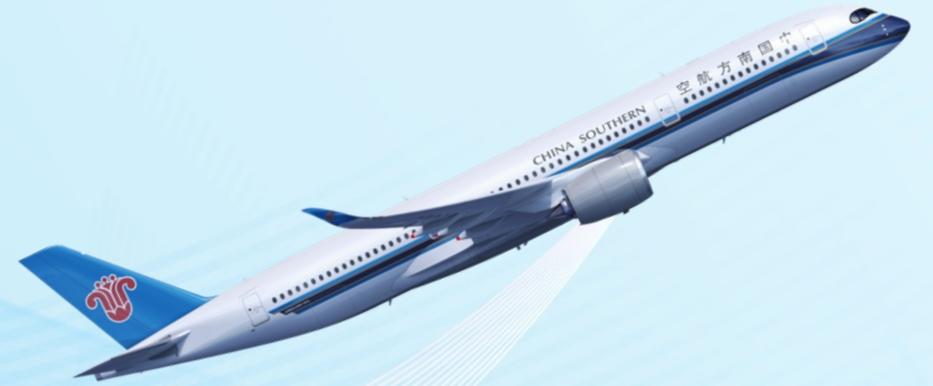




中国南方航空
CHINA SOUTHERN AIRLINES

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

2021 中國南方航空 中期業績 Interim Results



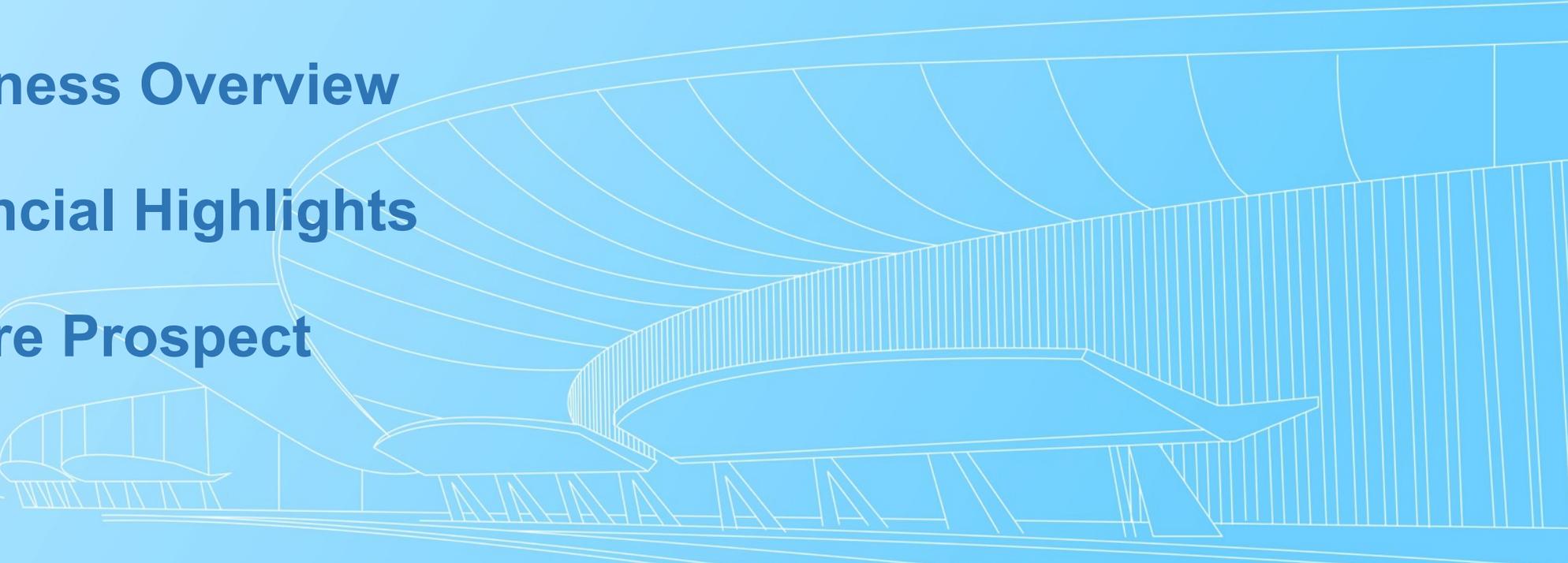
(International Financial Reporting Standards)



CONTENT

- 1 Industry Overview
- 2 Business Overview
- 3 Financial Highlights
- 4 Future Prospect

Q&A





1 Industry Overview



Complex international situation

Relationships between China and other countries to be further promoted

Re-establishing cooperation and mutual development relationships is an **onerous and continuous duty**



Slow economic recovery

5.3% two-year average GDP growth rate in 1H 2021 vs **6.3%** in the corresponding period in 2019



