



3Q 2005 Financial Results

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* Financial Performance

(in billion KRW)

	Compared to 3Q 2004			Compared to 2Q		YTD		
	2005	2004	Change (%)	2Q 05	Change (%)	2005	2004	Change (%)
Operating Revenue	2,120.8	1,986.5	6.8	1,779.6	19.2	5,602.7	5,343.8	4.8
Dom Passenger	178.7	166.4	7.4	159.6	11.9	472.1	495.2	-4.7
Int'l Passenger	1,124.0	998.5	12.6	860.6	30.6	2,817.1	2,539.6	10.9
Cargo	589.1	589.6	-0.1	537.5	9.6	1,657.2	1,665.8	-0.5
Others	229.0	232.0	-1.3	221.9	3.3	656.3	643.2	2.0
Operating Expense	1,852.8	1,772.9	4.5	1,702.4	8.8	5,196.0	4,964.0	4.7
Fuel	568.9	439.1	29.6	485.1	17.3	1,443.7	1,114.4	29.6
Maintenance	63.6	67.9	-6.2	50.3	26.5	192.3	194.2	-1.0
Labor	226.3	242.1	-6.5	238.0	-4.9	687.5	693.2	-0.8
Depreciation	161.4	169.4	-4.7	158.4	1.9	502.0	485.9	3.3
Rentals	86.5	114.3	-24.3	78.1	10.7	259.6	339.2	-23.5
Ground Handling	66.2	68.3	-3.1	63.2	4.8	195.4	199.4	-2.0
Landing Fee	52.4	50.6	3.5	49.5	5.8	151.4	149.1	1.5
Selling/General	335.0	331.4	1.1	300.5	11.5	930.3	951.0	-2.2
Others	292.4	289.8	1.1	279.2	4.7	833.8	837.0	-0.5
Operating Profit	268.1	213.6	25.5	77.2	247.3	406.7	379.8	7.1
Non-op Income	67.6	79.2	-14.6	38.9	73.8	198.6	407.3	-51.3
FX Translation Gain	9	27.2	-96.6	0	2,138.1	46.0	245.4	-81.2
Others	66.7	52.0	28.3	38.9	71.5	152.6	161.9	-5.7
Non-op Expenses	183.8	155.7	18.0	119.6	53.7	387.5	433.3	-10.6
Interest Expense	95.1	105.2	-9.6	98.4	-3.3	287.6	303.7	-5.3
FX Translation Loss	61.4	0	-	0	-	0.3	0	-
Others	27.3	50.5	-45.9	21.2	318.4	99.6	129.6	-23.1
Recurring Profit	151.8	137.1	10.8	-3.5	Turned to profit	217.8	353.9	-38.5
Net Profit	154.2	97.2	58.7	-42.5	Turned to profit	171.0	300.8	-43.1

* Operating Performance

	Compared to 3Q 2004			Compared to 2Q		YTD		
	2005	2004	Change (%)	2 Q	Change (%)	2005	2004	Change (%)
Dom Passenger								
ASK(Million Km)	1,482	1,564	-5	1,504	-1	4,407	4,921	-10
RPK(Million Km)	998	950	5	1,017	-2	2,826	3,004	-6
L/F(%)	67.4	60.7	6.7%p	67.6	-0.2%p	64.1	61.0	3.1%p
Yield(Cent)	17.08	14.81	15	15.24	12	16.04	13.85	16
Int'l Passenger								
ASK(Million Km)	16,959	15,887	7	15,378	10	47,215	43,480	9
RPK(Million Km)	12,885	11,812	9	11,158	15	34,358	31,718	8
L/F(%)	76.0	74.3	1.7%p	72.6	3.4%p	72.8	72.9	-0.1%p
Yield(Cent)	7.74	6.63	17	6.98	11	7.31	6.21	18
Cargo								
AFTK(Million Km)	2,804	2,943	-5	2,664	5	8,117	8,113	0
FTK(Million Km)	2,057	2,152	-4	1,996	3	6,014	6,142	-2
L/F(%)	73.4	73.1	0.3%p	74.9	-1.5%p	74.1	75.7	-1.6%p
Yield(Cent)	26.02	22.06	18	24.92	4	25.23	21.60	17

Operating revenue for the 3Q 2005 went up by 6.8% yoy. Although ASK for domestic passenger went down 5%, domestic revenue increased by 7.4% as load factor and yield increased by 6.7%p and 15% respectively over the same period in 2004. Revenue from international passenger grew by 12.6%, thanks to a 9% growth in RPK and fuel surcharges on all routes that helped lift yield(USD) up to 17% during the quarter.

