



# **September 2004 Monthly Operating Result Summary**

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## **International Passenger Traffic Increased by 11.6%; Cargo Business Surged 15.2% To Meet Festive Demand**

**The month of September is like a junction.** As the hot summer holiday demand in passenger traffic cools down, the cargo business prepares for the increased demand for Thanksgiving and year-end.

As a result of continued weak demand on domestic passenger services, the company suspended the service of two routes, Gimpo-Yangyang and Gimpo-Yeosu. On the domestic routes, passenger supply (ASK) was reduced by 18.1%, with demand (RPK) down by 17.5%. However the load factor increased slightly by 0.4% compared to the previous year. The company will continue to reduce its domestic services to adjust its capacity with diminishing domestic air demands.

On the other hand, international routes continue to fuel an 11.6% year-on-year increase as the newly introduced Shanghai and Prague routes continue to sustain demands. The Chusuk holiday, Korea's Thanksgiving, also fueled an increase in traffic.

On the cargo front, the months from September to November are the peak season for the airlines. The volumes of last-minute order and growing demands from China and to the US and Europe pushed the overall demand (RPK) by 15.2%.

In order to prevent bottlenecks at Incheon International Airport during the peak season and to boost profitability, the company reduced its supply to Southeast Asia, which has lower yield, and to give priority to air cargo departing from Korea to markets with better yield.

For the China region, manufacturers wanted to ship out all the traffics before early October, to avoid shipments from getting trapped during the weeklong Chinese National holidays. The cargo traffic, backed by the usual seasonal demand, saw an increase of 44% year-on-year. With growing volumes of semiconductors and LCDs manufactured by Samsung and LG, which are exported to America and Europe, the company's cargo business is enjoying robust demand. For the American region, demand for auto parts from Japan via Incheon pushed traffic to shoot up by 12.3% compared to the last year. For the European region, salmon exports to Japan from Northern Europe also led to cargo traffic increase by 30.5%.

			September			Accumulated (Jan-Sep)		
			2004	2003	Change	2004	2003	Change
<b>P A S S E N G E R</b>	ASK (Million)	Domestic	474.3	579.1	-18.1%	4,921.0	5,218.0	-5.7%
		Japan	330.2	300.8	9.8%	2,961.3	2,637.6	12.3%
		China	181.3	137.4	32.0%	1,467.6	972.4	50.9%
		SE Asia	833.7	773.0	7.8%	7,693.6	6,014.8	27.9%
		Oceanic	519.9	552.7	-5.9%	5,192.0	5,221.6	-0.6%
		America	2,046.5	1,882.0	8.7%	18,267.3	17,545.7	4.1%

C A R G O		Europe & M. East	1,008.9	778.4	29.6%	7,696.9	6,121.0	25.7%
		Int'l total	4,920.6	4,424.3	11.2%	43,278.7	38,513.2	12.4%
		<b>Total</b>	<b>5,394.9</b>	<b>5,003.4</b>	<b>7.8%</b>	<b>48,199.8</b>	<b>43,731.1</b>	<b>10.2%</b>
	RPK (Million)	Domestic	281.3	341.1	-17.5%	3,003.9	3,330.3	-9.8%
		Japan	249.6	217.3	14.9%	2,201.6	1,774.1	24.1%
		China	111.6	88.3	26.3%	982.7	609.8	61.2%
		SE Asia	521.6	484.8	7.6%	5,345.4	4,110.5	30.0%
		Oceanic	323.6	338.1	-4.3%	3,439.7	3,458.1	-0.5%
		America	1,503.2	1,330.5	13.0%	14,219.3	12,067.7	17.8%
		Europe & M. East	736.8	630.4	16.9%	5,382.0	4,385.0	22.7%
		Int'l total	3,446.6	3,089.5	11.6%	31,570.7	26,405.2	19.6%
		<b>Total</b>	<b>3,727.8</b>	<b>3,430.6</b>	<b>8.7%</b>	<b>34,574.7</b>	<b>29,735.5</b>	<b>16.3%</b>
	Carried Person	Domestic	797,015	1,007,607	-20.9%	8,616,497	9,760,026	-11.7%
		International	843,926	759,029	11.2%	7,727,526	6,263,567	23.4%
		<b>Total</b>	<b>1,640,941</b>	<b>1,766,636</b>	<b>-7.1%</b>	<b>16,344,023</b>	<b>16,023,593</b>	<b>2.0%</b>
	AFTK (Million)	Domestic	14.7	21.3	-31.2%	154.8	170.2	-9.1%
		Japan	18.1	16.0	12.7%	154.7	146.5	5.6%
		China	13.5	8.2	64.3%	101.6	60.9	67.0%
		SE Asia	133.7	133.4	0.2%	1,243.0	1,128.5	10.1%
		Oceanic	17.4	18.0	-3.6%	167.8	165.7	1.3%
		America	504.0	461.7	9.1%	4,255.7	3,919.3	8.6%
		Europe & M. East	260.1	183.9	41.5%	2,028.1	1,504.9	34.8%
		Int'l total	946.7	821.3	15.3%	7,950.9	6,925.7	14.8%
		<b>Total</b>	<b>961.4</b>	<b>842.6</b>	<b>14.1%</b>	<b>8,105.7</b>	<b>7,095.9</b>	<b>14.2%</b>
FTK (Million)		Domestic	8.5	8.4	1.2%	79.0	75.1	5.2%
		Japan	13.5	11.9	12.8%	114.3	102.0	12.1%
		China	9.5	6.6	44.0%	66.0	43.0	53.5%
		SE Asia	102.3	97.0	5.5%	975.0	822.7	18.5%
		Oceanic	10.6	12.6	-16.1%	101.6	123.5	-17.7%
		America	366.6	326.5	12.3%	3,221.9	2,740.2	17.6%
	Europe & M. East	189.8	145.4	30.5%	1,578.4	1,159.8	36.1%	
	Int'l total	692.2	600.0	15.4%	6,057.2	4,991.1	21.4%	
	<b>Total</b>	<b>700.8</b>	<b>608.4</b>	<b>15.2%</b>	<b>6,136.2</b>	<b>5,066.2</b>	<b>21.1%</b>	
Carried Ton		171,354	152,823	12.1%	1,488,560	1,281,278	16.2%	