

# Hanatour

# IR Presentation

JUN 2022



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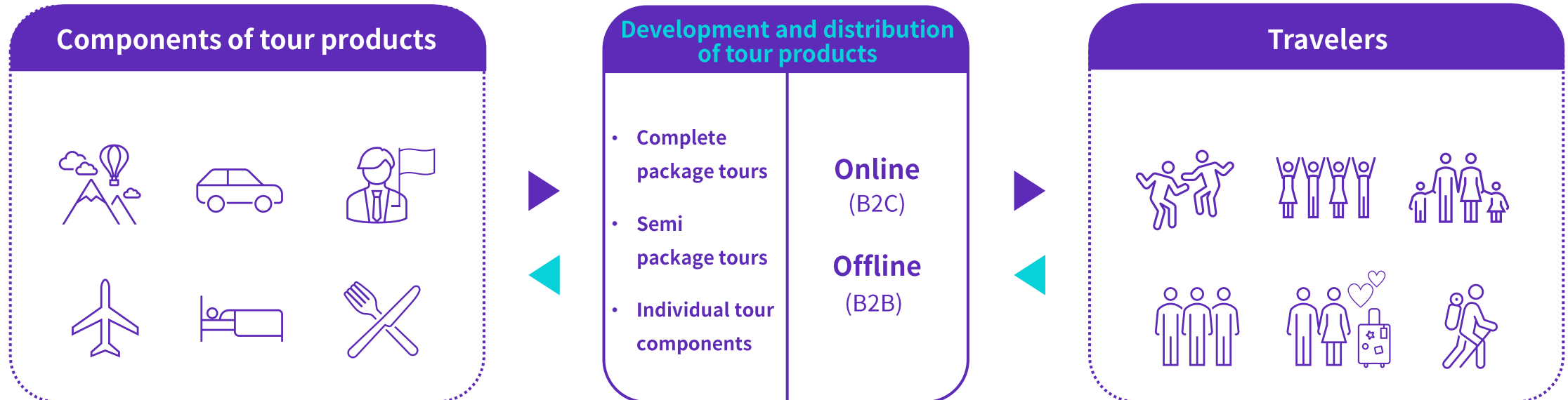
### 1. Financial Statements

# We make new and joyful travel experiences

- We make and provide new and joyful tour products for all kinds of generations

## Our Business Model

Development and distribution of tour products

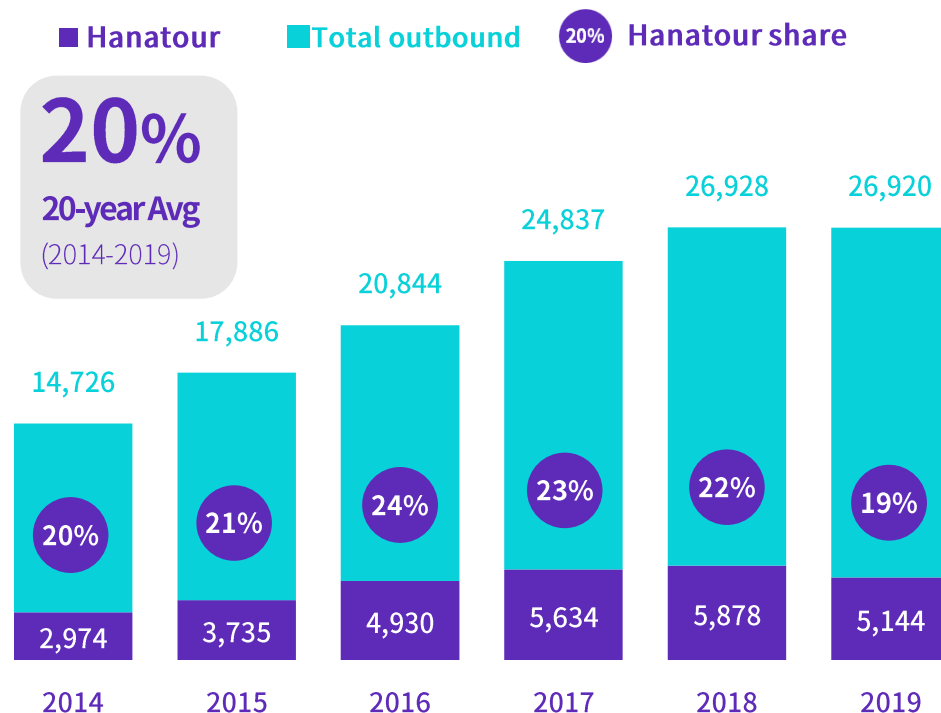


# No.1 outbound tourism company in Korea

- 1 in 5 outbound travelers and 1 in 3 package travelers are our customers

## Our Market Share Of Korea's Outbound Travelers

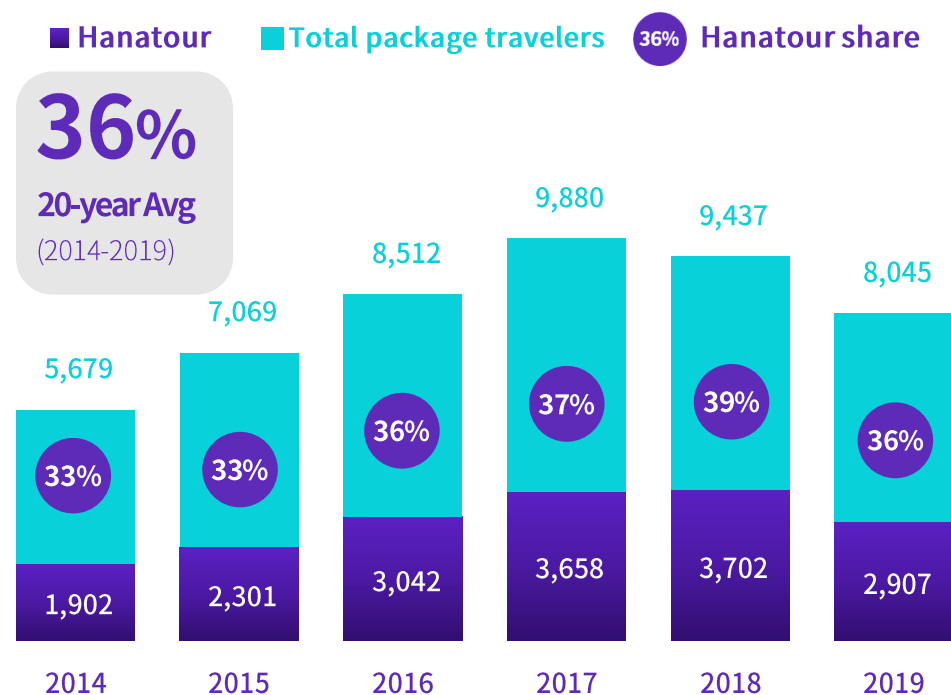
2014-2019, %, thousand people



(Source: Ministry of Justice of Korea , Company data)

## Our Market Share Of Korea's Package Tourism

2014-2019, %, thousand people



(Source: KATA, Company data)

# The fastest-growing tour company

- Our annual customer base grew by 65 times over 20 years and recorded a 21% CAGR
- Outperformed the Korean market, which marked 10 times growth for the same period

## Annual Trend Of Our Customer

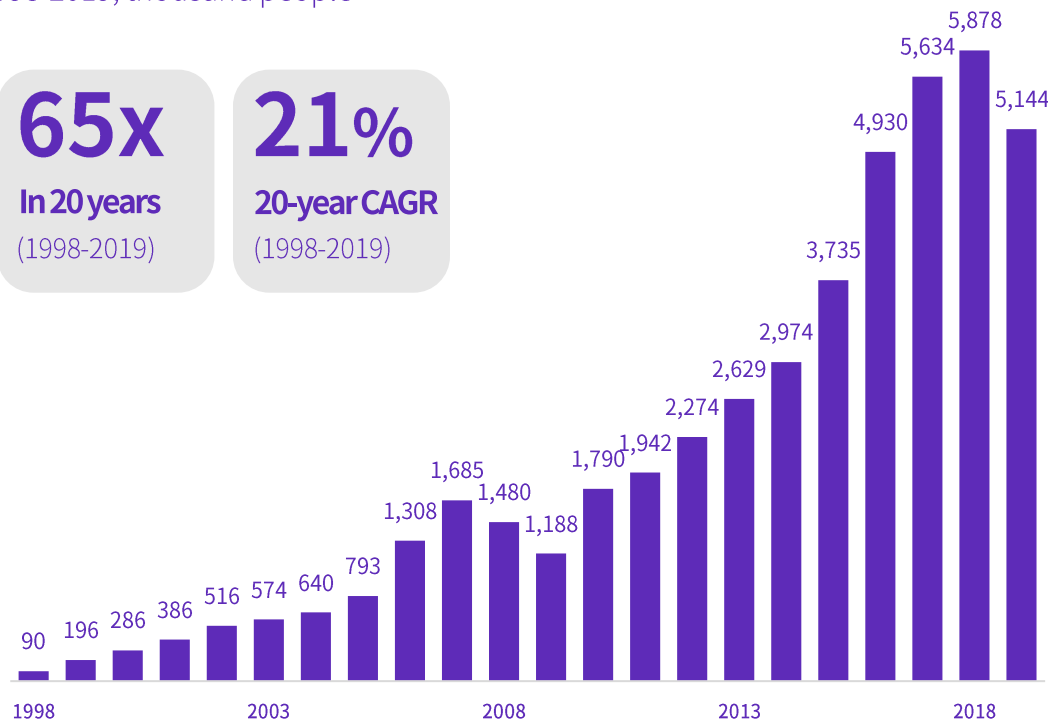
1998-2019, thousand people

**65x**

In 20 years  
(1998-2019)