Continuing growth in pandemic

Pandemic spread globally and **183** million cases recorded by 1H 2021

Uncertainties
clouded economic
recovery

Industry Perspective



Diverging segment performances



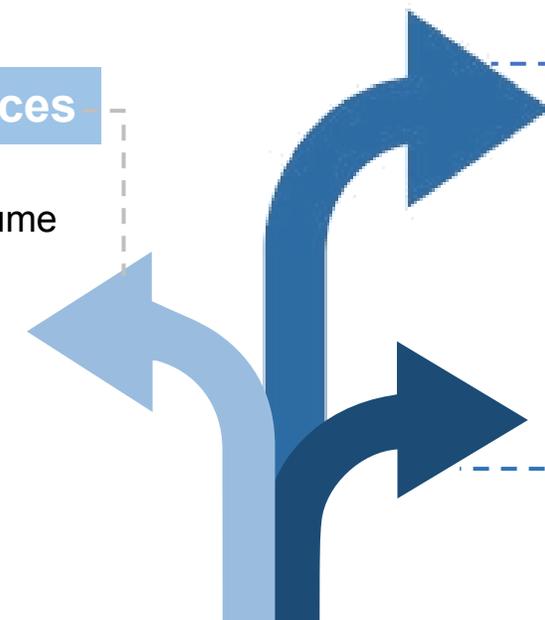
1H 2021 cargo and mail traffic volume

↑ **6.4%** YoY



Passenger traffic reached only

76.2% of 1H 2019 level



Diverging market performance

Discrepancy between domestic and international travelers



Q2 2021 domestic traffic volume back to pre-pandemic 2019 level



International traffic was highly restricted

Change in passenger structure



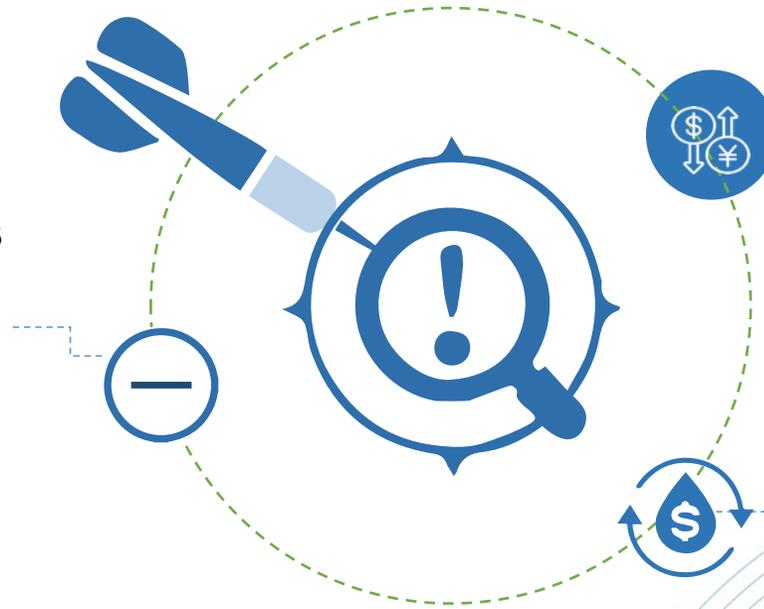
Remote working drove down numbers and frequency of business travelers



Ad-hoc demands for flexible ticketing services



Larger risk exposures



Neutralized government policies

The Civil Aviation Development Fund is no longer exempted, preferential policies, such as holding over of taxes and rents, were put to an end

Fluctuation in Foreign Exchange rate

Middle rate of USD to RMB went from one-way appreciation of **6.47%** in 2020 to two-way volatility of **0.99%** in 1H 2021

Great leap in oil price

As of June 30, Brent Crude Oil were closing at \$75.13 per barrel, a **45.04%** increase

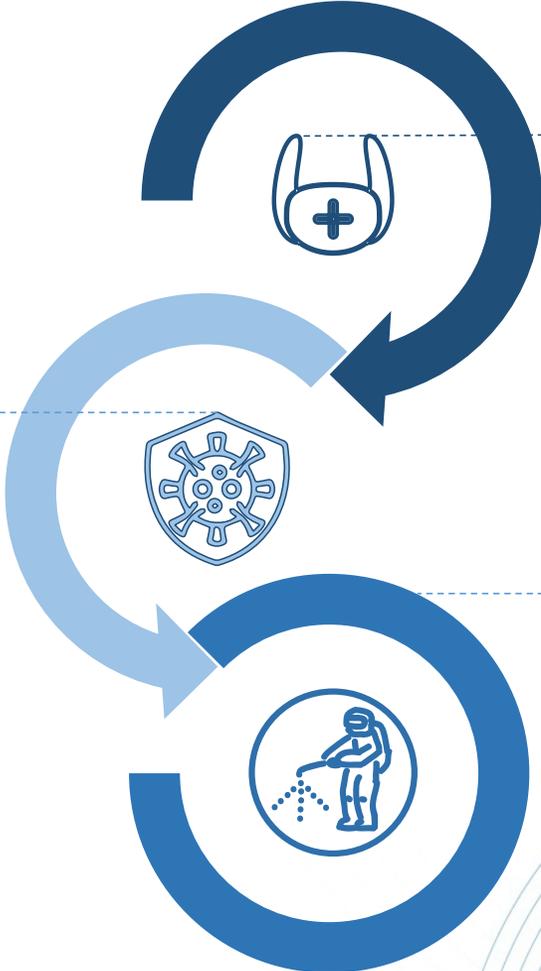


2 Business Overview

Strengthened Pandemic Prevention And Control



Facilitated transportation of anti-pandemic resources



Rolled out special task force in prevention and control on imported cases of Covid-19



