

Aviation Demand Recovery and Boosting Revenue in the Post-Corona Era



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1. Aviation Demand Forecast under COVID-19

1.1. IATA Aviation Demand Forecast

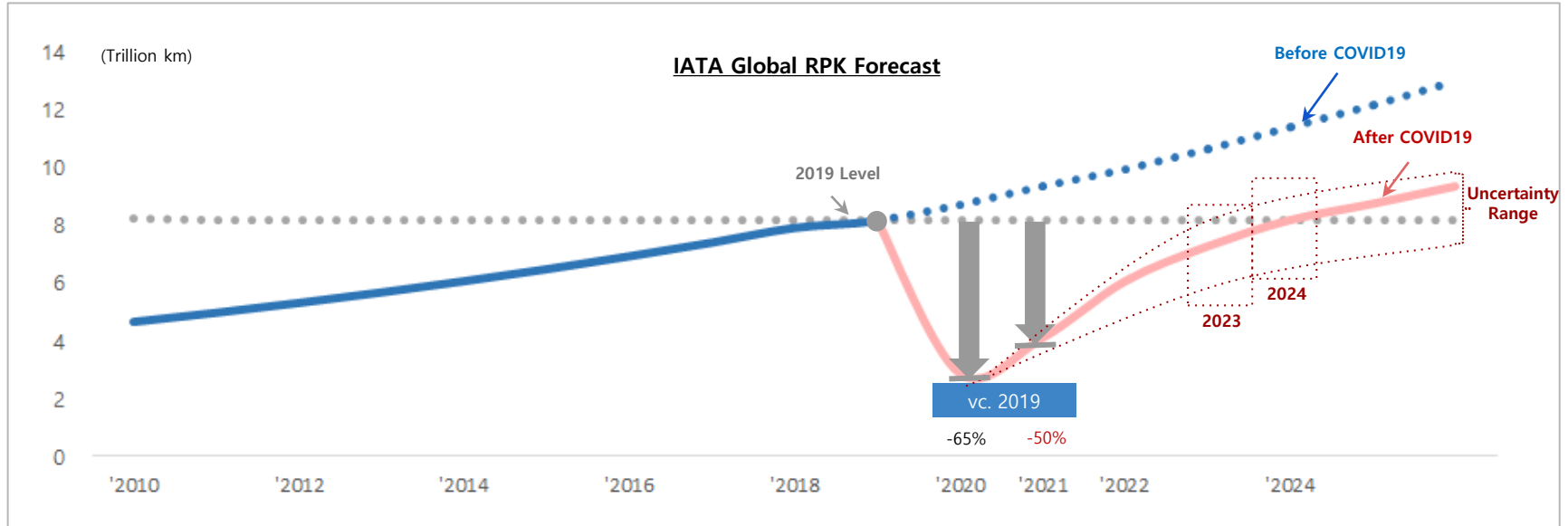
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1.1. IATA Aviation Demand Forecast

- Due to prolonged Global Pandemic situation, aviation demand may not be recovered soon.
- IATA forecasted demand recovery at the level of Pre-COVID is expected to be after 2024.
However variant viruses and discrepancy of vaccine supply makes uncertainty.

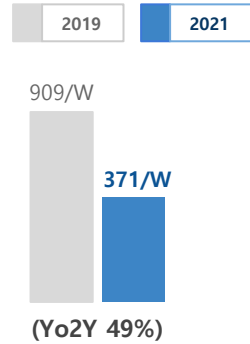
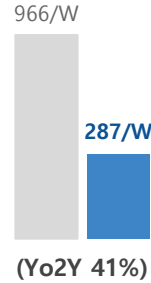
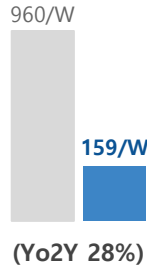
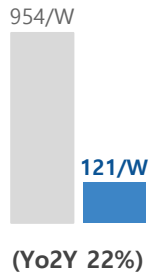
■ IATA Forecast



