

# 2019 Earnings Release

2020.02.11



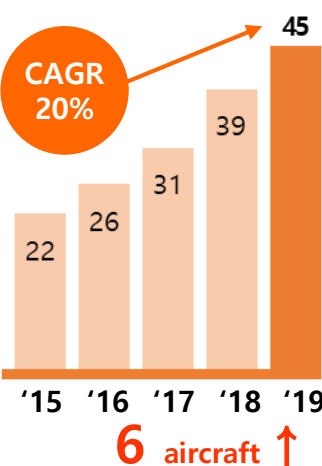
***JEJUair*** NEW STANDARD

This document contains parent results for 2019 based on K-IFRS. These statements involve risks and uncertainties, and actual results may differ.

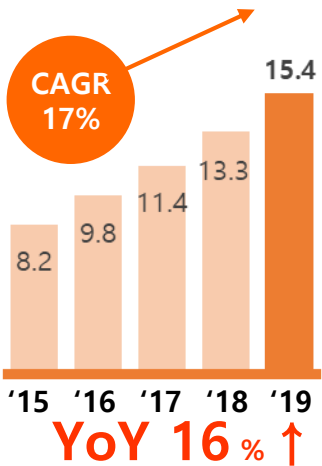
This document contains forward-looking statements—that is, statements related to future events, not past ones. In this context, forward-looking statements often address our expected future business and financial performance. These uncertainties may cause our actual results to be materially different from those expressed in this document.

# 1. 2019 Performance Review

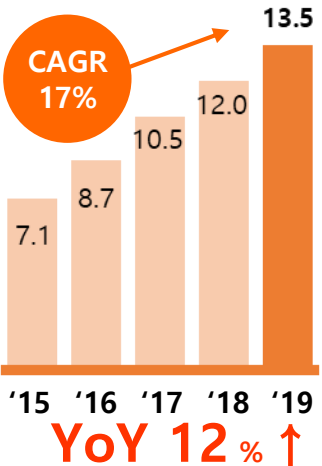
**45 Fleet**



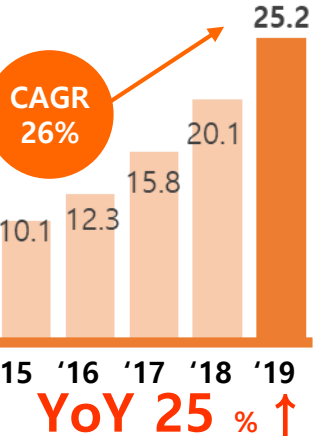
**Seats 15.4M**



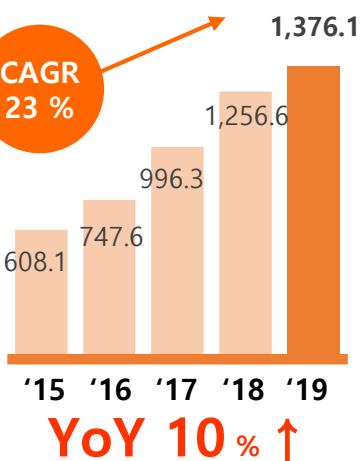
**PAX 13.5M**



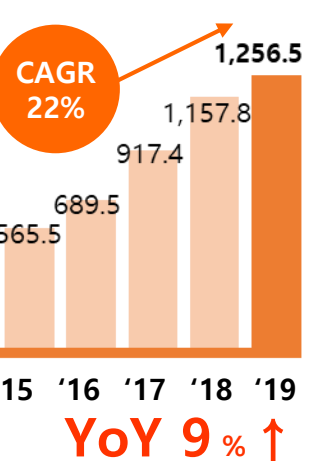
**ASK 25.2B km**  
(<sup>10^9</sup> km)