**21%**

20-year CAGR  
(1998-2019)



## Relative Growth Comparison (Hanatour Vs Total Outbound)

1998-2019, Times

— Hanatour

— Total Outbound

**65x**

In 20 years  
(1998~2019)

**10x**

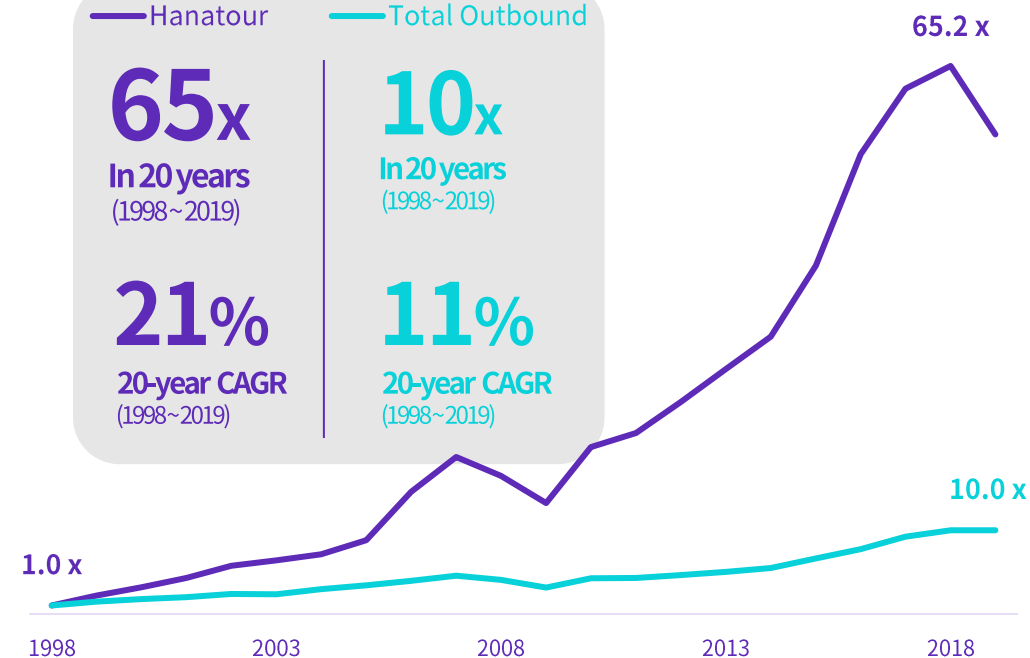
In 20 years  
(1998~2019)

**21%**

20-year CAGR  
(1998~2019)

**11%**

20-year CAGR  
(1998~2019)

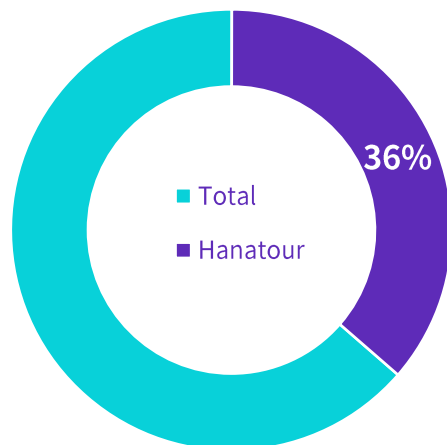


# Our core strengths

## 1 Competitive Cost

Based on market dominance and economies of scale

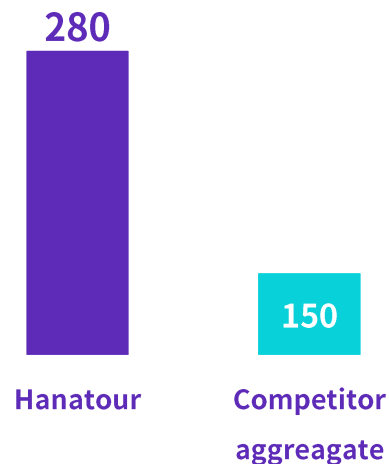
**Our Market Share of Package Tours**  
6-year average (2014-2019), %



## 2 Product Development

Running the industry's largest number of product specialists

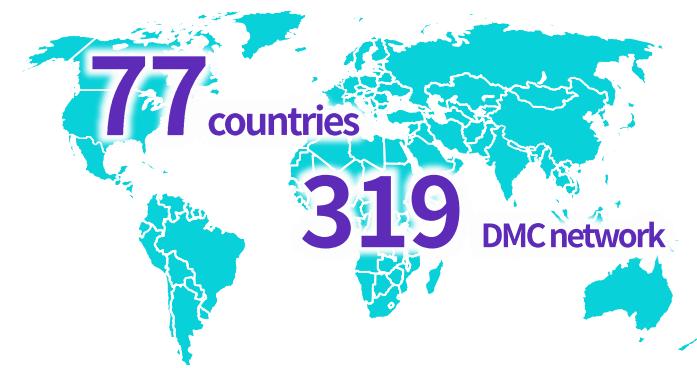
**Our Product Specialist (vs Competitors)**  
As of 2022, people



## 3 Global Network

Established the most extensive global network in the industry

**Our Global Network**  
As of 2022



# The nation's no.1 brand power

- Korea's no.1 tourism company with the strongest brand power



**Ranked 1<sup>st</sup> For 11 Consecutive Years**  
In 'National Customer Satisfaction Index'  
For The Tourism Industry



**Ranked 1<sup>st</sup> For 15 Consecutive Years**  
In 'Korea Brand Power Index'  
For The Tourism Industry



**Ranked 1<sup>st</sup> For 13 Consecutive Years**  
In 'Korean Customer Satisfaction Index'  
For The Tourism Industry



**Selected As One Of 'Top 100 Brands Of Korea'**  
By Brand Stock

# The leader of Korea's tourism industry over the past 30 years

- Our 30-year history represents the history of the nation's outbound tourism

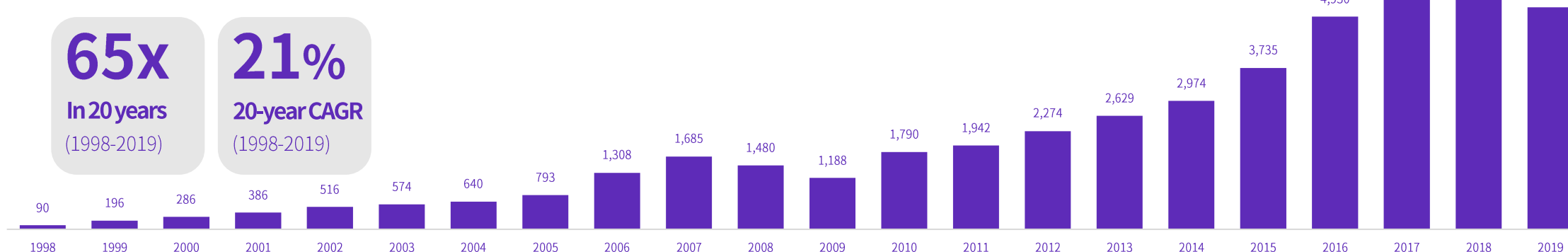
## Our History

1993 - 2019



## Annual Trend Of Our Customer

1998-2019, thousand people





# BOD & Ownership Structure

## Board of Directors

4 Directors, 4 Outside Directors, 3 Non-Executive Directors

Position	Name	Career
Director	Park, Sang Whan	Chairman, Hanatour
	Kweon, Hee Seok	Senior Vice Chairman, Hanatour
	Song, Mi Sun	CEO, Hanatour
	Yuk, Kyung Ken	CEO, Hanatour
Outside Director	Han, Sang Man	Professor, Graduate School of Business of SKKU
	Kim, Moon Hyun	Professor, Graduate School of Business of HUFS
	Yoo, Hye Leon	Taesung Accounting Corporation
	Chang, In Whan	Of Counsel, Barun Law
Non-Executive Director	Song, In Jun	CEO, IMM Private Equity
	Kim, Young Ho	CIO, IMM Private Equity
	Park, Chan Woo	CEO, IMM Credit & Solutions

