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# I n v e s t o r R e l a t i o n s

HanaTour

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OCT 2019

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# 1. BUSINESS OUTLINE

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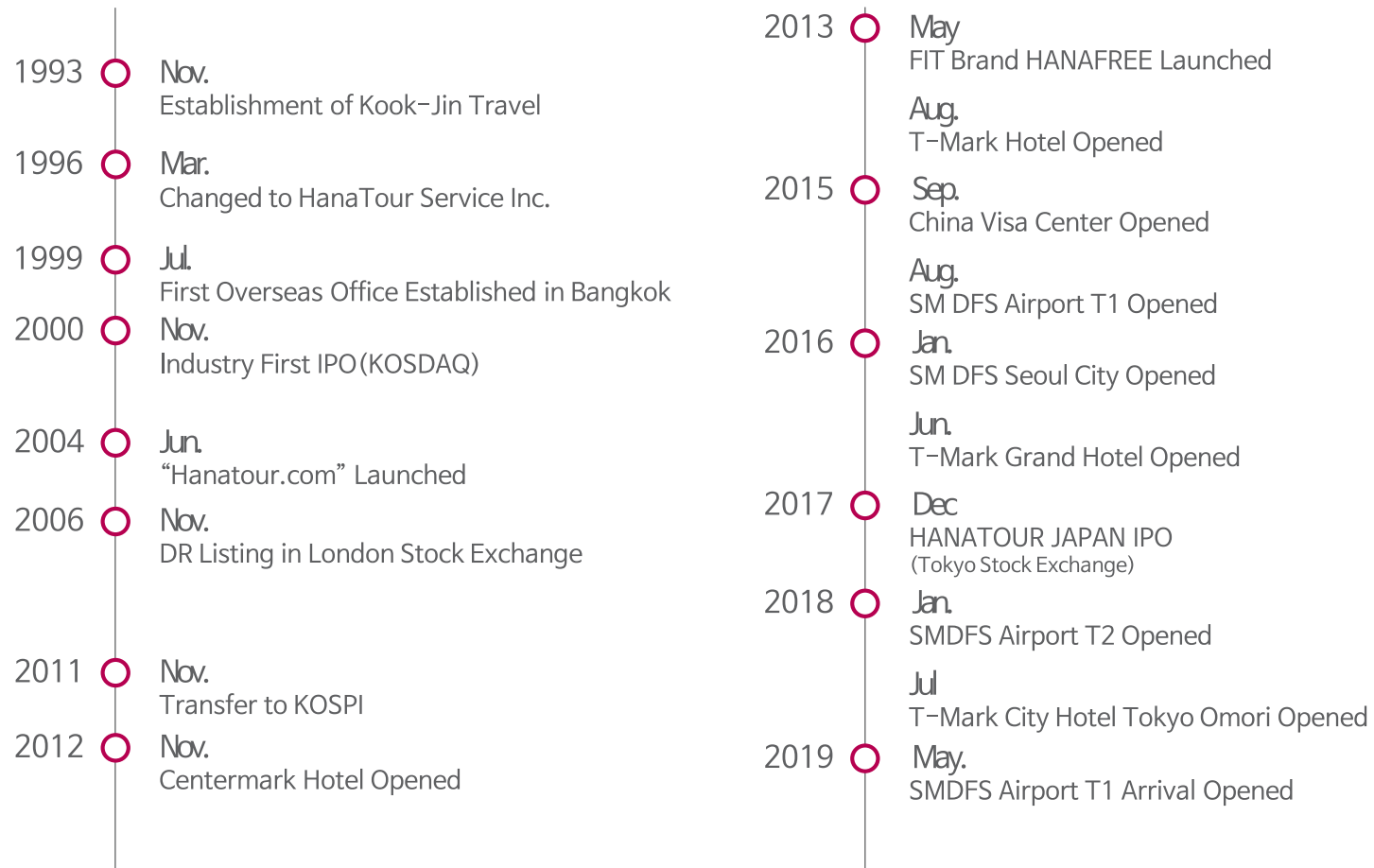
Business Outline

