7C Spirit

우리를 특징짓는 일곱가지

Confident | Competent | Connected | Cooperative | Consistent | Creative | Customer-oriented




Jeju Air

# Corporate Value-up Plan

2024.12.

JEJUair

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Jeju Air Value-up Plan

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JEJUair

# Value-up Highlights

## No.1 LCC, Value-up Through Sustainable Growth

### Profitability

2027 ROE Target

**25%**

(Consolidated)

Average KOSPI ROE as of Sep. 2024

**6.2%**

Profitability to exceed the KOSPI average

### Shareholder Return

2027 DPR Target

**35%**

(Standalone)

Average Dividend Payout Ratio 2015-2018

**22.8%**

Shareholder returns to exceed prior COVID-19 levels

### Market Valuation

2027 PBR Target

**3.0x**

(Consolidated)

Average KOSPI PBR as of Sep. 2024

**0.9x**

Market valuation to exceed the KOSPI average

### Market Capitalization

2027

**1.3tn**

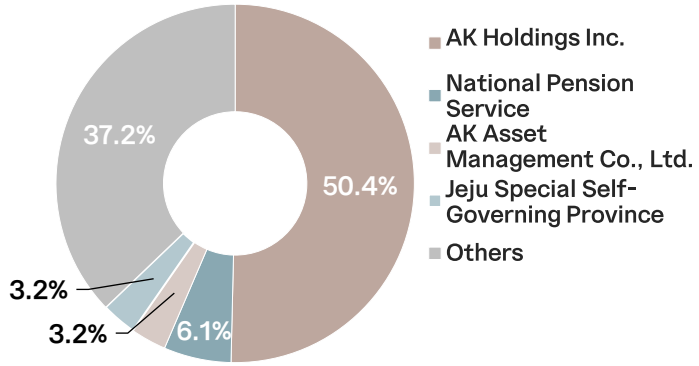
(in KRW)

Market capitalization reflecting the No.1 LCC position

# Company Overview

**Jeju Air will continue to innovate the aviation industry and provide a great travel experience to as many people as possible.**

## Company profile

| | |
|---|---|
| Name | Jeju Air Co., Ltd |
| CEO | Kim, E-bae |
| Date of Establishment | Jan. 25, 2005 |
| Listed Market | KOSPI |
| Date of Listing | Nov. 6, 2015 |
| HQ Address | 64, Sin-daero, Jeju-si, Jeju-do, Republic of Korea |
| Business Area | Passenger and cargo air transportation service |
| Employees | 3,188 (as of Sep. 2024) |
| Shareholders (As of Sep. 2024) |  |

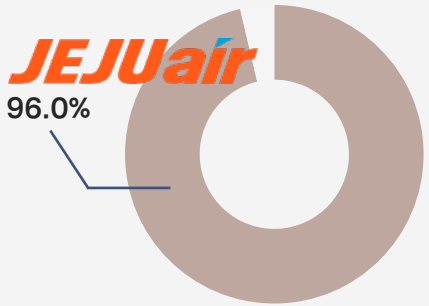


## Key financials (Consolidated)

| | | |
|---|---|---|
| **Assets** (as of Sep. 2024) KRW **1,914**bn | **Liabilities** (as of Sep. 2024) KRW **1,525**bn | **Equity** (as of Sep. 2024) KRW **390**bn |
| **Revenue** (2023) KRW **1,724**bn | **Operating Income** (2023) KRW **170**bn | **Net Income** (2023) KRW **134**bn |

## Business overview and share of revenue[1)]

**Air Transport Service**





**IT service** 2.3%

**Hotels** 0.9%

**Ground operation** 0.8%

**Other** 0.01%

Modurak

1) Based on consolidated Revenue as of 9M 2024

# Snapshot of Jeju Air

**Operates 61 domestic and international routes, holding the largest number of aircraft and routes among LCCs in Korea.**

