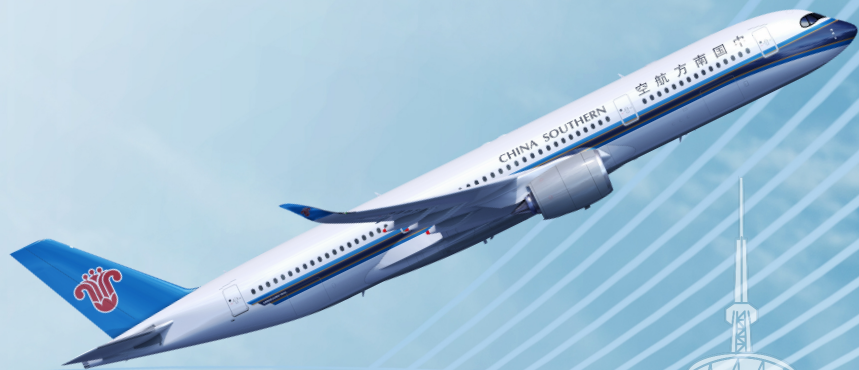




中国南方航空
CHINA SOUTHERN AIRLINES

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

2021 中国南方航空 年度业绩 Annual Results



(International Financial Reporting Standards)

Presentation Team

Mr. Lou Laijun

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Mr. Yao Yong

EVP & C.A. & CFO

Mr. Xie Bing

Board Secretary

Mr. Wang Zhen

Director General - Commercial Steering Committee

Mrs. Mao Juan

SVP - Finance Division

Mr. Liu Zubing

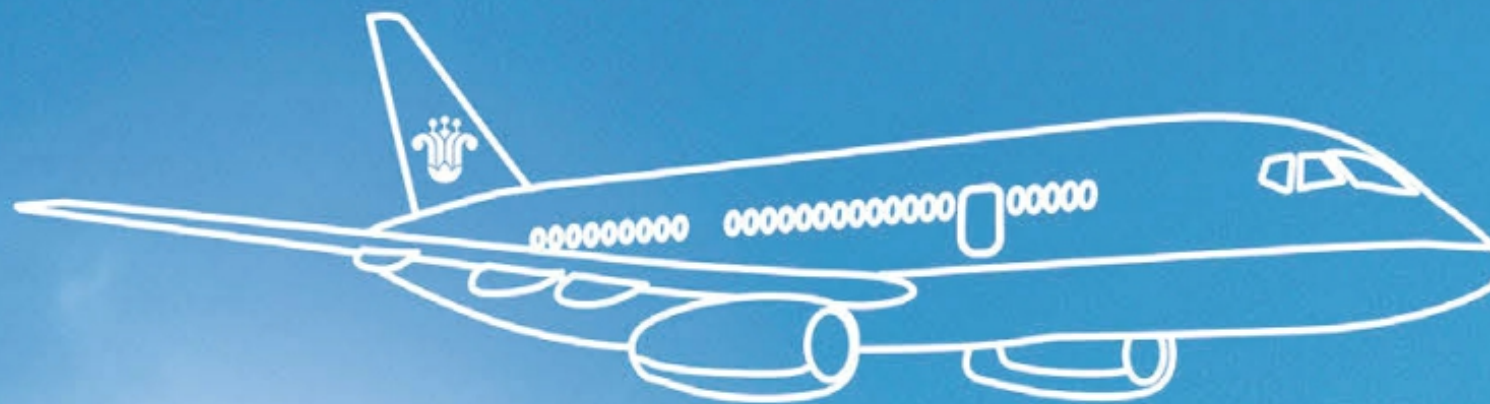
President - China Southern Air Logistics

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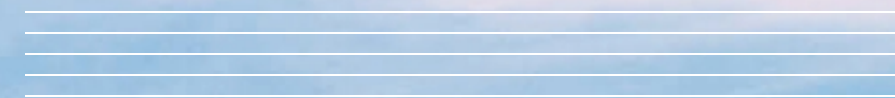
- 01 Industry Overview
- 02 Business Overview
- 03 Financial Highlights
- 04 Future Prospect



01



Industry Overview



2021 Annual Results



Complex international situation

Global economy was still on a medium-to-low growth track, facing multiple obstacles to recovery, such as supply chain obstruction, energy shortage, rising inflation, and high debt.