Outbound Business

Inbound Business

Global Business

## History



Business Outline

Outbound Business

Inbound Business

Global Business

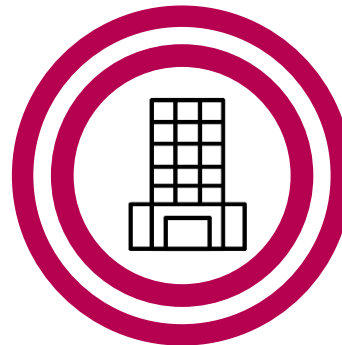
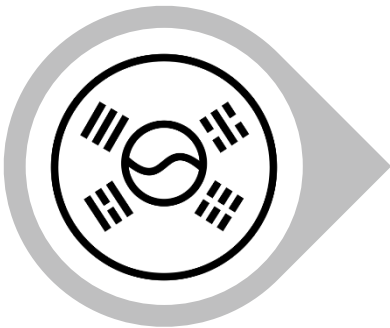
## Business Field

**OUTBOUND**  
HANAPACK  
HANAFREE  
ZEUS



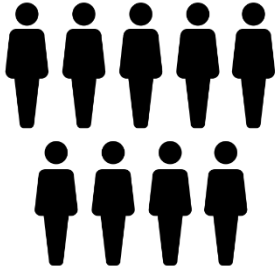
**GLOBAL BIZ.**  
GLOBAL NETWORK  
GLOBAL HOTELS  
VISA CENTERS

**INBOUND**  
HANATOUR ITC  
SM DUTYFREE  
MARK HOTEL



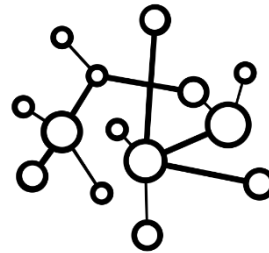
**ENTERTAINMENT**  
HANA TICKET

## Main Competitiveness



### LOYALTY

Customers: 19.9million  
Members: 6.8million



### CHANNELS

1,009 Authorized Reservation Centers  
5,114 Mom & Pops  
1,470 Affiliates



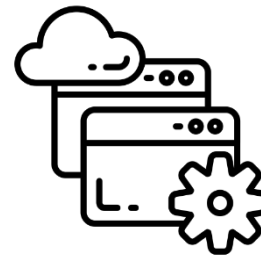
### ON-LINE/MOBILE

[WWW.HANATOUR.COM](http://WWW.HANATOUR.COM)  
[WWW.HANAFREE.COM](http://WWW.HANAFREE.COM)



### GLOBAL NETWORK

27 Overseas Subsidiaries  
55 Global Networks in Total



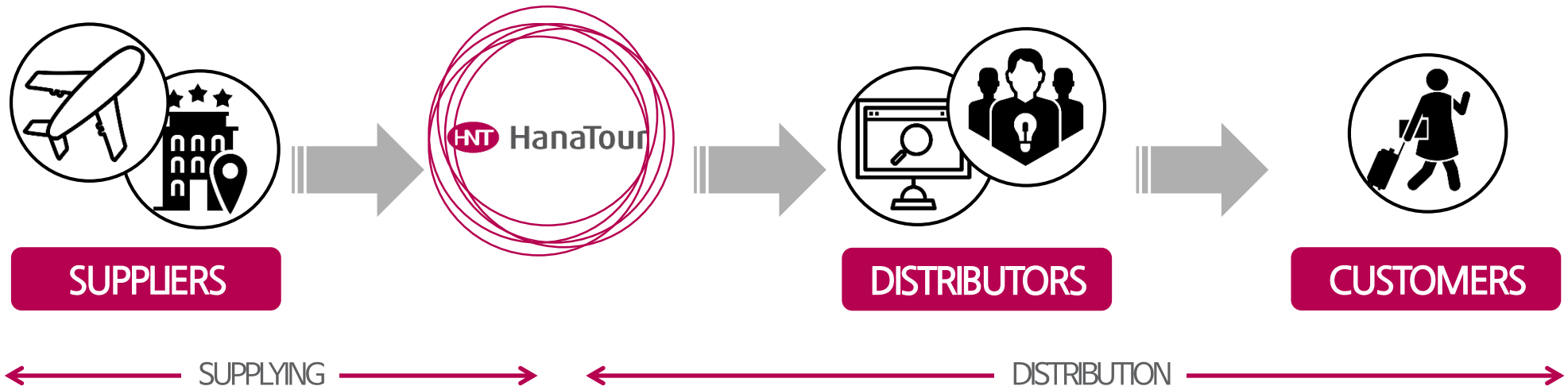
### IT SYSTEM

Global BIZ System  
Agency Support System

## 2. OUTBOUND BUSINESS

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## Business model & Competitiveness