## Service snapshot

No. of Aircraft
**41**

Destination cities
**52**

Routes
**61**

Annual Passengers[1)]
**13.3**million

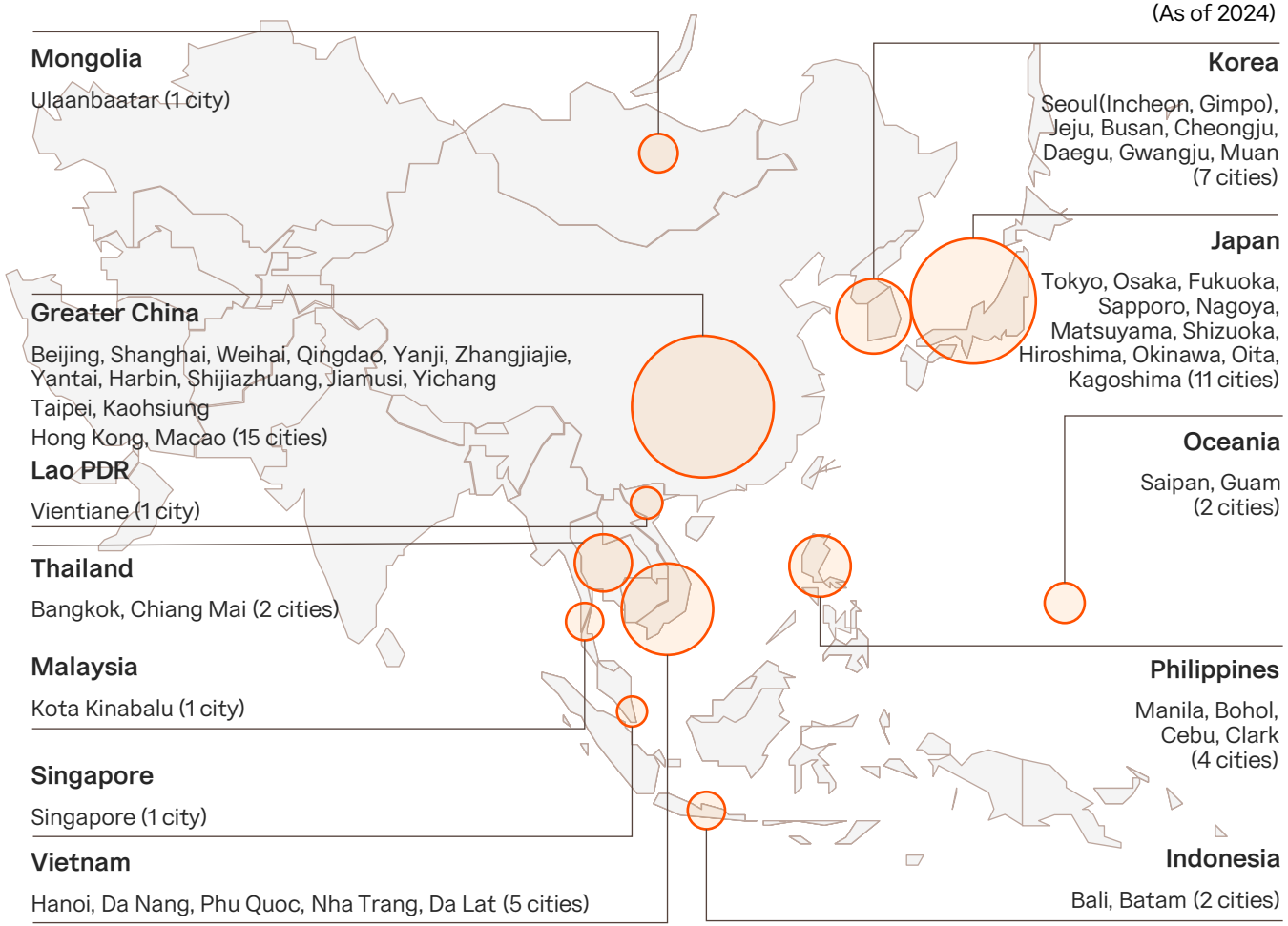
Daily Flights[1)]
**221.3**+

KCGS Assessment
**A**

한국ESG기준원

1) From Q4 2023 to Q3 2024

(As of 2024)




JEJUair

# History of Growth

**As the first LCC in Korea to go public in 2015, Jeju Air continues to lead the LCC industry and will surpass consolidated revenue of KRW 2 trillion in near future.**

## 2006-2012

**"Rapid growth as the First LCC in Korea"**

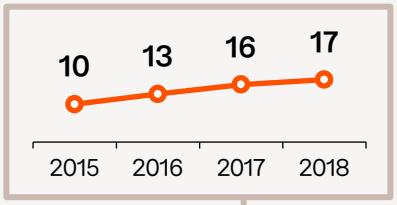



- 2005.01 Establishment of Jeju Air
- 2006.06 Launched domestic scheduled flights
- 2009.03 Launched international scheduled flights
- 2010 Standardization of B737-800 aircraft
- 2012.05 Surpassed **10 million** cumulative passengers

## 2013-2019

**"Maintained the leading LCC position focusing on short-medium distance routes"**

Dividends (KRW bn)




- 2015.11 **Listed on the KOSPI**
- 2015.12 **First dividend payment among LCCs**
- 2018.11 Contracted 50 B737-8 aircraft
- 2019.02 The first LCC to operate a fleet size of 40
- Introduced B737-800 simulator

## Post-2020

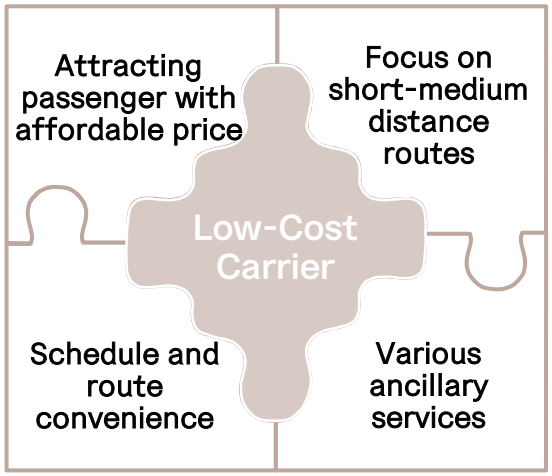
**"Rebounded from COVID-19"**

- 2022.04 Introduced B737-8 simulator
- 2023.07 Surpassed **100 million** cumulative passengers
- 2023.11 **Introduced B737-8**

# Business Overview – Air Transport Service

## Leads the market with the largest fleet size among LCCs, offering a diverse range of ancillary services.

### The first LCC in Korea achieving rapid growth



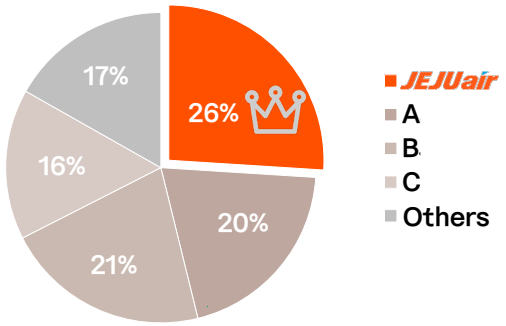

- Established in Jan. 2005 as an LCC airline offering affordable airfare through cost savings.
- Captured the market and **became the LCC industry leader** by focusing on the essence of LCC business model.

### Led passenger market share with strong fleet competitiveness

[Fleet size of major LCCs[1)]]

| JEJUair | A | B | C |
|---|---|---|---|
| 41 | 38 | 30 | 21 |

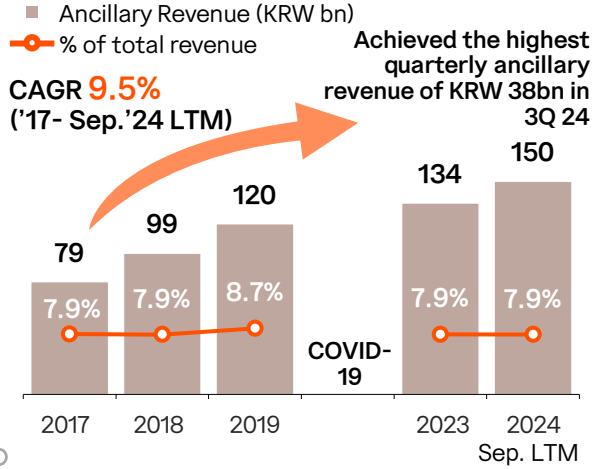
[Domestic LCC M/S through Jan-Oct '24 [2)]]




- Achieved economies of scale with the **largest fleet size among LCCs,** which is **even strengthened by purchasing B737-8s**.
- **Maintained No.1 market share** with **route expansion** to Indonesia and Central Asia.

### Generated ancillary revenue with diverse services

[Annual trends in ancillary revenue]




- **Lower airfare is achieved through ancillary revenue.**
- Ancillary services: advance seat purchases, baggage add-ons, and Jeju Air merchandise sales.
- **High growth potential** is expected with the international LCCs accounting for 30% of the ancillary revenue.

