



# 2009 1Q Financial Release

May 7<sup>th</sup> 2009

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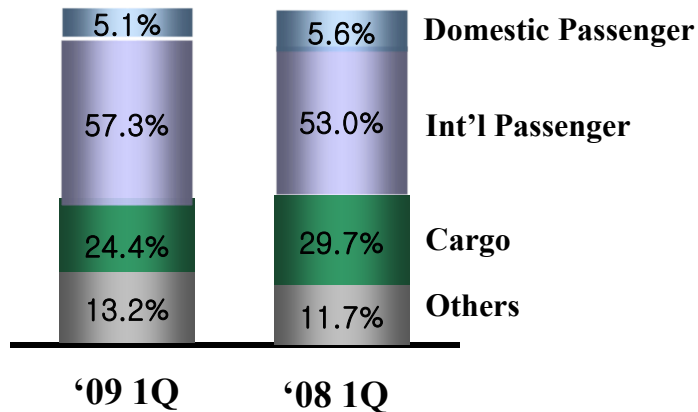
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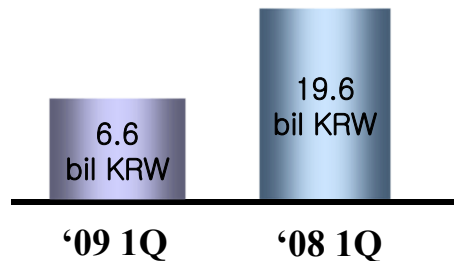
# Summarized Income Statement

(Unit : billion KRW)

Operating Revenue 0.01% ↓



Operating Profit 66.3% ↓

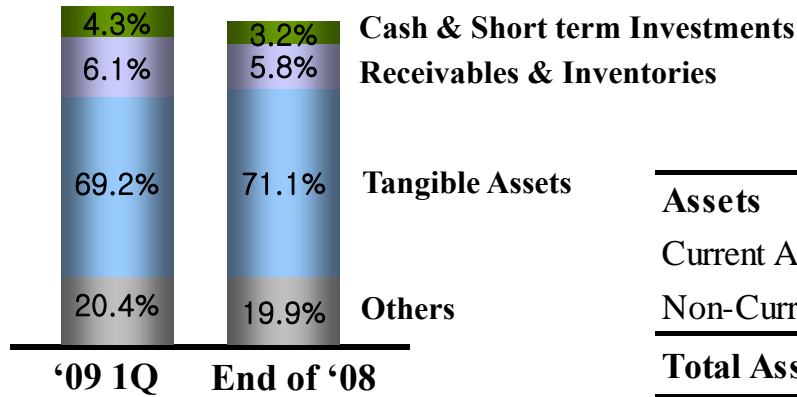


1Q Results

	2009	2008	YOY
<b>Operating Revenue</b>	<b>2,264.4</b>	<b>2,264.7</b>	<b>- 0.01%</b>
Operating Expense	2,257.8	2,245.1	0.6%
<b>Operating Profit</b>	<b>6.6</b>	<b>19.6</b>	<b>-66.3%</b>
Non-operating Revenue	334.1	140.2	138.3%
Non-operating Expense	1,014.6	610.9	66.1%
<b>Income before Tax</b>	<b>-673.9</b>	<b>-451.1</b>	-
Income Tax	-147.6	-125.7	-
<b>Net Income</b>	<b>-526.3</b>	<b>-325.5</b>	-

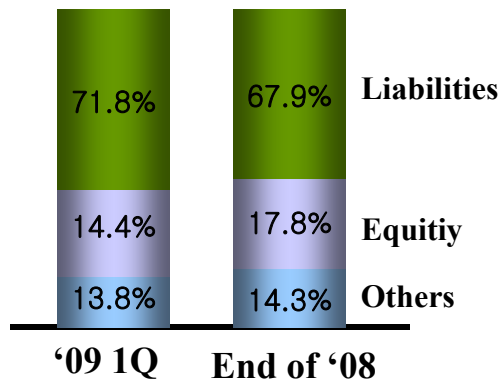
# Summarized Balance Sheet

## Asset Composition



(Unit : billion KRW)