### WHO ARE SUPPLIERS

- ✓ Airlines, Hotels, Tourist Spots, etc.
- ✓ HNT's Own Global Networks

### GUARANTEED SCALE

- ✓ Economy of Scale for better margin
- ✓ "Everyday Departure" Guarantee

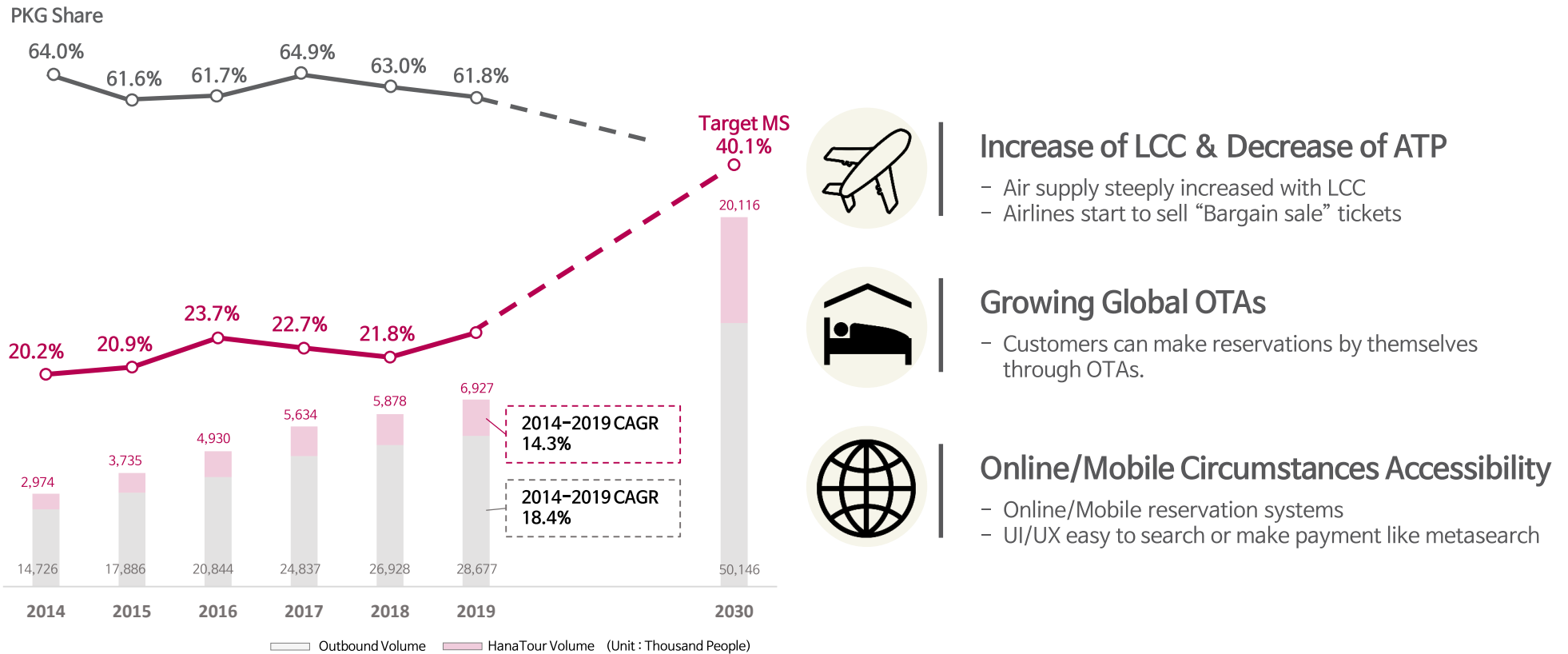
### WHO ARE DISTRIBUTORS

- ✓ Agents: Franchisees, Mom & Pops, Partners, etc.
- ✓ Online/Mobile Channel: Hanatour.com & Mobile application

