INVESTOR RELATIONS

MARCH VER. 2019 (English)







INBOUND BUSINESS

HOTEL BUSINESS

DFS BUSINESS

CULTURE BUSINESS

GLOBAL BUSINESS

APPENDIX





INTRODUCTION



MAIN BUSINESS

.....

Global No.1 Culture & Tourism Retail Group









INBOUND

LAND OPERATOR







HOTEL







DFS







GLOBAL BIZ

ENTERTAINMENT

Global Network

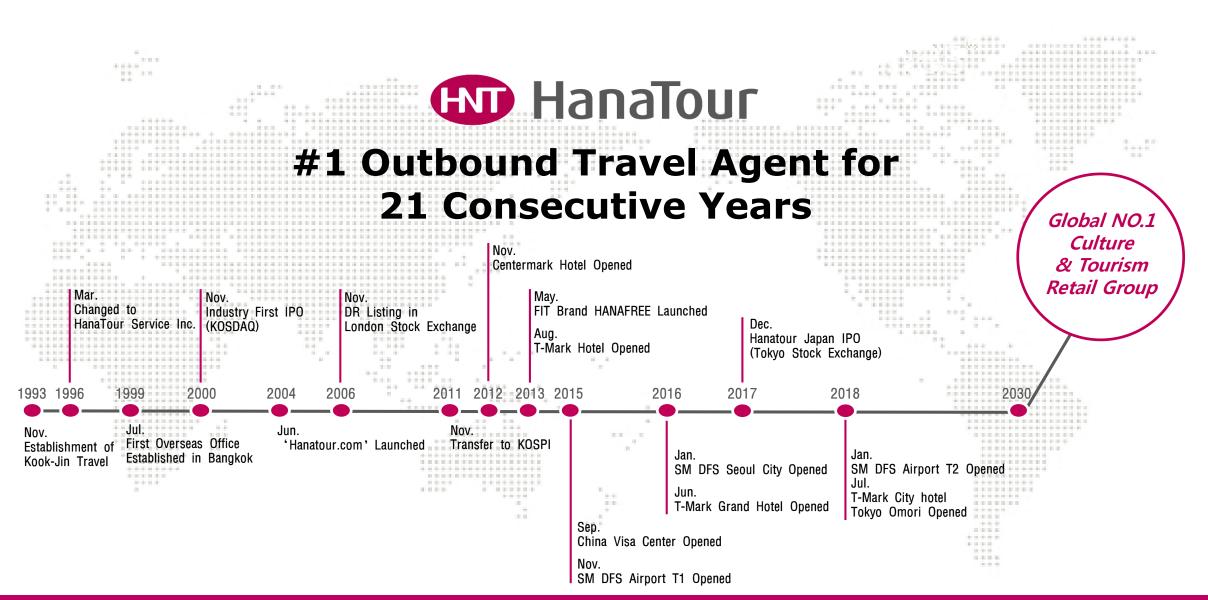




VISA CENTER

....

HISTORY



HANATOUR COMPETITIVENESS

"Diverse Global & Domestic Networks and Channels"



200

11. 11



HanaTour Customers: 19.9million

HanaTour Members: 6.8 million

Global Network



12 Overseas Subsidiaries

49 Global Networks in Total





Mom & Pop 5,114

Affiliates 1,470

IT System







.......

On-Line/Mobile

WWW.HANAFREE.COM



.



IT Service



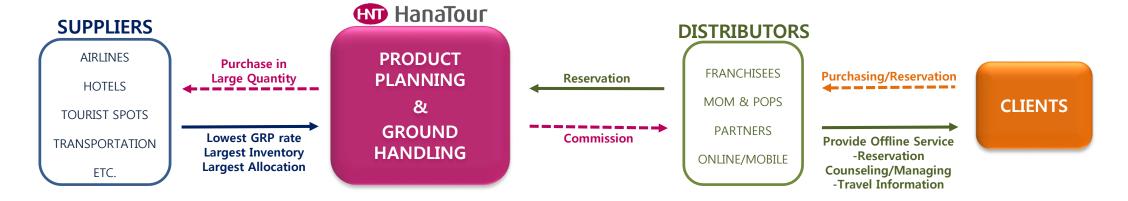
Global BIZ SYSTEM
Agency Support SYSTEM

OUTBOUND BUSINESS



BUSINESS MODEL & CORE COMPETITIVENESS

"Travel Wholesale Business"



