



# Korean Air

1Q '20 Financial Results

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# Income Statement (Non-consolidated)

- Revenue : ₩2.4 Trillion (-₩689 trillion, -22.7%, yoy)
- Foreign Currency Translation Loss : ₩537 Billion

(Unit: KRW 00M)

	1Q 19	1Q 20	Changes		Remarks
<b>Revenue</b>	<b>30,415</b>	<b>23,523</b>	<b>△6,892</b>	<b>△22.7%</b>	
<i>Passenger</i>	19,056	12,828	△6,228	△32.7%	
<i>Cargo</i>	6,446	6,476	+30	+0.5%	
<i>Others</i>	4,913	4,219	△694	△14.1%	Aerospace -13.8%
<b>Operating Expense</b>	<b>28,031</b>	<b>24,089</b>	<b>△3,942</b>	<b>+0.2%</b>	
<i>Fuel</i>	7,247	5,885	△1,362	△18.8%	Consumption △18.0%, Unit Price 4.7%, Currency +6.0%
<i>Non-Fuel</i>	20,784	18,204	△2,580	△12.4%	
<b>Operating Income</b> [OP Margin]	<b>2,384</b> [7.8%]	<b>△566</b> [△2.4%]	<b>△2,950</b> [△10.1%p]		
<b>Non-Operating Income</b>	<b>△3,433</b>	<b>△8,774</b>	<b>△5,341</b>		
<i>Interest Expense, Net</i>	△1,320	△1,170	+150		
<i>Foreign Currency Transaction/Translation</i>	△1,473	△5,368	△3,895		Exchange Rate ₩/\$ +64.8 (+5.6%) QoQ
<b>Income Before Tax</b>	<b>△1,049</b>	<b>△9,340</b>	<b>△8,291</b>		
<b>Net Income</b>	<b>△894</b>	<b>△6,920</b>	<b>△6,026</b>		

• Average F/X Rate: Q1 2019 ₩1,125/USD → Q1 2020 ₩1,193/USD (+₩67/USD, +6.0%)

# Financial Position (Non-consolidated)

- Total Asset : ₩25.6 Trillion
- Total Liability: ₩23.5 Trillion (Net Debt Increase: +₩479 Billion)

(Unit: KRW 00M)

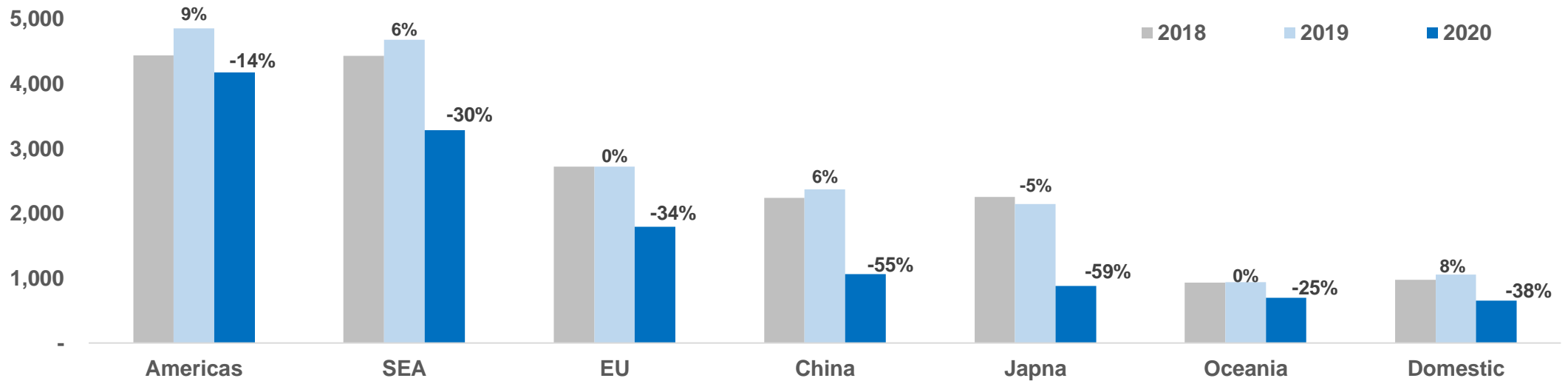
	Dec. 31, 2019	March 31, 2020	Changes		Remarks
<b>Total Assets</b>	<b>257,584</b>	<b>255,680</b>	<b>△1,904</b>	<b>△0.7%</b>	
<b>Current Assets</b>	<b>33,035</b>	<b>35,765</b>	<b>+2,730</b>	<b>△8.3%</b>	Including Asset for Sales
<i>Cash Equivalent</i>	<i>11,458</i>	<i>10,082</i>	<b>△1,376</b>	<b>△12.0%</b>	<i>Including short term savings</i>
<b>Non-Current Assets</b>	<b>224,549</b>	<b>219,915</b>	<b>△4,634</b>	<b>△2.1%</b>	Excluding Asset for Sales
<i>Aircraft Related Assets</i>	<i>164,087</i>	<i>161,408</i>	<b>△2,679</b>	<b>△1.6%</b>	<i>Decrease of two B737 airplanes</i>
<b>Total Liabilities</b>	<b>229,400</b>	<b>234,788</b>	<b>+5,388</b>	<b>+2.3%</b>	Liability to Equity Ratio 814% → 1,124% (+310%p)
Financial Liabilities	158,828	169,206	+10,378	+6.5%	Currency +₩558.4B, , Net Borrowing +₩479.4B
Other Liabilities	70,572	65,582	△4,990	+7.1%	
<i>Advance Received</i>	<i>36,360</i>	<i>31,347</i>	<b>△5,013</b>	<b>△13.8%</b>	
<b>Total Equity</b>	<b>28,184</b>	<b>20,892</b>	<b>△7,292</b>	<b>△6.8%</b>	