Had relevant staff live a two-point and one-line life with closed-loop management



Strictly Maintained Aviation Safety



Months of aviation safety



260 months

Safety level in China



Nation's leading

Hours of safe flight

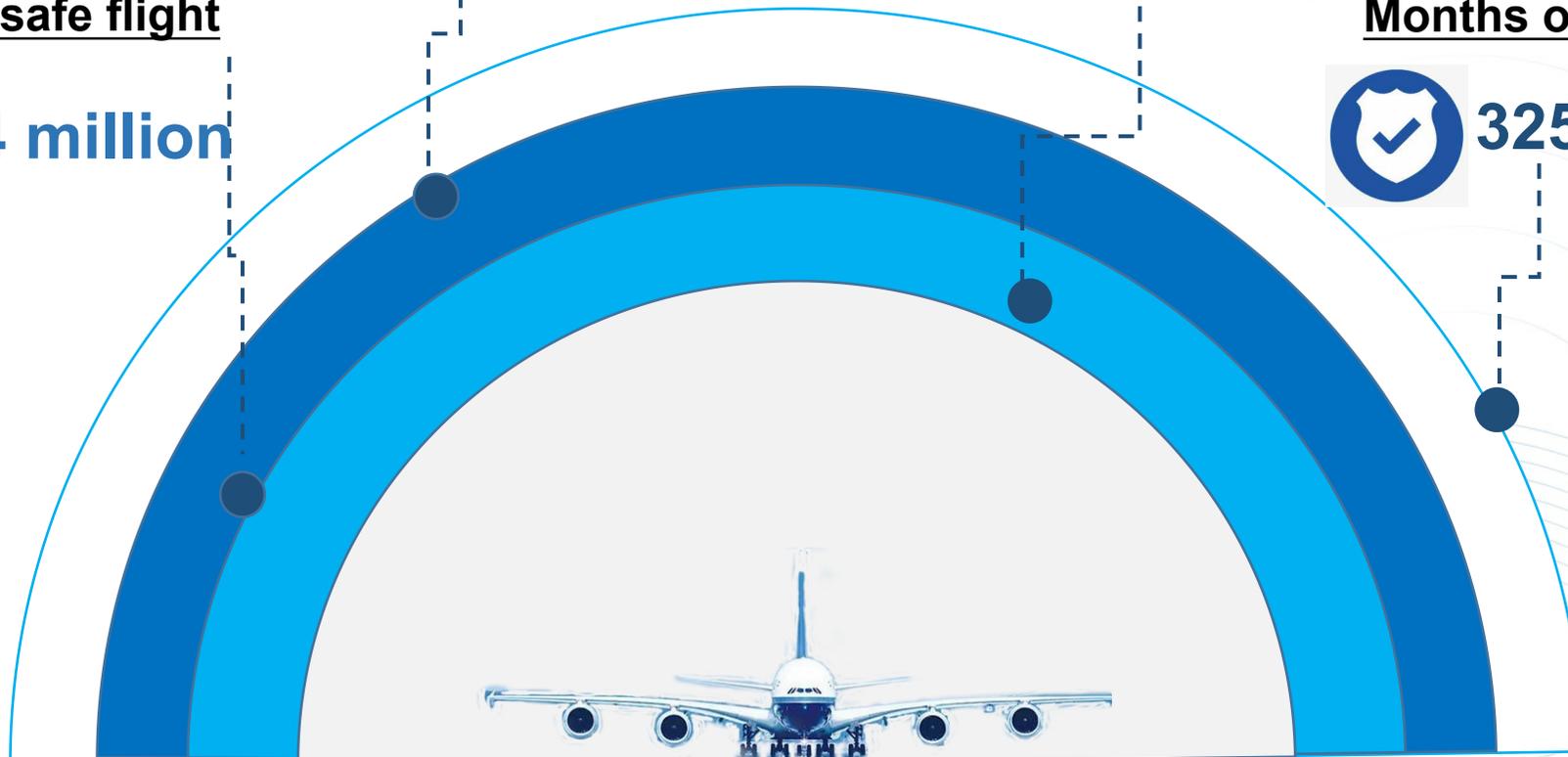


25.94 million

Months of aviation security



325 months

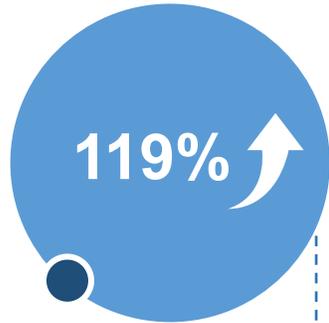


As of the end of June 2021

Effective Management - Seized Market Opportunities



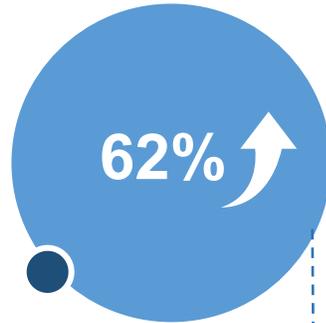
No. of new group customers



Strengthen customer base and gain an excellent result



Number of New members



Embrace “broad networking, strong sales, diligent optimization



Frequent customers' income percentage



Timely adjusted capacity to non-Guangdong region to minimize loss under pandemic



Group customers' income percentage



Proportion of frequent flyers and group customers' revenue was increased