COMPETITIVE ADVANTAGE

► SCALE

Largest Outbound Volume for 21 Consecutive Years Market Share of 22% (2018 TTL)



"Everyday Departure" Guarantee



Economy of Scale for better margin

▶ DISTRIBUTION

On/Off Sales Channels



'Hanatour.com' and Mobile Apps in Operation



8,000 Offline Agents all over the country

MARKET ENVIRONMENT & GROWTH

Increase of Air Supply

- Increasing number of LCC(Domestic/Global)
- Diversified air routes
- Open skies with China(limited), Japan, Southeast Asia
- Chinese travel liberalization leading air seat increase

Overseas Travel Offering Higher Value

- Rising of domestic travel cost due to Chinese inbound travelers
- Relatively cheaper short-haul destination travel cost
- LCCs covering short-haul destinations would allow FSCs to develop long-haul destinations

Changing in Consumption Trends

- External Factors : Increasing income, Increasing Holidays
- Value based consumption trends
- Retirement of the Baby Boomers
- Incheon International Airport preparing its 3rd Terminal
- China's C919 aircraft launching

[Source: HanaTour Internal Data based on data of Statistical Offices, Tourism Bureaus of Korea, KAC, Traveltiems, Ministry of Justice]

- Possibility of Full Open sky agreement with China



"Korea Outbound Market"

- Population : 52 Million
- Expecting over 55% departure rate in 2019
- Expecting 24% of the total MS gain in 2019



"Hanatour's Vision 2030"

- Expecting 95% departure rate in 2030
- Targeting over 40% of the total Market Share in 2030



"Increasing Air Supply "

- Air Supply : Over 1 Million flight
- 2015-2020 Estimated CAGR: 5.3%





(Unit 1,000 people)

Travel Agency

Airline Company

Global OTAs

Movie, TV Show

Camping, Leisure

Sports, Games

Market Share Competition

- Emphasis on Profitability and Economy of Scale
 - Price Competition within Industry



Price Oriented



Inventory



Economy of Scale

Hanatour's Current Ability













Time Share Competition

- Emphasis on Higher Value
- Profitability through Distinctive Services
- Surpassing Industry Boundaries for Competition







Contents



Differentiation



Hanatour's Target Ability









Human Touch

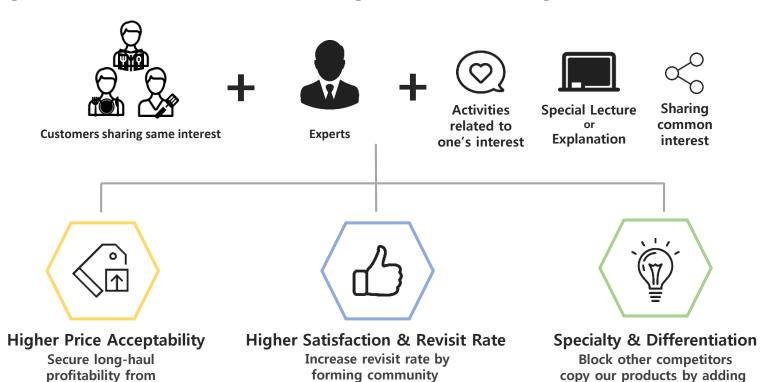
Community

GRAND TOUR

short-haul destinations

Why Grand Tour?

- The original "Grand Tour" refers to tours to Europe in 17~19th century taken by upper class English young men accompanied by their personal tutors for both leisure and academic purposes
- Hanatour's Grand Tour is a thematic package tour which hires leading/celebrity figures as curators
- Grand Tour is designed resolve modern era's increasing need for knowledge of the interested area



with similar interest

special and distinctive values

GRAND TOUR, 뭉쳐야 뜬다





더 깊게 더 특별하게! 관심 분야 전문가의 생생한 지식과 노하우를 전수 받을 수 있는 특별한 여행을 떠나고 싶은 고객님들을 위해



하나투어에서 전문가와 함께 떠나는 테마여행을 제안합니다.

테마여행 홈 바로가기 90

골프여한 박시현 사이판

미술여햇 하지은 이탈리아

10월 미술여행 박파랑 도쿄

10월 고규홍 일본 오제습지

10월 라이딩 나삼훈 돗토리

11월 11월 미술여행 골프여행 박파랑 박시현 도쿄 캄보디아

테마별 분야 전문가 지원하기

여행과 접목할 수 있는 모든 전문가를 모십니다.