## Board Committee

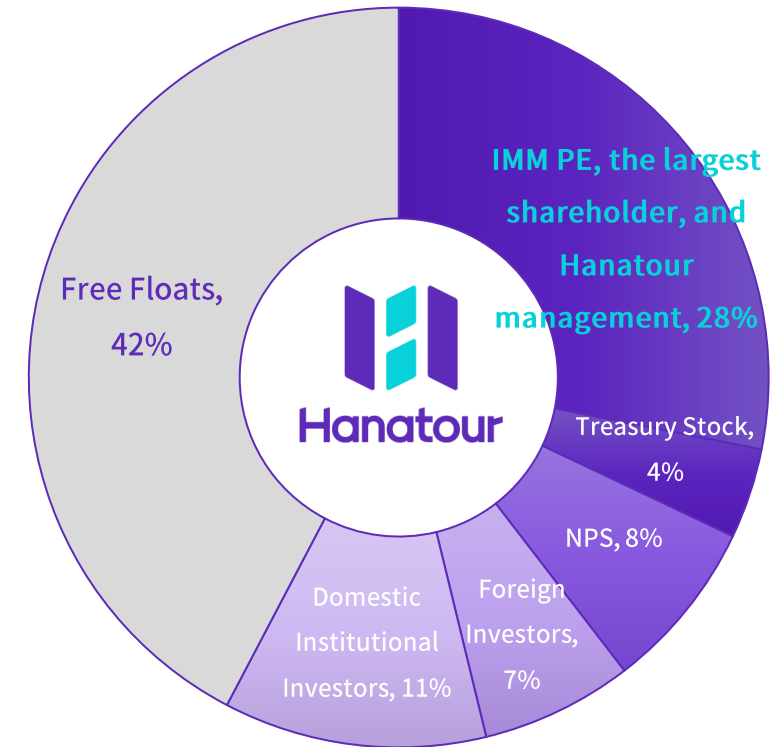
Audit Committee

Chairman	Member	Committee Role
Kim, Moon Hyun	Han, Sang Man Yoo, Hye Leon Chang, In Whan	<ul style="list-style-type: none"> <li>Auditing financial statement</li> <li>Appointment of external auditor</li> <li>Assessment of audit activity</li> </ul>

※ Every committee member is the outside director.

## Ownership Structure

As of 31 December 2021, %



# Subsidiary

## Consolidated Subsidiaries

As of 31 December 2021, %

Domestic		
Name	Business	Ownership (%)
<b>WEB TOUR SERVICE INC.</b> NEXTOUR CO., LTD. (100%)	Travel Business	77
<b>HANATOUR JEJU SERVICE INC.</b>	Travel Business	77
<b>TOUR MARKETING KOREA SERVICE INC.</b>	Travel Business	70
<b>HANATOUR ITC SERVICE INC.</b>	Travel Business	100
<b>HANATOUR BUSINESS SERVICE INC.</b>	Travel Business	100
<b>MARK HOTEL CO., LTD.</b>	Hotel Business	100
<b>HANA FINANCIAL SERVICE INC.</b>	Financial Service	100
<b>SM DUTY FREE CO., LTD.</b>	Duty Free Business	90
<b>HANA TOURIST INC.</b>	Travel Business	30

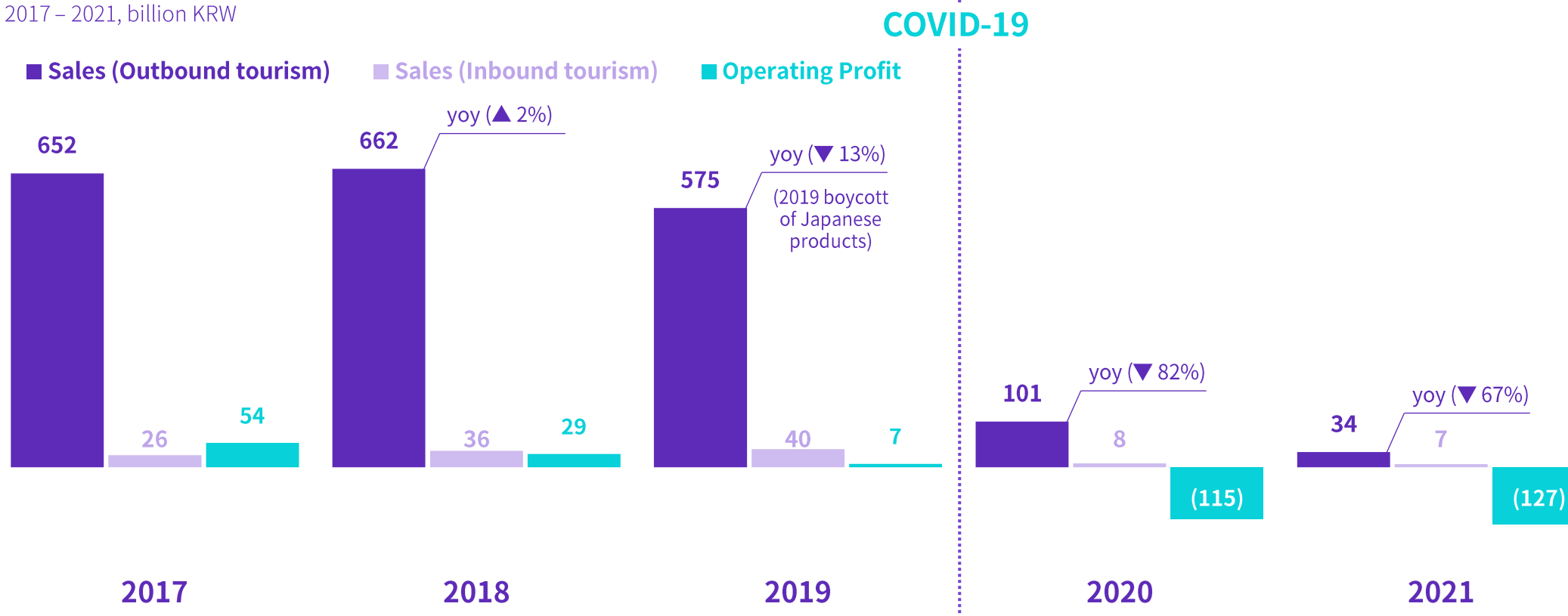
Overseas		
Name	Business	Ownership (%)
<b>HANATOUR EUROPE LTD</b>	London, UK	70
<b>HANATOUR JAPAN CO.,LTD</b> U.I Sightseeing Bus LLC (100%) Allegrox TM Hotel (100%) HANATOUR JAPAN SYSTEM VIETNAM CO.,LTD (100%)	Tokyo, Japan	54
<b>HANATOUR CHINA</b>	Beijing, China	100
<b>HANATOUR HONGKONG CO., LTD</b>	Hongkong	100
<b>HANATOUR USA INC.</b> VISION TOUR, INC. (100%)	LA, USA	100
<b>HANATOUR PTY LTD</b>	Singapore	100
<b>BEIJING HANA INFORMATION TECHNOLOGY CO.,LTD</b>	Beijing, China	100
<b>HANATOUR SERVICE (M) SDN BHD</b>	Sabah, Malaysia	100
<b>HANATOUR EU GMBH</b>	Oberursel, Germany	100
<b>CAMLAO HANATOUR CO., LTD.</b>	Siem Reap, Cambodia	100
<b>HANATOUR VIETNAM COMPANY LIMITED</b>	Ho Chi Minh, Vietnam	85
<b>HANATOUR PHILIPPINES CORP.</b>	Pasay, Philippines	98
<b>HNT- ITALIASOCIETA' A RESPONSABILITA' LIMITATA</b>	Rome, Italy	51

# Sales and Profit (Yearly)

- The unprecedented COVID-19 pandemic severely impacted our business performance from 2020