Effective Management - Freight Business Remained Profitable



4,240 passenger flights repurposed for freights



Online sales platform revenue ↑ 321.8% YoY



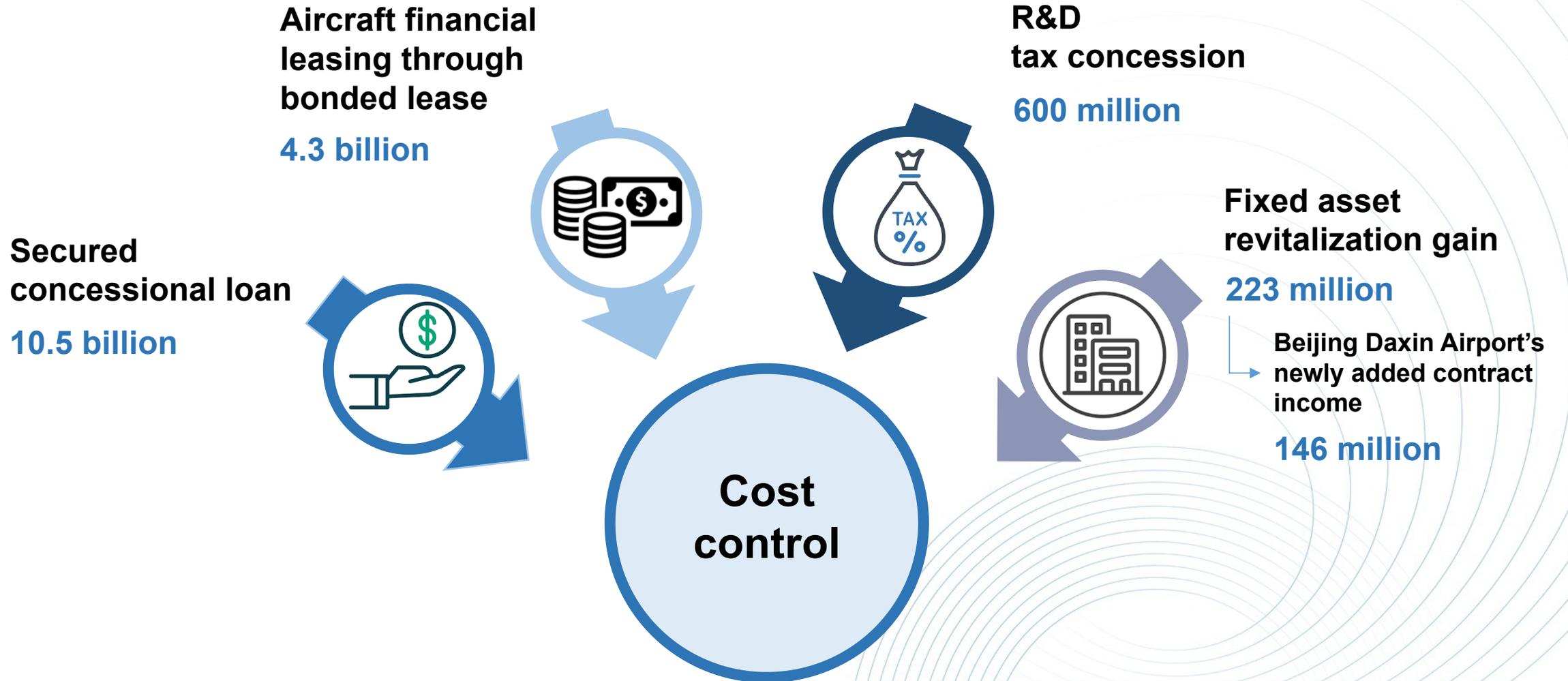
Logistics business's revenue RMB 8.64 billion



+ 124 new major customers were introduced



Effective Management - *Increased Cost Control*



Enhanced Operational Service Quality

Enhanced operational service quality

99.9%
Technical dispatch reliability

87.8%
On-time performance

Ranked 15th
State-owned enterprise brand value

2.2%
Above industry average flight normal rate

Awarded the CAPSE Aviation Services Awards once again

Rescuing Xinjiang Uyghur Boy with Broken Arms

Adhering to "Affinity and Refinement"



Accelerated Strategic Reforms



Promotion of solid beginning of Beijing hub



A promising beginning of the construction of ecosystem



Implemented "14th Five-Year" development plan



Effective market control in the Greater Bay Area (GBA)