전문가 지원 바로가기 90

지금 지원하세요!

마라톤 이봉주 마카오

12월







OPEN PLATFORM HANATOUR PLATFORM HANATOUR.COM Local Guide Community **HNT Experts Itinerary FIT Destination** Itinerary **Tourist Spot** Hote **Local Tour** Theme **Ticket** Specialty **Local Info Local Tour** Differentiation Shopping Etc.

Unification of product Sourcing and sales process through Platform

- Increase customer inflow and sales by developing platform which connects HNT's various product inventories with tour communities
- Opening Hanatour's product inventory platform local residents, local guides and communities to feed new inventories
- Communities with various contents and interests, experts in various fields and Hanatour's employees can participate as suppliers to the platform

Human Touch Service Using BIG DATA

- Collect customer's personal preferences data(appetite, seat preference, personality, etc) through every step of their trip
- Tour guides and conductors, and anyone with point of contact with customers collect data
- Process the collected data to provide better service and personal care for customers, improve products, etc.
- The Big Data assists sales agents to improve face to face services and increase overall Before-During-After-Traveling experience
- The Big Data enables more and better B2C capability of Hanatour

Call-center, Airport **Guide, Tour Conductor Customer Satisfaction Survey After Traveling During Traveling**

- **Favorite Destination, Hotel, Airline**
- Vacation period, Holiday plan

- Interest, Hobby
- Customer's Taste (Food, Sightseeing)
- Service satisfaction rate
- Improvements needed for revisit



Enhance B2C Service



Enhance service for franchises



Enhance Product R&D



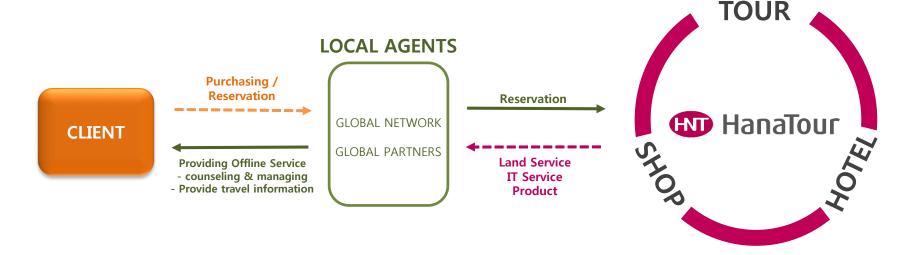
Improve Customer Service

INBOUND BUSINESS



BUSINESS MODEL & CORE COMPETITIVENESS

"Creating Synergy Using Existing Infra Structure"



LAND SERVICE

Provide High-Quality Land Service Provide Diverse Shuttle Bus Tour Services by working with local governments







HOTEL

Operating 1,114 Rooms in downtown Seoul area Enhance competitiveness for inbound business Preferred by local business trip and foreign FIT



SHOPPING

Two Airport DFSs creating synergy with the outbound business and one City DFS creating synergy with inbound tourists using various tour and activity programs





HANATOUR ITC

HanaTour ITC

- HANATOUR ITC Inc. is a 100% owned inbound subsidiary of Hanatour
- 29 overseas offices are sales agents of HANATOUR ITC

Business Category



FIT Business

Provide City tour, Concert, Ticket, Shuttle tour service to FIT customers



Tour Desk

Operating tour desk for foreign tourists (Seoul station, Hongik univ., Dongdaemun)



Medical Tour

Experience Korea's high quality medical services (body check up, petit care, plastic surgeon)



Package Tour

High Quality package tour designed to satisfy various customer's needs



Korean Waves Tour

Experience popular entertainer's performance Visit movie, drama sets



The Third Nation Tour

Provide global-bound services to foreigner and overseas Korean using 29 global branch

(ND) HanaTour



Discover Korea

High quality Korea Discovery Products for foreigners



MICE

International conference, exhibition and incentive tour related service



Retirement & School Field Trip

Incentive tours designed for retired or student



Korea Homeland Tour

Tour for overseas Koreans to experience their homeland

HOTEL BUSINESS

Domestic





Midscale Business Hotel

- Opened in 2012 / Insa-dong
- Operating 250 Rooms





Midscale Business Hotel

- Opened in 2013 / Myeongdong
- Operating 288 Rooms





Upscale Business Hotel

- Opened in 2016 / Hoehyeon Stn.
- Operating 576 Rooms, Pool, F&B

Global





HOTEL / ZHANGJIAJIE

Active marketing and sales using global networks

Maintain asset light structure by Master lease

Operating 1,114 Rooms in downtown Seoul area Enhance competitiveness for inbound business

