

Korean Air reports 2020 profit due to cargo despite pandemic hit

A Monitor Report

Date: 15 February, 2021



Seoul: Korean Air posted on February 4 a consolidated operating profit of KRW 109 billion (USD 97.55 million) in 2020, as cargo sales helped offset a slump in passenger travel on the back of coronavirus restrictions.

While South Korea's largest airline managed to avoid an annual loss in 2020, operating profits were down 58 percent from KRW 257 billion in 2019, the company said in a regulatory filing.

Cargo sales jumped 66 percent to KRW 4.3 trillion in 2020 from a year earlier, while passenger sales slumped 74 percent. Cargo sales were underpinned by the airline's strategy to increase the operation rate of cargo planes and utilize idle passenger planes for transport, the airline said in a statement.

"Demand for COVID-19 diagnostic kits and auto parts has increased, and some sea cargo demand has transferred to air transport, driving the increase in air cargo sales," it said.

Korean Air is one of the world's biggest air cargo carriers and has benefited from strong demand at a time when the collapse of passenger traffic has reduced available transport space.

The fourth quarter, coinciding with electronic product launches and Christmas, is the peak season for air freight and rates were up strongly due to the capacity

crunch and the start of vaccine transport.

Air cargo demand and freight rates remained unusually strong in January because of tight capacity, according to data provider CLIVE Data Services.

Korean Air's acquisition of Asiana Airlines Inc., announced last year, is on track and awaiting approval from antitrust authorities, a spokeswoman said on February 4.

Shares in Korean Air closed up 1.3 percent, compared to a 1.4 percent fall in the wider market.

South Korea's President Moon Jae-in called on February 3 for seamless preparations for coronavirus vaccinations, as regulators approved imports of Pfizer's COVID-19 shot, and the country prepared to begin inoculations later this month. And Korean Air is aiding with vaccine transport.