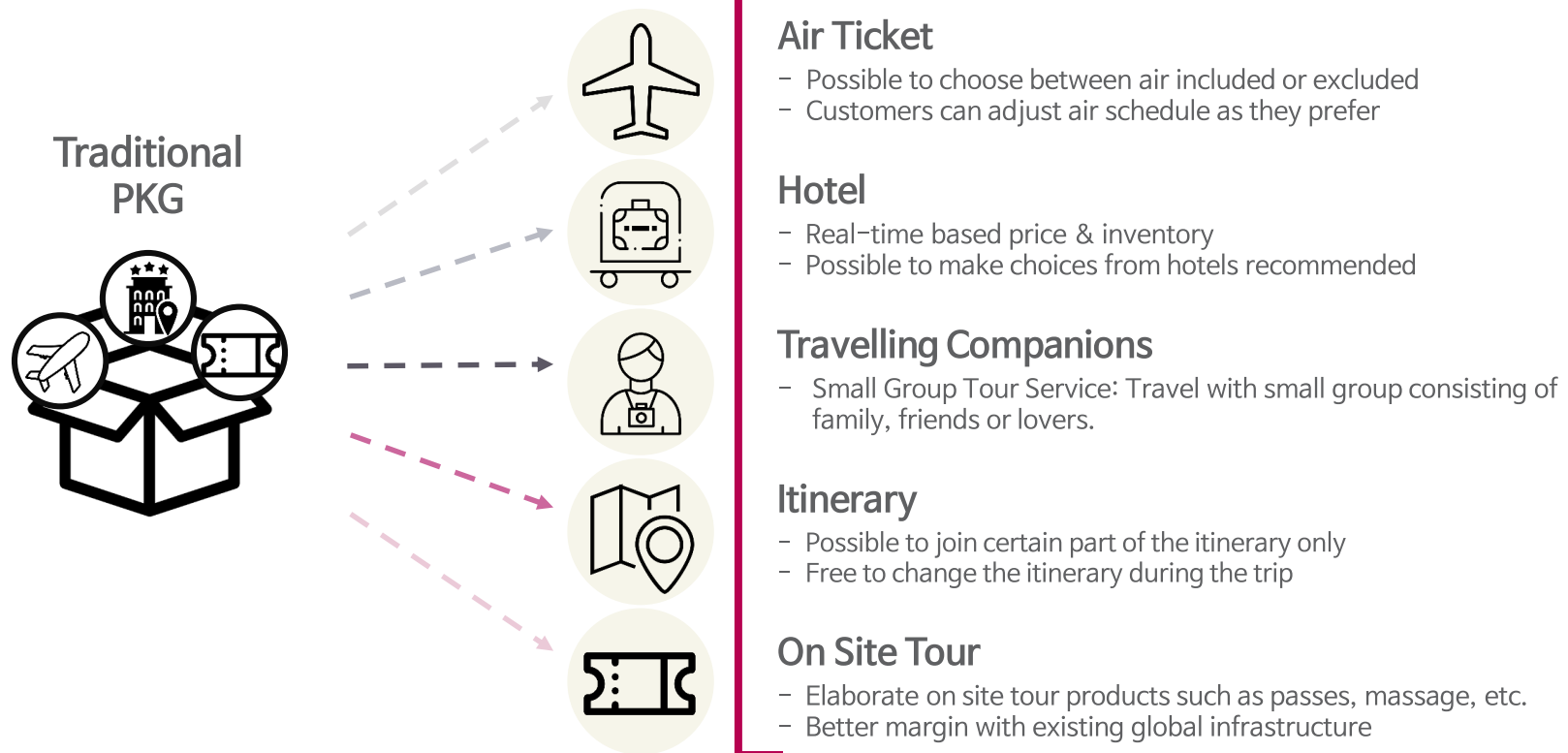
### ASSET LIGHT B2B2C MODEL

- ✓ B2B: Provide commission to agents for selling products  
(\*no departure no commission)
- ✓ B2C: Agents provide counseling service for customers

## Travel market trend: PKG Share decrease and its cause



## HNT Strategy: Dynamic Package



## HNT Strategy: IT Transformation

← Global Infrastructure → ← HNT New Platform →

### Product Sourcing

### Platform Transformation



#### Expand Global Affiliates

Differentiated Land Operation Service



#### Reform UI/UX

Improve Menu/Search/Reservation/Payment process



#### Expand the 3<sup>rd</sup> Supply Chain

Expose various suppliers' products  
Diversify products & Better margin



#### Customized Recommendation System

Recommendation based on Big data related to CRM system



[Customer]