Expand T-Mark's Hotel Management Business in both Korea and overseas

DFS BUSINESS

Korea's New Paradigm of DFS with Hanatour Culture-Tourism Meets Shopping, Global No1. Culture-Tourism DFS

ICN AIRPORT T1



1ST Nov. 2015 Grand Opening

- Global No.1 Revenue Generating Incheon airport DF9 Area
- Located at Asiana Gates

(ND) HanaTour

- 5 stores 160 brands, 5,000 products
- 24hr operating pick-up desk
- Commercial Floor Space of 918m²

ICN AIRPORT T2



Jan. 2018 Grand Opening

- Located at DF4 area in T2
- Available to sell all kinds of goods
- Korean Air, Delta, Air France, KLM are located
- Great synergy opportunity with Hanatour customers who use Korean Air
- Commercial Floor space of 825m²

SEOUL CITY



29th Apr. 2016 Grand Opening

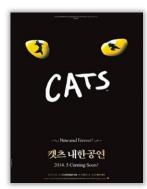
- Located at the tourists' hot spot Insa-dong
- Hanatour Main Building 1F 3F
- Online DFS(<u>www.smdutyfree.com</u>)
- Related to HNT website & Mobile App
- Commercial Floor Space of 4,088m²

CULTURE BUSINESS INVESTMENT















> Expansion of HNT Performance Contents Investment

- Synergy with Existing Tour Business
- Expansion of Business through Exploring new Culture Contents
 Business
- Performance Ticket Retail through Hanafree Ticket Brand

> Stabilization of Investment Structure

- Capital Guarantee & Loss CAP method investment to Minimize Risk
- Investment Ceiling
 (Decide total Investment Scale after looking over Yearly Line-up)
- Diversification of Investment to Secure Distribution (Exclusive Sales and Secure of On-Site Sales)
- Co-Investment(Sourcing) through Strategic Partnership

GLOBAL BUSINESS



OVERSEAS NETWORKS

12 Overseas Subsidiaries in 9 Countries

- 01. HANATOUR USA INC
- 02. HANATOUR CHINA
- 03. HANATOUR HONGKONG CO., LTD.
- 04. HANATOUR TAIWAN SERVICE INC.
- 05. HANATOUR JAPAN Co., LTD
- 06. HANATOUR SERVICE (M)SDN.BHD _ Malaysia 12. HANATOUR EU GmbH _ Germany

- 07. HANATOUR PTE. LTD Singapore
- 08. HANATOUR EUROPE LTD _ London
- 09. HANATOUR PTY LTD _ Australia
- 10. BEIJING HANA INFORMATION TECHNOLOGY CO.,LTD
- 11. BEIJING YITU INTERNATIONAL TRAVEL SERVICE CO.,LTD

49 Global Networks in Total

01. U.S.A

- Los Angeles, Las Vegas, Hawaii, New York

02. China

- Beijing, Shanghai, Qingdao, Xian, Zhangjiajie

03. Asia

- Taiwan, Hong Kong, Bangkok, Phuket, Manila, Cebu, Bail, Hochiminh Hanoi, Kota Kinabalu, Singapore

