			
(RMB million)	1H2022	vs 1H2021	
Domestic	788	-9.84%	↓
Regional	53	-29.33%	↓
International	10,302	+30.13%	↑
Total	11,143	+25.68%	↑
Traffic Total	37,875	-22.00%	↓

Passenger Yield and Freight Yield

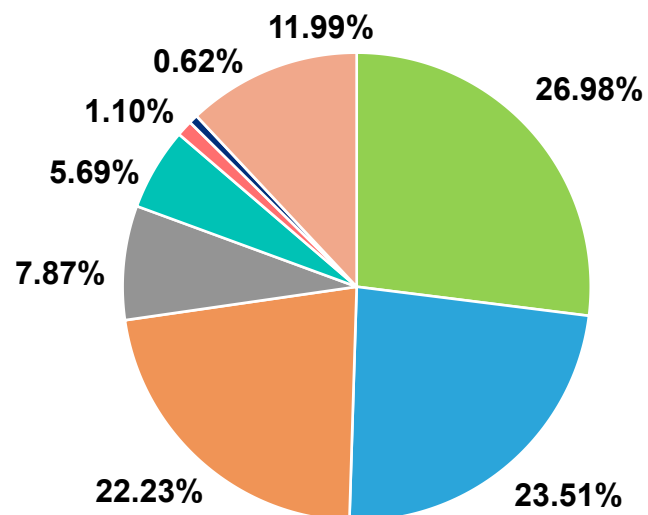
PAX Yield

(RMB)	1H2022	1H2021	Change
Domestic	0.48	0.45	+6.67% ↑
Regional	2.25	1.40	+60.71% ↑
International	2.26	1.48	+52.70% ↑
Average	0.54	0.47	+14.89% ↑

Cargo Yield

(RMB)	1H2022	1H2021	Change
Domestic	1.47	1.37	+7.30% ↑
Regional	17.49	11.33	+54.37% ↑
International	3.27	2.36	+38.56% ↑
Average	3.02	2.21	+36.65% ↑

Operating Costs



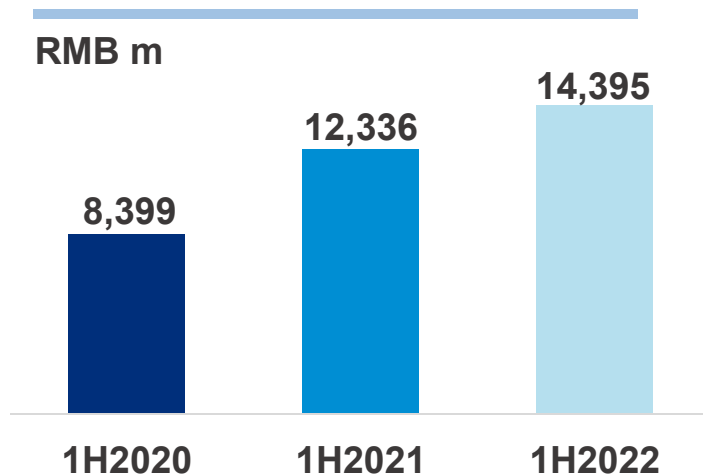
- Jet Fuel
- Staff
- Depreciation and Amortization
- Landing and Navigation
- Airframe and Engine Maintenance
- Catering
- Operating lease
- Others

Operating Costs

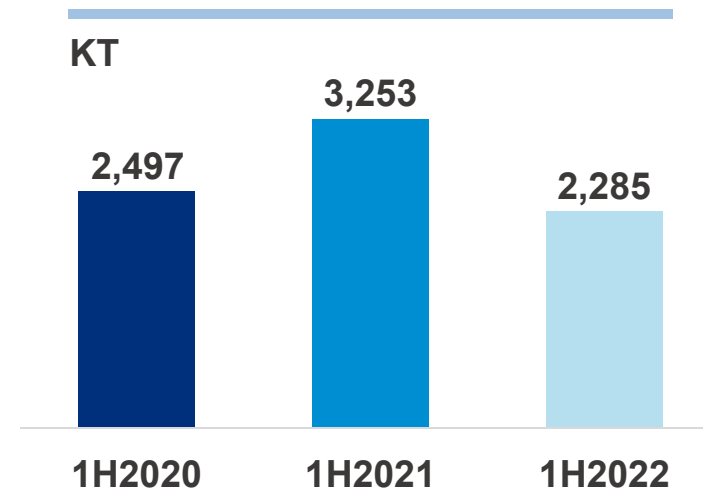
(RMB million)