Five major structural optimizations met initial results





3 Financial Highlights

Results Highlights



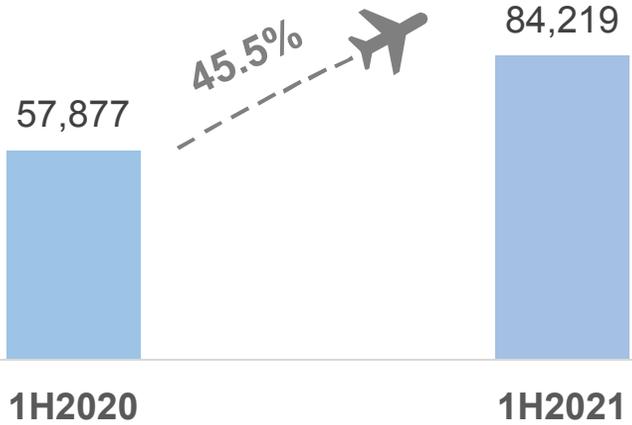
	1H2021	vs 1H2020
Total Operating Revenue	RMB 51,576m	+32.4%
Attributable to Equity shareholders of the Company	RMB -4,690m	-42.7%
Basic EPS	RMB -0.30	-53.1%
EBITDA	RMB 10,182 m	+159.4%
ASK	114,307 m	+33.3%
ATK	17,861 m	+26.5%
Pax Load Factor	73.68%	+6.2pts
Overall Load Factor	64.24%	+4.8pts
Aircraft Utilization(Hr)	7.54h	+1.97h

Operating Data



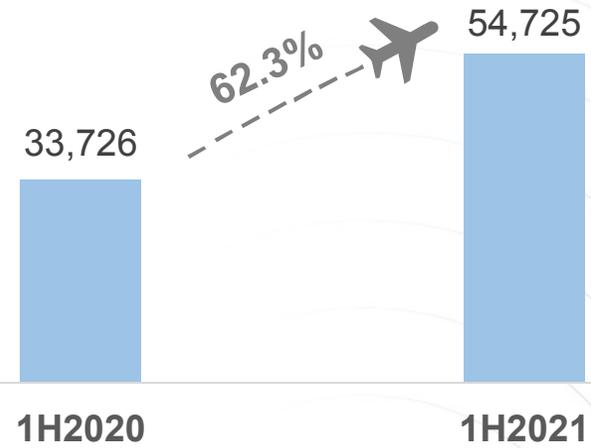
Revenue Passenger Kilometers (RPK)

mn

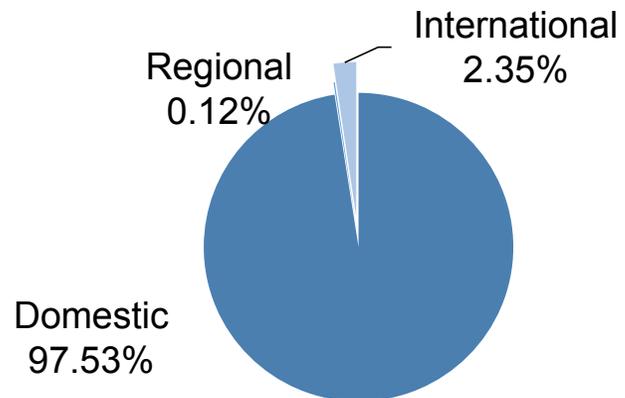


Passenger

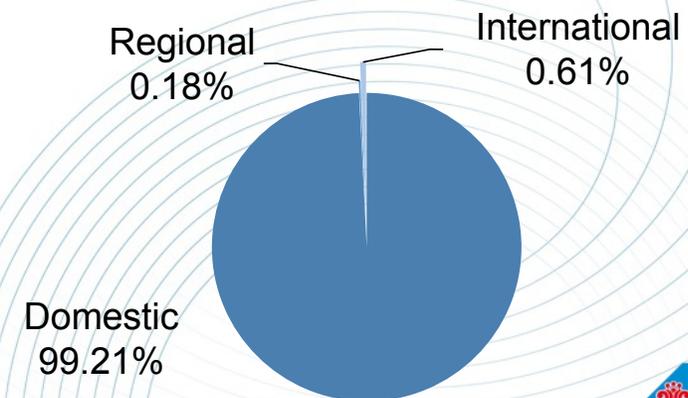
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RPK Breakdown