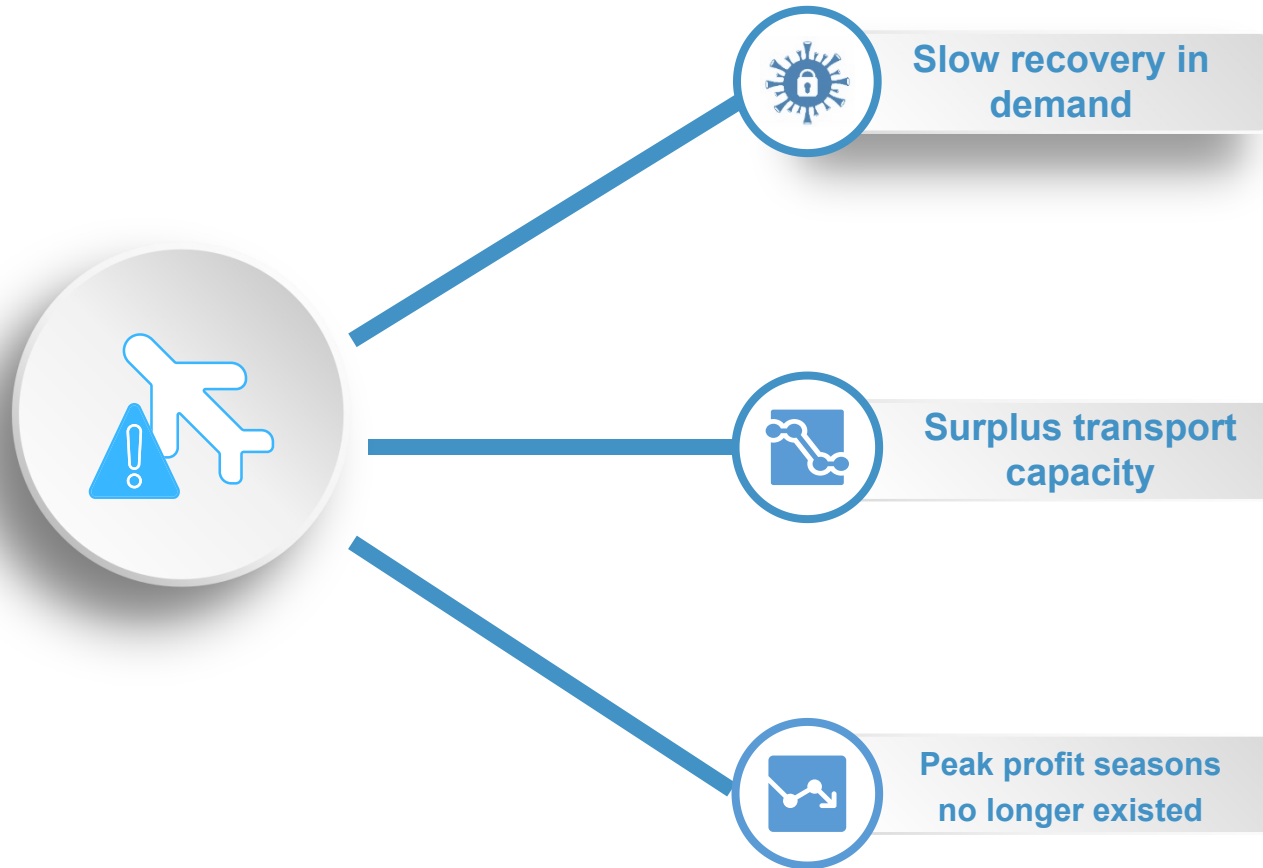
Slow economic recovery

China's GDP expanded **8.1%** in 2021, with its two-year average growth standing at **5.1%**, which was lower than the growth rate of 6.0% in 2019, facing triple pressures of shrunken demand, disrupted supply and weakening expectations.

Recurring of the pandemic

With the outbreak of Delta and Omicron variant strains, the accumulated number of COVID-19 cases in the world had repeatedly refreshed, local outbreaks in China exceeded **20** times over the year, outbreaks with a certain scales occurred every two months in average.

Industry Perspective - Multiple difficulties intertwined



Passenger traffic in the industry reached **440** million, a year-on-year increase of **5.5%**, recovered to only **66.8%** of 2019 level.

Circuit breaker for international flights increased, mass international capacities have turned to domestic flights, daily aircraft utilization rate in 2021 was **6.6** hours, much lower than **9.3** hours in 2019.

Civil aviation demand will drop dramatically when there is a pandemic in China. The two key profit seasons missed - the Spring Festival and Summer.



Neutralized government policies

The Civil Aviation Development Fund was no longer exempted, preferential policies, such as tax deferral and rent deferral ended.



Exchange gains dropped

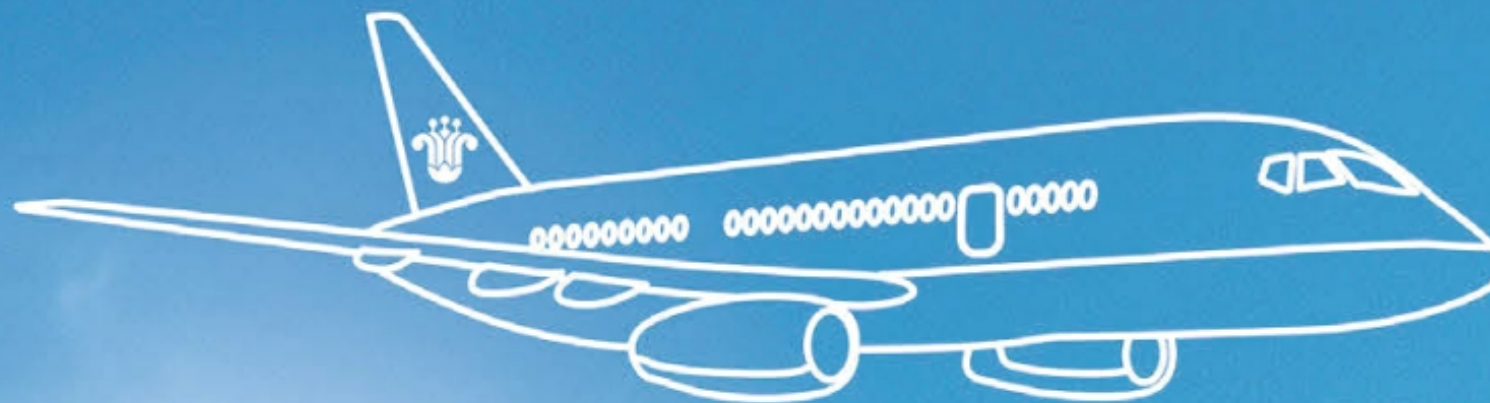
The central parity rate of RMB against USD appreciated by **6.47%** in 2020 and **2.29%** in 2021, resulting a decrease in foreign exchange gain.