1.2. KE 2021 Market Forecast

- Demand will stall for the first half (27%), and expected to slowly recover with vaccine supply on 2nd half (44%)
- Korean Air will deploy 36% frequency compared to 2019. (International 34%, Domestic 82%)

■ KE Schedule Planning (based on International weekly frequency)



2021 Q1	2021 Q2	2021 Q3	2021 Q4
<ul style="list-style-type: none"> • 3rd wave, variants spread • Demand stalls <p>→ About the same frequencies as 4Q 2020</p>	<ul style="list-style-type: none"> • Progress of vaccination in main countries including Korea. • Lockdown will be lifted between stable countries. <p>→ Increase frequency for these sets</p>	<ul style="list-style-type: none"> • Domestic vaccines spread, quarantine lifted • Recovery mainly on business demand <p>→ Resume flights to clean destinations</p>	<ul style="list-style-type: none"> • USA & Most European Countries vaccinated and herd immunity reached • IATA Travel Pass(Vaccine Passport) and more testing tools <p>→ Resume major routes</p>

※ Assumption : 2 week Quarantine after entering Korea to be lifted/lessen on July

1.3. Insight and Overview for the Travel

- Pent-up Demand : case 1) 10K passengers prepaid for Group tour, 2) 5K people booked Hotel in advance
- To make Customer Confidence for travel, programs such as Travel Bubble and Health Passport are essential.

Aviation Demand Recovery under COVID19

Travel Bubble

Targeted Travel Bubble among clean countries



Health Passport

International Cooperation such as IATA Travel PASS for safe travel



Lockdown / Quarantine lifted

With COVID stabilized and Vaccine spread, Lockdown/Quarantine lifted or lessened



COVID Trend

Immigration Rule

Travel Bubble

IATA Travel PASS



2. Strengthened Aviation Network

2.1. Network Strengthen

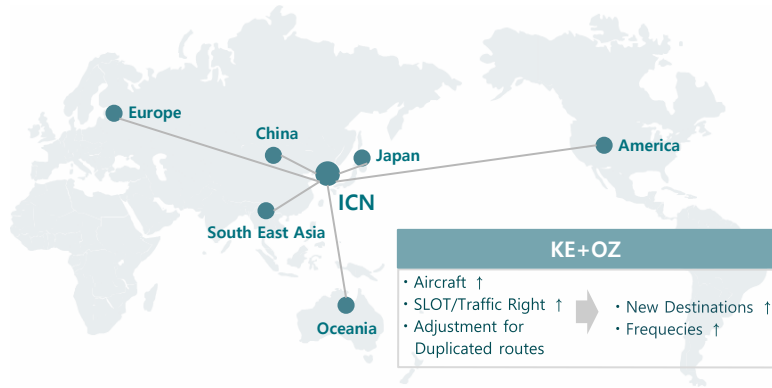
2.2. KE Effort to Recover Aviation Demand

2.1. Network Strengthen

- Travellers seek direct (Point to Point) schedule to safe countries which means more direct destinations are needed.
- Ultra long distance routes such as US ↔ Southeast Asia will be managed based on Hub & Spoke

Point to Point

- With KE/OZ merger, more aircraft and slots may allow more destinations/frequencies.



Hub & Spoke

- KE/OZ merged network and connectivity can provide more service.



2.2. KE Effort to Recover Aviation Demand

- Safe flight environments and international/domestic co-operations are essential for more travel demand

1

Strengthened Quarantine/Sanitization

- COVID19 Test center at Incheon Airport
- 'CareFirst' program for safer travel
 - More Aircraft sanitization , Safe KIT(mask, hand gel)
 - Un-tact check in recommended, Zone Boarding, separated seats in the cabin

2

New concept/Charter flight

- Cargo Only Passenger aircraft scheduled
 - 600 flights in March 2021.
- Special demand is covered
 - Charter flight for Repatriation & Oversea facility workers

3

Small/Essential demand targeted routes

- Operate No-destination flight
- In-Resort staying program(Thailand golf resort)
- Allowable Major schedules in each region are running

4

Strengthened Cooperation

- Participate IIAC, Aviation demand recovery TF
- Planning KE/DL JV ATL route Quarantine Free Flight