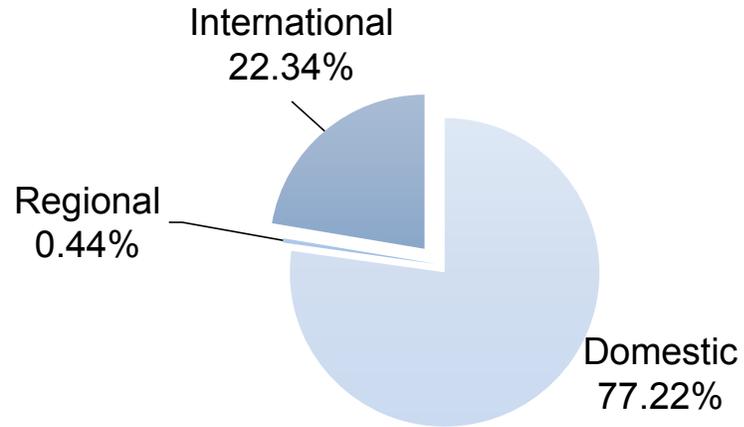
Passenger Breakdown



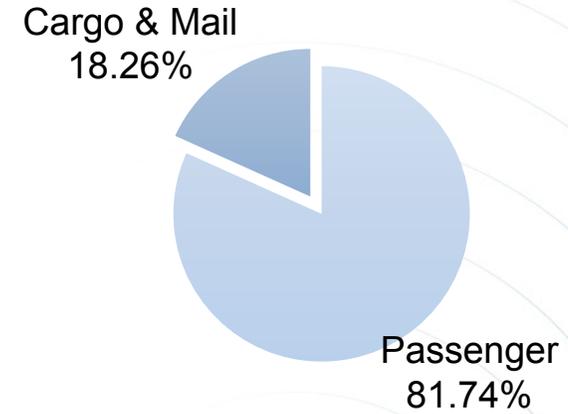
Traffic Revenue Breakdown



Revenue breakdown (Geographic)

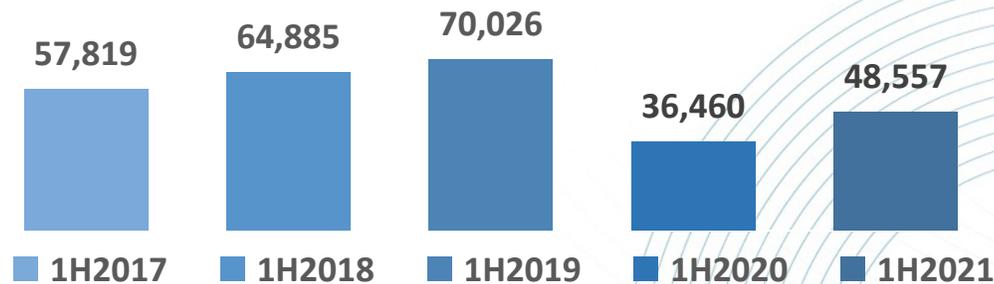


Revenue breakdown (Product)



Traffic Revenue

RMB mn



Traffic Revenue By Geographic Region



PAX Revenue

Market Segment (PAX)	1H2021	vs 1H2020
Domestic	RMB 36,621 m	+ 76.3 %
Regional	RMB 140 m	- 19.5 %
International	RMB 2,930 m	- 62.7 %
Total	RMB 39,691 m	+ 37.9 %

Cargo Revenue

Market Segment	1H2021	vs 1H2020
Domestic	874 m	+ 5.7 %
Regional	75 m	+ 56.3 %
International	7,917 m	+ 16.6 %
Total	8,866 m	+ 15.6 %
Traffic Total	48,557 m	+ 33.2 %

Passenger Yield And Freight Yield



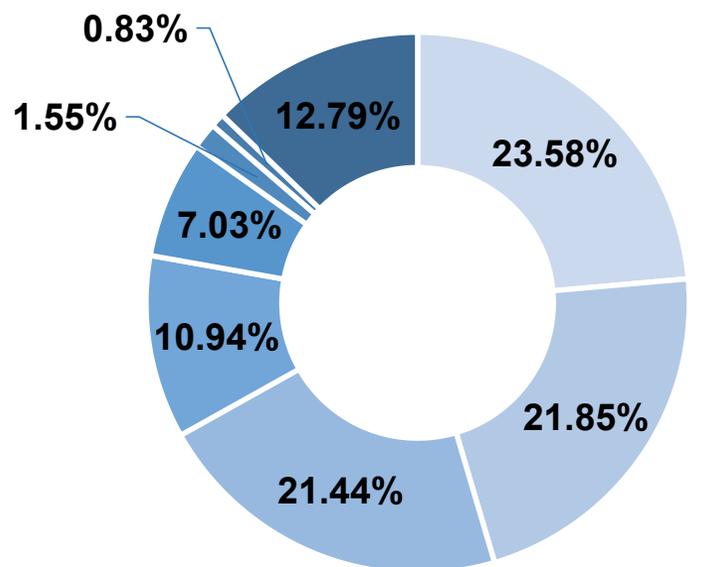
PAX Yield in RMB

Market Segment	1H2021	1H2020	Change
Domestic	0.45	0.44	+ 2.3 %
Regional	1.40	0.94	+ 48.9 %
International	1.48	0.75	+ 97.3 %
Average	0.47	0.50	- 6.0 %

Cargo Yield in RMB

Market Segment	1H2021	1H2020	Change
Domestic	1.37	1.41	- 2.8 %
Regional	11.35	10.13	+ 12.0 %
International	2.36	2.50	- 5.6 %
Average	2.22	2.32	- 4.3 %