## Sales & Operating Profit (Reflected IFRS No. 15, 16 & profit and loss from discontinued business)

2017 – 2021, billion KRW

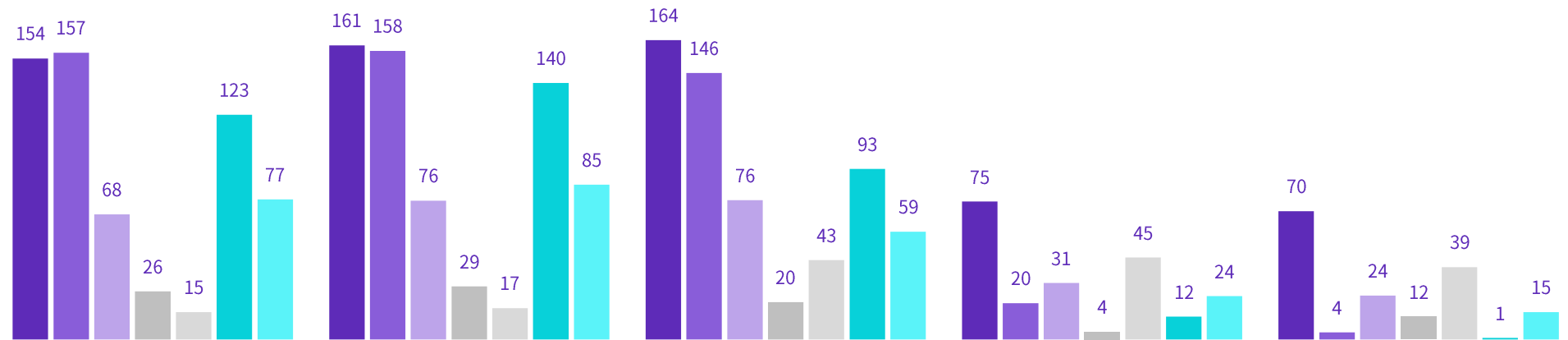


# Operating Expenses (Yearly)

## Breakdown of Operating Expenses ( Excluded bad debt expenses, and reflected IFRS No. 15 & profit and loss from discontinued business )

2017 – 2021, billion KRW

■ Labor ■ Sales Commission ■ Other Commission ■ Marketing ■ D&A ■ Purchase Cost ■ Others



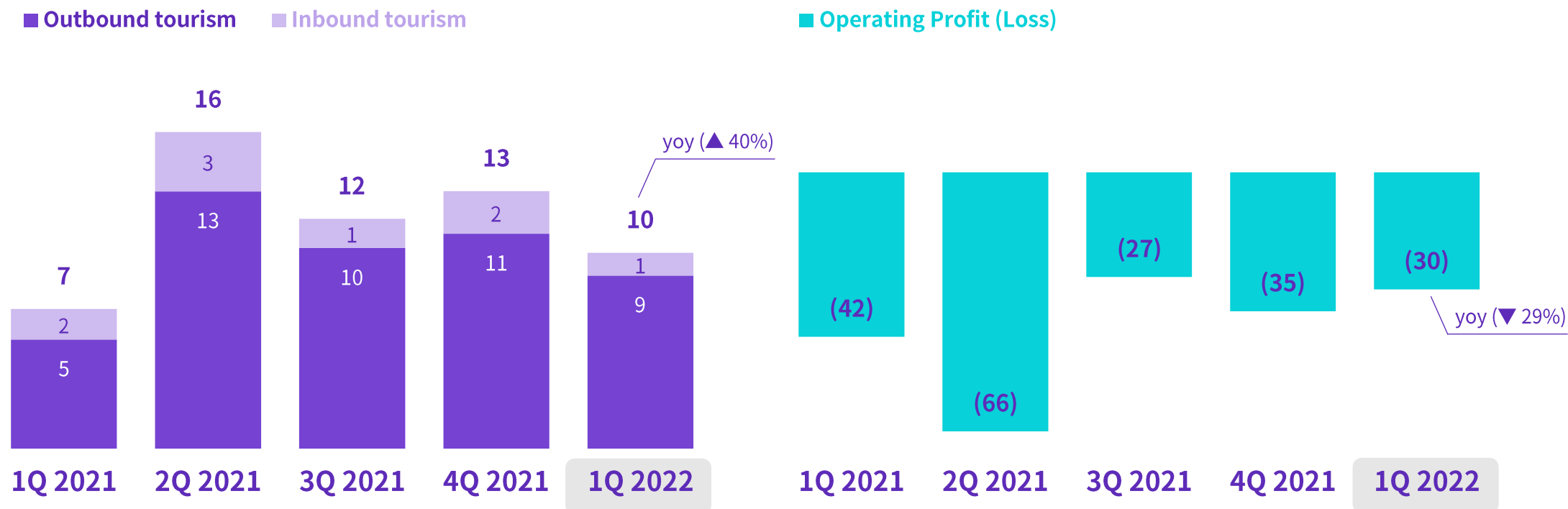
(Unit : billion KRW)	2017		2018		2019		2020		2021	
	Expenses	vs Sales (%)	Expenses	vs Sales (%)	Expenses	vs Sales (%)	Expenses	vs Sales (%)	Expenses	vs Sales (%)
<b>Labor</b>	154	23%	161	23%	164	27%	75	69%	70	174%
<b>Commission</b>	225	33%	234	33%	222	36%	51	46%	28	69%
Sales Commission	157	23%	158	23%	146	24%	20	18%	4	10%
Other Commission	68	10%	76	11%	76	12%	31	28%	24	59%
<b>Marketing</b>	26	4%	29	4%	20	3%	4	4%	12	31%
<b>D&amp;A</b>	15	2%	17	2%	43	7%	45	41%	39	98%
<b>Purchase Cost</b>	123	18%	140	20%	93	15%	12	11%	1	2%
<b>Others</b>	77	11%	85	12%	59	10%	24	22%	15	37%
<b>Total</b>	620	91%	666	95%	601	98%	211	193%	166	411%

# Sales and Profit (Quarterly)

- In Q1 2022, our sales increased 40% YoY, and operating loss decreased 29% YoY

## Sales & Operating Profit (Loss) (Reflected IFRS No. 15, 16 & profit and loss from discontinued business)

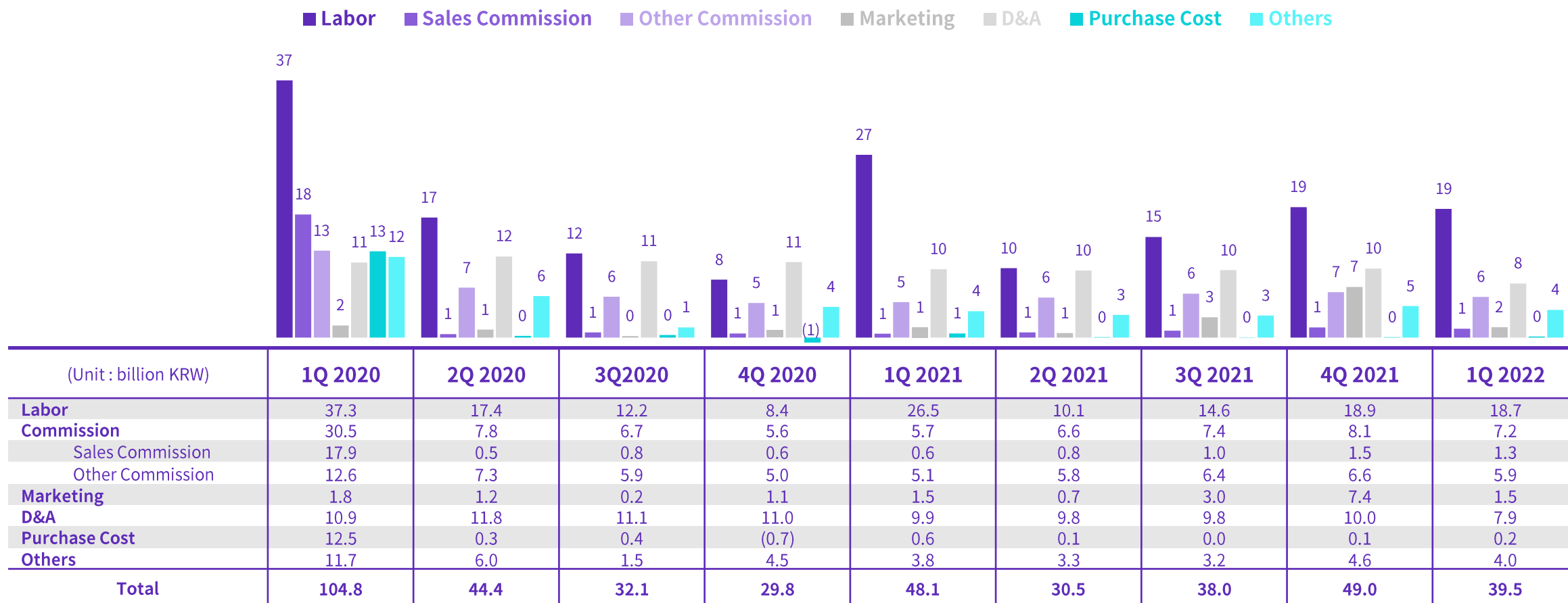
1Q 2021 – 1Q 2022, billion KRW



# Operating Expenses (Quarterly)

## Breakdown of Operating Expenses ( Excluded bad debt expenses, and reflected IFRS No. 15, 16 & profit and loss from discontinued business )