Oil price soared

As of the end of 2021, Brent Crude Oil was closed at **\$78** per barrel, a **50.5%** increase from the end of 2020.

02



Business Overview

2021 Annual Results

Effective pandemic prevention & Enhanced safety and quality

Improve the epidemic prevention and control mechanism



Strictly prevent the import of overseas epidemics



Full coverage of Vaccination

Strengthen safety responsibility



Strictly control the process

Precise risk management



Achieved good business response



98.51 million
passenger
transportation
volume



21.2 billion ton
kilometers
total traffic
volume



1.44 million tons
Cargo and
mail carried

Operating conditions - Strong response to passenger transport operation



Embraced “casting a wide net, strengthening sales and optimizing diligently”, implemented policies and responds quickly to different pandemic scenarios.



Flight schedule resources achieved a year-on-year increase, and the average passenger ancillary revenue increased by RMB **6.27**.



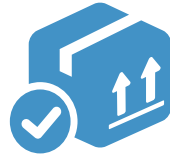
Consolidated customer base, the number of frequent customers and group customers reached **72.8** million and **15,000** respectively, and the proportion of revenue increased by **11.9** percentage points and **4.4** percentage points respectively.



The market share of Beijing Daxing International Airport reached **45.9%**, which was better than expected.

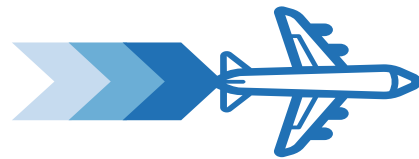
Operating conditions – Cargo operations reach new heights

- ✓ Expanded direct customers of manufacturers
- ✓ Built an online sales platform
- ✓ Improved comprehensive service capabilities
- ✓ Innovative auction sales model



Cargo & mail transport volume

1.247 million tons **+3.45%YoY**



Converted passenger flights to freight flights

7,023 times **+37%YoY**



Logistics business's revenue (RMB)

18.75 billion **5.69 billion** Profit

Operating conditions – Outstanding cost control



Reduced costs and increased revenue by RMB **4.498 billion** in 2021.



Investment in infrastructure and technological transformation were decreased by RMB **1.846 billion** and RMB **49 million** respectively.



Revitalize Real estate contract valued RMB **870 million**.



Actively strive for various financial subsidies, preferential policies, cost and tax relief.

Improved quality of operation services

Service Guarantee

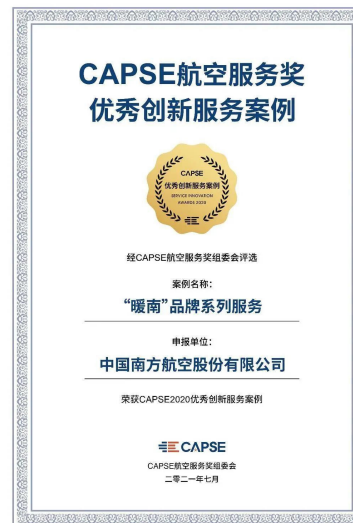
In-depth promotion of large-scale operations and service construction, the annual flight on-time rate was **89.89%**, **1.9%** points higher than the industry average.

Awards

Ranked **12th** in Skytrax's "World's Best Airline", ranked first among major domestic airlines

Brand Assurance

Awarded the first brand in the aviation service industry in China's brand power research by the Ministry of Industry and Information Technology for **11** consecutive years.



Accelerated reform and development, and promoted the implementation of strategies