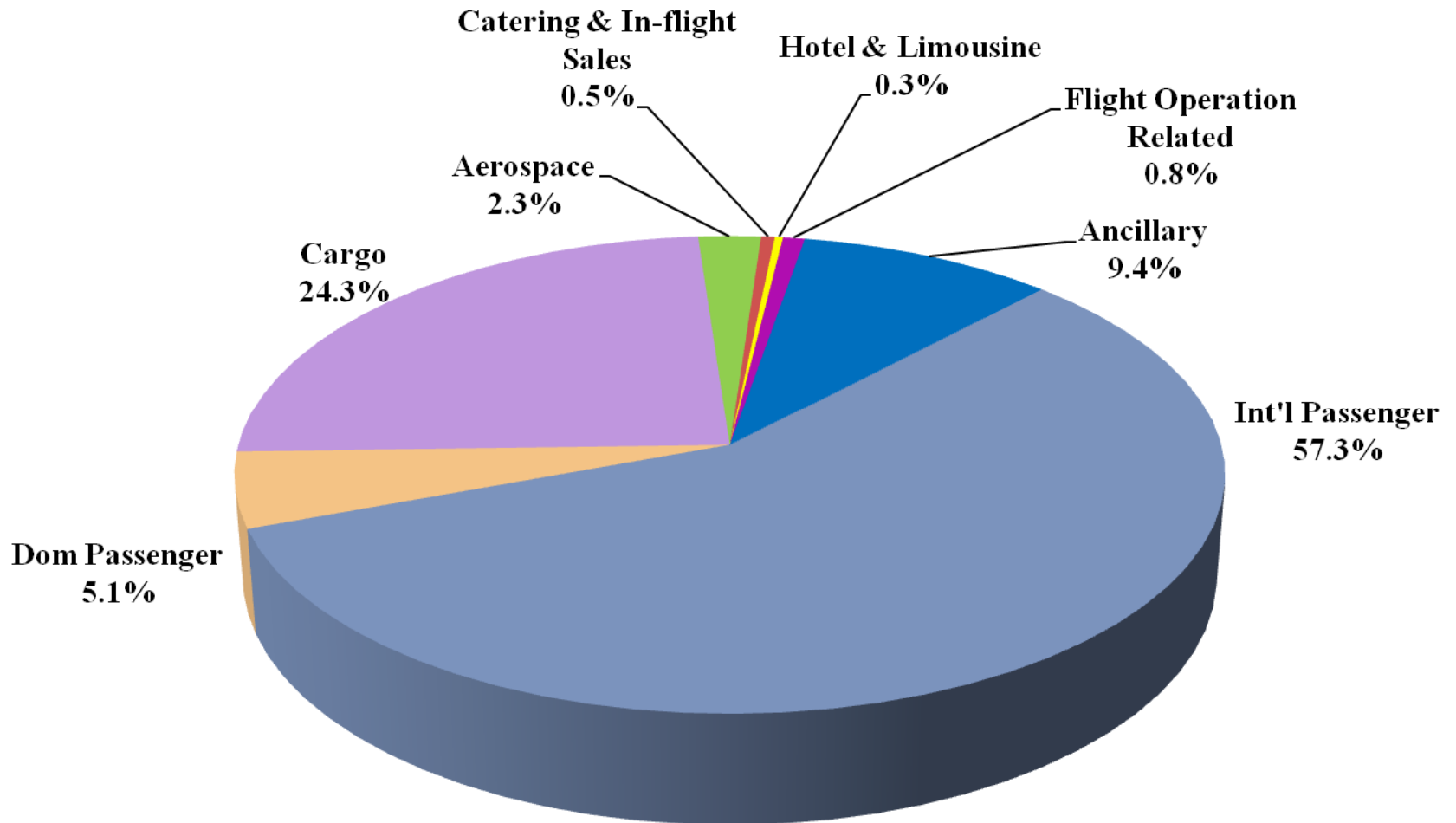
## Liabilities/Equity Composition



	'09 1Q	End of '08	Changes	
			Amount	%
<b>Assets</b>				
Current Assets	2,342.3	1,975.6	366.7	18.6%
Non-Current Assets	14,021.5	13,892.0	129.5	0.9%
<b>Total Assets</b>	<b>16,363.8</b>	<b>15,867.6</b>	<b>496.2</b>	<b>3.1%</b>
<b>Liabilities</b>				
Current Liabilities	4,707.5	4,288.5	419.0	9.8%
Non-Current Liabilities	9,306.8	8,755.7	551.1	6.3%
<b>Total Liabilities</b>	<b>14,014.3</b>	<b>13,044.2</b>	<b>970.1</b>	<b>7.4%</b>
<b>Shareholder's Equity</b>				
Common Stock	366.8	366.8	0.0	0.0%
Capital Surplus	2,108.8	3,008.8	Δ900.0	-29.9%
R/E	Δ542.2	Δ915.9	373.7	-
Capital Adjustment	416.1	363.8	52.3	14.4%
<b>Total S/H's Equity</b>	<b>2,349.5</b>	<b>2,823.4</b>	<b>Δ473.9</b>	<b>-16.8%</b>