1) Source: National Logistics Information Center, 2) Source: Air Portal, Market Share is calculated based on domestic and international flight passengers

# Business Overview – Other Businesses

## Diversifying business model through its subsidiaries.

### Ground operation service (0.8%[1])

JAS Co., Ltd.

Best airline partner for a safe and comfortable flight

**Passenger Transportation**

- Check-in service
- Luggage service



**Ramp Operation**

- Aircraft guidance
- Baggage loading



**Maintenance**

- Large equipment maintenance



### IT service (2.3%[1])

AKIS Co., Ltd.

Trusted IT partner for digital transformation and innovation

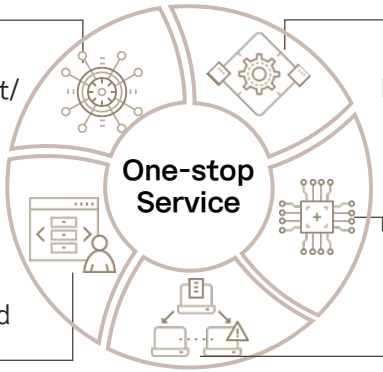
**Planning**
Build IT improvement/ adoption strategy

**Design**
Design adoption plan

**Development**
Build IT solution

**Operation& Maintenance**
Provide maintenance

**Evaluation**
Analyze adoption and provide feedback




### Hotel service (0.9%[1])

Pacific No. 3 Specialized Private Real Estate Investment Corp.

Established for sustainable growth to address increasing air travel demand

Great airport accessibility

AREX (Airport railroad)

Holiday Inn Express
AN IHG HOTEL
SEOUL HONGDAE

Seoul Metro Line 2

Best location to travel Seoul

### Other (0.01%[1])

Modurak Co., Ltd

Promoting diversity and sustainability beyond social responsibility

The first subsidiary standardized workplace in the aviation industry for people with disabilities

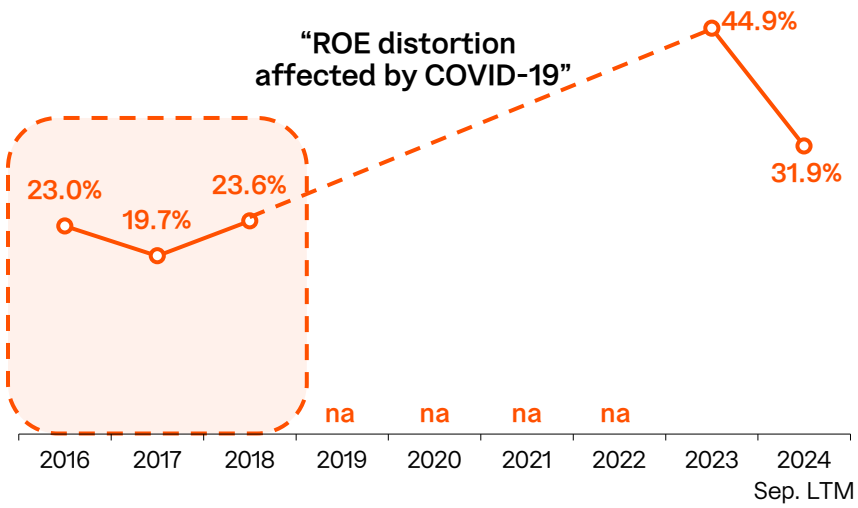
Create social value by participating in recycling activities

1) Based on consolidated Revenue as of 9M 2024

# ROE and Shareholder Return

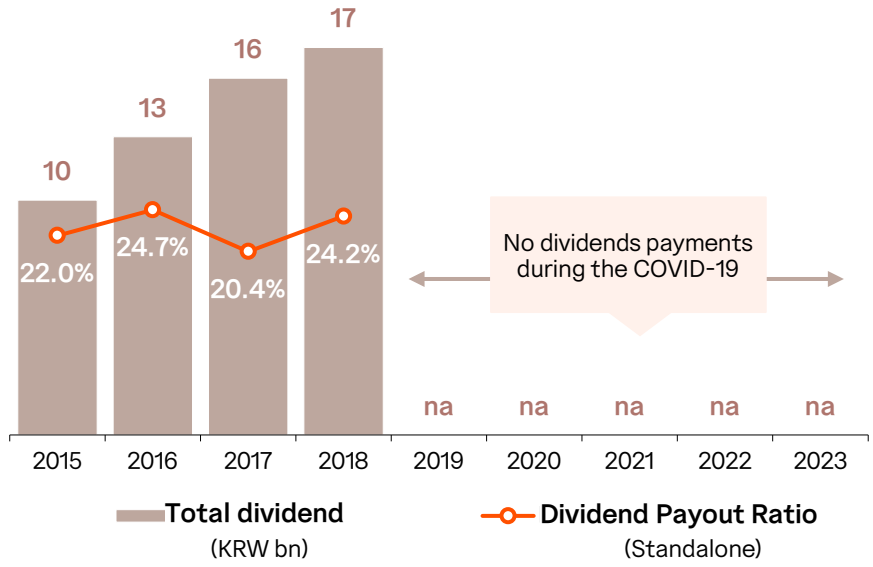
## Maintained ROE of approximately 20% and Dividend Payout Ratio of 20~25% pre COVID-19.

### ROE trend(Consolidated)




- **ROE maintained approximately 20%** pre COVID-19.
- **Post-2020 ROE appears distorted** due to COVID-19.

### Dividend trend

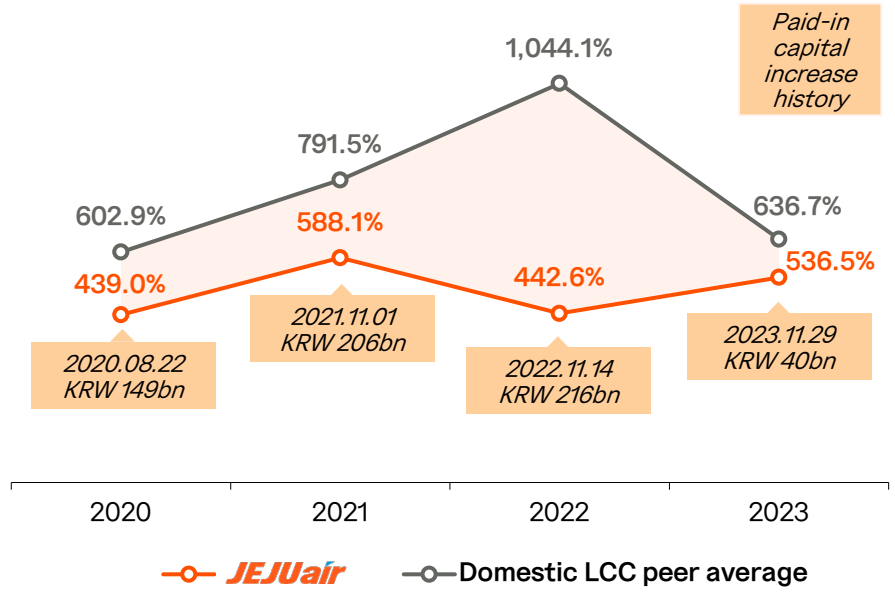



- The first LCC to pay dividends, which continued with a steady Dividend Payout Ratio of 20-25% from 2015 to 2018.
- **Announced deficit recovery** to return to shareholders.