Further improved
Greater Bay Area's
market control



The five major structural
adjustments and
optimizations achieved
initial results



Promoted the
high-quality
development of
Beijing hub

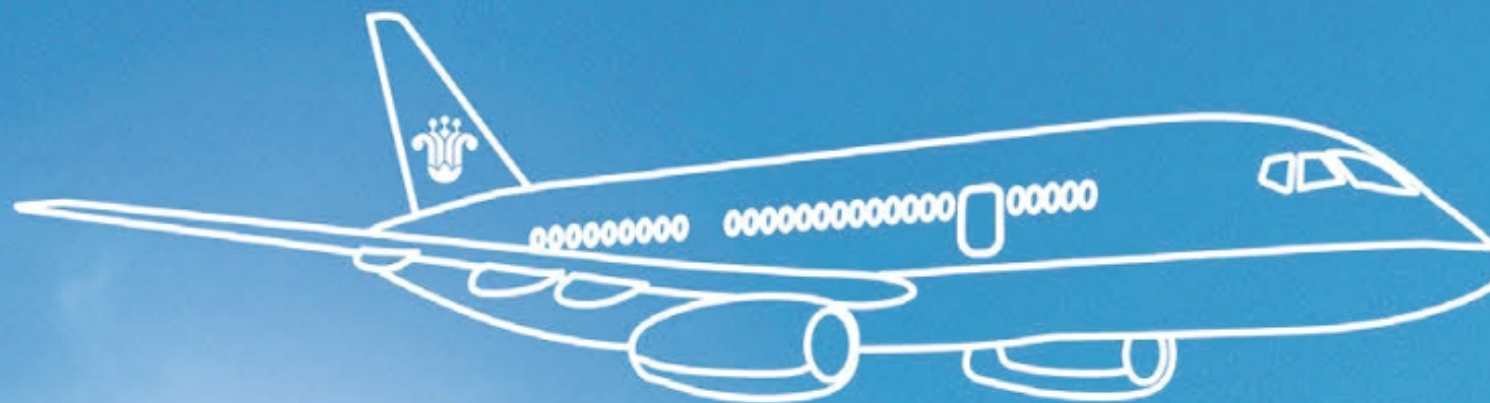


Coordinated and
promoted the layout of
Hainan Free Trade Port



New progress was made
in ecosystem
construction and digital
transformation

03



Financial Highlights

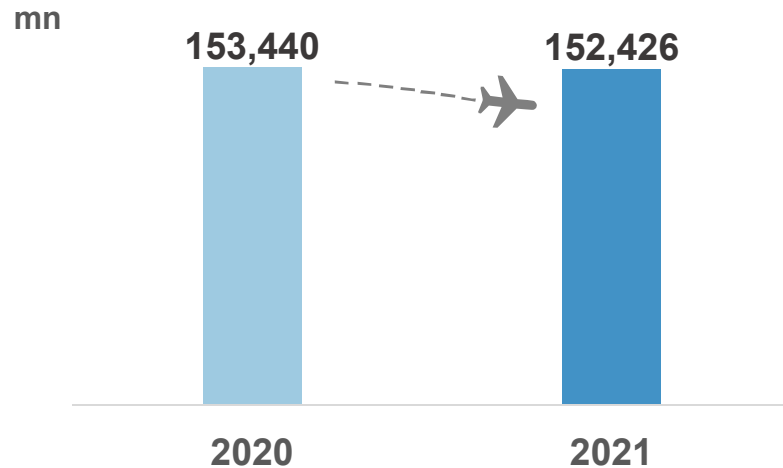


2021 Annual Results

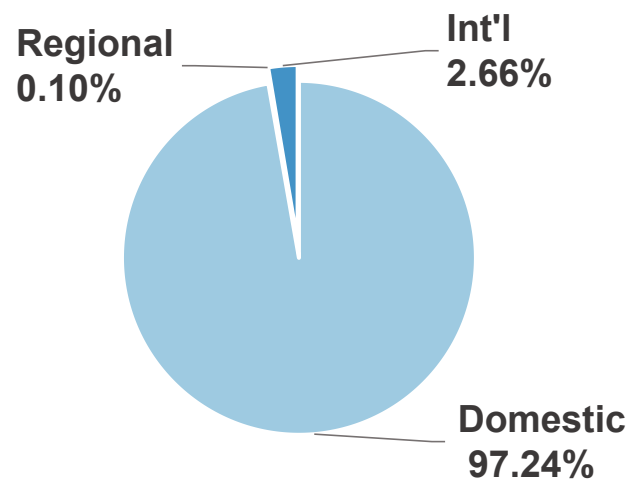
2021 Annual Results Highlights

	2021	vs 2020	
Total Operating Revenue	RMB 101,644 m	+9.81%	▲
Attributable to Equity shareholders of the Company	RMB -12,106 m	+11.61%	▲
Basic EPS	RMB -0.75	-2.60%	▼
EBITDA	RMB 16,512 m	+2.39%	▲
ASK	213,922 m	-0.37%	▼
ATK	33,518 m	-1.11%	▼
Pax Load Factor	71.25%	-0.21 pts	▼
Overall Load Factor	63.28%	+1.89 pts	▲
Aircraft Utilization (Hr)	6.96 h	-0.06 h	▼