# Revenue Breakdown

Operating Revenue 2,264.4 Billion KRW



# Traffic Figures

		2009 1Q	2008 1Q	YOY
<b>Domestic Passenger</b>	Capacity (mil ASK)	1,069	1,191	-10.2%
	Traffic (mil RPK)	623	764	-18.5%
	L/F (%)	58.3%	64.1%	-5.8%p
	YIELD(Cent)	13.0	17.2	-24.4%
	YIELD(KRW)	181.5	163.4	11.1%
<b>International Passenger</b>	Capacity (mil ASK)	18,077	17,841	1.3%
	Traffic (mil RPK)	12,367	12,767	-3.1%
	L/F (%)	68.4%	71.6%	-3.2%p
	YIELD (Cent)	6.99	9.2	-24.0%
	YIELD (KRW)	97.3	87.2	11.6%

# Traffic Figures

		2009 1Q	2008 1Q	YOY
<b>Cargo</b>	Capacity (mil AFTK)	2,708	3,134	-13.6%
	Traffic (mil FTK)	1,912	2,363	-19.1%
	L/F(%)	70.6%	75.4%	-4.8%p
	YIELD(Cent)	18.4	27.7	-33.5%
	YIELD(KRW)	258.2	262.7	-1.7%

# Operation Summary

## Passenger Business

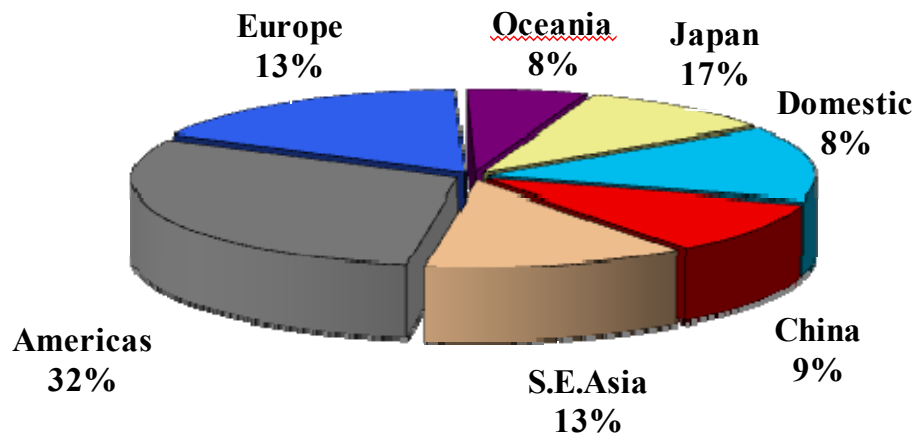
- ◆ **Capacity**
  - International capacity increased by 1%
  - Domestic capacity reduced by 10%
- ◆ **Traffic**
  - Traffic dropped in leisure routes such as SEA and Oceania
  - Traffic increased in America and Japan routes due to Visa Waiver Agreement and strengthening of JPY
- ◆ **Revenue** : Increased by 8% (YOY)
- ◆ **Expansion of overseas sales – in response to weakening of KRW and dropped domestic market sales**
  - Overseas sales revenue increased by 66% (YOY)
  - Japan region sales revenue increased 150% (YOY) from strengthened JPY