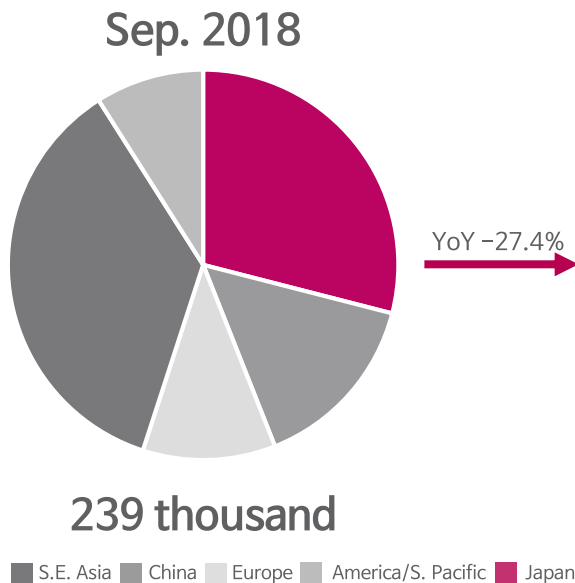
✓ Various Choices

✓ Convenient Purchase

✓ Customized Service

## Sales Performance

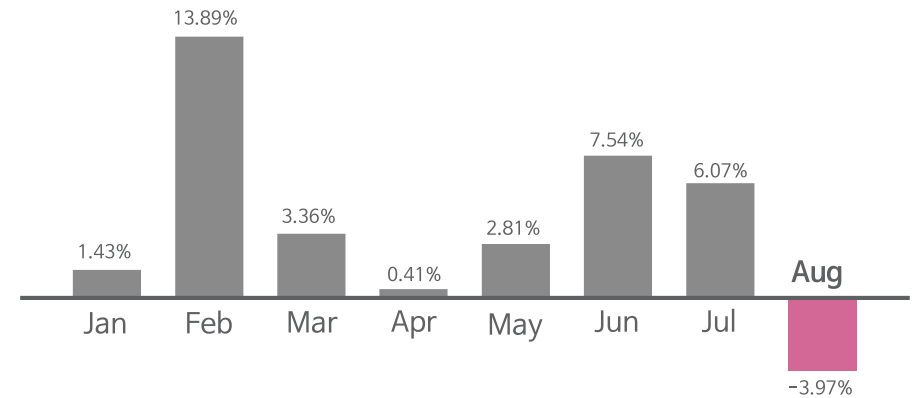
√ Destination Volume Proportion



YoY -27.4%



√ 2019 Total Market Growth Rate



※Data based on 1<sup>st</sup> OCT

※KTO

**Total Outbound Market and HNT Outbound Volume** were affected by **Geo-Political Issues**

; TTL Korean Outbound Market showed **Negative Growth** in Aug. 2019, for the first time since Jan. 2012

**Regional Mix and ASP (YoY +20.8%)** have been accordingly affected **without Prominent Alternative Destination**

Business Outline

Outbound Business

Inbound Business

Global Business

## 2019 2Q Financial Report

√ Sales Income

√ Expense

KRW bn

	2018 2Q	2019 2Q	YoY		2018 2Q	2019 2Q	YoY
Sales Income	125.9	114.6	▼9.0%	Operating Expense	122.1	155.4	▼5.4%
Overseas Travel Intermediation Income	88.0	78.6	▼10.7%	Salaries and Others	23.7	24.4	▼2.8%
Air Tickets Deposit Income	18.5	15.6	▼15.6%	Tour Service Fee	38.6	36.8	▼4.5%
Other Income	6.6	6.7	▲0.9%	Advertising	11.2	6.5	▼42.2%
Other Intermediation Income	12.4	13.4	▲8.5%	Bad Debt Expense	0.2	1.3	▲431.9%
				Petty Expense	0.1	1.9	▲1836.3%

Sales Income: Sales related to Outbound Biz ↓ / Others ↑ ; Visa Center, Air TKT VI, etc.

Expense: Expense related to Accounting Issue(temporary); Petty Expense

## 3. INBOUND BUSINESS

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## Inbound Land Service: HANATOUR ITC

Y HANATOUR ITC Inc.: 100% owned inbound subsidiary of Hanatour

### 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 Korean high quality medical services (body check up, petit care, plastic surgeon)



#### PKG Tour

High quality package tour designed to satisfy various customer's need



#### Korean Wave Tour

Experience popular entertainer's performance. Visit movie, drama sets



#### The 3<sup>rd</sup> Nation Tour

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



#### 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



#### Homeland Tour

Tour for overseas Koreans to experience their homeland

## Hotel Business

### CENTER MARK



#### Midscale Business Hotel

- ✓ Open : 2012
- ✓ Location : Insa-dong, Seoul
- ✓ 250 Rooms
- ✓ OCC : 86%\*
- ✓ ADR : ₩75,000\*