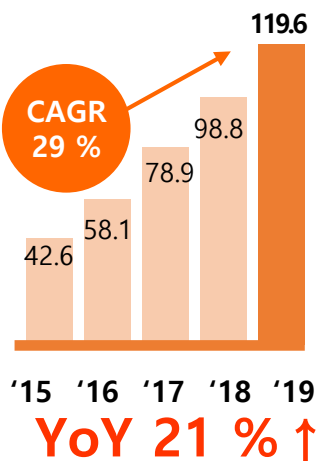
**Total Revenue 1,376.1 B**



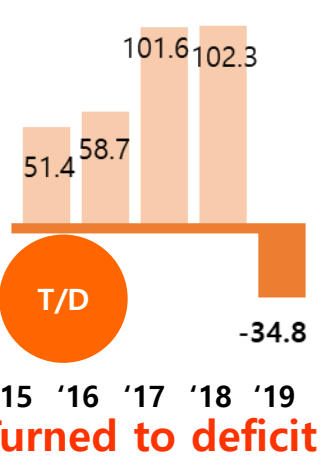
**PAX Revenue 1,256.5 B**



**Ancillary Revenue 119.6 B**



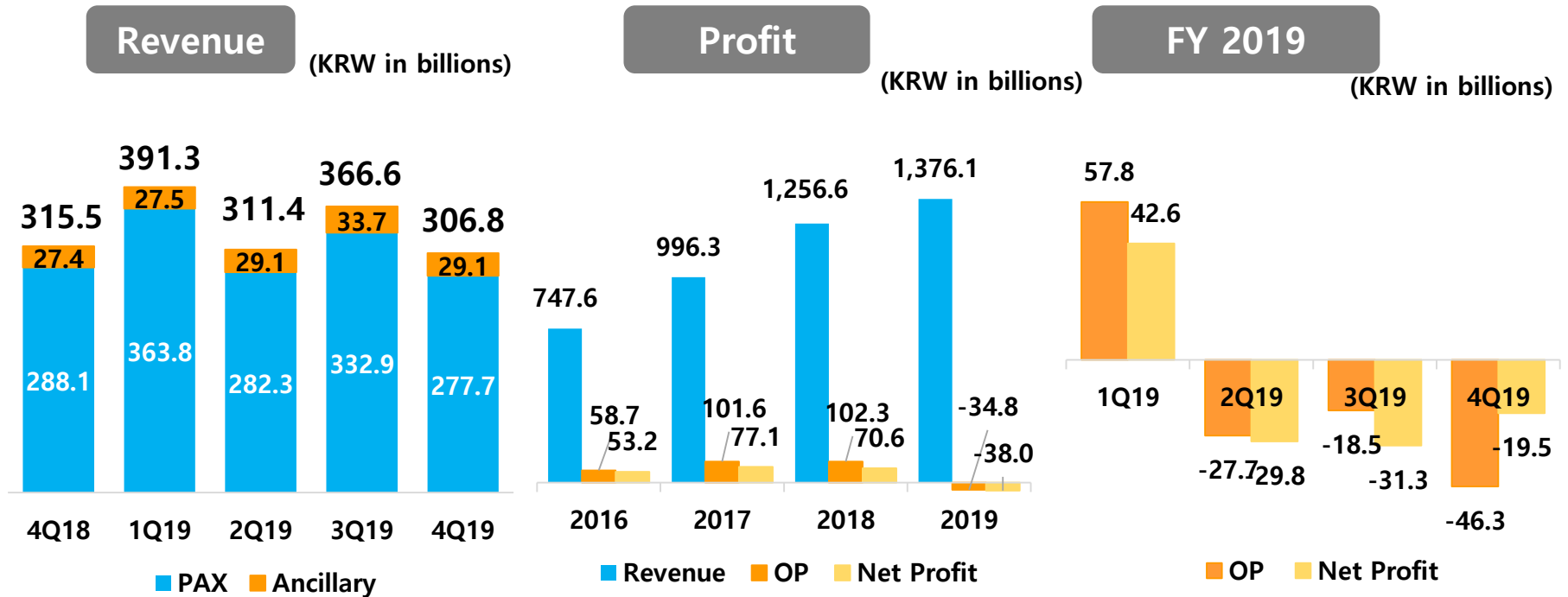
**Operating Profit -34.8 B**



\*Based on after K-IFRS 16, Before: -48.4 B

# 2-1. 2019 Revenue and Operating Profit Overview

Hardening market after 1Q peak season



[4Q19] Revenue KRW 306.8B (YoY-2.7%), Operating Profit KRW -46.3B (Turned to deficit)