## Cargo Business

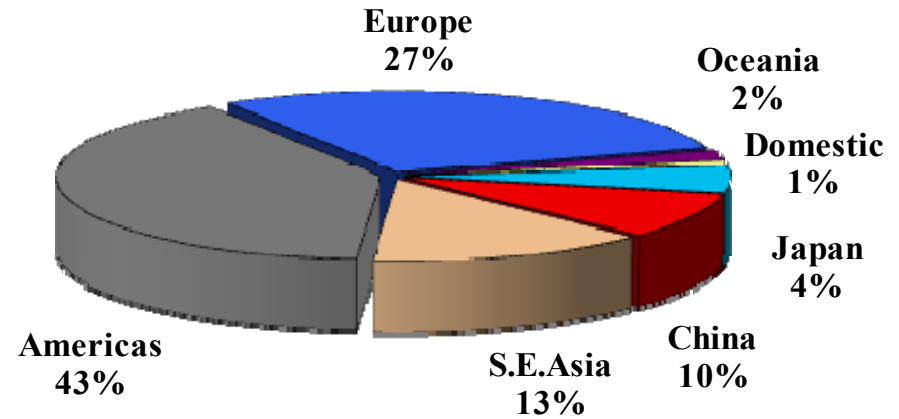
- ◆ **Capacity** : Decreased 14%
- ◆ **Traffic** : Decreased 19%
- ◆ **Maximize profitability through active sales promotion, capacity reduction and route restructuring**
- ◆ **Korea outbound traffic of IT products has turned around to recovery since March while overseas traffic continues to be slow**