# Financial Soundness

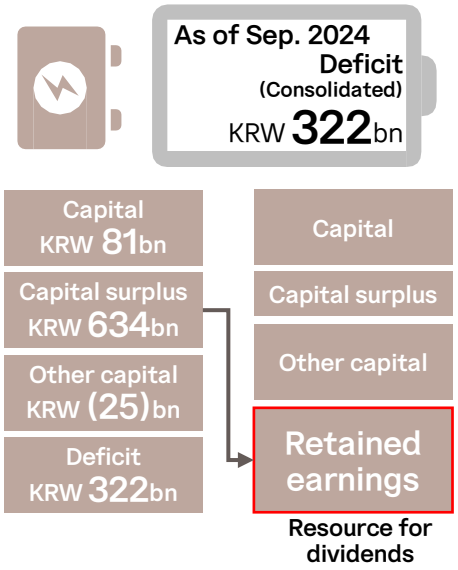
**Enhanced financial soundness through multiple capital increases and announced deficit recovery for shareholder return.**

## Peer D/E ratio[1] and paid-in capital increase




- Conducted paid-in capital increases totaling **KRW 611 bn** in 2020-2023.
- **Financial soundness was enhanced** through capital increases thanks to the stable governance of the holding company structure. This resulted in **healthy cash liquidity** and a D/E ratio over 100%p lower than Korean LCC peer average.

## Announcement of deficit recovery




- Announced that the **deficit will be covered by transferring capital surplus to retained earnings.**
  (Disclosed on Nov. 5th, 2024)
- Secured distributable earnings for shareholder return.

(The details provided are subject to change.)



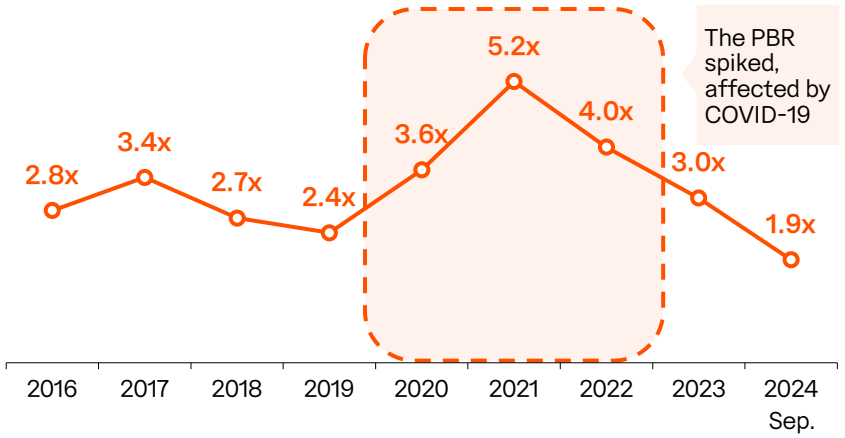

- With Cash and cash equivalents of KRW 216 bn as of Sep. 2024, **resources are available for cash dividends after covering deficits.**

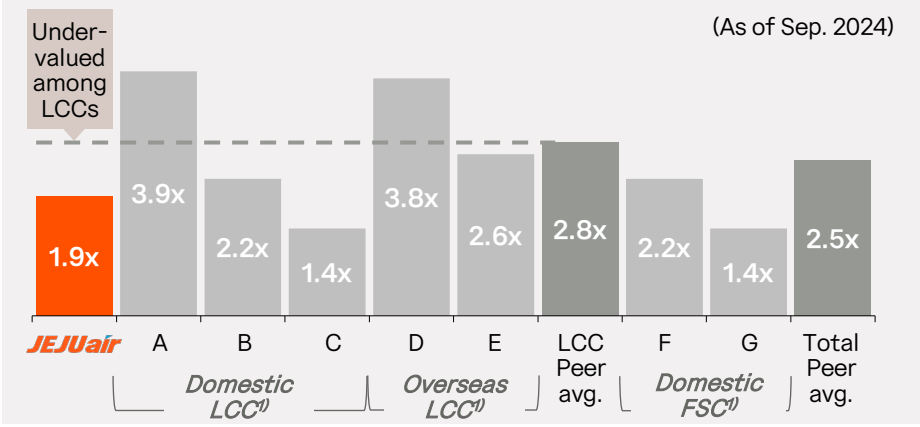
1) The D/E ratio is calculated based on either the consolidated or the standalone financial statements

# PBR

**PBR is lower than the LCC peer average due to capital increases. The company is undervalued in the market despite the No.1 performance in the industry.**

## PBR trend (Consolidated)




## Undervalued PBR relative to performance

| (Sep. 2024 LTM, Consolidated) | JEJUair | A | B | C |
|---|---|---|---|---|
| Revenue (KRW) | 1,967bn | 1,503bn | 1,446bn | 1,006bn |
| ROE | 31.9% | 31.7% | 67.4% | 64.4% |
| Market Cap. (KRW) | 727bn | 661bn | 531bn | 281bn |
| Net Assets (KRW) | 390bn | 170bn | 244bn | 202bn |
| PBR | 1.9x | 3.9x | 2.2x | 1.4x |
| D/E Ratio | 391.2% | 739.0% | 342.8% | 578.0% |

1) Peers are determined by considering the business model and company size among domestic and overseas listed companies.

# Sustainable Aviation

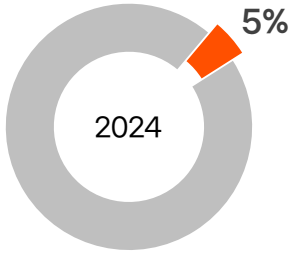
**Working to reduce carbon emissions by introducing Next-Generation aircraft and boosting operational efficiency, aiming for a green business model.**

## Introducing Next-Generation aircraft[1)]

- **The Next-Generation aircraft, B737-8, are being introduced** to achieve long-term carbon emission goal in November 2023.