04. Japan

- Tokyo, Hokkaido, Kyushu, Osaka, Okinawa

05. South Pacific

- Guam, Saipan, Auckland, Sydney, Palau

06. Europe

- London



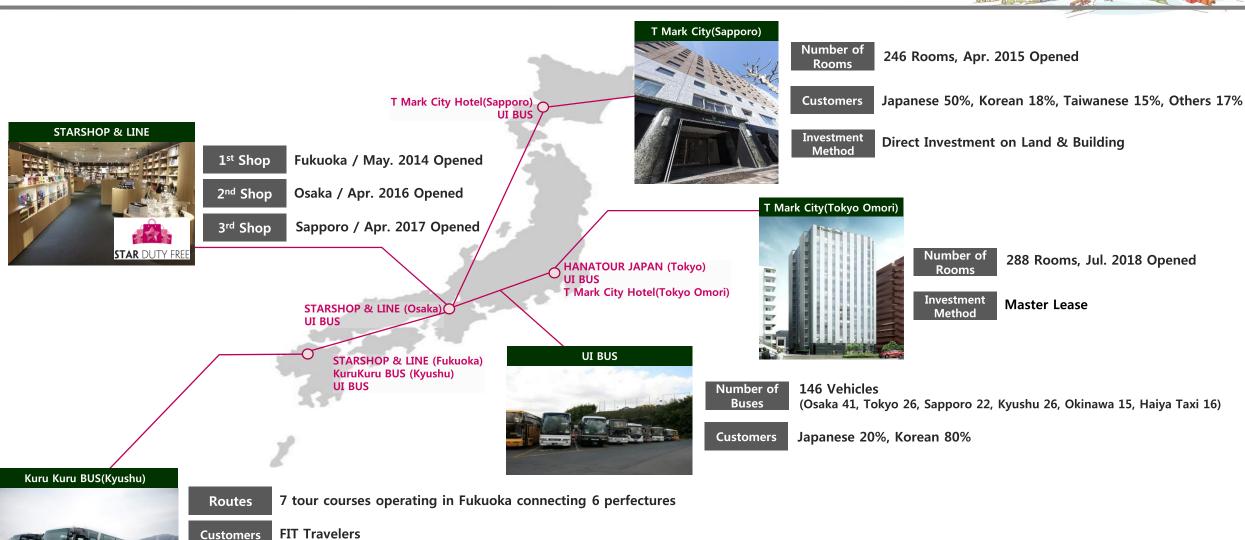
HANATOUR JAPAN

Rental Car

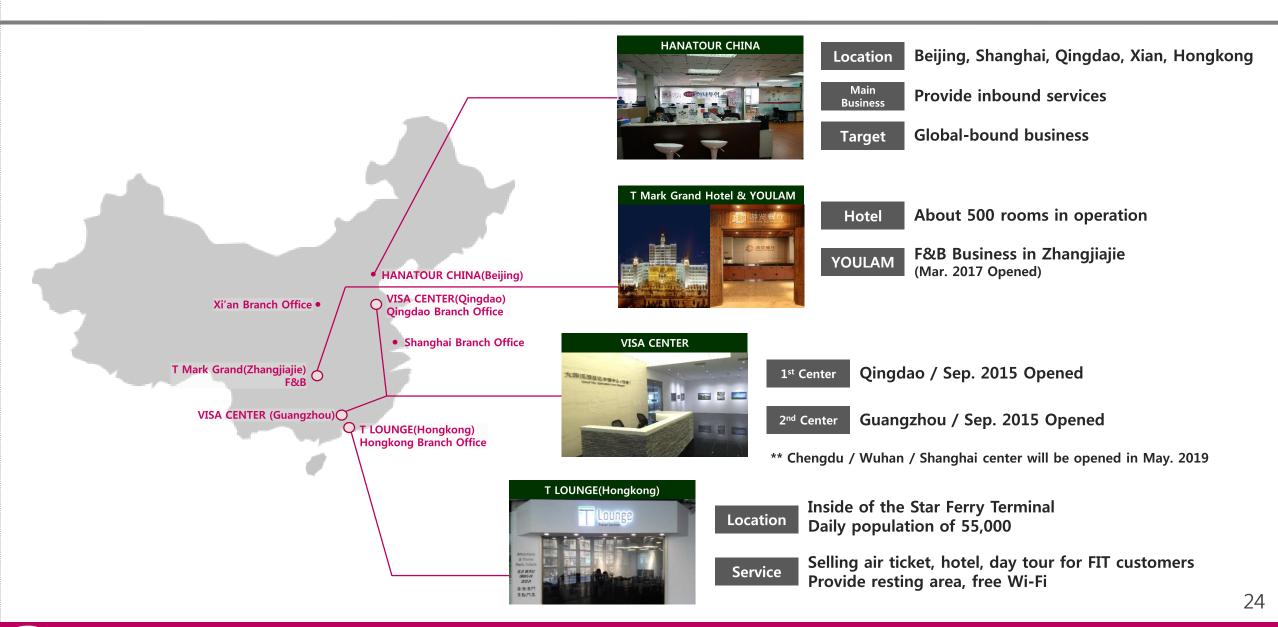
Service

Rental Car Service for FIT Travelers in Okinawa





HANATOUR CHINA

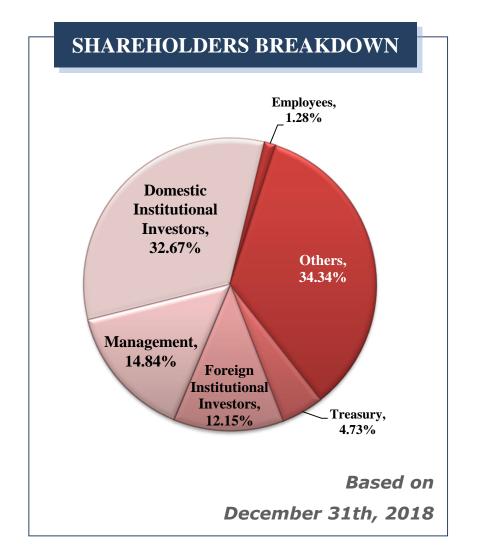


APPENDIX



OVERVIEW

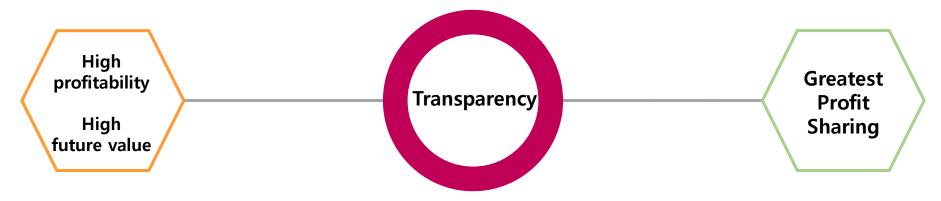
COMPAN	NY PROFILE
Date of establishment	November, 1993
CEO, Chairman	Sang Hwan, Park
CEO, President	Jin Kook, Kim
Total number of employees	2,748 (Dec. 2018)
Paid-in capital	KRW 5.8 bn (Dec. 2017)
Outstanding Shares	11,616,185 (Dec. 2017)
Networks	Domestic: 24
1 ICUW OI IXS	Overseas: 18



VALUE MANAGEMENT



35% Payout Ratio



Index	2018	2017	2016	2015	2014	2013	2012
Dividend Per Share(Won)	-	800	800	800	700	600	500
Interim Dividend (Won)	700	700	700	700	600	500	500
Total Dividend (Bn Won)	-	166	166	166	145	125	111
Dividend Payout Ratio(%)	-	128.0%	206.6%	52.2%	43.3%	36.8%	32.0%

※ From 2011 K-IFRS Based

BUSINESS PERFOMANCE

(KRW bn, %)

Desc	Description		FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	18 ~3Q (Parent)	18 ~3Q (Consolidated)
Cunudh	Sales Income	124	218	226	259	297.6	385.5	459.4	595.5	682.3	422.1	634.5