# Revenue by Route

## Passenger



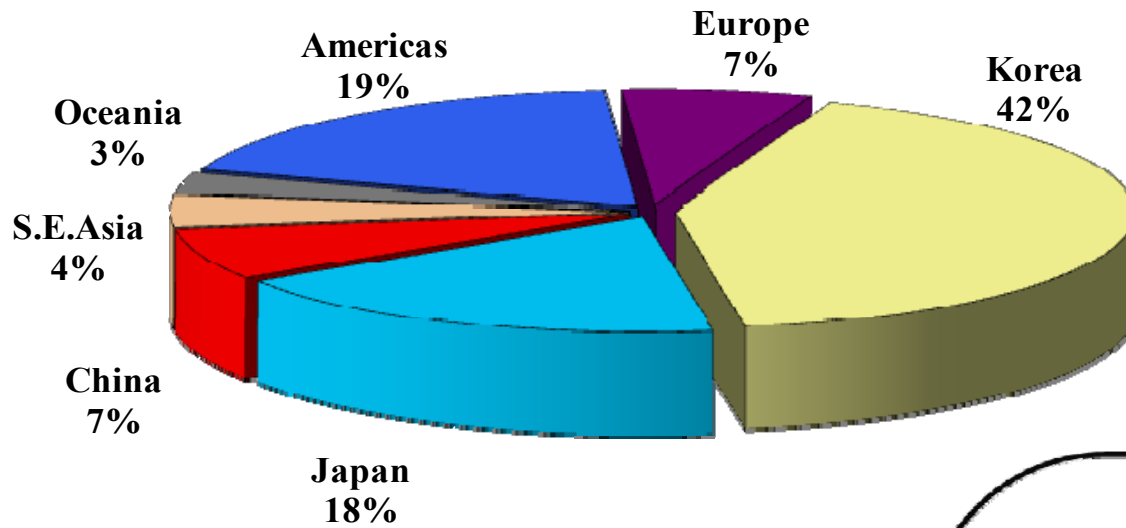
## Cargo



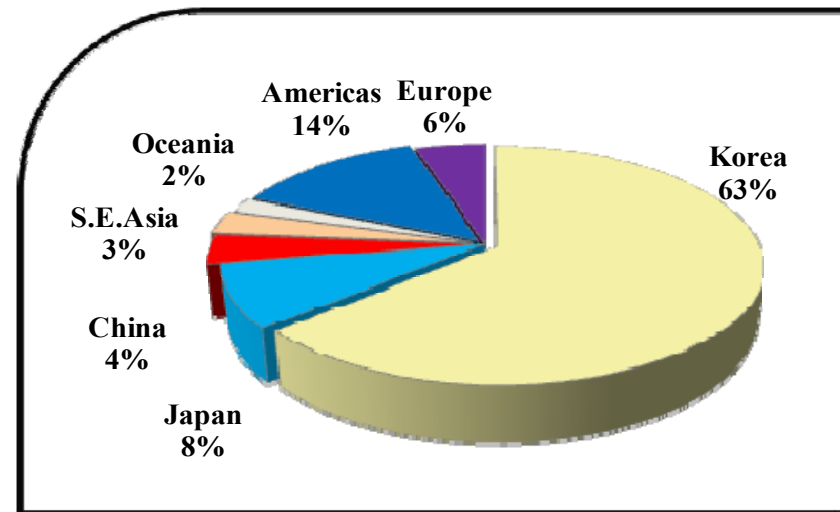
# Revenue by Region

Passenger Business

FY2009 1Q



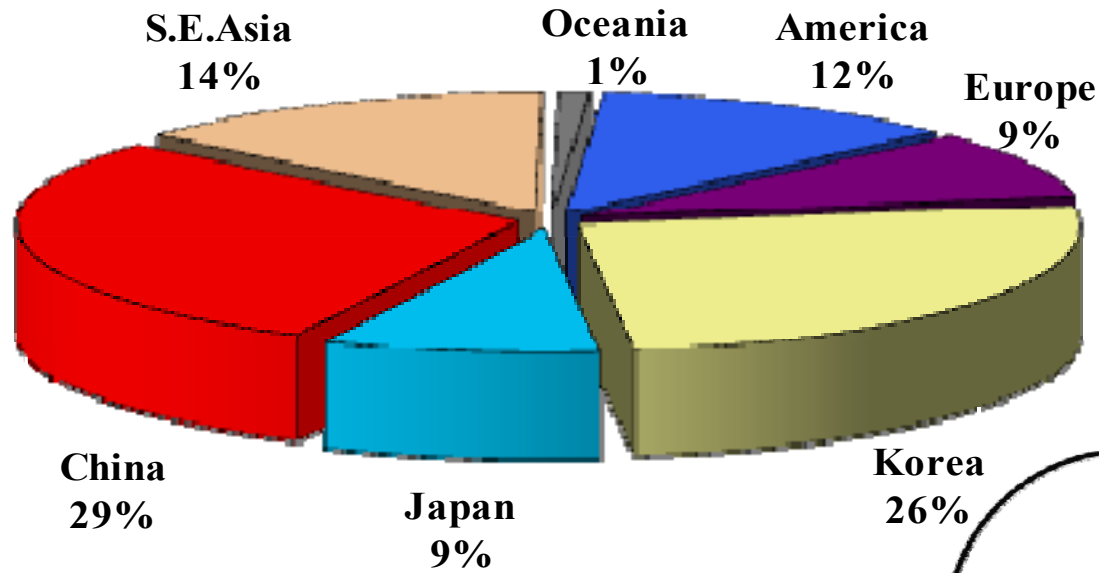
FY2008 1Q



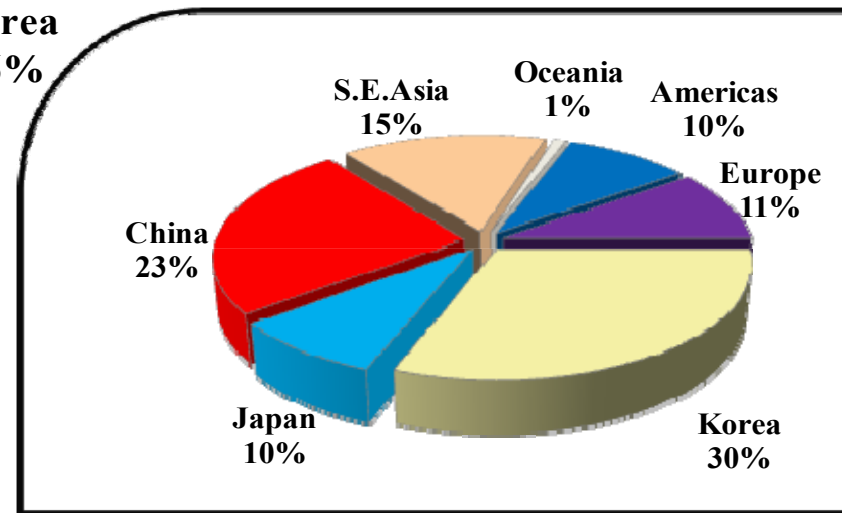
# Revenue by Region

## Cargo Business

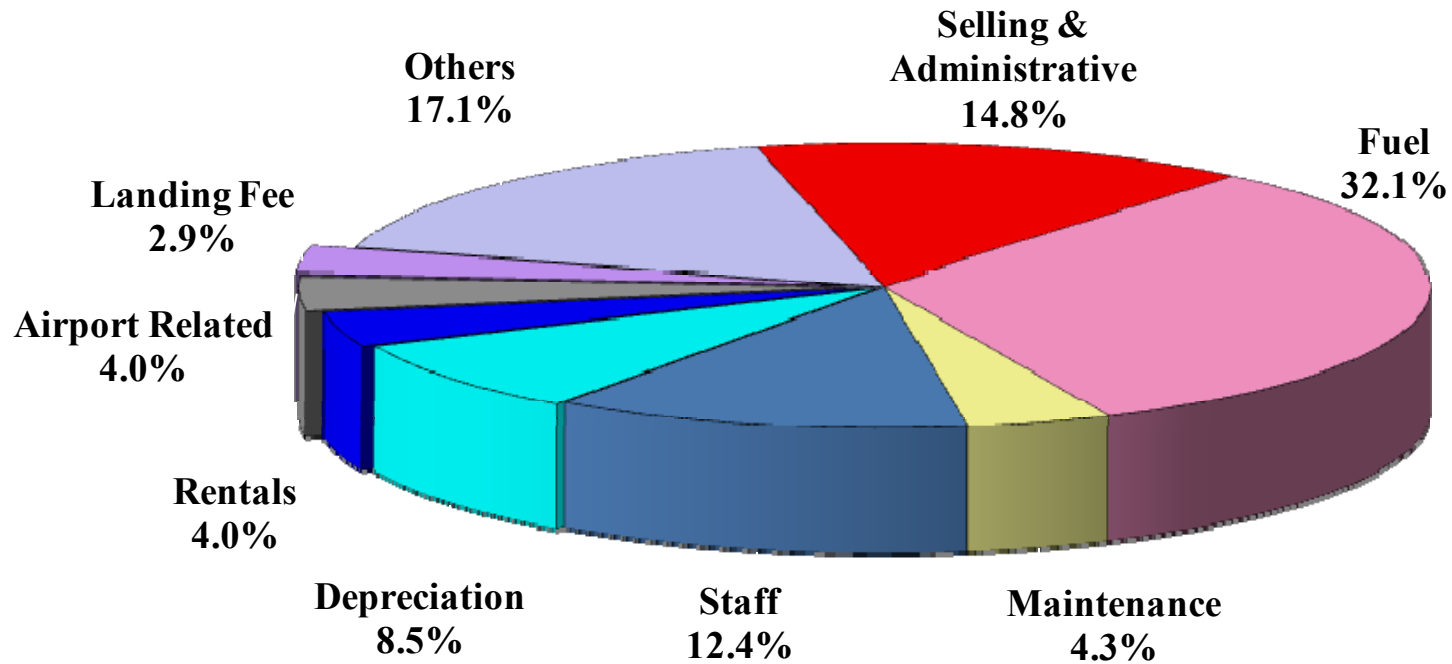
FY2009 1Q



FY2008 1Q



# Composition of Operating Expenses



Total Operating Expenses 2,257.8 billion KRW

# Key Expenses

(unit : billion KRW)

	2009 1Q	2008 1Q	YOY
<b>Aircraft Fuel</b>	725.7	811.6	-10.6%
Consumption(mil Gallons)	301	319	-5.6%
Average Price per Gallon( ¢ )	142.6	265.3	-46.2%
<b>Staff Cost</b>	347.0	337.7	2.8%
<b>Aircraft Rentals</b>	82.4	72.2	14.1%
No. of rented Aircrafts	25	32	-21.9%
<b>Aircraft Depreciation</b>	178.4	168.6	5.8%