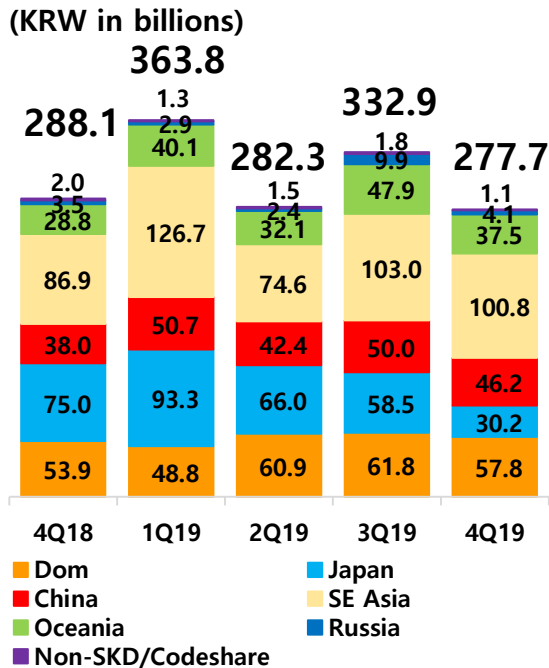
: Slowing of market growth due to changes in external environment, leading to oversupply and decrease in operating profit

[FY2019] Total revenue KRW 1,376.1B (YoY+9.5%), Operating Profit KRW -34.8B (Turned to deficit), Net Profit -38.0B (T/D)

: Aggressive fleet expansion (6 addition fleets, 45 aircrafts in total operation) led to 16% increase in seat supply

## Maintaining No.1 position despite the loss

### PAX Rev Breakdown

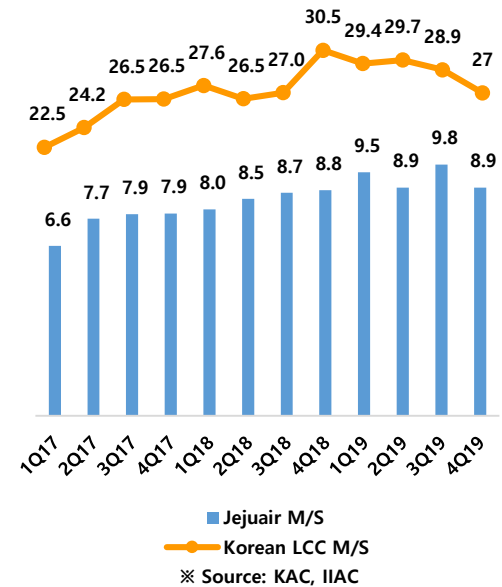


### 2019 Route addition

| Month | Route  |
|-------|--|
| 3     | Muan-Narita, Muan-Macau  |
| 4     | Muan-Vladivostok   |
| 5     | Busan-Sapporo, Incheon-Sizuoka                                   |
| 7     | Muan-Fukuoka, Jeju-Fukuoka, Busan-Singapore, Jeju-Bangkok        |
| 8     | Incheon-Nantong, Incheon-Yanji, Muan-Yanji                       |
| 9     | Daegu-Cebu   |
| 10    | Incheon-Harbin, Muan-Zhangjiajie, Busan-Zhangjiajie, Jeju-Taipei |
| 11    | Muan-Sanya, Jeju-Kaohsiung, Incheon-Bohol, Incheon-Phuquoc       |
| 12    | Muan-Guam, Incheon-Goldcoast                                     |