1Q 2020 – 1Q 2022, billion KRW

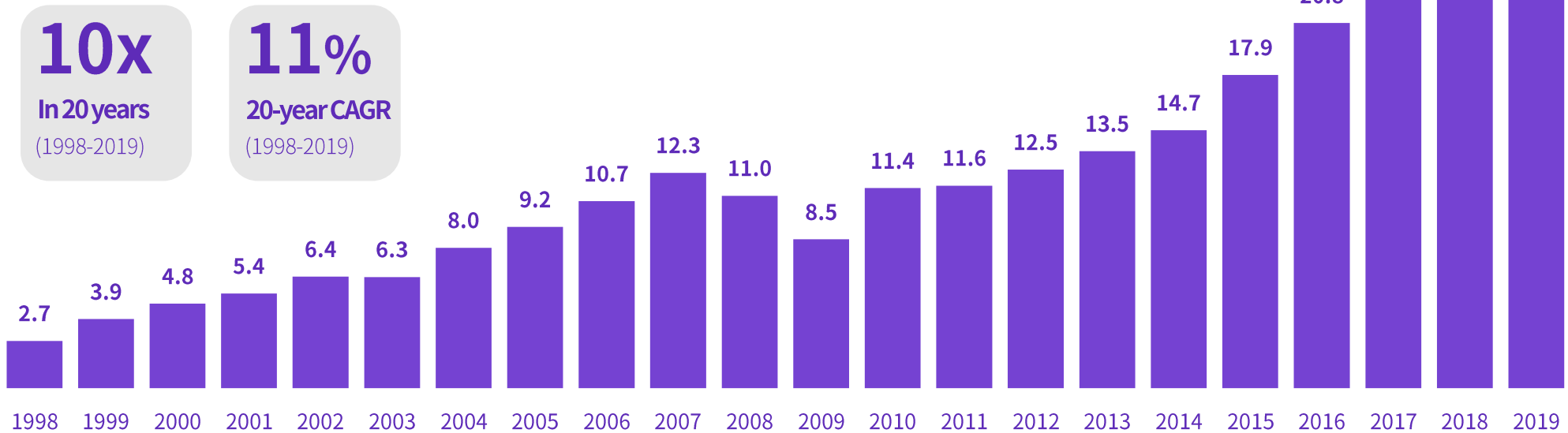


# Korea's outbound tourism has grown 10x in 20 years

- The demand for overseas traveling continues to rise with the increasing income and leisure time

## Annual trend of Korea's outbound travelers

1998-2019, million people



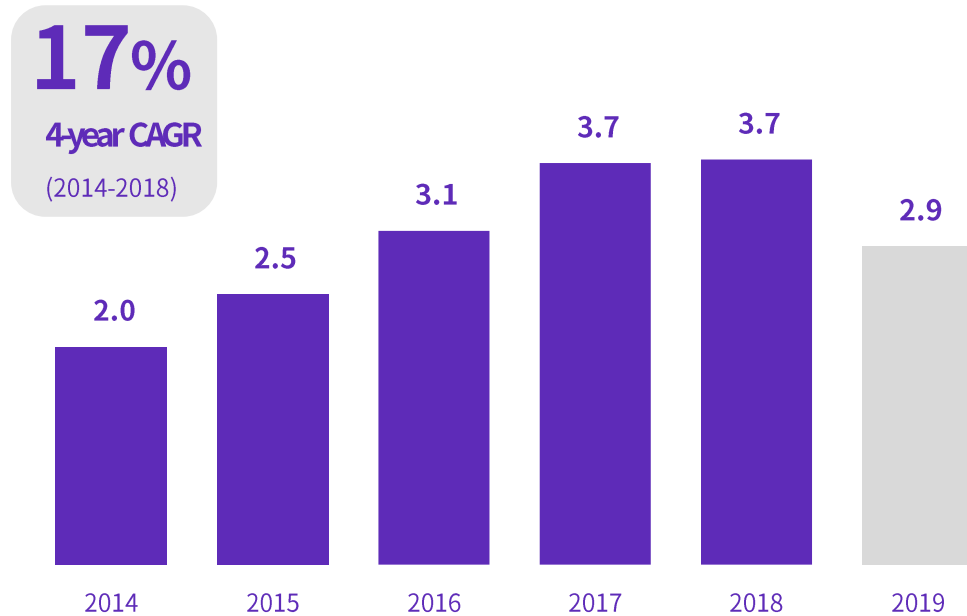
(Source : Ministry of Justice of Korea )

# Package Tours is still on the rise

- From 2014 to 2018, our package travelers increased, recording a 17% CAGR
- During the same period, domestic package travelers recorded a 13% CAGR

## Our package travelers

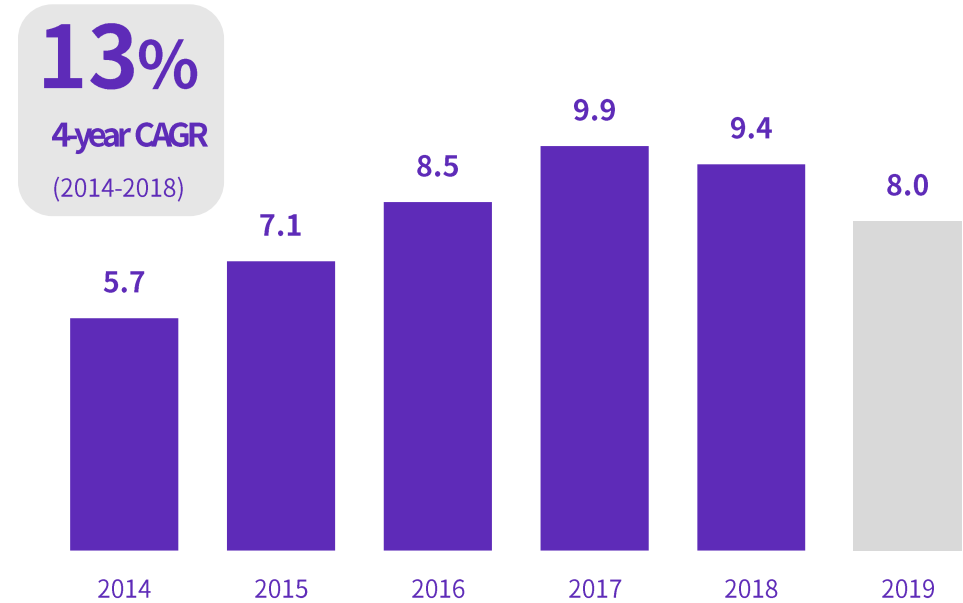
2014-2019, million people



(Source: Hanatour)

## Korean package travelers

2014-2019, million people



(Source: KATA, Hanatour)

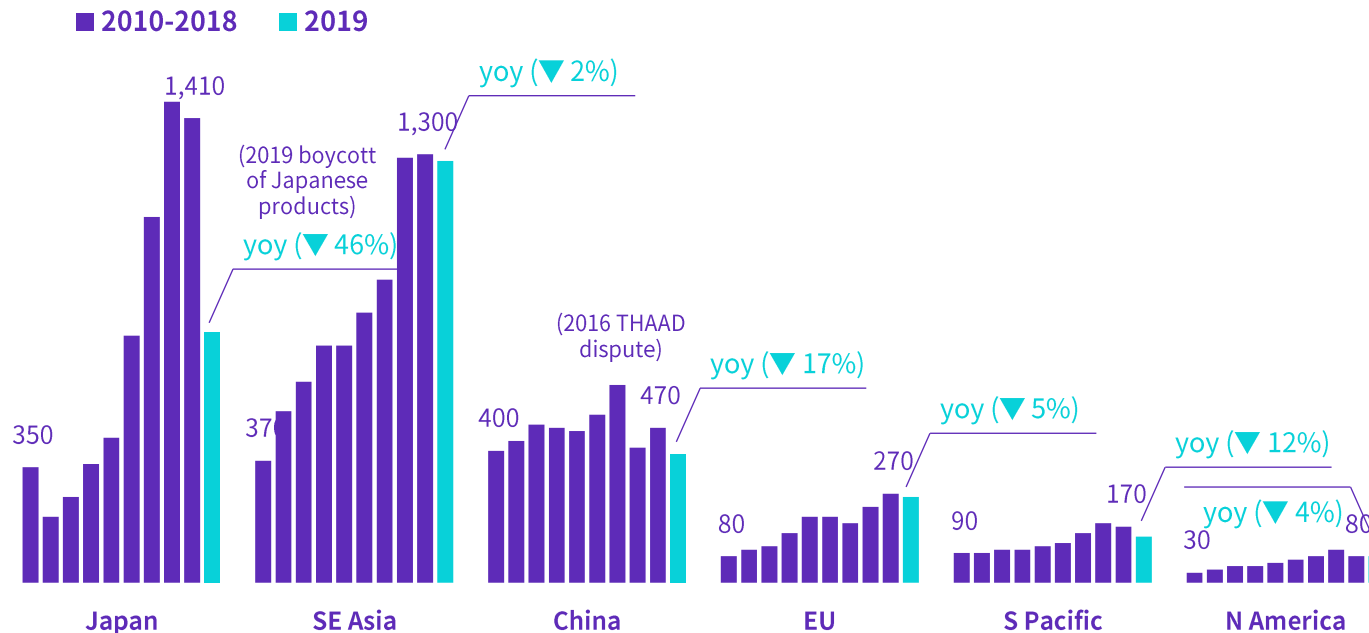


# Political externalities hit 2019

- Political externalities related to Japan (2019) and China(2016) led to a significant decline in travelers