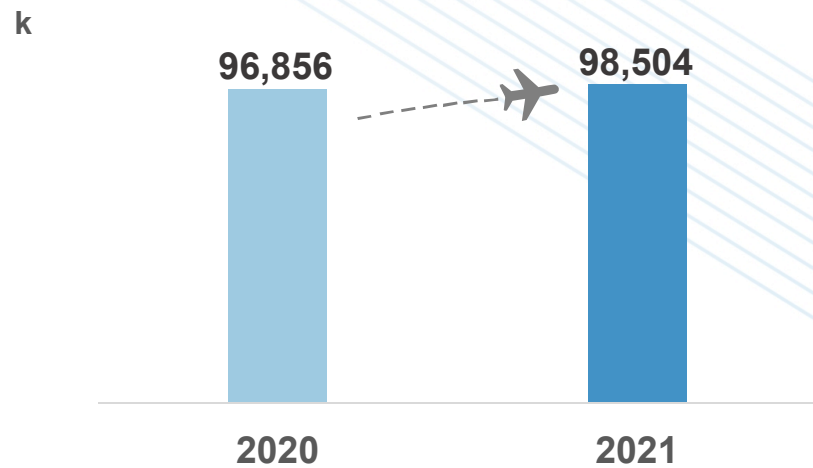
Revenue Passenger Kilometers (RPK)



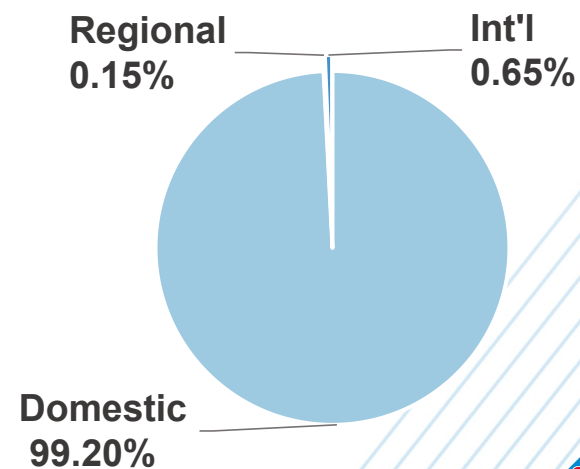
RPK Breakdown



Passenger

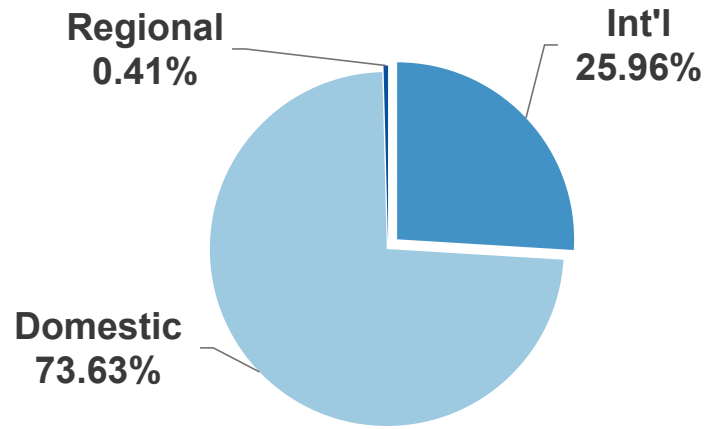


Passenger Breakdown

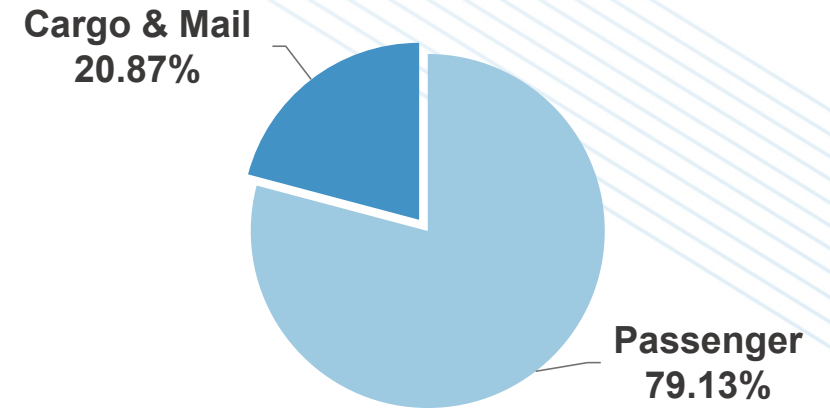


2021 Annual Traffic Revenue Breakdown

Revenue breakdown (Geographic)

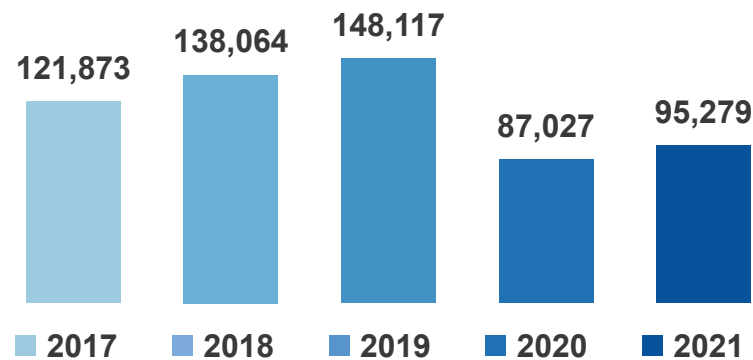


Revenue breakdown (Product)



Traffic Revenue





RMB mn



Traffic Revenue By Geographic Region






PAX Revenue

(RMB million)

	2021	vs 2020
Domestic	68,655	+18.79% 
Regional	233	-11.16% 
International	6,514	-47.85% 
Total	75,392	+6.89% 