### Jejuair & LCC M/S

(International route passengers)



#### [4Q19] PAX Revenue KRW 277.7B (YoY-3.6%)

: International and domestic routes recorded KRW 219.9B (YoY-6.1%) and 57.8B (YoY+7.2%) respectively

: KRW Yield increased in domestic routes YoY+0.2%, but declined in international routes by 19.4% due to depression of Japan market and oversupply of SE Asia routes

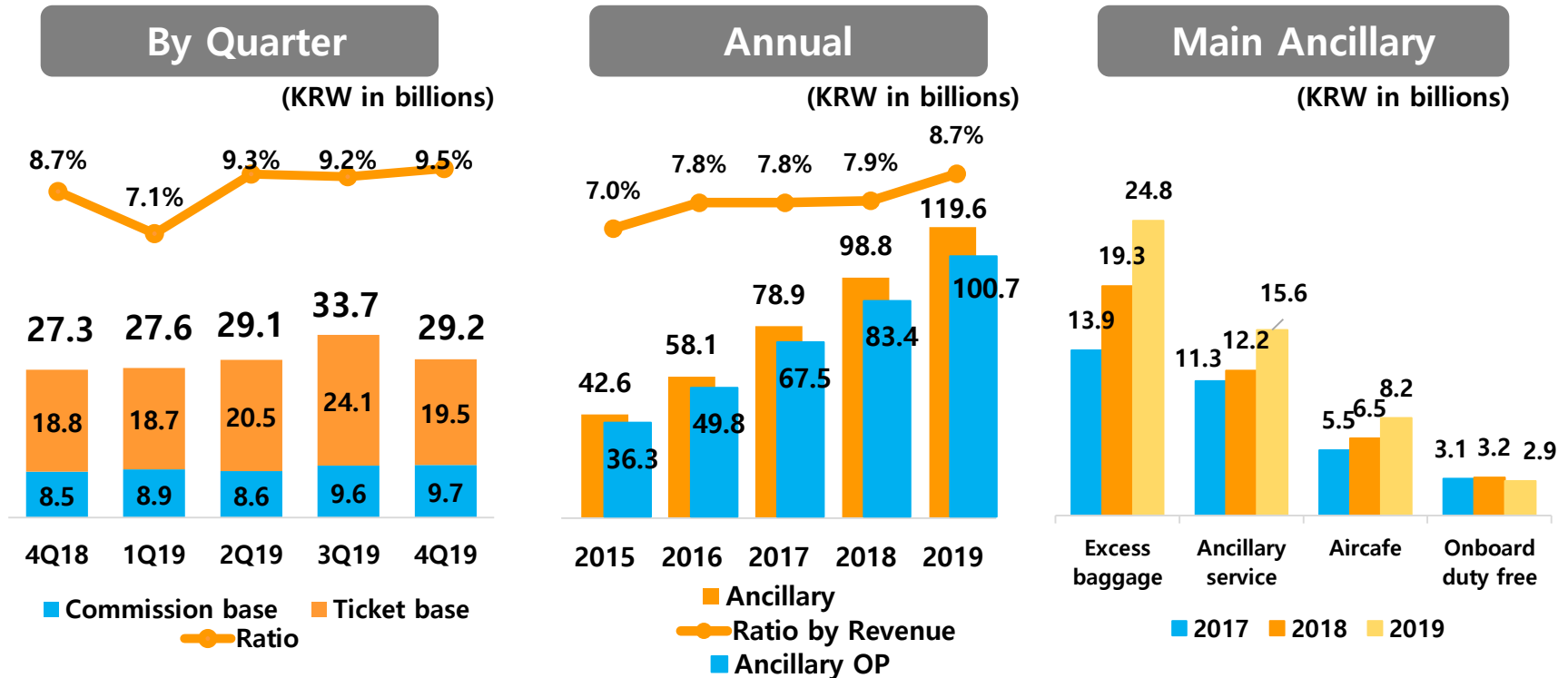
#### [FY2019] Total PAX Revenue KRW 1,256.5B (YoY+8.5%)