\*2019 1H

### T MARK HOTEL



#### Midscale Business Hotel

- ✓ Open : 2013
- ✓ Location : Myeongdong, Seoul
- ✓ 288 Rooms
- ✓ OCC : 75%\*
- ✓ ADR : ₩74,000\*

\*2019 1H

### T MARK GRAND



#### Upscale Business Hotel

- ✓ Open : 2016
- ✓ Location : Hoehyeon, Seoul
- ✓ 576 Rooms
- ✓ F&B, Pool included
- ✓ OCC : 85%\*
- ✓ ADR : ₩92,000\*

\*2019 1H

## DFS Business: SM DUTYFREE

## ICN AIRPORT T1



- ✓ Open: Nov. 2015
- ✓ Location: DF9 area
- ✓ Space: 918m<sup>2</sup>
- ✓ Features
  - 5 Stores
  - 160 Brands
  - 5,000 Products
  - 24h operating pick-up desk

## ICN AIRPORT T2



- ✓ Open : Jan. 2018
- ✓ Location : DF4 area
- ✓ Space: 825m<sup>2</sup>
- ✓ Features
  - All kinds of goods sold
  - Synergy with customers using Korean Air

## ICN AIRPORT T1 ARRIVAL



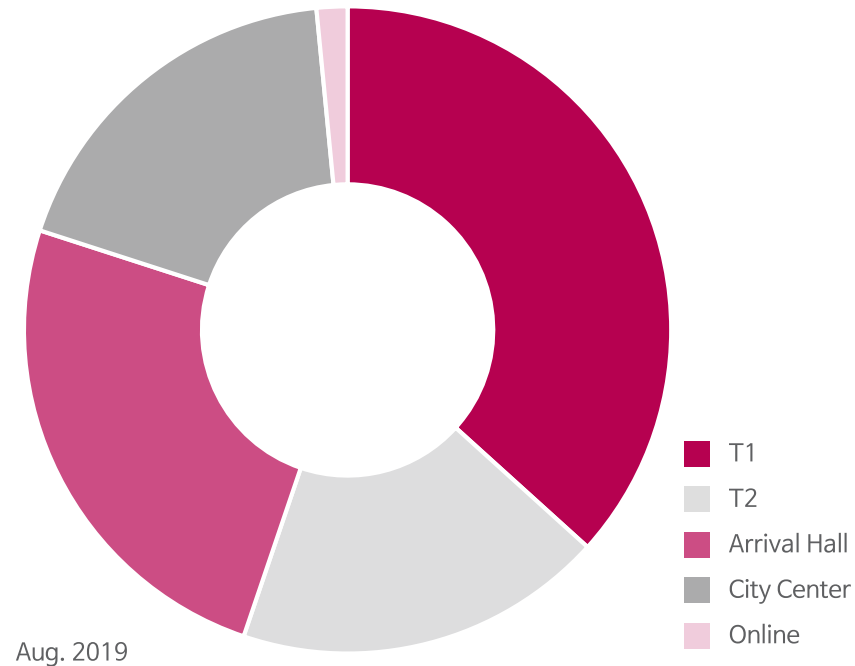
- ✓ Open: May. 2018
- ✓ Location: Baggage claim area
- ✓ Space: 190m<sup>2</sup>
- ✓ Features
  - Eastern, western areas
  - Perfume, cosmetics, liquors, all kinds of goods except Tabaco


## SEOUL CITY




- ✓ Open: Apr. 2016
- ✓ Location: Insadong
- ✓ Space: 4,088m<sup>2</sup>
- ✓ Features
  - Hanatour main building 1F~3F
  - Related to HNT website & Mobile App

## DFS Business: SM DUTYFREE



**23.8%**   
Sales Income Increase

**87.5%**   
Operating Loss Decrease

※2019 2Q YoY

**Arrival Hall DFS** opened in May 2019, with sales amount bigger than expected  
Resulting in the **Decrease of Operating Loss 2Q**

## 2Q Financial Report: Domestic Subsidiaries

### √ Sales Income

### √ Expense

KRW bn

	2018 2Q	2019 2Q	YoY		2018 2Q	2019 2Q	YoY
Sales Income	50.1	54.9	▲9.6%	Operating Expenses	53.3	54.9	▲1.6%
Overseas Travel Intermediation Income	4.8	4.2	▼12.6%	Rental Payment	12.1	0.1	▼99.1%
Domestic Travel Intermediation Income	3.1	3.1	▼1.2%	Non-Operating Expenses	0.3	3.5	▲995.5%
Sales of Goods Sold	17.4	23.9	▲37.3%	Financial Expenses	0.1	2.7	▲2831.6%
Sales from Operating Hotels	5.5	6.9	▲24.4%				