Growth	Growth(%)	-28	76	3.8	14.5	14.8	9.3	19.2	29.6	14.6	10.7	9.3
	Operating Income	0.4	27.2	22.1	34.7	36.5	40.4	44.7	20.9	40.8	24.9	22.0
Profitability	Income Before Income Taxes	-3.0	32.7	24.8	39.6	43.0	46.2	46.9	23.9	38.0	26.8	26.6
	Net Income	-4.8	24.1	19.5	30.0	32.7	35.4	34.1	7.5	12.7	19.9	15.6
	ROE(%)	-5.4	23.9	18.6	22.7	19.9	18.8	15.7	3.5	5.3	10.6	6.3
Canbilia.	Current Ratio(%)	147.6	143.0	125.0	133.4	139.5	130.2	123.5	120.6	125.4	93.9	123.2
Stability	Debt Ratio(%)	0	0	0	0	0	0	0	0	0	0	0

PRO-FORMA INCOME STATEMENT

(KRW bn)

Desci	ription	FY10	FY11	FY12 (consolidated)	FY13 (consolidated)	FY14 (consolidated)	FY15 (consolidated)	FY16 (consolidated)	FY17 (Consolidated)	18 ~3Q (Parent)	18 ~3Q (Consolidated)	FY18 Guidance
Gross Sales	(Package)	1,267.0	1,452.9							1,864.9		
	(Air-Ticket)	377.9	462.5							896.5		
Sales Incon	ne	218.1	226.0	307.9	352.7	385.5	459.4	595.5	682.3	422.1	634.5	821.3
Operating Ex	rpense	190.9	204.8	268.3	312.3	345.0	414.6	574.6	641.5	397.1	612.5	745.5
Operating 1	Income	27.2	22.1	39.6	40.4	40.4	44.7	20.9	40.8	24.9	22.0	75.8
OPM(%)		12.5	9.8	12.9	11.4	10.5	9.7	3.5	6.0	5.9	3.5	9.2
Income Bet Income Ta		32.7	24.8	49.9	48.8	46.2	46.9	23.9	38.0	26.8	26.6	-
Net Income	,	24.1	19.5	37.4	36.1	35.4	34.1	7.5	12.7	19.9	15.6	-