IIAC Test Center

No-destination FLT

BKK program

Quarantine Free



3. Boosting Revenue in the Post COVID Era

- 3.1. Digitalization in Passenger Service Flow
- 3.2. Mobility Focused
- 3.3. New Distribution Channel
- 3.4. Eco-friendly & High Efficiency
- 3.5. Customer Centric

3.1. Digitalization in Passenger Service Flow

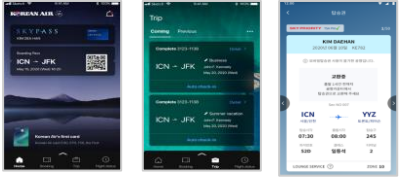




- Smart & Paperless Service makes passenger safe and Untact.



<ul style="list-style-type: none">• Digitalize In-flight Menu Book• Digitalize ARS for Call Center	<ul style="list-style-type: none">• E-ticket Kakaotalk Push• Pre-order FR/PR in-flight meal	<ul style="list-style-type: none">• Self SVC Check-in<ul style="list-style-type: none">- Kiosk- Web/Mobile Check-In- Self Bag Drop• Instant upgrade purchasing• Deliver Exit row information by SMS	<ul style="list-style-type: none">• Lounge access system renovated• Mobile Scanner• Biometric Service• Tablet request• Smart receipt	<ul style="list-style-type: none">• Digitalized In-Flight documents	<ul style="list-style-type: none">• Automated Baggage system• e-Bag Tag• Online Bag tracing	<ul style="list-style-type: none">• Mobile APP Customer Survey
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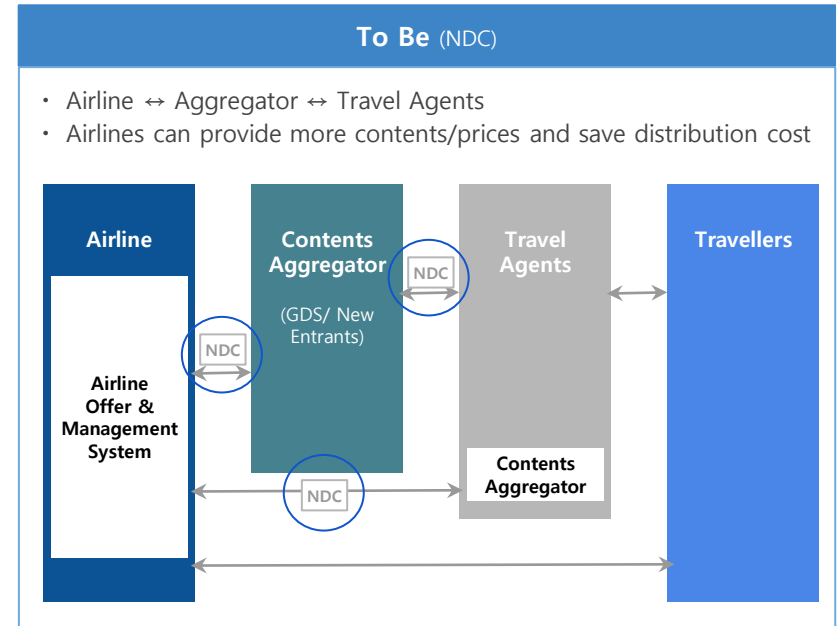
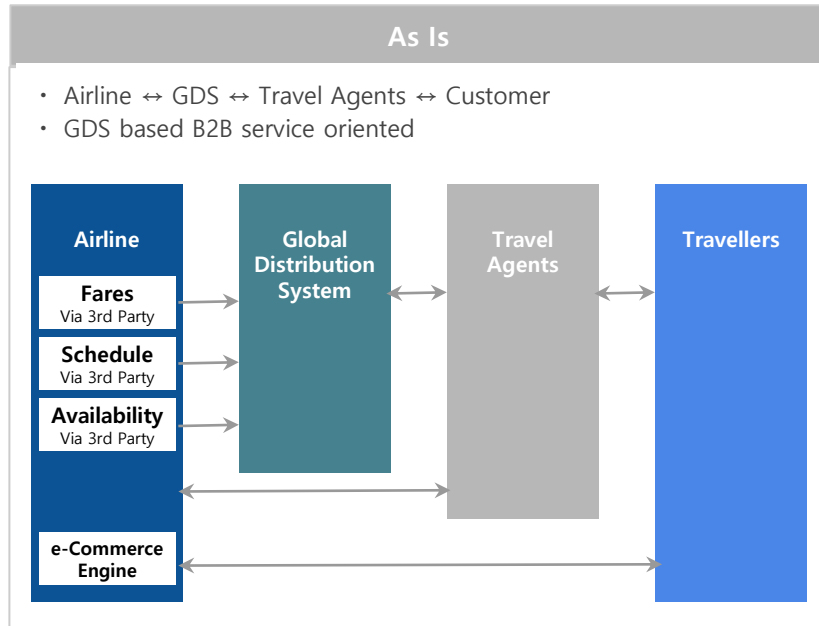
3.2. Mobile Focused