**Sales Income:** Sales related to Outbound Biz ↓ , Income related to DFS & Hotel ↑

**Expense:** Rental Payment regarded as Financial Expenses, instead of Operating Expenses(\*IFRS 1116)

## 4. GLOBAL BUSINESS

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## Overseas Networks

## Overseas Subsidiaries

## Global Networks

## East Asia

HANATOUR CHINA  
HANATOUR HONGKONG CO., LTD  
HANATOUR JAPAN CO., LTD  
BEIJING HANA INFORMATION TECHNOLOGY CO., LTD

China  
– Beijing, Shanghai, Qingdao, Xian, Zhangjiajie  
Japan  
– Tokyo, Hokkaido, Kyushu, Osaka, Fukuoka

## South East Asia

HANATOUR TAIWAN SERVICE INC.  
HANATOUR SERVICE (M) SDN.BHD\_Malaysia  
HANATOUR PTE. LTD\_ Singapore  
CAMLAO HANATOUR CO., LTD  
HANATOUR VIETNAM COMPANY LIMITED  
HANATOUR PHILIPPINES CORP.

Taiwan, Hong Kong, Bangkok, Phuket,  
Manila, Cebu, Bali, Hochiminh, Hanoi, Kota  
Kinabalu, Singapore, Siem Reap

## Europe

HANATOUR EUROPE LTD \_ London  
HANATOUR EU GmbH \_ Germany

London, Germany

## South Pacific

HANATOUR PTY LTD \_ Australia

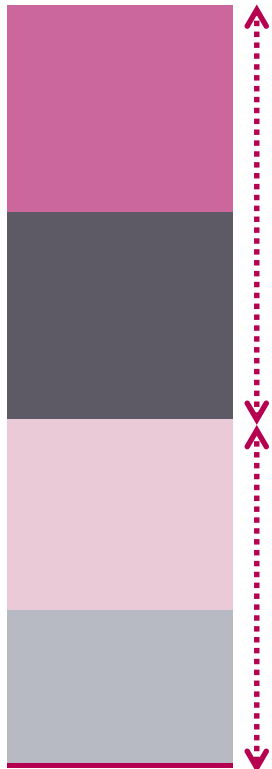
Guam, Saipan, Auckland, Sydney, Palau

## America

HANATOUR USA INC

Los Angeles, Las Vegas, Hawaii, New York

## Hanatour Japan



### BIZ related to HNT

- ✓ HANATOUR JAPAN
- ✓ STARSHOP & LINE

### Independent BIZ

- ✓ HOTEL
- ✓ UI BUS
- ✓ HANATOUR JAPAN  
SYSTEM VIETNAM



### HANATOUR JAPAN

- ✓ Land operation for customers from Korea
- ✓ Performance has worsened as the number of Korean visitors shrinks



### STARSHOP & LINE

- ✓ STARSHOP: DFS in Fukuoka, Osaka, Sapporo
- ✓ LINE: Kyushu Kuru Kuru Bus+ Okinawa Rental Car



### HOTEL

- ✓ T Mark City Sapporo
  - Direct Investment on Land & Building
- ✓ T Mark City Tokyo Omori
  - Master lease



### UI BUS

- ✓ 142 Vehicles
  - (Osaka 38, Tokyo 26, Sapporo 22, Kyushu 30, Okinawa 14, Haiya Taxi 12)
- ✓ Customers: Japanese 20% Korean 80%

## Business Outline

## Outbound Business

## Inbound Business

## Global Business

## Hanatour Japan

## √ Sales Income

## √ Expense

KRW bn

	2018 2Q	2019 2Q	YoY		2018 2Q	2019 2Q	YoY
Sales Income	32.0	33.1	▲3.2%	Operating Expenses	115.4	29.4	▲5.4%
Overseas Travel Intermediation Income	5.9	4.5	▼24.0%	Rental Payment + Depreciation Cost	2.6	0.8	▼68.4%
Sales of Goods Sold	6.9	5.9	▼14.0%	Non-Operating Expenses	1.4	7.6	▲443.9%
Sales from Bus Service	7.1	7.3	▲3.4%	Financial Expenses	0.2	0.7	▲296.6%
Sales from Operating Hotels	1.6	4.2	▲172.5%	Other Non-Operating Expenses	1.2	6.8	▲45.0%