PRO-FORMA BALANCE STATEMENT

(KRW bn)

Description	FY08	FY09	FY10	FY11	FY12 (Consolidated)	FY13 (Consolidated)	FY14 (Consolidated)	FY15 (Consolidated)	FY16 (Consolidated)	FY17 (Parent)	FY17 (Consolidated)
Current Assets	90.8	105.2	156.3	164.6	281.4	278.5	316.4	340.2	345.7	275.2	430.3
Non-Current Assets	63.4	57.1	64.0	83.0	71.0	98.0	121.0	164.1	174.6	184.5	174.5
Total Assets	154.2	162.3	220.3	247.6	352.4	376.5	437.4	504.3	520.2	459.6	604.7
Current Liabilities	63.8	71.2	109.3	136.2	169.5	180.8	243.0	275.4	286.7	274.1	343.1
Non-Current Liabilities	1.0	0.1	0.2	-	3.1	3.1	6.4	11.6	21.5	4.1	20.2
Total Liabilities	64.8	71.3	109.5	136.2	172.6	183.9	249.4	287.0	308.2	278.2	363.3
Capital Stock	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Retained Earnings	44.9	20.5	38.1	46.0	76.0	98.8	118.6	134.9	126.4	117.7	122.8
Other Capital	36.8	62.5	64.7	79.6	97.9	-0.8	-1.5	-1.1	-0.8	-0.8	-4.4
Total Stockholders' Equity	89.4	90.9	110.8	111.5	179.8	192.6	188.0	217.2	212.1	181.4	241.5
Total Liabilities and Stockholders' Equity	154.2	162.3	220.3	247.6	352.4	376.5	437.4	504.3	520.2	459.6	604.7

PRO-FORMA CASH FLOW

(KRW bn)

Description	FY08	FY09	FY10	FY11	FY12 (Consolidated)	FY13 (Consolidated)	FY14 (Consolidated)	FY15 (Consolidated)	FY16 (Consolidated)	FY17 (Parent)	FY17 (Consolidated)
1. Cash Flows from Operating Activities	8.6	11.4	63.1	47.7	39.2	45.9	103.7	34.9	27.5	51.0	66.2
2. Cash Flows from Investing Activities	-6.3	13.4	-28.2	-27.3	-44.1	-41.3	-39.5	-0.9	6.7	-0.6	-21.8
3. Cash Flows from Financing Activities	-30.7	-6.1	-7.7	-18.9	7.6	-15.0	-31.7	-2.3	25.5	-16.6	32.9
4. Increase (Decrease) in Cash (1+2+3)	-28.4	18.8	27.2	1.5	2.6	-10.5	32.4	31.6	8.7	33.8	77.3
5. Cash at the Beginning of the Fiscal Period	47.1	18.7	37.5	64.7	91.2	93.0	81.9	113.9	146.5	100.8	156.0
6. Cash at the End of the Fiscal Period	18.7	37.5	64.7	66.2	93.0	81.9	113.9	146.4	156.0	134.3	228.4

GROWTH



%)

		FY06	FY07	FY08	FY09	FY10
	Sales Income	49.5	19.8	-13.3	-28.3	76
Growth (%)	Income Before Income Taxes	46.1	17.8	-79.5	-136.6	N/A
	Net Income	40.3	15.3	-81.3	-196.2	N/A
	Income Before Income Taxes Margin	20.4	20.0	4.7	N/A	15.0
	ROA	17.2	14.6	3.0	-3.1	11.1
	ROE	34.6	28.0	5.3	-5.4	23.9
	EPS (Won)	2,160	2,352	445	-416	2,193
Investment	BPS (Won)	8,009	8,557	7,698	7,828	9,537
mvesument	Pay-Out Ratio(%)	35.3	38.9	166.7	N/A	38.8
	Net-Cash (KRW bn)	72.0	47.0	18.7	37.5	64.7

※ K-GAAP Based

GROWTH



(%)

