AIRC XLON Air China Ld

2026 Interim Report · RNS 6081W · 28 September 2026

Air China interim report confirms wider loss as fuel costs outpace 10.54% revenue growth

Share price	54.42p
Market cap	£2.70bn
52-week range	54.42p - 54.42p
Shares in issue	4955.6m
12-month change	Not available

Ticker Data API, as at 5 Feb 2021, 08:25

SHARE PRICE, 12 MONTHS

No price history is available for this line.

SUMMARY

Air China's 2026 Interim Report, published in London today, confirms a first-half loss attributable to shareholders of RMB2,288 million, wider than the RMB1,805 million loss a year earlier. Revenue rose 10.54% to RMB89,268 million on fuller planes, but jet fuel costs rose 34.69% and absorbed almost all of that growth. The operating loss widened to RMB3,065 million. A RMB20,000 million share issue to the state-owned controlling shareholder cut debt and gearing. Net current liabilities (short-term obligations minus short-term assets) still stood at RMB79,026 million, and there is no interim dividend. The loss fell within July's profit-warning range, and the figures were first released on 1 September, so the report adds detail rather than surprise. Demand is recovering, but profits now depend on oil prices and fare recovery.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Revenue	RMB89,268 million	H1 2026	+10.54% year on year
Loss attributable to equity shareholders	RMB(2,287,829) thousand	H1 2026	from RMB(1,804,820) thousand
Loss from operations	RMB(3,065,195) thousand	H1 2026	from RMB(1,696,430) thousand
Jet fuel costs	RMB32,766,300 thousand	H1 2026	+34.69%
Passenger load factor	84.74%	H1 2026	+4.02 ppt
Net cash inflow from operating activities	RMB11,228 million	H1 2026	-24.28%
Net current liabilities	RMB79,026 million	30 June 2026	down RMB3,463 million from 31 December 2025
Gearing ratio	83.88%	30 June 2026	-4.69 ppt from 31 December 2025
Gross proceeds of A-share issue to controlling shareholder	RMB20,000 million	June 2026	
Capital commitments	RMB101,380 million	30 June 2026	-6.92% from RMB108,917 million

Sources: 2026 Interim Report RNS, 28 Sep 2026

THE ANNOUNCEMENT

- Loss attributable to equity shareholders widened to RMB2,287.8 million for the six months to 30 June 2026, from RMB1,804.8 million. That is a loss per share of RMB0.13, against RMB0.11. No interim dividend will be paid.
- Revenue rose 10.54% to RMB89,268 million. Passenger load factor, the share of seats filled, rose 4.02 percentage points to 84.74%. International revenue grew 18.87% and passenger yield per RPK (fare revenue per passenger kilometre) rose 2.74%.
- Operating expenses rose 12.38% to RMB95,603 million, led by a RMB8,439 million rise in jet fuel costs. Operating expenses per available seat kilometre rose 10.44%, so costs per seat grew much faster than fares.
- In June the company issued 3,044,140,030 A shares at RMB6.57 to its controlling shareholder CNAHC and a subsidiary, raising RMB20,000 million. By 30 June, RMB16,075 million of the proceeds had been used to repay debt. Gearing (total liabilities divided by total assets) fell 4.69 percentage points to 83.88%.
- Operating cash inflow fell 24.28% to RMB11,228 million, against capital expenditure of RMB12,075 million. Capital commitments, mainly for aircraft, were RMB101,380 million.
- After the period end, the company agreed to buy 15 A350-900 aircraft and Shenzhen Airlines agreed to buy 40 A320NEO series aircraft from Airbus. Both deals are subject to shareholder and state approval.

AGAINST GUIDANCE

The profit warning on 15 July 2026 estimated a net loss attributable to equity holders of approximately RMB2.1 billion to RMB2.6 billion for the half. The reported loss of RMB2,288 million sits within that range. The interim results were first announced on 1 September 2026, so this report brings no new earnings surprise. Management gives no quantified forward earnings guidance. Its outlook is qualitative: steady domestic growth, uncertainty in international markets (particularly North America), and a domestic market of 'increasing volume but declining prices'.

BULL CASE

- Demand is strong. Passenger traffic (RPK) rose 6.82% on only 1.75% more capacity, and international RPK rose 13.98% with international yield up 3.58%. July operating data showed RPK up 11.2% on capacity up 4.8%.
- Cargo is a bright spot: yield per RFTK (cargo revenue per tonne kilometre) rose 17.06% and cargo and mail revenue rose 21.46%. Share of profits from associates reached RMB1,291 million, underpinned by a RMB1,197 million gain from the stake in Cathay Pacific.
- The balance sheet is safer than at the year end. Total interest-bearing liabilities fell 5.66% to RMB215,400 million, finance costs fell RMB482 million, and equity attributable to shareholders rose to RMB59,829 million.
- The company's own figures show fuel works both ways: a 5% change in the average jet fuel price moves costs by about RMB1.638 billion. Any sustained easing in oil would therefore feed through quickly to earnings.

BEAR CASE

- Fuel is absorbing the growth. The RMB8,439 million rise in jet fuel costs nearly matched the RMB8,510 million revenue increase. EBITDA fell to RMB12,741 million and remains below depreciation and amortisation of RMB15,806 million. Brent crude stood at $108 a barrel on 28 September, up 49.2% over three months.
- The funding position remains stretched. The current ratio (short-term assets divided by short-term liabilities) is 0.33. Current interest-bearing debt of RMB60,842 million compares with cash of RMB14,140 million. The report does not quantify undrawn bank facilities or covenant headroom, which are the limits lenders set on borrowing.
- Operating cash flow did not cover capital expenditure in the half. With RMB101,380 million of capital commitments and further Airbus orders pending, one view is that the realistic risk is further dilution of minority shareholders rather than default. The June issue lifted the share count from 17,448,421,000 to 20,492,561,030.
- Key subsidiaries are loss-making. Shenzhen Airlines lost RMB10.49 hundred million and has negative net assets. Domestic competition remains intense, and high-speed rail threatens short- and medium-haul routes.

WHAT TO WATCH

- The extraordinary shareholders' meeting on 3 November 2026 will vote on the Airbus orders: 15 A350-900s at a list price of about US$6.09 billion and 40 A320NEOs at about US$6.35 billion. Those aircraft are due for delivery between 2029 and 2032.
- Monthly traffic data and the full-year results, expected around 30 March 2027, should show whether fuel surcharges and fares are closing the gap between cost per seat kilometre and yield.
- The path of oil prices. On the company's sensitivity, sustained Brent at current levels would add materially to second-half fuel costs.
- Share supply: the controlling shareholders' 18-month no-sale commitment dates from 8 April 2025. A further 392,927,308 restricted H shares become tradable on 8 February 2027.

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