## Regional Breakdown Of Our Package Tour Customers

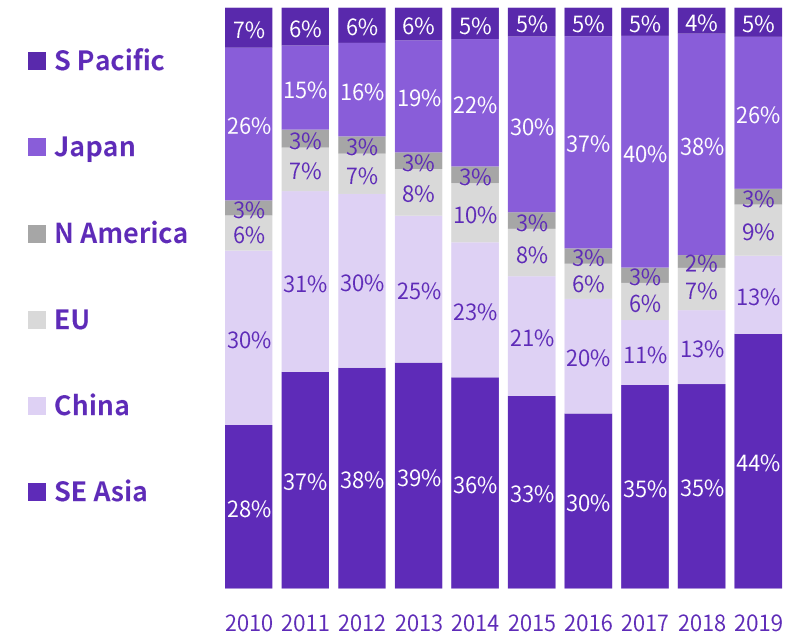
2010-2019, thousand people



(Source: Hanatour)

## Ratio Breakdown By Region

2010-2019, %



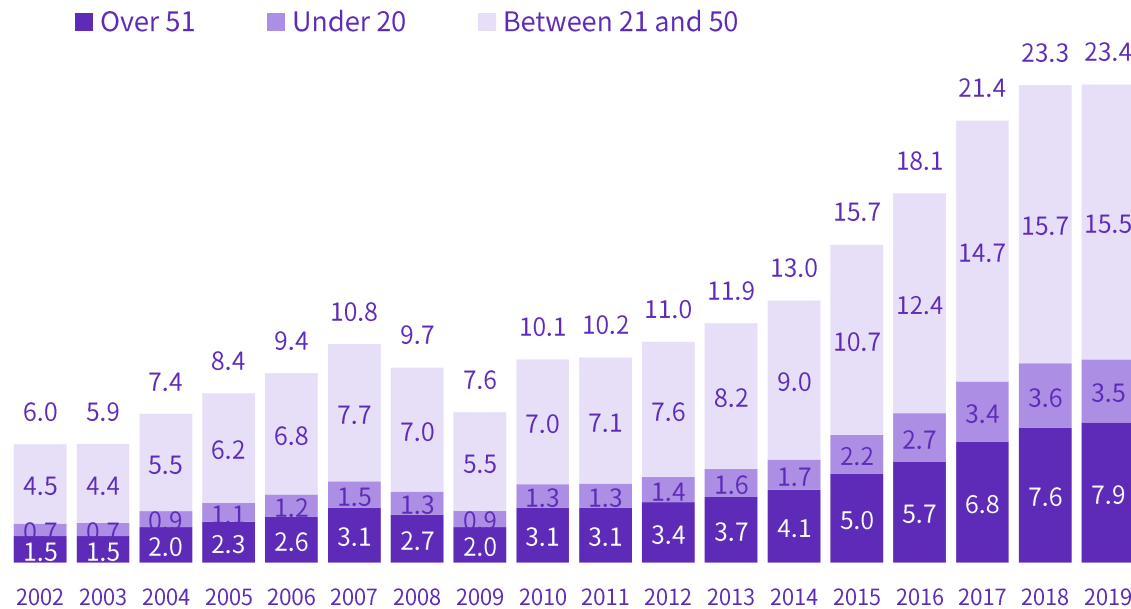
(Source: Hanatour)

# The age group for package tours continues to grow

- The growth rate of the package tour age group(over 51) outperformed the rate of overall travelers (11% vs. 9.8%, CAGR for the 10 years until before the pandemic, 2010~2019)

## Age Distribution of Korea's Outbound Travelers

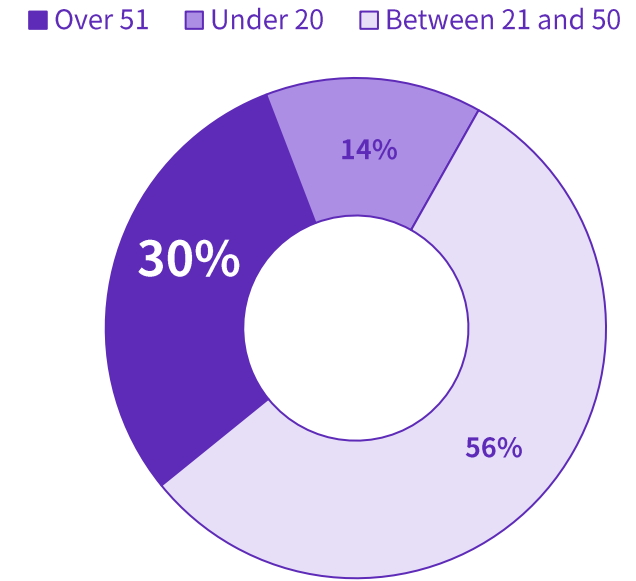
2002-2019, excl. aircrew , million people



(Source : Ministry of Justice of Korea )

## Breakdown Of Outbound Traveler Ratio By Age

2002-2019, excl. aircrew , %



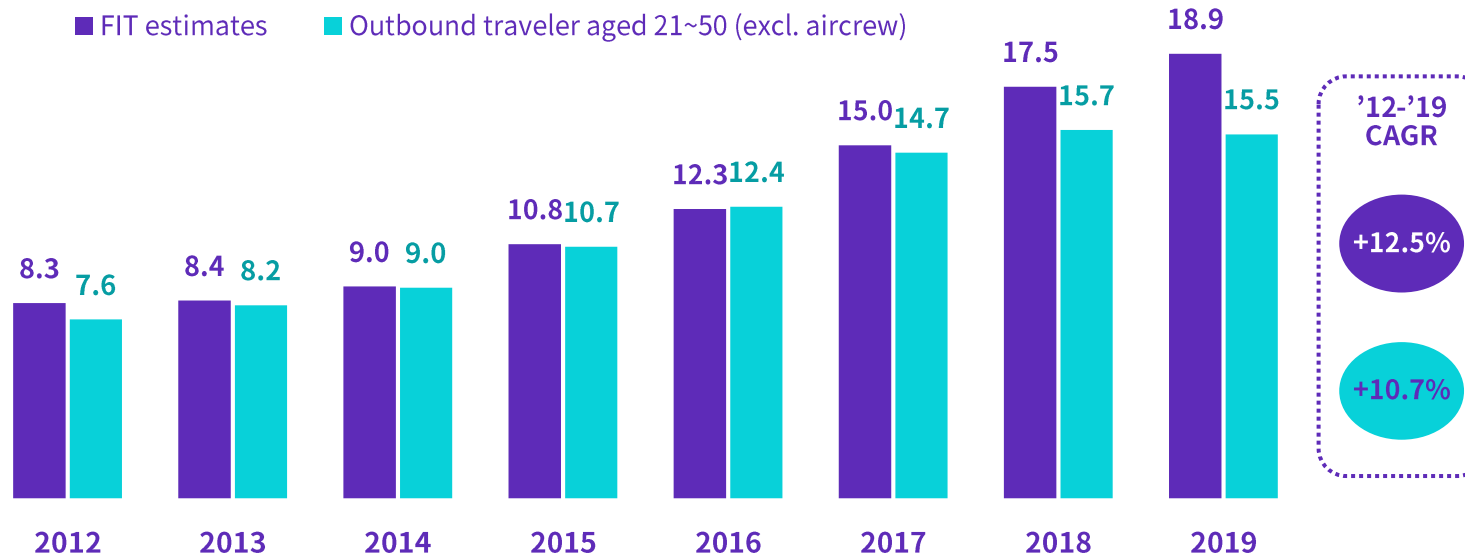
(Source : Ministry of Justice of Korea )