• F/X Rate: ' December 31 2019 ₩1,157.8/USD → March 31 2020 ₩1,222.6/USD (+₩64.8/\$, +5.6%)

# Passenger Business

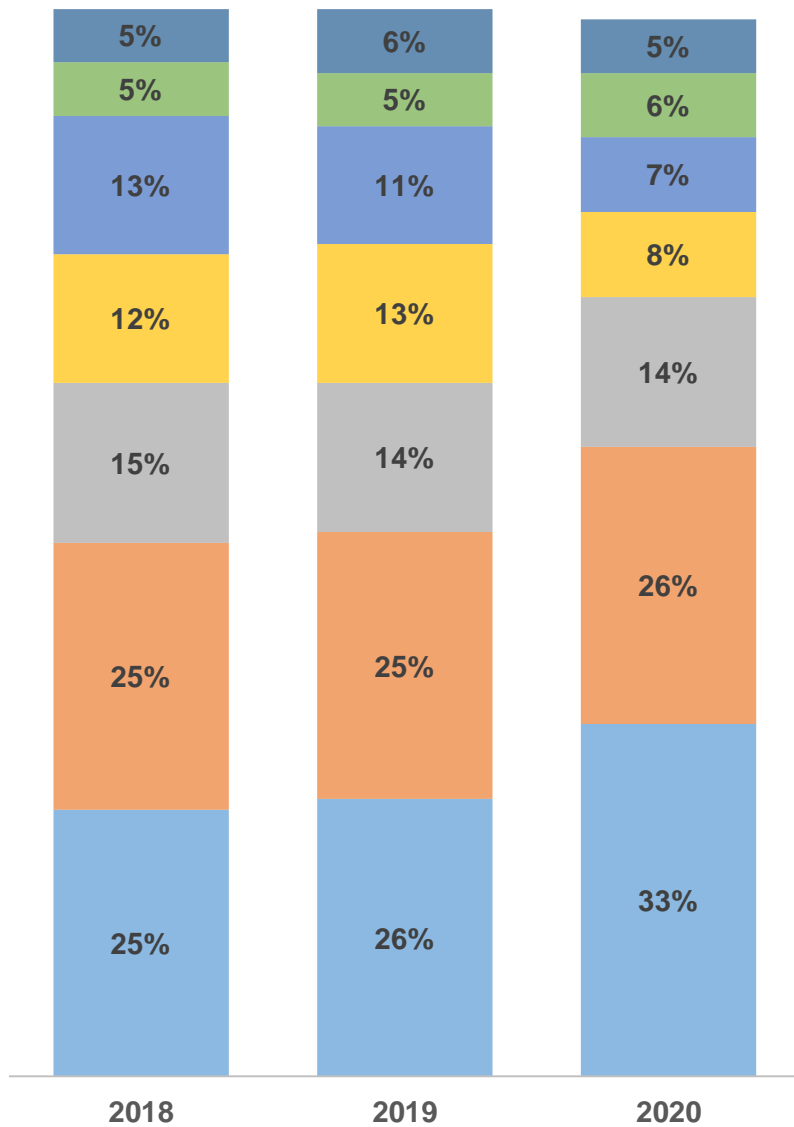
## ○ Passenger Demand Drop due to the Outbreak of COVID19