Cargo Revenue

(RMB million)

	2021	vs 2020
Domestic	1,497	-17.29% 
Regional	165	+98.80% 
International	18,225	+24.83% 
Total	19,887	+20.58% 
Traffic Total	95,279	+9.48% 

Passenger Yield and Freight Yield

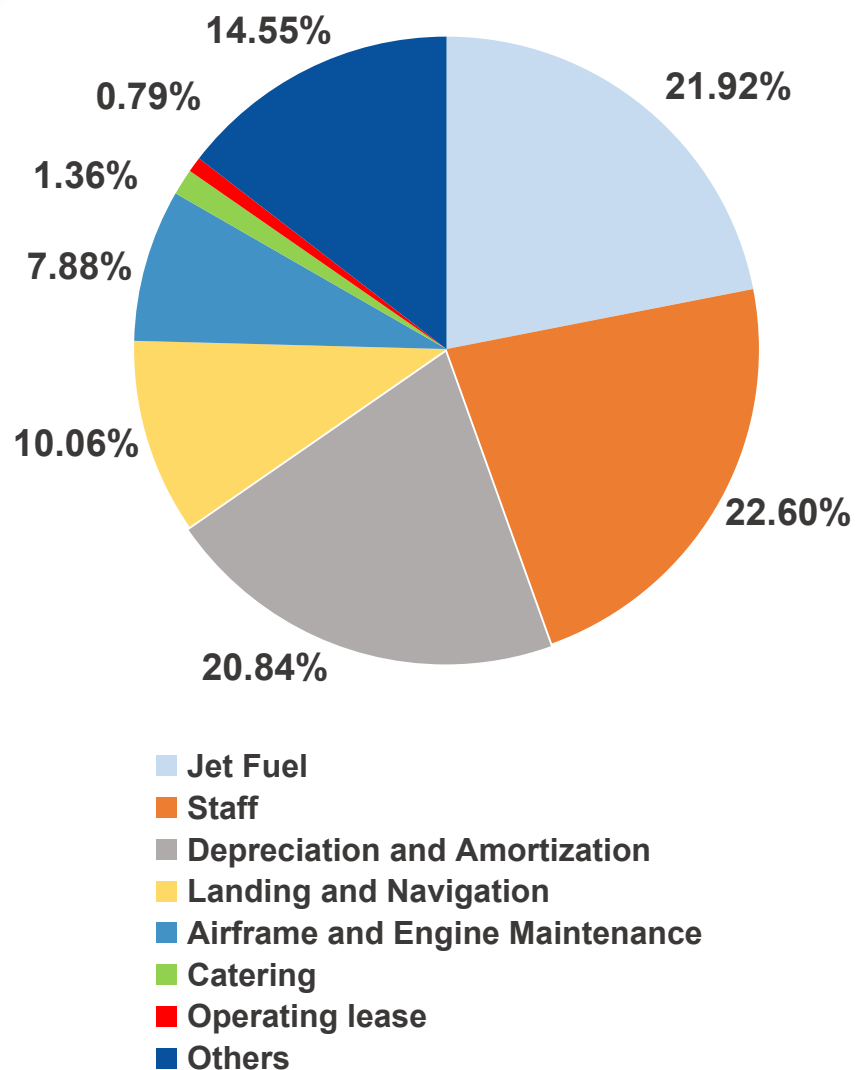
PAX Yield

(RMB)	2021	2020	Change	
Domestic	0.46	0.41	+12.20%	▲
Regional	1.46	1.05	+39.05%	▲
International	1.61	0.96	+67.71%	▲
Average	0.49	0.46	+6.52%	▲

Cargo Yield

(RMB)	2021	2020	Change	
Domestic	1.18	1.36	-13.24%	▼
Regional	13.74	8.93	+53.86%	▲
International	2.83	2.47	+14.57%	▲
Average	2.58	2.27	+13.66%	▲

2021 Annual Operating Costs



Operating Costs

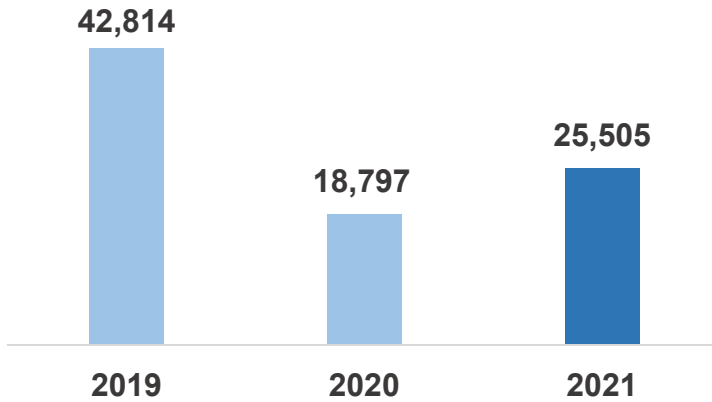
(RMB million)