In the meantime, cargo operation, which showed some drastic growth in 2004, went down by 4% in terms of FTK and by 0.1% in revenue (yoy) during the quarter. The increased yield of 18% (yoy) contributed to minimize the impact on the revenue despite the larger decrease of FTK.

Operating expenses also went up by 4.5% yoy. Jet fuel, which comprises the largest portion of the total expense, increased 29.6% and led to the rise of operating expenses.

However, profit margin for 3Q(12.6%) was 1.8%p higher than that of the last year (10.8%) due to the decrease in rent (24.3%), labor (6.5%), and maintenance cost (6.2%).

Net foreign exchange translation losses, which usually have a large impact on non-operating income, were 60.5billions in KRW due to the weakened Korean won in the 3Q.

FUEL	Compared to 3Q 2004			Compared to 2Q		YTD		
	2005	2004	Change (%)	2Q	Change (%)	2005	2004	change (%)
Price (Cent)	185.16	125.67	47.3	171.39	8.0	166.29	114.14	45.7
Vol. (000 Gallon)	300,540	298,305	0.7	279,591	7.5	853,115	831,768	2.6
Hedge (000 bbl)*	900	0	-	300	200.0	1,200	0	-

* For the coming 4th quarter, 15~30% of monthly volume hedged

* 1 barrel = 42 gallons

Although Jet fuel price in USD went up 47.3% yoy, the price in KRW went up less (29.6%) due to the Korean Won appreciation. (3Q05/3Q04)

Exchange Rate (internal estimate)	04/3/31	6/30	9/30	12/31	05/3/31	6/30	9/30
KRW/USD	1,153.6	1,152.5	1,147.9	1,043.8	1,024.3	1,024.4	1,038.0

* Financial Position

As at the end of 3Q 2005, total assets and total liabilities each went down 0.7% and 2.8% while shareholder's equity went up 4.7%. Debt to equity ratio was down to 242% or 14%p from the 256% at the end of 2004. Interest bearing debt, which was at 8.1 trillion KRW in 2004, was reduced by 3.7% to 7.8trillion KRW in 2005.

Key Figures	2005/9/30	2004/12/31
Debt/Equity ratio	242%	256%
EBITDAR margin	24.4%	14.4%
Fixed charge coverage ratio	2.98	1.50
PBR	31.8%	32.5%

* Fleet Status

In order to meet the growing demand for international travel, we took delivery of a passenger jet in the 3Q. As of the end of September 2005, we are operating a fleet of 116 aircraft.

* Introduction: 1 B777-200

Fleet Type	4Q 2004	1Q 2005	2Q	3Q
B747-400	24	24	24	24
B747-300	1	1	1	1
B777-300	4	4	4	4
B777-200	9	9	10	11
A330-200	3	3	3	3
A330-300	16	16	16	16
A300-600	10	10	10	10
B737-800	14	14	14	14
B737-900	15	14	15	15
<i>Passenger Total</i>	<i>96</i>	<i>95</i>	<i>97</i>	<i>98</i>
B747-400F	15	15	15	15
B747-300F	1	1	1	1
MD11F	3	2	0	0
B747-200F	2	2	2	2
<i>Cargo Total</i>	<i>21</i>	<i>20</i>	<i>18</i>	<i>18</i>
Total	117	115	115	116

Fleet utilization rate improved by 6.2% for passenger and 3.4% for cargo respectively over the same period last year.

Utilization Rate (Hour/Day)	3Q 2005 compared to 3Q 2004			Compared to 2Q 2005		YTD		
	2005	2004	Change (%)	2Q 05	Change (%)	2005	2004	Change (%)
Passenger Jet	10.3	9.7	6.2	9.9	4.0	9.9	9.5	4.2
Cargo Jet	15.0	14.5	3.4	15.3	-2.0	14.8	14.2	4.2
<i>Total</i>	<i>11.0</i>	<i>10.6</i>	<i>3.8</i>	<i>10.8</i>	<i>1.8</i>	<i>10.7</i>	<i>10.3</i>	<i>3.9</i>

* Routes

Suspended: 7/11 Incheon/Luxembourg (Cargo)

* Please see the attachment for 2005 3Q BSPL