: Ratio of regional base flights of international routes: 14%(2015) → 18%(2016) → 18%(2017) → 22%(2018) → 32%(2019)

: International PAX M/S: 4.8%(2015) → 5.7%(2016) → 7.6%(2017) → 8.5%(2018) → 9.3%(2019)

\* Jeju Air M/S increased YoY by 0.8%p, more than Korean LCC M/S increase 0.3%p (29.2%(2018) → 29.5%(2019))

## Steady growth in ancillary revenue



[4Q19] Ancillary Revenue KRW 29.2B (YoY+7.0%)

: Excess baggage KRW 6.5B(YoY+6.6%), ancillary service 3.7B(YoY+17.5%), Aircafe 2.2B(YoY+18.8%), onboard duty free 0.8B(YoY-17.6%)

[FY2019] Total ancillary revenue KRW 119.6B (YoY+21.1%), ancillary operating profit 100.7B (YoY+20.7%)

: Excess baggage 24.8B(YoY+28.5%), ancillary service 15.6B(YoY+28.9%), Aircafe 8.2B(YoY+16.2%), onboard duty free 2.9B(YoY-9.4%)

: Ancillary by PAX KRW 8,879(YoY+7.8%, KRW 8,235 in 2018)

### 3. 4Q 2019 Earnings Review

2019 4Q Parent Income Statement (KRW in billions)

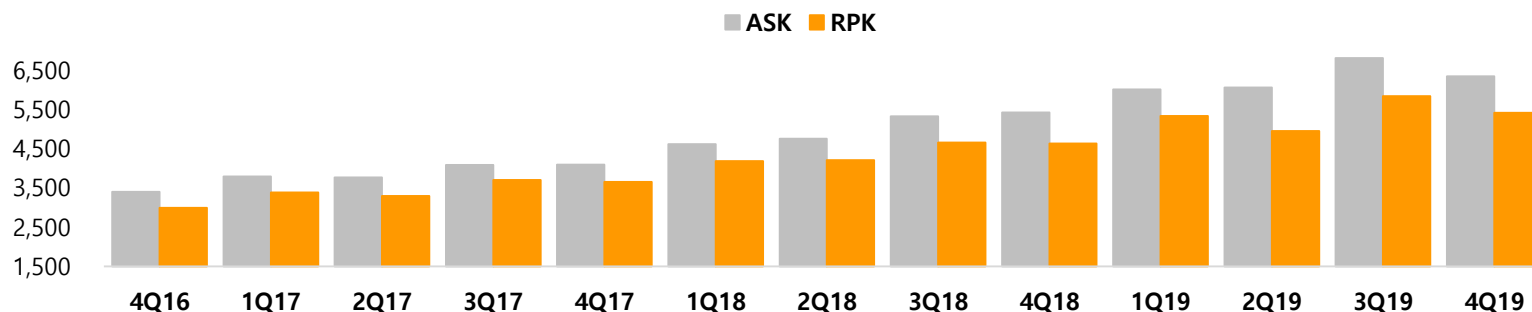
|                  | 4Q18  | 3Q19  | 4Q19          |         |              | YoY               |
|------------------|-------|-------|---------------|---------|--------------|-------------------|
|                  |       |       | Before K-IFRS | Changes | After K-IFRS |                   |
| Revenue          | 315.5 | 366.6 | 306.8         | -       | 306.8        | -2.73%            |
| COGS             | 272.6 | 341.3 | 314.1         | -3.4    | 310.7        | 13.97%            |
| Gross Profit     | 42.8  | 25.3  | -7.2          | +3.4    | -3.8         | Turned to deficit |
| SG&A             | 36.8  | 43.9  | 43.8          | -1.4    | 42.5         | 15.53%            |
| Operating Profit | 6.1   | -18.5 | -51.1         | +4.8    | -46.3        | Turned to deficit |
| Other P&L        | -6.0  | -20.0 | 3.5           | +18.7   | 22.2         | Turned to profit  |
| Financial P&L    | -16.9 | -2.9  | 0.1           | -1.1    | -1.0         | 93.81%            |
| Pre-tax profit   | -16.8 | -41.4 | -47.5         | +22.3   | -25.2        | -49.43%           |
| Income tax       | 3.6   | -10.1 | -7.5          | -       | -7.5         | Turned to deficit |
| Net profit       | -13.2 | -31.3 | -40.0         | +22.2   | -17.7        | -33.41%           |