	2021	2020	Change
Jet Fuel	25,505	18,797	+35.69%
Staff	26,293	24,847	+5.82%
Depreciation and Amortization	24,241	24,590	-1.42%
Landing and Navigation	11,705	10,857	+7.81%
Airframe and Engine Maintenance	9,168	10,500	-12.69%
Catering	1,577	1,765	-10.65%
Operating lease	920	977	-5.83%
Others	16,931	16,778	+0.91%
Total	116,340	109,111	+6.63%

Jet Fuel Price

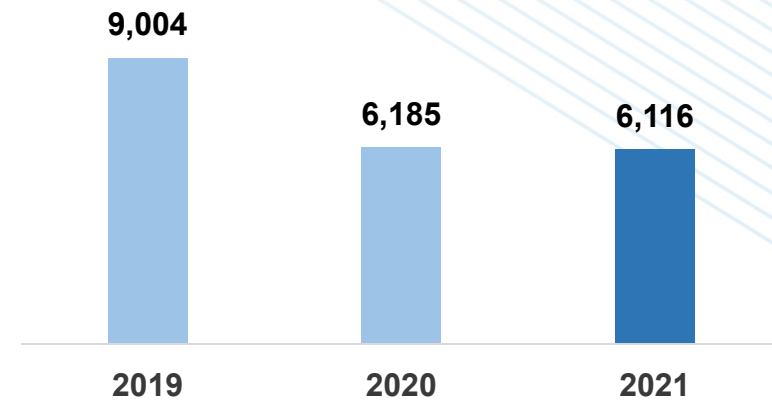
Fuel Cost (RMB)

RMB mn



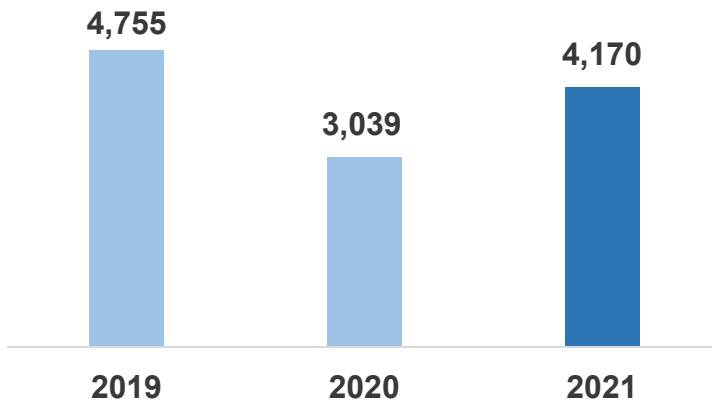
Aviation Fuel Consumption

KT



Fuel Price (RMB/TON)

RMB/TON



Sensitivity Performance



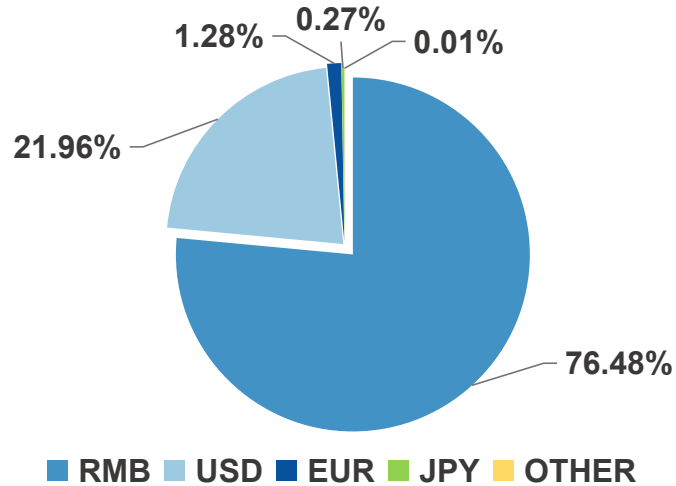
Oil price 10%



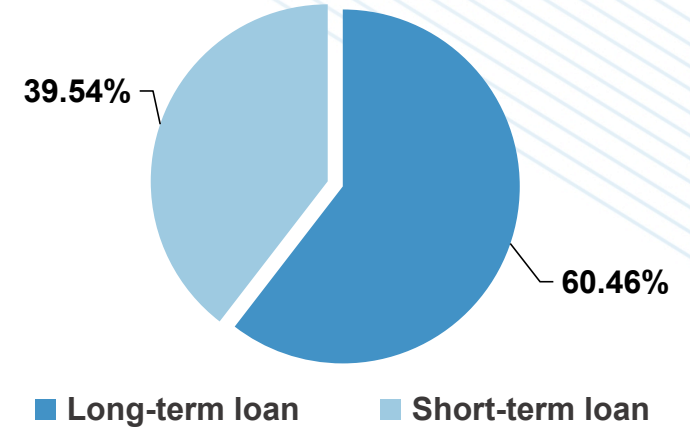
Fuel Cost RMB 2,551 mn

Debt Analysis

Debt Structure (RMB million equivalent)