- Jan/Feb: Short-Haul Demand Contraction due to COVID19 in China & Southeast Asia
- March : All routes under the Impact of COVID19, especially in Europe / USA

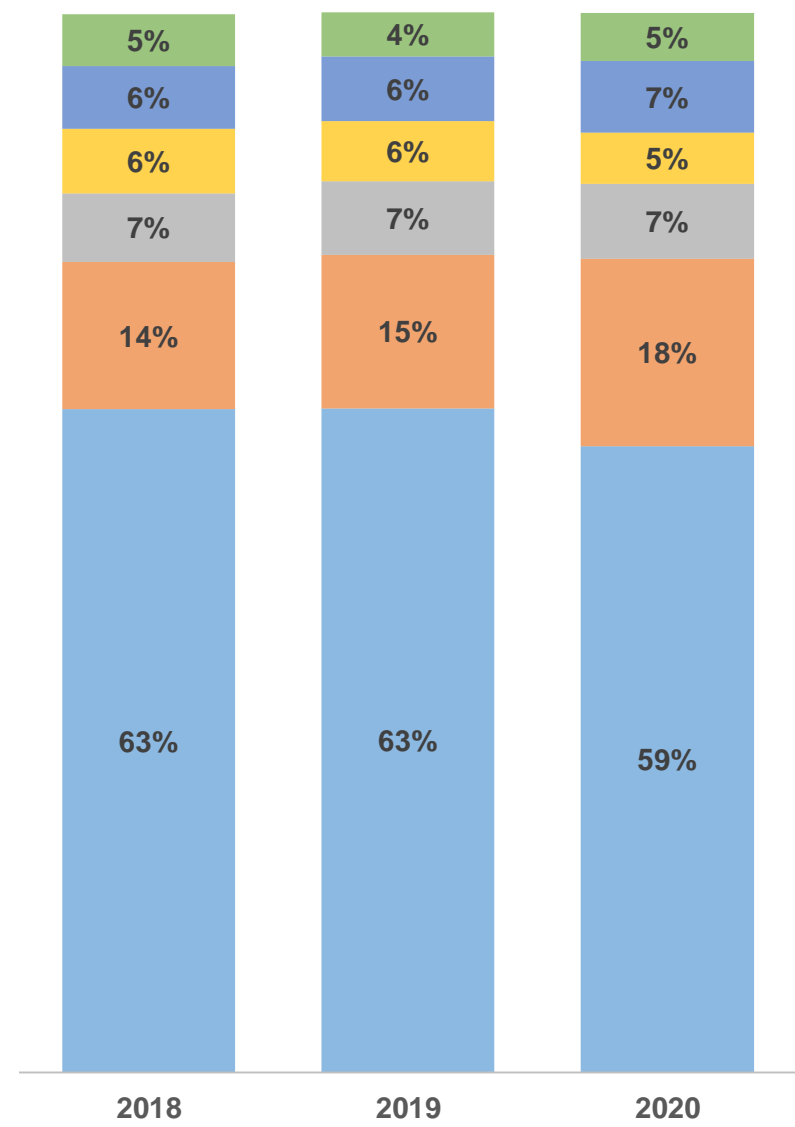


	2018	2019		2020	
	Q1	Q1	YoY	Q1	YoY
ASK (mil. km)	24,446	24,570	0.5%	18,982	△22.7%
RPK (mil. km)	19,351	19,702	1.8%	13,895	△29.5%
L/F	79.2%	80.2%	1.0%	73.2%	△7.0%p