[Next-Generation aircraft]




- **The introduction plan aims to achieve sustainable aviation** by replacing existing fleet with new ones.
- **The B737-8 can reduce fuel consumption and carbon emissions by approximately 20% compared to B737-800**

## Operational efficiency

- **Continuously improving operational efficiency** through selecting fuel-saving items and focusing on management.

### Aircraft Weight Management

- **2,584 $tCO_2$ of carbon emissions were reduced** in 2023 by utilizing baggage weight prediction models.

### Engine Water Wash

- Performing regular engine water washes allowed for a **reduction of 2,237$tCO_2$ in carbon emissions.**

### Efficiency in Flight Planning

- **Reducing GHG emission** through data-driven fuel and operational optimization.

### Efficiency in Ground Operations

- **Reducing fuel consumption and carbon emissions** by switching APUs[2)] to GPUs[3)], GPSs[4)] while standby on the ground.

### Economical Flight Operation Protocols

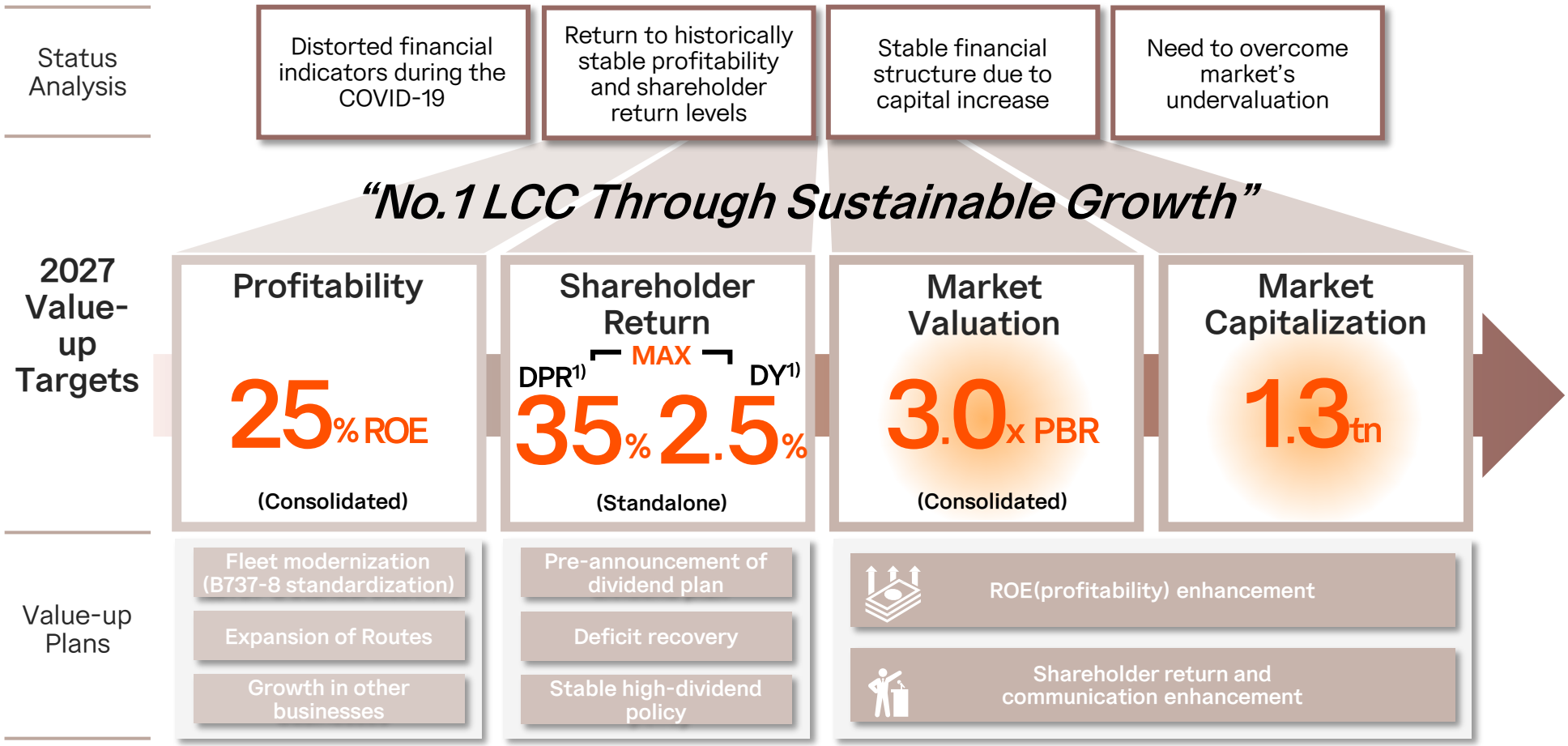
- Launched a "Green Crew" to **research and adapt carbon reduction strategies at each flight operations.**

1) Source: Jeju Air 2024 Sustainability Report, 2) Auxiliary Power Unit, 3) Ground Power Unit, 4) Ground Power Supply

# Value-up Targets

**Plans to enhance enterprise value to fortify the LCC industry leader position.**

## Value-up roadmap




1) DPR: Dividend Payout Ratio, DY: Dividend yield

# Enhancing Profitability (Fleet Modernization, B737-8 Purchase)

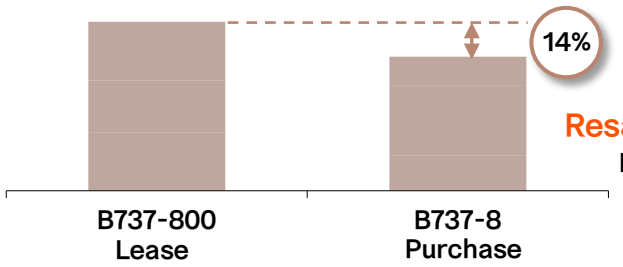
Plans to enhance business capabilities with superior fleet competitiveness as the only LCC to contract the B737-8 aircraft and gradually introduce the entire fleet.