No. of Aircraft	102	94	8.5%
<b>Interest Expenses</b>	138.2	112.1	23.3%
Outstanding Debt	11,240.8	8,376.9	34.2%

# Non-operating Income/Expenses

(unit : billion KRW)

	2009 1Q	2008 1Q	YOY
<b>Non-operating Income</b>	<b>334.1</b>	<b>140.2</b>	<b>138.3%</b>
Gain on Interest	9.4	9.7	-3.1%
Gain on FX Translation	138.6	84.5	64.0%
Gain on FX Transaction	76.5	9.2	731.5%
Gain on Asset Disposal	0.3	0.6	-50%
Gain on derivative Instruments	69.7	5.0	1,294%
Others	39.6	31.2	26.9%
<b>Non-operating Expenses</b>	<b>1,014.6</b>	<b>610.9</b>	<b>66.1%</b>
Interest Expenses	138.2	112.1	23.3%
Loss on FX Translation	614.9	377.4	62.9%
Loss on FX Transaction	167.3	15.7	965.6%
Loss on Asset Disposal	33.1	82.2	-62.5%
Loss on derivative Instruments	-	0.4	-%
Others	61.1	23.1	164.5%
<b>Non-operating Profit</b>	<b>-680.5</b>	<b>-470.7</b>	<b>-</b>