Term of the Debt



Exchange Rate Sensitivity Performance



RMB/USD 1%



Net Profit RMB 322 mn

Interest Rate Sensitivity Performance



Interest Rate 100bp



Net Profit RMB 328 mn

Our Fleet



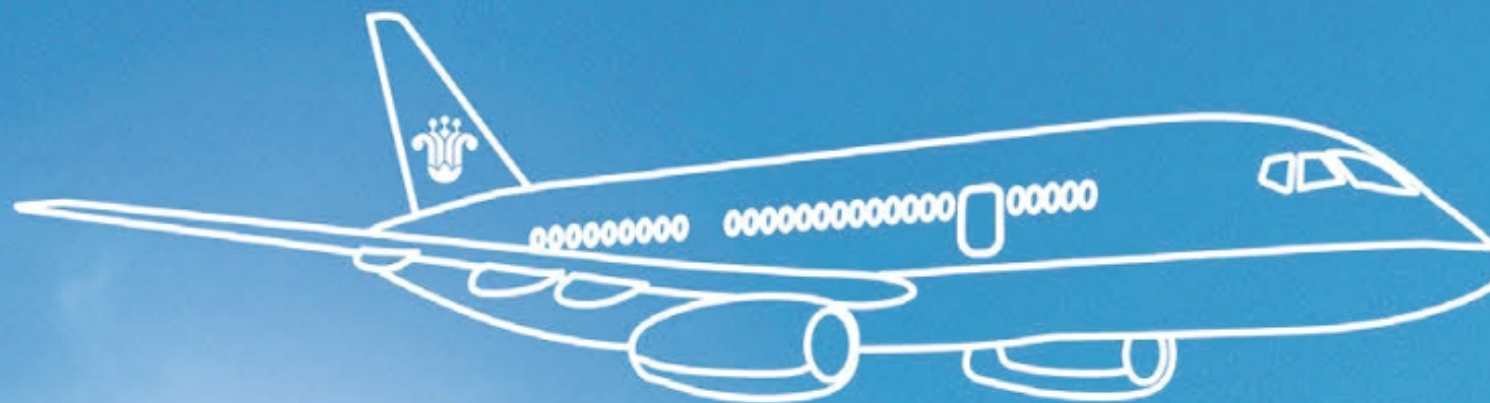
878
Transport
Aircrafts

1st
in Asia

Aircraft Type	Owned	Finance Leased	Operating Leased	Avg. Age	Delivery	Retirement	Total
Passenger Aircraft							
A380	4	1	0	9.7	0	0	5
A350	6	6	0	1.4	4	0	12
A330	4	29	7	8.0	0	5	40
A320	116	95	123	8.3	10	1	334
B787	4	25	10	5.0	2	0	39
B777	1	14	0	5.2	0	0	15
B737	161	72	166	8.4	0	2	399
EMB190	6	0	0	8.9	0	3	6
ARJ21	6	6	0	0.9	6	0	12
Freighter							
B777	7	7	0	8.2	0	0	14
B747	2	0	0	19.4	0	0	2
Total	317	255	306	8.0	22	11	878

Aircraft Type	Owned	Finance Leased	Operating Leased	Trusted	Total
General Aviation	16	0	7	5	28

04



Future Prospect



2021 Annual Results



Ensure a smooth security posture

1



Strive for Better business performance

2



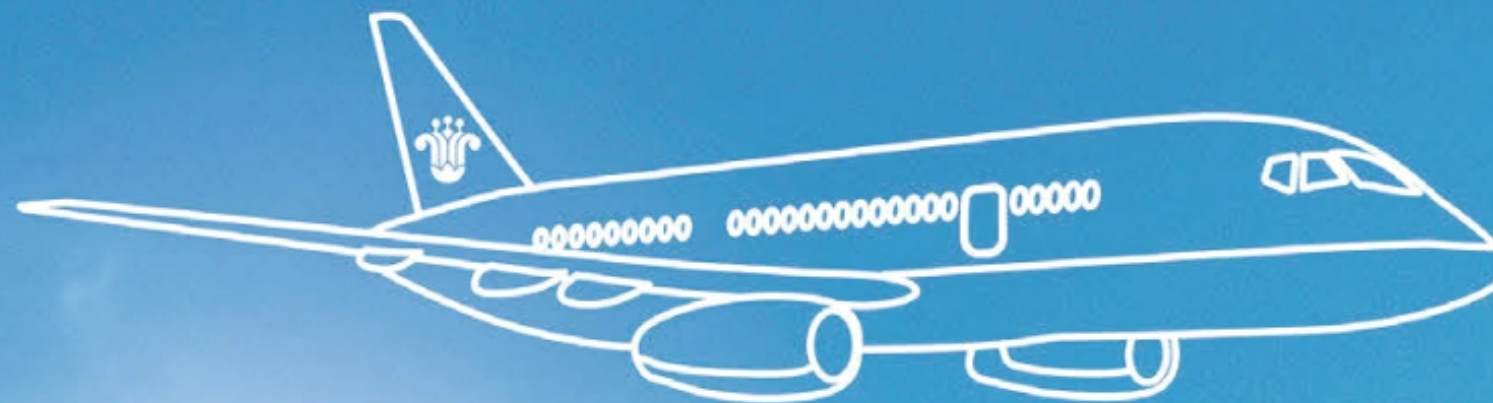
Continuously improve the quality of operational services

3



Accelerate Strategic reform

4



Q&A



2021 Annual Results

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