※ YoY is based on 4Q19 After K-IFRS 16 numbers.

- 4Q Jet fuel price \$76.0 (vs. \$89.9, YoY-15.5%)  
Average KRW/USD 1,175.8 (vs. 1,127.4 in 4Q18, YoY+4.3%)
- COGS fuel cost ↑ YoY 5.4%
- **Changes in 4Q19 after K-IFRS 16**
  - COGS decrease by 3.4B / Operating profit increase by 4.8B  
(Aircraft lease expense -44.8B, Lease asset depreciation +40.0B)
  - Non-operating P&L decrease by 17.6B  
(Lease liability currency translation and interest expense)
- **Other P&L**
  - Foreign currency transaction -2.4B
  - Foreign currency translation +21.4B  
(Lease liability foreign currency translation +20.2B)
  - Other P&L +3.2B
  - KRW/USD 1,201.3('19 end of Sept.) - 1,157.8('19 end of Dec.)
- **Financial P&L**
  - Interest -1.6B (Lease liability interest expense -1.4B)
  - Transaction and valuation of financial derivatives -0.5B
  - Transaction and valuation of financial assets +1.1B

# 4. Operation Overview

(million seat-km)



|   | 2016                   | 2017      |           |           |           | 2018      |           |           |           | 2019      |           |           |               | YoY              |        |
|---|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|------------------|--------|
|   | 4Q                     | 1Q        | 2Q        | 3Q        | 4Q        | 1Q        | 2Q        | 3Q        | 4Q        | 1Q        | 2Q        | 3Q        | 4Q            |                  |        |
| <b>Number of flights</b>                  | 13,694                 | 13,842    | 14,915    | 15,787    | 16,042    | 16,263    | 17,236    | 18,266    | 18,837    | 19,739    | 20,335    | 21,818    | <b>19,963</b> | +6.0%            |        |
| <b>Total seat capacity (in thousands)</b> | 2,577                  | 2,611     | 2,810     | 2,977     | 3,025     | 3,070     | 3,254     | 3,452     | 3,560     | 3,731     | 3,843     | 4,111     | <b>3,754</b>  | +5.4%            |        |
| <b>Total PAX (in thousands)</b>           | 2,312                  | 2,398     | 2,541     | 2,762     | 2,773     | 2,821     | 2,956     | 3,092     | 3,135     | 3,373     | 3,280     | 3,542     | <b>3,270</b>  | +4.3%            |        |
| Domestic                                  | <b># of flights</b>    | 6,533     | 5,815     | 6,595     | 6,688     | 6,705     | 6,224     | 6,721     | 6,702     | 6,763     | 6,363     | 6,868     | 7,131         | <b>7,129</b>     | +5.4%  |
|   | <b>ASK('000Km)</b>     | 584,223   | 515,660   | 578,211   | 591,647   | 584,608   | 557,574   | 603,100   | 601,349   | 607,154   | 570,523   | 627,634   | 655,540       | <b>646,453</b>   | +6.5%  |