## Renovating cost structure and expanding networks

[Cost structure renovation]

Operating Margin 3%p+α expected

with 52% of the fleet converted to B737-8s by 2027

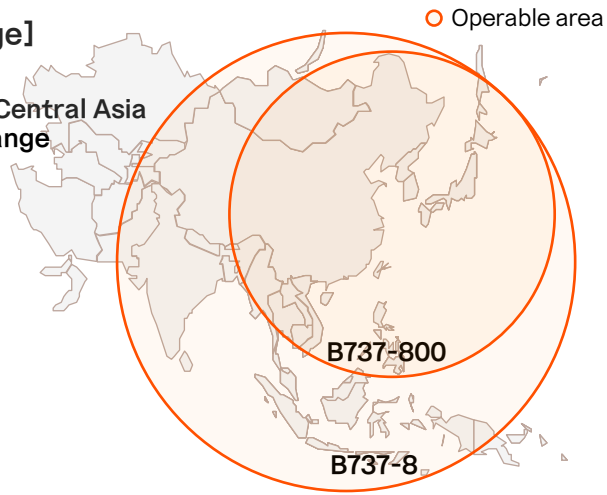



**Reduced operation cost by 14%**
compared to leasing
+
**Resale & re-investment**
possible post-operation

[Expanding coverage]

Expanding new routes such as Indonesia and Central Asia due to the expanded range

Flight time:
6 hours → 8 hours







- ✓ Seats: 189(ECONOMY)/174(BIZ LITE)
- ✓ Flight Time(Range): 8 hours(6,430km)
- ✓ Average Flight Speed: 982km/h

Aerodynamic design, **Reduced fuel consumption**

**Eco-friendly engine,** complying with emission regulations

**High Compatibility** with B737-800, swift and stable transition

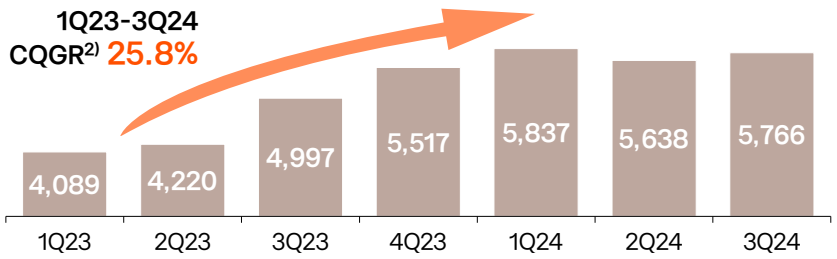
Data Connectivity with Ground for **Proactive maintenance**

# Enhancing Profitability (Expansion of Network)

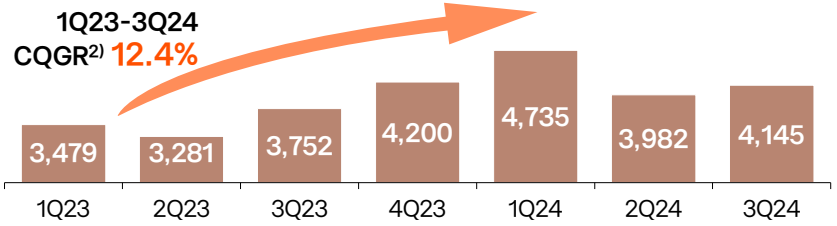
**Plans to increase M/S by expanding routes based on steady demand from well-established major routes.**

## Steady demand for Japan, SE Asia routes

[Major Japan routes passenger count[1)]] (in thousands)




[Major Southeast Asia routes passenger count[1)]]




- Demand for tourism and recreation led an increase in passenger for Japan and Southeast Asia routes.
- Opportunity to **secure stable revenue** as Asian routes, expected to be stable and proven to be profitable, will increase in demand.

## China Visa-free effect and new markets

[China routes passenger comparison[3)]]

| | JEJUair | A | B | C |
|---|---|---|---|---|
| Routes to China | 18 | 11 | 4 | 10 |
| 2023 Passengers | 695k | 454k | 485k | 393k |
| Sep. 2024 Passengers | 969k | 715k | 543k | 563k |

[Expansion to New Markets]

**Major new routes in 2024-2025**

Incheon-Bali
Incheon-Ulaanbaatar
Incheon-Tashkent
Muan-Nagasaki

**Expanding network**

Interlining with
14 foreign carriers

- Revenue growth is expected due to increase in Chinese travel demands and routes expansion driven by the Korean citizens' **Visa-free entrance to China** from Nov. 8th 2024.
- **Generating travel demands** and **strengthening global network** via new routes and interline agreements.

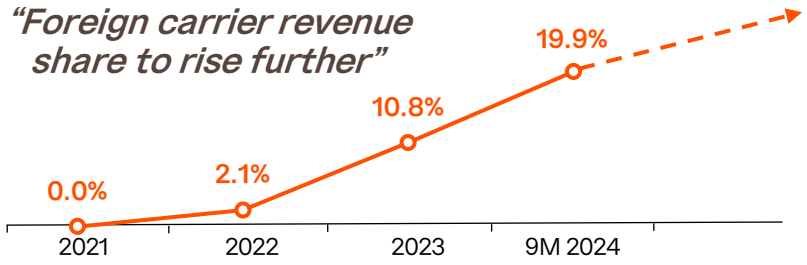
1) For all airlines operating in Korea, major routes consists of Jeju Air routes, 2) CQGR: Cumulative Quarterly Growth Rate, 3) Source: Airportal

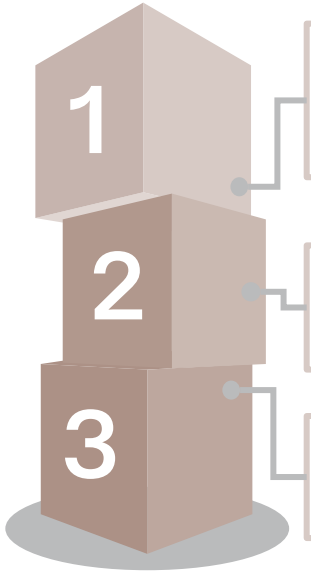
# Enhancing Profitability (Other Businesses)

**Plans to build a sustainable business portfolio by expanding ground operation service and IT service.**

## Ground operation service expansion plan

[Growth in JAS revenue share from international carriers]




**Exclusive handler** of Jeju Air's ground Service (2025).
**Maximize resource efficiency** by expanding service offering to other carriers.