Operating Costs



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

Operating Costs

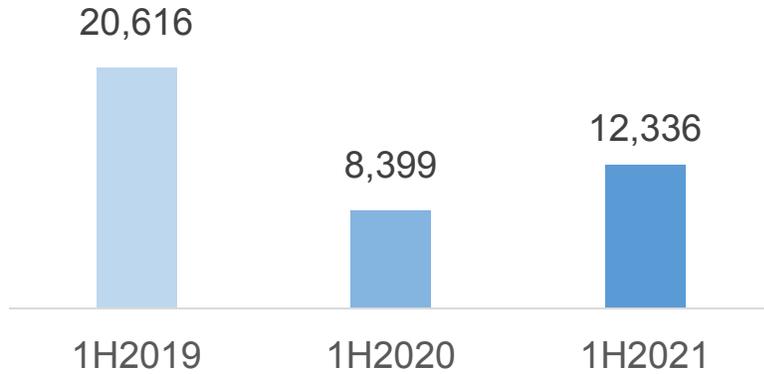
RMB million	1H2021	1H2020	Change
Staff	13,316	11,157	+19.35%
Jet Fuel	12,336	8,399	+46.87%
Depreciation and Amortization	12,104	12,462	-2.87%
Landing and Navigation	6,177	4,359	+41.71%
Airframe and Engine Maintenance	3,969	4,099	-3.17%
Catering	876	864	+1.39%
Operating lease	467	419	+11.46%
Others	7,220	5,809	+24.29%
Total	56,465	47,568	+18.70%

Jet Fuel Price



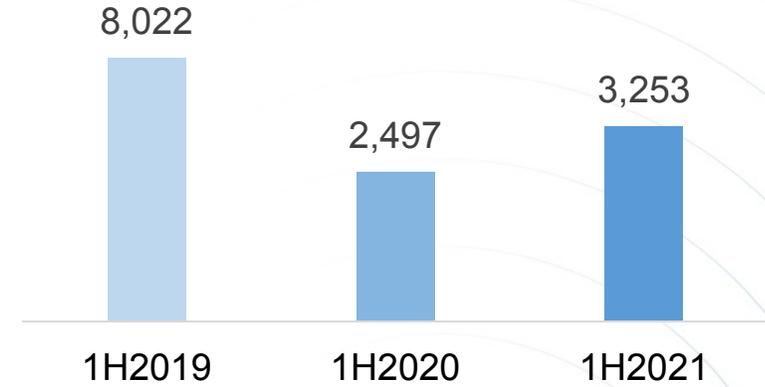
Fuel Cost (RMB)

RMB mn



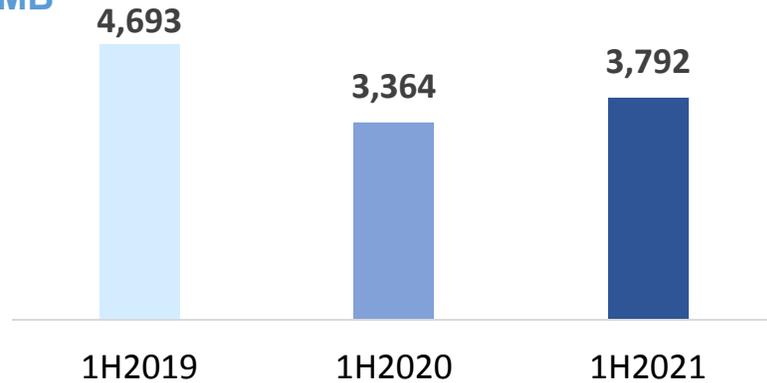
Aviation Fuel Consumption

KT



Jet Fuel Price (RMB/TON)

RMB



Sensitivity Performance



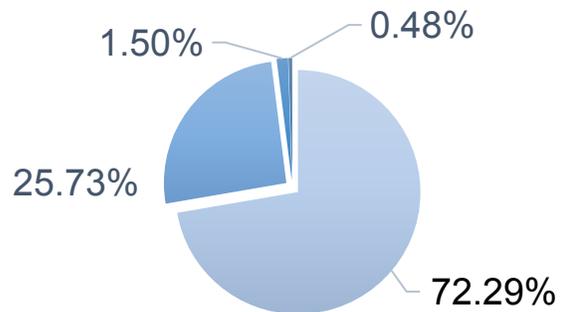
Oil price 10%

Fuel Cost RMB 1234 mn

Debt Analysis

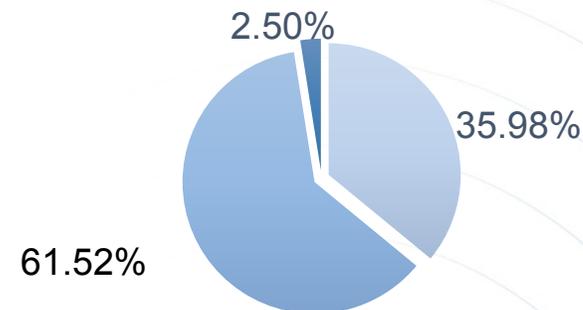


Debt Structure (RMB million Equivalent)