|   | <b>RPK('000Km)</b>     | 540,561   | 489,470   | 553,774   | 567,551   | 558,908   | 522,546   | 575,421   | 560,671   | 568,302   | 542,299   | 584,765   | 607,782       | <b>612,755</b>   | +7.8%  |
|   | <b>Load Factor</b>     | 92.3%     | 94.6%     | 95.7%     | 95.8%     | 95.2%     | 93.3%     | 95.3%     | 93.1%     | 93.3%     | 94.8%     | 93.3%     | 92.6%         | <b>94.7%</b>     | +1.4%p |
|   | <b>Yield (US cent)</b> | 7.95      | 8.36      | 10.39     | 10.11     | 9.09      | 8.90      | 10.82     | 10.46     | 9.10      | 8.75      | 9.62      | 9.20          | <b>8.71</b>      | -3.9%  |
| Int'l                                     | <b># of flights</b>    | 7,161     | 8,027     | 8,320     | 9,099     | 9,337     | 10,039    | 10,515    | 11,564    | 12,074    | 13,376    | 13,467    | 14,687        | <b>12,834</b>    | +6.3%  |
|   | <b>ASK('000Km)</b>     | 2,818,830 | 3,304,531 | 3,195,551 | 3,496,518 | 3,513,168 | 4,062,702 | 4,155,139 | 4,728,833 | 4,818,427 | 5,442,045 | 5,436,820 | 6,156,518     | <b>5,704,965</b> | +18.4% |
|   | <b>RPK('000Km)</b>     | 2,460,004 | 2,934,888 | 2,744,035 | 3,136,268 | 3,098,891 | 3,665,428 | 3,640,599 | 4,102,778 | 4,065,460 | 4,798,838 | 4,368,772 | 5,234,471     | <b>4,803,883</b> | +18.2% |
|   | <b>Load Factor</b>     | 87.4%     | 89.8%     | 86.2%     | 90.6%     | 89.1%     | 91.0%     | 88.0%     | 87.5%     | 85.1%     | 88.3%     | 81.3%     | 83.1%         | <b>82.8%</b>     | -2.3%p |
|   | <b>Yield (US cent)</b> | 5.05      | 5.69      | 5.20      | 5.54      | 5.89      | 6.58      | 5.50      | 6.17      | 5.61      | 6.26      | 4.82      | 4.80          | <b>4.32</b>      | -23.0% |

※ ASK(Available Seat Kilometer) = number of seats available x total distance travelled

RPK(Revenue Passenger Kilometer) = number of revenue passengers x total distance travelled, Yield = Total Revenue / RPK

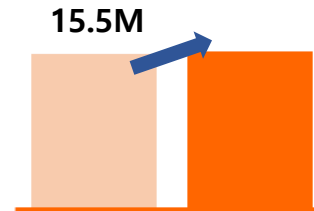


## 2020 Management Goals

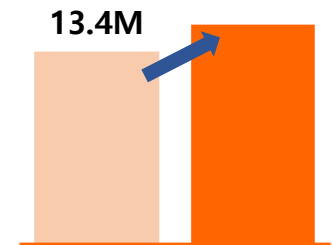
- 1 Recognizing and removing inefficient factors to provide basis for growth
- 2 Maximizing brand power by sensitively responding to market needs
- 3 Controlling supply and cultivating profit maximizing strategy for a mature market

## 2020 Business Plan

Seats 0~5% ↑



PAX 0~5% ↑

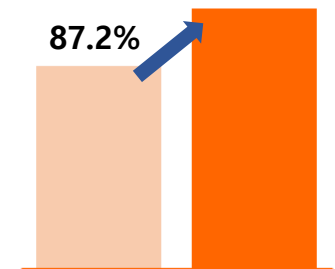


46 Fleets



**1 additional aircraft**  
\* 2 MAX fleets included

L/F 0~3% ↑



# APPENDIX 1. Financial Statement Summary

## ◎ Parent Balance Sheet

(KRW in millions)