# Passenger Business – Sales by Route / Region



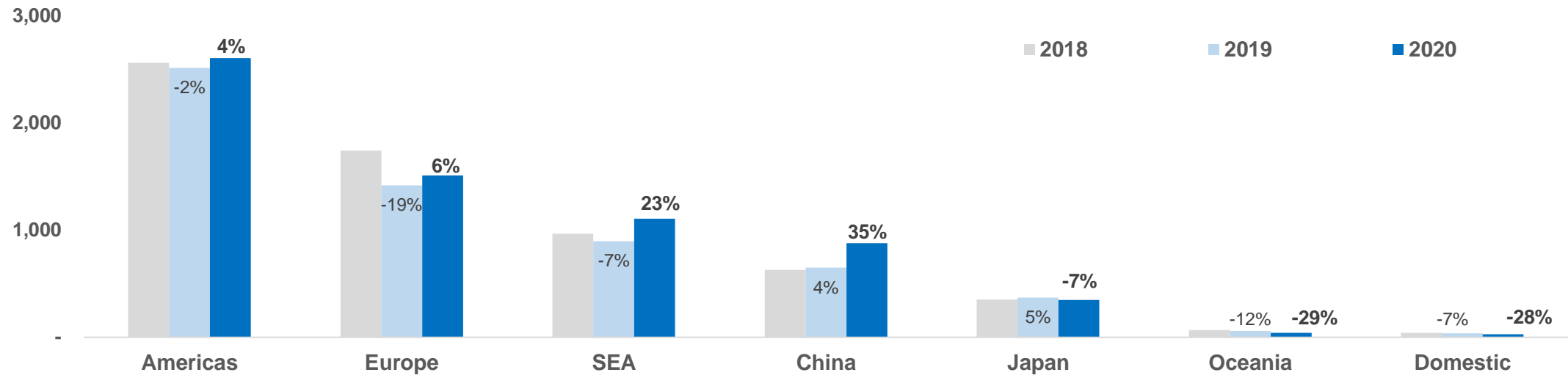
Sales by Route



Sales by Region

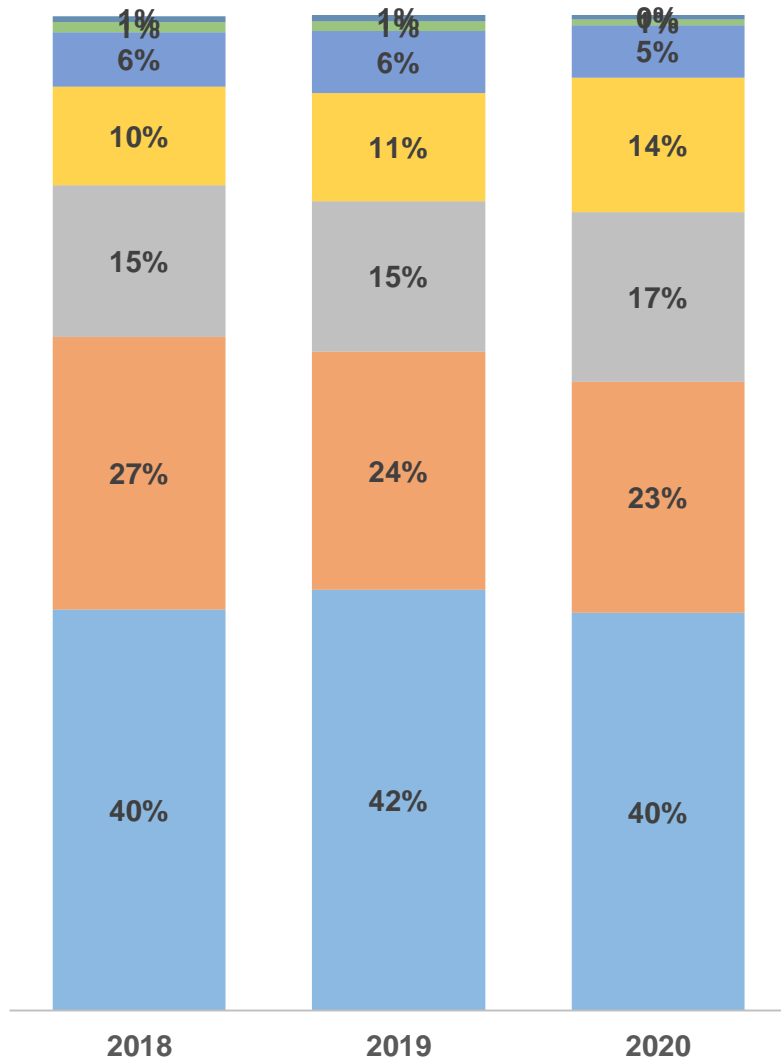
# Cargo Business

- Increase of Medical Products vs. Decrease of Other Air Cargo Shipment
- Shortage of Air Cargo Supply due to Passenger Aircraft Suspensions & Belly Space Decrease