# Assets

(unit : billion KRW)

	2009 1Q	2008 1Q	YOY
<b>Current Assets</b>	<b>2,342.4</b>	<b>1,975.6</b>	<b>18.6%</b>
<b>Cash &amp; Cash Equivalents</b>	<b>582.4</b>	<b>494.5</b>	<b>17.8%</b>
<b>Non-current Assets</b>	<b>14,021.5</b>	<b>13,892.1</b>	<b>0.9%</b>
<b>Aircraft</b>	<b>8,227.3</b>	<b>8,465.1</b>	<b>-2.8%</b>
<b>Other Tangible Assets</b>	<b>1,594.3</b>	<b>1,580.2</b>	<b>0.9%</b>
<b>Total Assets</b>	<b>16,363.8</b>	<b>15,867.6</b>	<b>3.1%</b>

# Liabilities

(unit : billion KRW)

	2009 1Q	End of 2008	YOY
<b>Current Liabilities</b>	<b>4,707.5</b>	<b>4,288.5</b>	<b>9.8%</b>
<b>Financial Debt Amount</b>	<b>3,432.9</b>	<b>2,954.6</b>	<b>16.2%</b>
<b>Non-Current Liabilities</b>	<b>9,306.8</b>	<b>8,755.7</b>	<b>6.3%</b>
<b>Debentures, less Discount</b>	<b>2,709.1</b>	<b>2,544.7</b>	<b>6.5%</b>
<b>Long-term Debt</b>	<b>2,258.2</b>	<b>1,908.0</b>	<b>18.4%</b>
<b>Long-term obligations under installment purchases     &amp; Obligation under capital lease</b>	<b>3,289.3</b>	<b>3,305.5</b>	<b>-0.5%</b>
<b>Long-term debt assumed</b>	<b>54.1</b>	<b>52.8</b>	<b>2.5%</b>
<b>Long-term Non-trade payables</b>	<b>206.6</b>	<b>188.6</b>	<b>9.5%</b>
<b>Others</b>	<b>789.5</b>	<b>756.1</b>	<b>4.4%</b>
<b>Total Liabilities</b>	<b>14,014.3</b>	<b>13,044.2</b>	<b>7.4%</b>
<b>Debt Ratio</b>	<b>596%</b>	<b>462%</b>	<b>134%p</b>

# Borrowings

<b>(as of Mar 31, 2009)</b>	<b>Local</b>	<b>Balance (billion USD)</b>	<b>Weights</b>	<b>Average Interest Rate</b>
<b>USD</b>	<b>\$ 4.72 billion</b>	<b>4.72</b>	<b>55.4%</b>	
<b>KRW</b>	<b>4,672 billion</b>	<b>3.39</b>	<b>39.8%</b>	
<b>JPY</b>	<b>¥ 30.4 billion</b>	<b>0.31</b>	<b>3.6%</b>	
<b>EUR</b>	<b>€ 0.08billion</b>	<b>0.1</b>	<b>1.2%</b>	
<b>Total</b>		<b>8.52</b>	<b>100.0%</b>	<b>4.92%</b>

# Fleet Status

<b>Fleet Type</b>	<b>08 1Q</b>	<b>08 2Q</b>	<b>08 3Q</b>	<b>08 4Q</b>	<b>09 1Q</b>
<b>B747-400</b>	<b>23</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
<b>B777-200</b>	<b>16</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>B777-300</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>A330-200</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>A330-300</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>A300-600</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>B737-800</b>	<b>16</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>13</b>
<b>B737-900</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Pax A/C Total</b>	<b>102</b>	<b>102</b>	<b>101</b>	<b>100</b>	<b>100</b>
<b>B747-400F</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
<b>A300-600RSF</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Cargo A/C Total</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Total</b>	<b>126</b>	<b>126</b>	<b>125</b>	<b>124</b>	<b>124</b>