|                         | 2017    | 2018      | 2019          |              | YoY     |
|-------------------------|---------|-----------|---------------|--------------|---------|
|                         |         |           | Before K-IFRS | After K-IFRS |         |
| Current Assets          | 448,807 | 469,945   | 407,930       | 400,118      | -14.86% |
| Non-current Assets      | 351,037 | 554,508   | 598,833       | 1,058,147    | 90.83%  |
| Total Assets            | 799,845 | 1,024,453 | 1,006,763     | 1,458,266    | 42.35%  |
| Current Liabilities     | 368,247 | 398,749   | 367,463       | 491,222      | 23.19%  |
| Non-current Liabilities | 100,604 | 244,023   | 302,551       | 644,944      | 164.30% |
| Total Liabilities       | 468,851 | 642,772   | 670,014       | 1,136,166    | 76.76%  |
| Capital Stock           | 131,784 | 131,784   | 131,784       | 131,784      | -       |
| Capital Surplus         | 89,646  | 89,756    | 89,756        | 89,756       | -       |
| Capital Adjustment      | -4,890  | -1,875    | -2,236        | -2,236       | 19.28%  |
| Retained Earnings       | 114,454 | 162,016   | 117,445       | 102,795      | -36.55% |
| Shareholder Equity      | 330,994 | 381,681   | 336,749       | 322,099      | -15.61% |

## ◎ Parent Income Statement

(KRW in millions)

|                  | 2017    | 2018      | 2019          |              | YoY               |
|------------------|---------|-----------|---------------|--------------|-------------------|
|                  |         |           | Before K-IFRS | After K-IFRS |                   |
| Revenue          | 996,302 | 1,256,645 | 1,376,135     | 1,376,135    | 9.51%             |
| COGS             | 774,313 | 1,012,495 | 1,259,972     | 1,244,055    | 22.87%            |
| Gross profit     | 221,989 | 244,150   | 116,163       | 132,080      | -45.90%           |
| SG&A             | 120,439 | 141,873   | 168,268       | 166,880      | 17.63%            |
| Operating profit | 101,550 | 102,278   | -52,105       | -34,799      | Turned to deficit |
| Other P&L        | -1,425  | -6,858    | -2,936        | -13,359      | -94.81%           |
| Financial P&L    | 399     | -2,520    | 20,000        | -1,533       | 39.19%            |
| Pre-tax profit   | 100,524 | 92,900    | -35,042       | -49,691      | Turned to deficit |
| Income tax       | 23,390  | 22,323    | -13,522       | -13,522      | Turned to deficit |
| Net profit       | 77,135  | 70,577    | -21,520       | -36,170      | Turned to deficit |

※ YoY is based on 2019 After K-IFRS 16 numbers.

# APPENDIX 2. Route Map

## 88 routes in 50 cities(6 domestic & 82 international routes)



| Country   | Destination  |
|---|--|
| Korea  8       | Jeju, Gimpo, Busan, Cheongju, Daegu, Gwangju, Incheon, Muan  |
| Japan  9       | Tokyo, Osaka, Nagoya, Fukuoka, Okinawa, Sapporo, Matsuyama, Kagoshima, Shizuoka  |
| China  13      | Beijing, Qingdao, Weihai, Sanya, Yantai, Shijiazhuang, Jiamusi, Haikou, Hong Kong, Macau, Nantong, Zhangjiajie, Harbin |
| Taiwan  2      | Taipei, Kaohsiung  |
| Philippines  4 | Manila, Cebu, Clark, Bohol   |
| Vietnam  5     | Hanoi, Danang, Nha Trang, Ho Chi Minh, PhuQuoc   |
| Thailand  2    | Bangkok, Chiang Mai  |
| Malaysia  1    | Kota Kinabalu  |
| Singapore  1  | Singapore  |
| USA  2       | Guam, Saipan   |
| Laos  1      | Vientiane  |
| Russia  1    | Vladivostok  |
| Australia  1 | Goldcoast  |

As of January 2020

Thank you 😊



**JEJUair** NEW STANDARD

이 종목의 더 많은 IR정보 [확인하기](#)

**IR GO** 주주와 기업을 연결하고 응원합니다.