- Building Mobile App(platform), enhances flight ticket purchase on smartphone and fulfill customer experience
- KE renewed Homepage and Mobile app as of January 2021.

<p>Mobile APP</p>	<p>Function Oriented Trendy app</p>	<p>Mobile Optimized</p>	
	 <p>Optimized for personalization</p>	 <ul style="list-style-type: none"> • Customized information per passenger trip <ul style="list-style-type: none"> - Dep/Arr information, Baggage tracking, In-flight entertainment info • Even when network is disconnected, essential information is serviced (Mobile Ticket information, SKYPASS number etc) • Adapted design for multiple wearable devices 	
<p>Homepage</p>	<p>New designed contents/functions</p>		<p>Searching engine connected</p>
	 <p>Responsible to mobile environment</p>	 <p>Best Price, recommended destinations</p>	 <p>Competitive results for web Searching</p>

3.3. New Distribution Capability

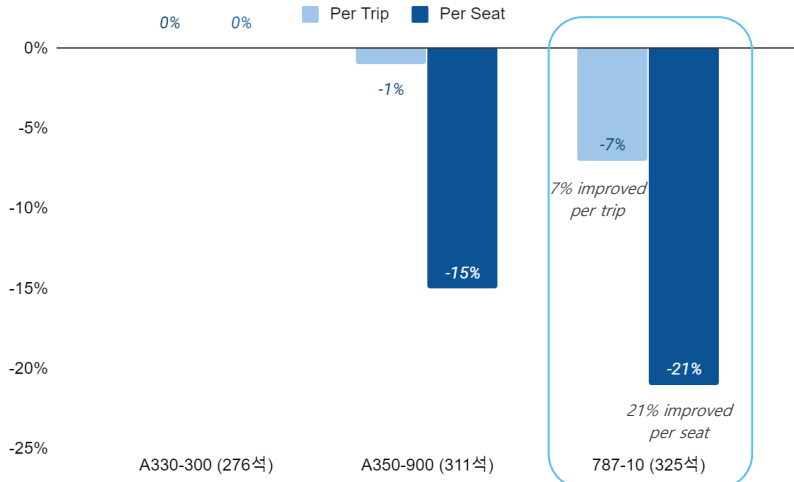
- **NDC** (New Distribution Capability) can make customized service for passengers and travel agencies
- **IATA** provided standard platform to replace current Global distribution System into web-served NDC