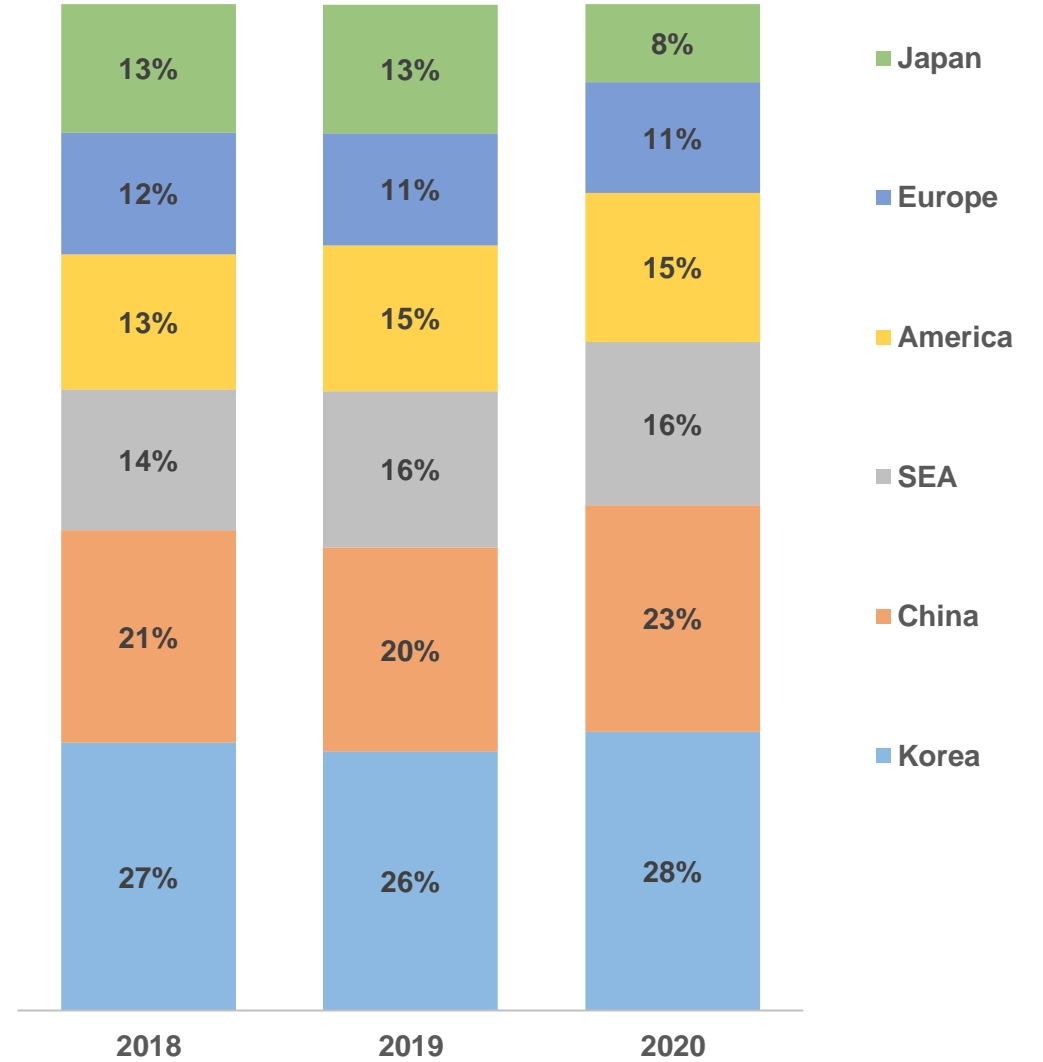


	2018	2019		2020	
	Q1	Q1	YoY	Q1	YoY
AFTK (mil km)	2,620	2,603	△0.6%	2,481	△4.7%
FTK (mil km)	2,009	1,821	△9.4%	1,878	3.1%
L/F	76.7%	70.0%	△6.7%	75.7%	5.7%p