# The FIT market continues to expand

- Estimates that the number of the FIT expanded, recording a 12.5% CAGR from 2012 to 2019
- During the same period, the outbound travelers aged between 21 and 50 recorded an 11% CAGR

## FIT Estimates & The Outbound Travelers Aged 21~50

2012-2019, million people



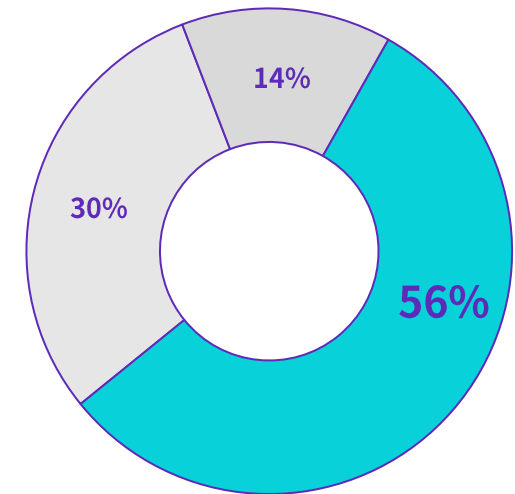
※ FIT estimates = Total outbound travelers(excl. aircrew, by Ministry of Justice) - Package travelers (by KATA)

(Source: Ministry of Justice , KATA)

## Breakdown Of Outbound Traveler Ratio By Age

2002-2019, excl. aircrew, %

Over 51 Under 20 Between 21 and 50

















































(Source: Ministry of Justice)

# OTA's strategic move to semi package tours

- For higher profitability, OTAs increase the supply of semi package tours just by mixing individual tour components

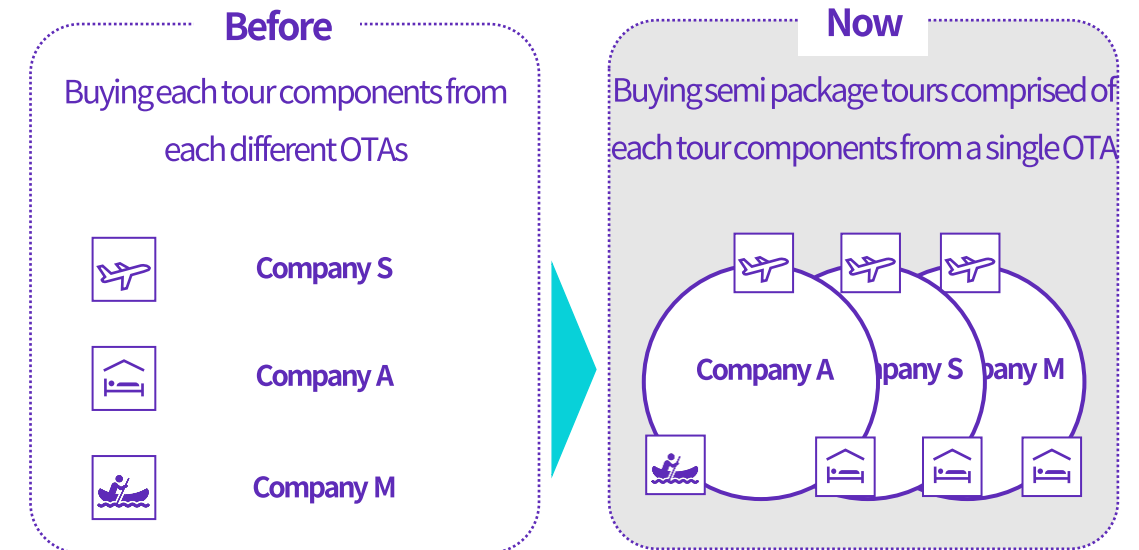
## OTA's Product Expansion

Individual tour components>>> Semi package tours

OTA	Individual items				Semi package tours		
A				»»			
E				»»			
S				»»			
T				»»			
N				»»			
Y				»»			
M				»»			
T				»»			

## Changing Buying Pattern Of OTA Customers

Before vs Now



# 5 new trends in the post-COVID tourism

- Corona accelerated the changes in the tourism industry and brought new ones

## 5 New Trends In The Post-Covid Tourism

Source : Consumer Insight “Research on travel pattern and plan”, 2020 (excl. Channel data based on 2019)

### 1 Differentiated Tour



Higher demand for differentiated tour experience

### 2 Value over price



Increased willingness to pay more for upper value

### 3 Smaller group



Increased preference to travel with close people in smaller groups

### 4 Safety first



Higher priority of safety in light of growing concerns over infection and racism

### 5 Contactless



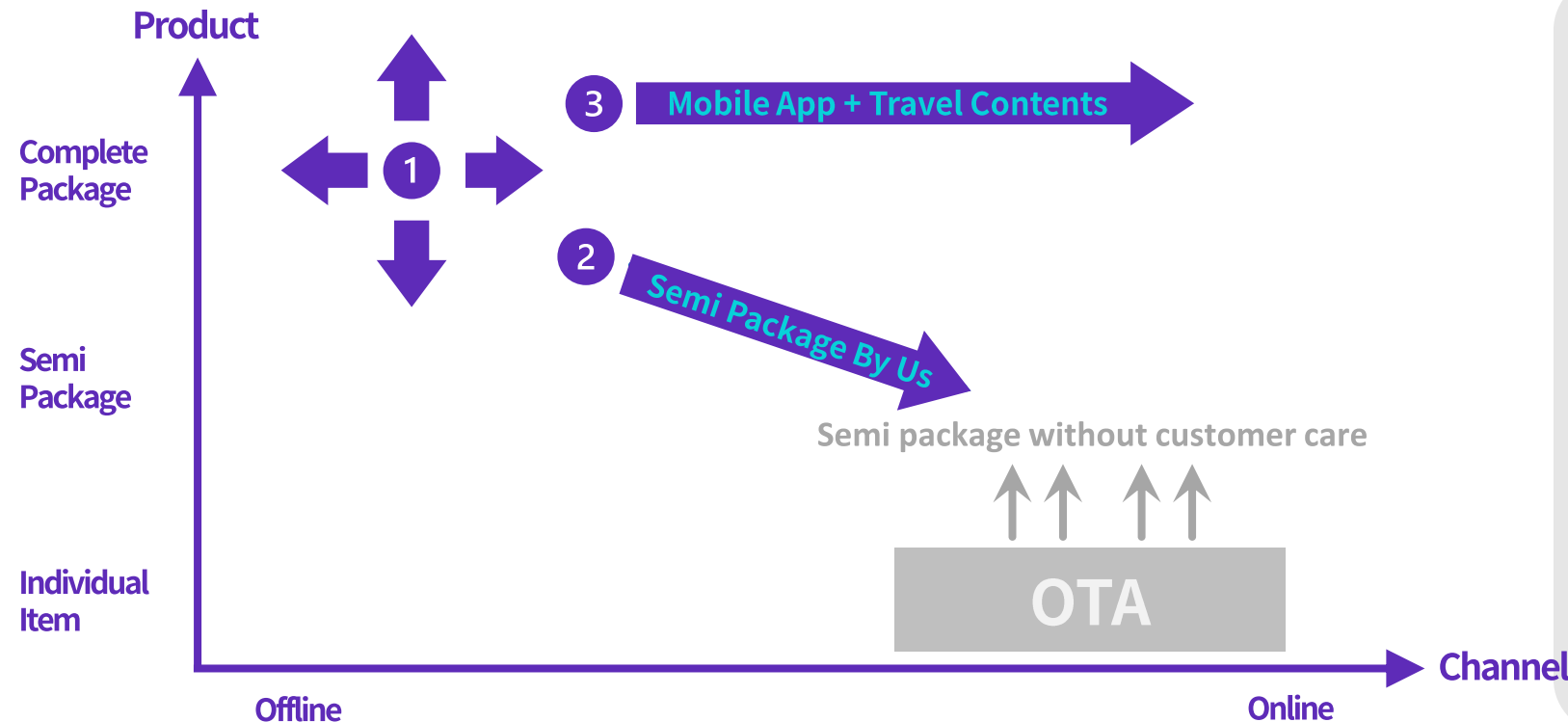
Increased preference for contactless buying channel

# Hanatour's Three-pronged Growth Strategy

- ① Invigorating conventional package tours
- ② Penetrating the FIT market with our exclusive semi package tours
- ③ Building up online channel capabilities

## Our Strategic Direction In 3 Ways

Product & Channel



- ① **Invigorating conventional package tours**
  - Enhances Product Satisfaction (Package 2.0)
  - Enhances Product Originality(Hana Original)
  - Enhances Product Diversification(JBU , ZEUSworld)
  - Enhances Customer Safety (Safety & Joy)
- ② **Penetrating the FIT market**
  - Provides Hanatour-only Semi Package Tours
- ③ **Building up online channel capabilities**
  - Enhances Mobile App Competency
  - Provides Hanatour-only Travel Contents
  - Unification Of Existing Online Channels