**Improve workforce training and equipment management systems** to respond to fleet size growth.

Capital expenditure to expand **service for all aircraft** and **operate with foreign carriers.**

## IT service expansion plan

1. **Secure market for airports/airlines.**
   - Win projects from airport authorities/construction firms.
   - Generate Airline-specific solutions, expand towards emerging LCCs.
2. **Perform ERP transition for AK Group and expand towards others' ERP deployment projects.**
3. **Expand into DX/AX[1] for manufacturing/chemical business and Smart Digital Factory market.**
4. **Develop RAG[2] business for AK Group and others.**

1) DX: Digital experience/AX: AI experience, 2) Retrieval-Augmented Generation

# Shareholder Return Policy

## Plans to maximize TSR through dividend by deficit recovery and high dividend payout ratio.

### Shareholder return policy

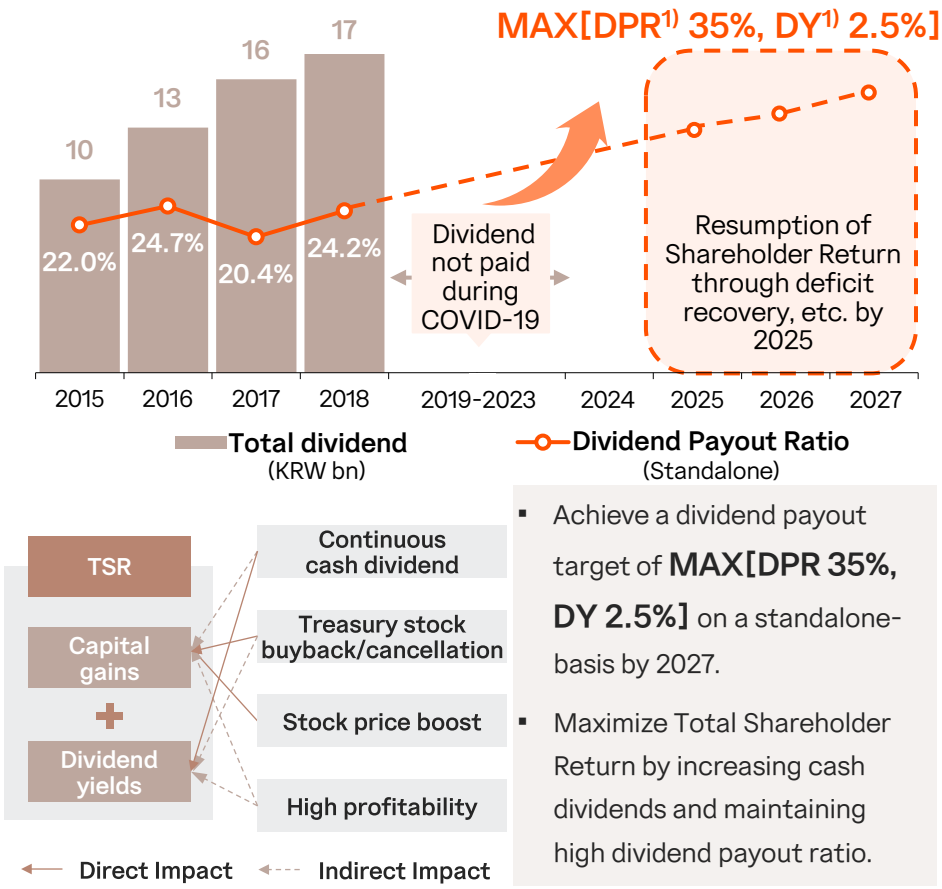
#### 1 Historical dividends and future plans

- **First LCC** to distribute cash dividend which maintained from 2015 to 2018.
- Maintained the highest dividend payout ratio in the LCC industry with **dividend payout ratio more than 20% every year**.
- Long-term business plan also facilitates active Shareholder return policy suiting the No.1 LCC operator.

#### 2 Pre-announcement of dividend plans

- **Enhanced dividend predictability** by aligning the Articles of Incorporation with the Financial Services Commission's dividend guideline and enabled **finalizing the dividend policy prior to setting the dividend record date.**

### Long term shareholder return policy




- Achieve a dividend payout target of **MAX[DPR 35%, DY 2.5%]** on a standalone-basis by 2027.
- Maximize Total Shareholder Return by increasing cash dividends and maintaining high dividend payout ratio.

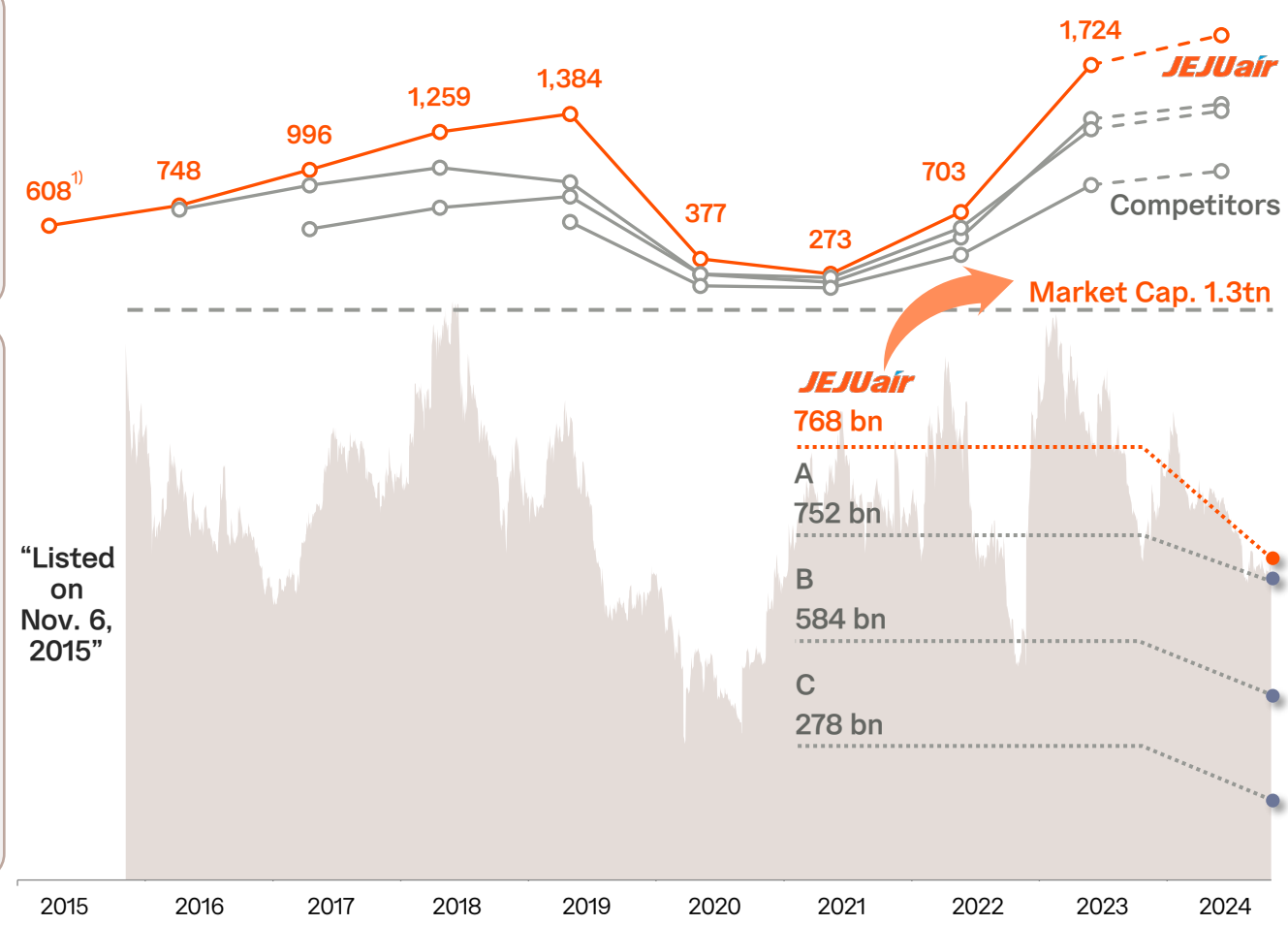
1) DPR: Dividend Payout Ratio, DY: Dividend yield