	1H2022	1H2021	Change	
Jet Fuel	14,395	12,336	+16.69%	↑
Staff	12,543	13,316	-5.81%	↓
Depreciation and Amortization	11,857	12,104	-2.04%	↓
Landing and Navigation	4,200	6,177	-32.01%	↓
Airframe and Engine Maintenance	3,038	3,968	-23.44%	↓
Catering	588	876	-32.88%	↓
Operating lease	331	467	-29.12%	↓
Others	6,397	7,221	-11.41%	↓
Total	53,349	56,465	-5.52%	↓

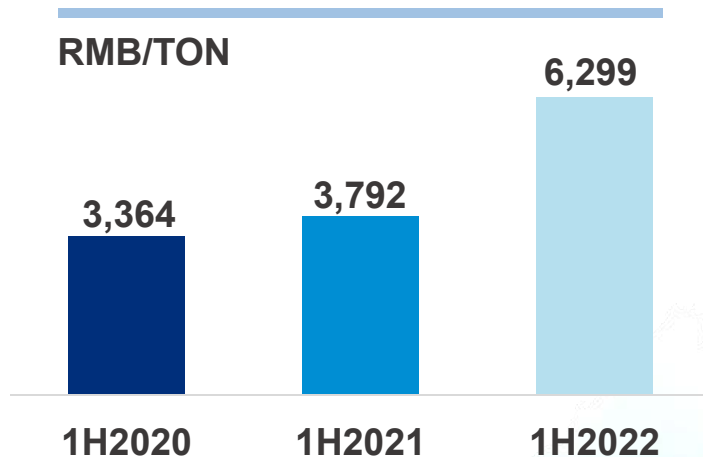
Fuel Cost (RMB)



Aviation Fuel Consumption



Fuel Price (RMB/TON)



Sensitivity Performance

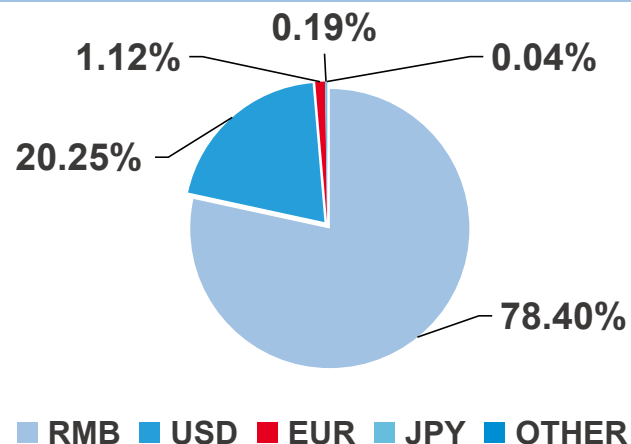


Oil price 10%

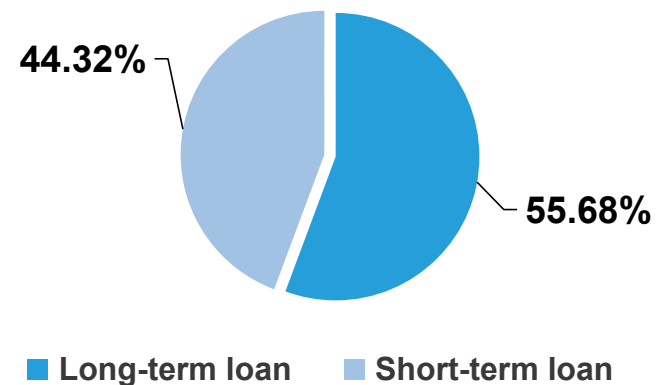


Fuel Cost RMB 1,440 m

Debt Structure (RMB million equivalent)



Term of the Debt



Exchange Rate Sensitivity Performance



RMB/USD 1%



Net Profit RMB 304 m

Interest Rate Sensitivity Performance



Interest Rate 100bp



Net Profit RMB 323 m

Our Fleet



880

Transport
Aircrafts

1st
in Asia

Aircraft Type	Owned	Finance Leased	Operating Leased	Avg. Age	Delivery	Retirement	Total
Passenger Aircraft							
A380	3	0	0	9.8	0	2	3
A350	6	6	0	1.9	0	0	12
A330	5	28	7	8.5	0	0	40
A320	125	92	123	8.6	6	0	340
B787	4	25	10	5.5	0	0	39
B777	1	14	0	5.7	0	0	15
B737	138	68	192	8.9	0	1	398
EMB190	6	0	0	9.4	0	0	6
ARJ21	6	7	0	1.3	1	0	13
Freighter							
B777	7	7	0	8.7	0	0	14
B747	0	0	0	—	0	2	0
Total	301	247	332	8.4	7	5	880
Aircraft Type	Owned	Finance Leased	Operating Leased	Trusted	Total		
General Aviation	16	0	6	5	27		

04



Future Prospect

2022 Interim Results



**Strive for the best
benefit**



**Accelerate strategy
implementation**



**Improve operation
quality**



**Ensure safe, stable
and controllable**



Q&A

2022 Interim Results

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