■ RMB ■ USD ■ EUR ■ OTHER

Term of the Debt



■ Short-term loan ■ Long-term loan ■ convertible bond

Exchange Rate Sensitivity Performance



RMB/USD 1%



Net Profit RMB 358mn

Interest Rate Sensitivity Performance



Interest Rate 100bp



Net Profit RMB 238mn

Our Fleet



869
Aircrafts

1st
in Asia

Aircraft Type	Owned	Finance Leased	Operating Leased	Avg. Age	Delivery	Retirement	Total
Passenger Aircraft							
A380	4	1	0	9.2	0	0	5
A350	4	6	0	1.2	2	0	10
A330	4	29	8	7.6	0	4	41
A320	109	99	123	7.8	7	1	331
B787	4	25	10	4.5	2	0	39
B777	1	14	0	4.7	0	0	15
B737	159	74	166	7.9	0	2	399
EMB190	6	0	0	8.4	0	3	6
ARJ21	3	4	0	0.8	1	0	7
Freighter							
B777	7	7	0	7.7	0	0	14
B747	2	0	0	18.9	0	0	2
Total	303	259	307	7.6	12	10	869



4 Future Prospect

Future Prospect



Ensure safety, stability and control



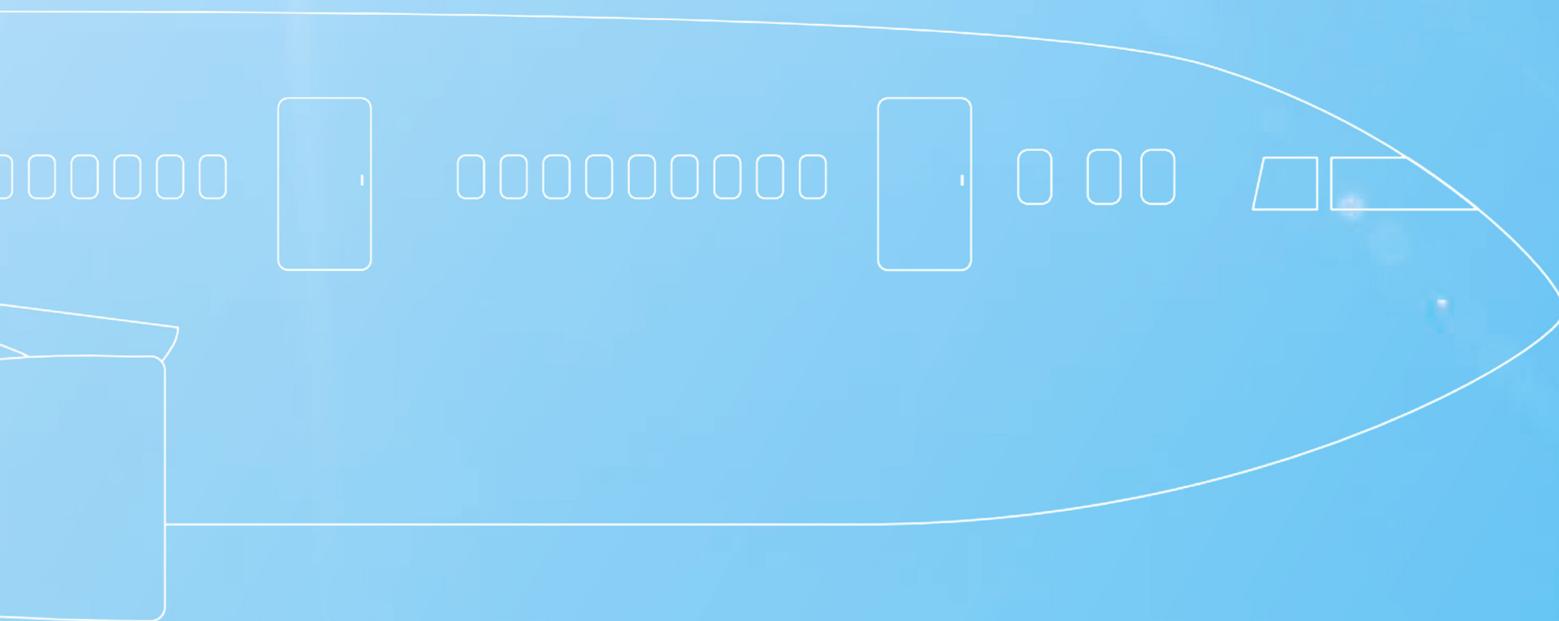
Strive for the best benefit



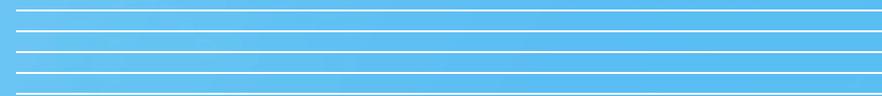
Continuous improvement of brand



Accelerate strategy implementation



Q&A



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