3.4. Eco-friendly and High Efficiency

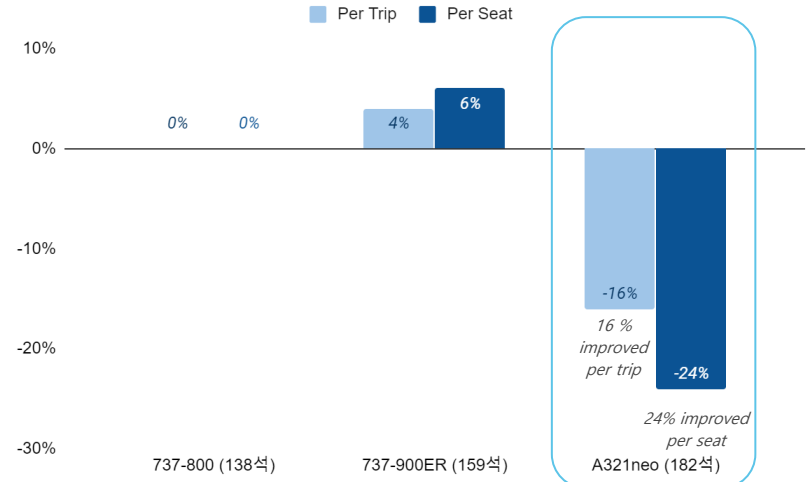
- New aircraft with better Fuel efficiency can provide environment friendly and high efficient
- KE 787-9,10 (Wide Body), A321neo (Narrow Body) will be introduced
- Bio-fuel eco chain is needed to make CO2 neutral environment

787-10 vs A350-900 Fuel efficiency (per 5,500km)



※ Source : Boeing

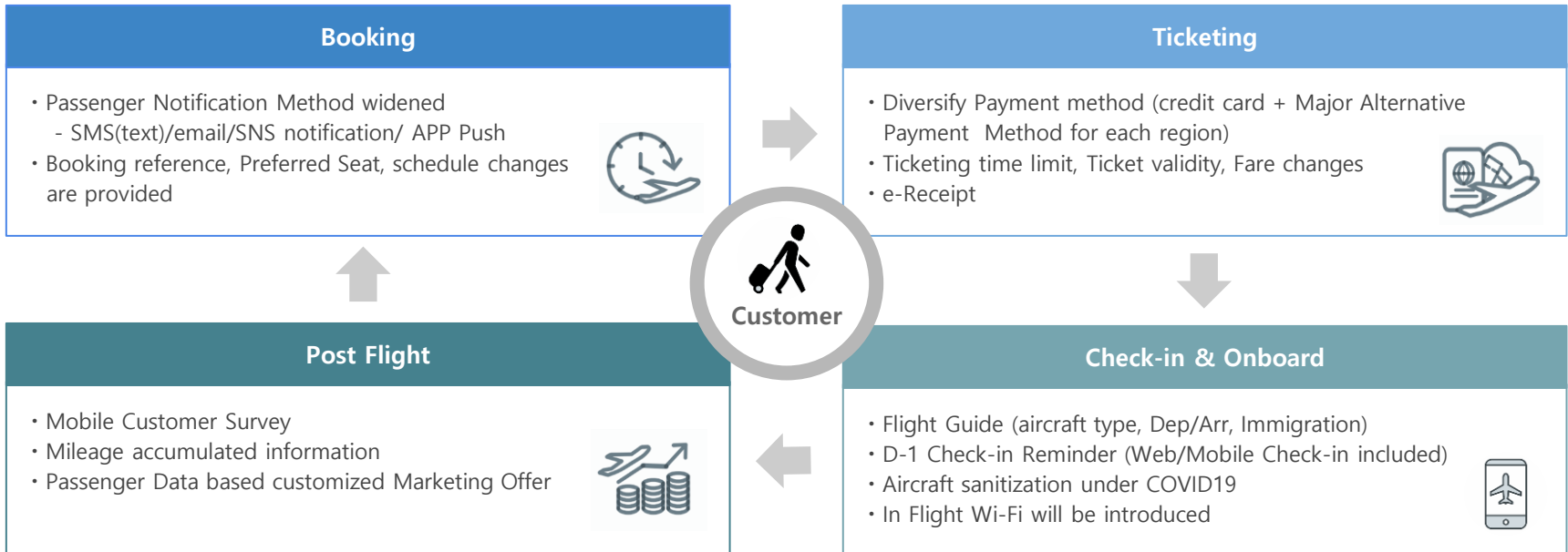
A321neo vs 737-900ER Fuel efficiency (per 3,700km)



※ Source : Airbus

3.5. Customer Centric

- Customized information and service is provided throughout passenger flow
- Customer Centric process can increase both Customer Loyalty and revenue



Q & A