															(%)
		FY	711	FY12		FY	13	FY	714	FY	15	FY	716	FY	? 17
		Parent	Consolidated												
	Sales Income	4.0	4.0	14.5	14.8	14.8	14.6	6.0	9.3	14.1	19.2	7.2	29.6	15.3	14.6
	Income Before Income Taxes	-19.1	-21.3	59.9	85.0	8.5	-2.2	-15.5	-5.4	2.7	1.6	-51.7	-49.0	149.7	58.8
Growth	Net Income	-11.6	-14.1	53.5	74.3	9.2	-3.6	-14.1	-1.9	2.1	-3.5	-66.9	-78.0	173.9	68.9
(%)	Income Before Income Taxes Margin	11.2	10.2	15.3	16.6	14.6	13.9	11.7	11.9	10.4	10.3	8.7	4.1	11.2	5.8
	ROA	7.9	7.2	10.0	10.6	9.6	9.9	7.7	8.1	7.2	6.8	2.3	1.4	5.7	2.1
	ROE	17.5	16.3	19.6	20.8	18.6	18.7	17.1	18.8	16.1	15.7	5.5	3.5	14.3	5.3
	EPS (KRW)	1,789	1,930	2,714	3,198	2,881	2,989	2,504	2,978	2,602	2,877	859	727	2,351	1,172
Investment	BPS (KRW)	10,249	12,095	13,524	15,907	15,495	16,985	14,933	17,069	16,194	19,682	15,527	19,163	16,391	21,819
Investment	Pay-Out Ratio(%)	50.1	46.0	37.1	32.0	38.2	36.8	51.5	43.3	57.7	52.2	93.2	110.2	63.8	128.0
	Net-Cash (KRW bn)	66.2	91.2	67.6	93.0	52.5	81.9	73.6	113.9	49.2	146.5	174.8	206.6	134.3	228.4

AWARDS LIST

























- ❖2018, Ranked 17th in the 2018 Top 100 Korean Brands
- ❖2018, Recertified for one of the Best Companies for Work-Life Balance by the Ministry of Culture, Sports, and Tourism of Korea (2015-)
- ❖2018, Ranked 1st in the Korean Customer Satisfaction Index (travel industry category) for ten years in a row
- ❖2018, Ranked 1st in National Customer Satisfaction Index(NCSI) in Tourism Service Division for five consecutive years
- ❖2018, Certified for Customer-centered Management (CCM) for four consecutive years (2012-)
- *2018, Ranked 1st in the Korean Brand Power Index (K-BPI) for fourteen consecutive years
- ❖2018, Took first place in the Brand Star travel company category for fourteen consecutive years
- ❖2018, Ranked 1st among the Most Respected Companies (travel company category) for eleven years in a row
- * 2017, Ranked 1st among the Most Respected Companies (travel company category) for ten years in a row
- * 2017, Ranked 1st in the Brand Star travel company category for thirteen consecutive years
- * 2017, Ranked 1st in the Korean Brand Power Index (K-BPI) for thirteen consecutive years
- ❖ 2017, Selected as the "Brand of the Year" in the travel category by the Customers Council for ten years in a row
- ❖ 2017, For four consecutive years, the number-one travel company in the National Customer Satisfaction
- ❖ 2017, Index (NCSI) of the Korea Productivity Center Ranked 10th in the 2017 Top 100 Korean Brands
- ❖ 2017, Ranked No.1 in the women consumers' choice of good companies by The Women's News for twelve consecutive years
- ❖ 2016, 1st place for 8 consecutive years in Korean Customer Satisfaction Index(KCSI)
- 2016, Receive a Presidential Citation for Job Creation
- ❖ 2016, 1st place for 3 consecutive years in National Customer Satisfaction Index(NCSI)
- ❖ 2016, 1st Place for 9 consecutive years in the tourism field in "Brand of the Year 2016" selected by Customers Council
- ❖ 2015, 'Leisure Friendly Company' Authorized by Ministry of Culture, Sport and Tourism
- ❖ 2015, 1st Place for 8 consecutive years in the tourism field in "Brand of the Year 2015" selected by Customers Council
- ❖ 2015, 1st Place for 11 consecutive years in the tour company field in "Korea's Brand Star" selected by Brand Stock
- ❖ 2014, Acquired a recertification for Customer-Centered Management (CCM)
- ❖ 2014, Awarded 'Malaysia Tourism Awards 2012/2013'

• THANK YOU