# Market Capitalization

## The market capitalization remains below its all-time high, aims to recover KRW 1.3tn through strengthened profitability and enhanced shareholder return.

Revenue Trend (Consolidated, KRW bn)

Market Cap. Trend (KRW)




- **No.1 in Korean LCC revenue** since listing in 2015.
- **No.1 LCC** with market capitalization of KRW 768 bn as of Oct. 2024.
- All-time high was achieved in May 2018 and Feb. 2023.
- Aiming to **recover market cap. of KRW 1.3tn** and go beyond that by strengthening profitability and shareholder return policy.

1) Standalone

# Green Business Portfolio

## Strengthen Climate Change Response strategy and Green Business Portfolio through introducing Next-Gen. aircraft, operational efficiency improvements, and expanding use of SAF.

### Roadmap for strengthening the Green business portfolio

**[Climate change response strategy]**

**Short-term (2023~2024)**

- Introduce Next-Generation aircraft
- Advance EMS[1)]
- Pilot Adoption of SAF[2)]

**Mid -term (2025~2026)**

- Improve operational efficiency at the business unit level
- Expand the adoption of EVs

**Long-term (2027~)**

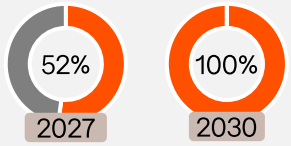
- Expand use of SAF[2)]




**[Five Key Strategies for reducing Carbon Emission]**

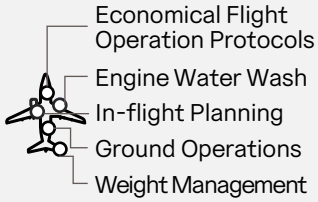
**Introducing Next-Gen. Aircraft**

**[Fleet Plan]**




**Boosting Operational Efficiency**

- Improving efficiency with **five measures.**




**Introduction of SAF**

- In alignment with the SAF expansion strategy of the government,
- **SAF being used on specific routes** in 2024, **with plans for expanded use by 2027.**

**Carbon Regulations Response**

- Establishing plans for carbon regulation.
- **Developing policies** and **reduction plans** for CORSIA[3)], which will becoming mandatory in 2027 onwards.

**IT System Advancement**

- **Reducing carbon emission** through IT system advancement and **paperless** operations.
- Introducing **digital boarding documents** using tablet PC.

1) EMS: Environmental Management System, 2) SAF: Sustainable Aviation Fuel, 3) CORSIA: Carbon Offsetting and Reduction Scheme for International Aviation

# Communication

**Plans to enhance credibility by providing transparent information through improved two-way communication with the shareholders.**

## Major communication status and plan

### Our Mission

*"Pursuing sustainable profit for all shareholders based on a stable governance structure"*



- Healthy Governance
- Risk Management
- Reliable Disclosure
- Shareholder Right Protection

### Communication Means and Frequency, Main Activities

**Regular Shareholder Meetings**

- **Annual general meeting of shareholders** with advance notice and disclosing relevant information.
- **Increasing shareholder participation** by holding AGM[1] outside of peak shareholder days and introducing e-voting.

**Corporate Disclosures and Announcements**

- Periodic and ad-hoc corporate disclosures and announcements.
- Periodic disclosure of corporate governance reports, sustainability reports, Value-up plans, etc.

**Regular Earning Calls**

- **Quarterly** earnings releases, sharing of the current status, and future plan communications on the website.

**IR**

- **Enhance shareholder/investor engagement** with earnings releases, conference calls, and NDRs.

### Enhancement Plan

*"Value-up and enhance credibility through transparency and increased communication"*



**Action Plan**

- Strengthen communication with overseas investors
- Adopt XBRL disclosures and expand English disclosures
- Improve compliance with key governance indicators
- Timely board reporting and disclosure of Value-up evaluations and changes

1) AGM: Annual General Meeting of Shareholders

JEJUair




**Ranked 1st for 3 straight years** in National Customer Satisfaction Index (NCSI)



**Ranked 1st for 10 straight years** in The 26th Korea Brand Power Index (K-BPI)




**Ranked 1st** in Korea Customer Satisfaction Index (KCSI)




**Ranked 1st for 2 straight years** in Korea's Most Admired Companies




**First-ever carrier to win** Consumer-Centered Management **Certification**




**Ranked 1st for 6 straight years** in 'Green star'



**Ranked 1st for 6 straight years** in Heart to Heart Index (HTHI)




Awarded Korea CEO Hall of Fame CEO **for 2 straight years**




**Ranked 1st for 2 straight years in National Service Awards(NSA)**




Awarded for Korea Consumer Appraisal Brand



**Ranked 1st** in Korea Purchase Ease Index




Awarded for Korea Master Brand




**Ranked 1st** in Korea Brand Loyalty Leader




**Ranked 1st** in The Best Brand by Consumer Recommendation




**Ranked 1st** in Korea Consumer Awards




**Ranked 1st** in Korea Brand Recommendation Index




**Ranked TOP 25** in Airline Excellence Awards by Airlineratings




**Ranked 1st** in Korean Service Quality Index




**Ranked 1st** in Premium Brand Index



Awarded for Brand Selected by Consumer




Awarded for Korea Advertising Awards




Awarded for First&Best Brands Chosen By Consumers




Received Consumer-Centered Management Certification




Received Consumer-Centered Management Service Innovation Enterprise Certification