# Cargo Business – Sales by Route/Region



Sales by Route



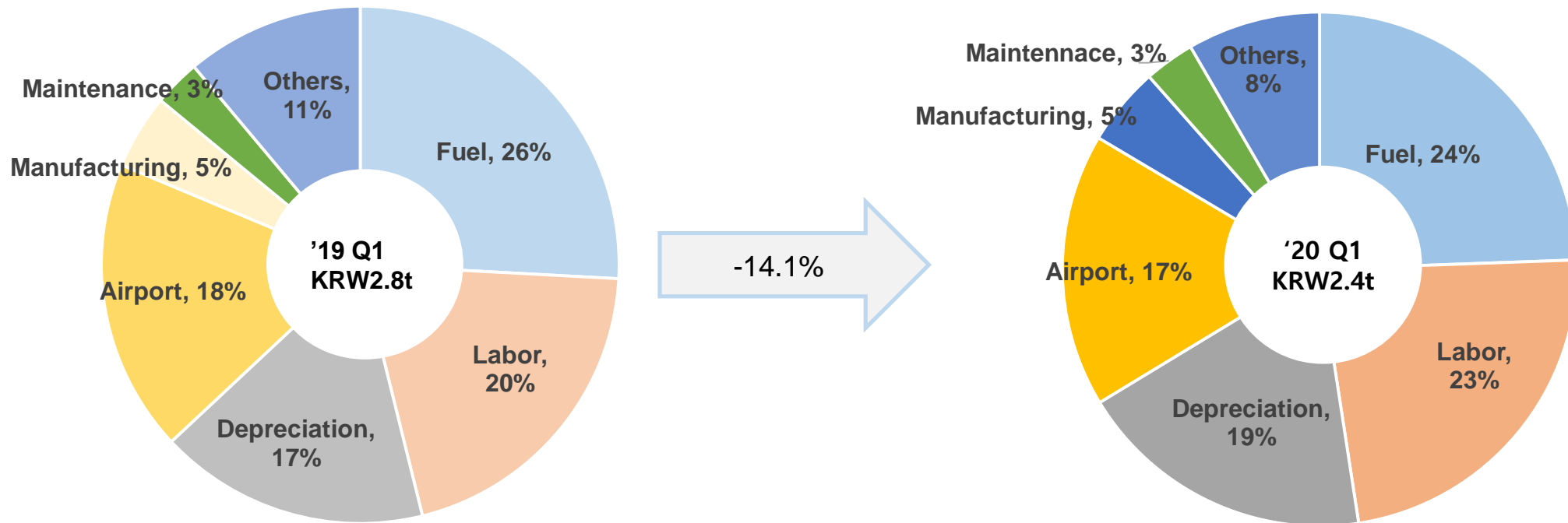
Sales by Region



# Operating Expense

## ○ Operating Expense: ₩2.4trillion: (-₩394B, -14.1% yoy)

- Fuel ₩600m (-₩136B, -18.8%) : Consumption Decrease
- Labor ₩600m (-₩11B, -1.9%) : Decrease of Flight Hours
- Dep ₩500m (-₩22B, -4.6%) : Change of Aircraft Amortizing Period (15 years ⇒ 20 years)



# Passenger Business Outlook & Plan

## ❖ Impact of COVID19 to be continued

- Europe/US under COVID19 impact in Q2
- Cross-border travel to be suspended but eased after May
- Domestic demand to recover as the number of patients drop in Korea

## ❖ Proactively Manage Supply in Preparation for Demand Recovery

- Gradual Schedule Recovery from June
- Support Expat Homecoming Charters & Business Charters

## ❖ Secure Long-Term Growth Potential

- Strategic Partnership for Revenue Diversification: Private Label Credit Card launched in April
- Online Service Enhancement: Homepage & App Renewal, In-Flight AVOD Update

# Cargo Business Outlook & Plan

## ❖ Maximize Supply for Profit improvement

- Maximize Freighter Operation in respond to Passenger Operation Decrease
- Utilize Passenger Aircraft for Emergent Cargo such as Medical Products

## ❖ Continue Sales with Global Manufacturers and Major Forwarders

- Continue IT Facilities & E-Commerce Transfer Demand
- Capture Recurring Demand with Global Forwarders

## ❖ Customize Service for High-Profit Products

- Expand Sales for Fresh/Medical/E-Commerce Products Transfer
- Customize Transportation for Each Product Type

# 항공기 보유 현황

Aircraft	Type	December 31, 2019	March 31, 2020
Wide-body	A380	10	10
	A330	29	29
	B747-400	2	2
	B747-8I	10	10
	B777	44	44
	B787-9	10	10
Narrow-body	B737-800/900	31	29
	A220 (CS300)	10	10
Passenger		146	144
Freighter	B747F	4	4
	B747-8F	7	7
	B777F	12	12
Cargo		23	23
Total		169	167

- B737-MAX8: delivery delayed until safe is confirmed

**Thank you.**