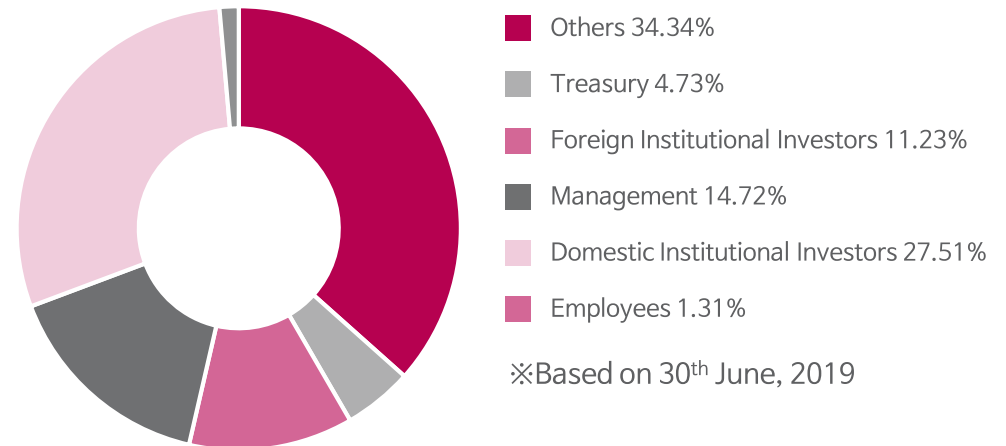
**Sales Income:** Sales related to Outbound Biz ↓ , Income related to UI Bus & Hotels ↑  
**Expense:** Foreign Currency Transition Loss due to KRW Devaluation

## 5. APPENDIX

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## Financial Summary

Paid-in Capital	58 Bn Won
Outstanding Shares	11,616,185
Treasury	549,253

※Based on 30<sup>th</sup> June, 2019

Index	KRW		
	2017	2018	2019
Dividend Per Share	800	600	–
Interim Dividend	700	700	600
Total Dividend (KRW bn)	166	143	66
Dividend Payout Ratio (%)	128.0%	164.4%	–

## Financial Summary

### [Pro-Forma Balance Statement]

KRW bn

	18' 1H		19' 1H	
	Parent	Consolidated	Parent	Consolidated
Current Asset	246.4	462.3	229.1	514.7
Non-Current Asset	208.6	215.4	238.9	508.8
Total Assets	454.7	677.7	468.0	1,023.5
Current Liabilities	260.3	368.7	273.6	498.7
Non-Current Liabilities	3.8	59.0	4.7	282.7
Total Liabilities	264.1	427.7	278.3	781.4
Capital Stock	5.8	5.8	5.8	5.8
Retained Earnings	127.0	126.5	125.2	118.3
Other Capital	-0.8	-1.7	-0.0	1.0
Total Capital	190.6	250.0	189.7	242.1
Total Liabilities and Capital	454.7	677.7	468.0	1,023.5

Business Outline

Outbound Business

Inbound Business

Global Business

## Financial Summary

### [Pro-Forma Income Statement]

### [Pro-Forma Cash Flow]

KRW bn

	18' 1H		19' 1H			18' 1H		19' 1H	
	Parent	Consolidated	Parent	Consolidated		Parent	Consolidated	Parent	Consolidated
Gross Sales	1,837.8		1,790.5		Cash Flows from Operating Income	-16.2	-28.5	-5.0	20.4
Sales Income	284.5	426.0	264.2	416.5	Cash Flows From Investing Activities	-45.0	-80.4	-1.6	-50.4
Operating Expenses	266.8	409.3	252.2	399.7	Cash Flows from Financial Activities	-8.9	20.4	-11.4	13.0
Operating Income	17.7	16.8	12.0	16.8	Increase(Decrease) in Cash	-70.1	-88.5	-18.0	-16.9
OPM(%)	3.0	3.9	4.5	4.0	Cash at the Beginning of the Fiscal Period	134.3	228.4	89.0	157.7
Income before Income Taxes	19.4	18.1	18.2	10.7	Cash at the End of the Fiscal Period	64.3	143.4	70.9	142.5
Net Income	14.3	10.2	14.4	10.0					

Thank you

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