# Hanatour The Reshaped

- Improves profitability in the package tours and seizes new growth opportunities in the FIT market

## The Reshaped Hanatour In The Post-Covid Era

Before & After











# Package Tours Going Back To The Basics (Hanapack 2.0)

- Invigorates satisfaction of complete package tours through Hanapack 2.0, our brand-new package plan
- Removed mandatory group shopping, which has been the main reason for dissatisfaction

## Hanapack 2.0 – Our Brand-new Package Tour Plan For Restoration of Product Satisfaction

Hanapack 1.0 vs Hanapack 2.0

	Hanapack 1.0		Hanapack 2.0
<b>Lodge</b> 	<ul style="list-style-type: none"><li>• Lodging in a suburban or non-central area</li><li>• Non-preferred Hotels</li></ul>		<ul style="list-style-type: none"><li>• Lodging in an urban or central area</li><li>• Preferred Hotels</li></ul>
<b>Free Time</b> 	<ul style="list-style-type: none"><li>• Limited free time (Up to 3 hours a day)</li></ul>		<ul style="list-style-type: none"><li>• Doubled free time offer (Up to 6 hours a day)</li></ul>
<b>Shopping</b> 	<ul style="list-style-type: none"><li>• Mandatory Group Shopping included in the itinerary</li></ul>		<ul style="list-style-type: none"><li>• No Shopping</li></ul>
<b>Dining</b> 	<ul style="list-style-type: none"><li>• Group dining, non-including local gourmet restaurants</li></ul>		<ul style="list-style-type: none"><li>• Dining in smaller groups at local gourmet restaurants</li></ul>



# Differentiated Travel Experiences (Hana Original)

- Provides unique and exclusive package tours developed leveraging Hanatour's capabilities

## Hana Original – New And Differentiated Travel Experiences Only By Hanatour

About Hana Original



### Operational Excellence

Based On Our Vast Global Network

**319** local DMCs (No.1 in Korea)



### Product Development Capability

Based On The Largest Number Of Specialists

**280** product specialists (1.7 times more than competitors')



### Superior Bargaining Power

Based On The Largest Market Share

**3.7 M** customers (As of 2018)



### Tours challenging to plan by individuals

Antarctica Cruises



Watching the Champions League match on-site



### Tours impossible to plan by individuals

Visiting the Louvre after closed



Staying at the Palace of Versailles



### Tours accompanying celebs

Gourmet travel with a famous chef



Art travel with a celeb



# Products For Smaller Groups & Luxury Travelers

- **JBU (Just Between Us)** for customers who prefer traveling in smaller groups
- **ZEUSworld** for travelers seeking the highest level of personalized luxury travel

## JBU(Just Between Us) – Smaller group tours

About JBU Products

Reflecting the declining trend in the average number of travel companions, we launched the ‘JBU’ package, which requires only four people to start traveling

[ Change in the average number of travel companions – 2018 vs 2019 ]



[ JBU package types]



## ZEUSworld – Top-notch luxury tours for 1%

About ZEUSworld Products

In line with the growth of the luxury tourism market, we launched ZEUSworld, a top-notch personalized luxury tour targeting the top 1%

[ Growth rate of tourism market (‘15 to ’25) – Overall vs Luxury]



[ Key features of ZEUSworld]

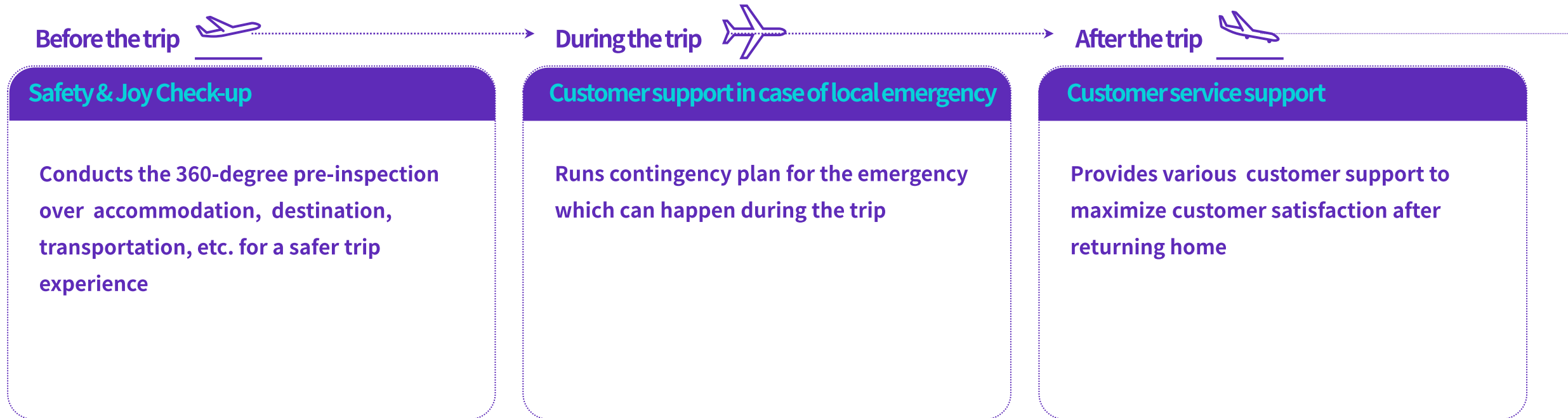


# Safer Travels By Hanatour (Safety & Joy)

- Established the industry's first safety guarantee service for safer tour experiences

## Safety & Joy – Hanatour's overseas travel safety guarantee service (First in Korea)

About Safety & Joy



# Semi Package Tours By Hanatour

- Provides highly satisfactory semi package tours only available by Hanatour

## Comparison of semi package tours (Hanatour vs OTA)

Hanatour's semi package vs OTA's semi package

	Hanatour Semi Package		OTA Semi Package
Key Facts	<ol style="list-style-type: none"><li>1. Consists of quality components first proven by us</li><li>2. Provides customer convenience through our customer-friendly service</li></ol>		<ol style="list-style-type: none"><li>1. Possible to configure the schedule and individual tour components as desired by the traveler</li><li>2. Difficult to make sure about the quality of each tour component</li></ol>
Quality Certainty	<b>High</b> (Quality tour components screened by Hanatour)	>	<b>Low</b>
Customer Convenience	<b>High</b> (Easier booking, itinerary change, cancellation, refunds)	>	<b>Low</b>
Price Competency	<b>Neutral</b> (Better prices for some popular regions through buying in bulk)	≧	<b>Neutral</b>

# Mobile App Revamped

- Revamped our mobile app by improving usability and convenience to expand online sales

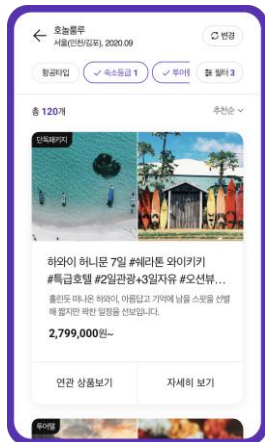
## Fully Revamped Hanatour Mobile App

7 Upgrades of Hanatour Mobile App

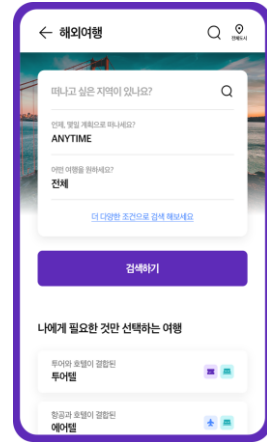
**1** UI/UX Upgrade



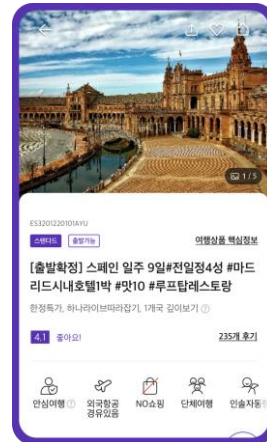
**2** Faster Speed



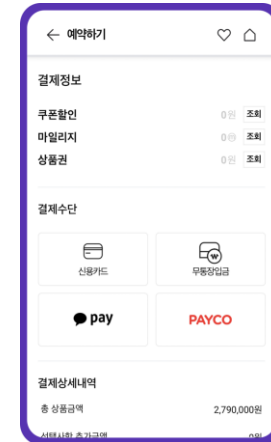
**3** Better Search



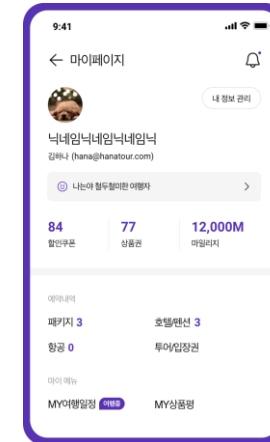
**4** Improved Product info.



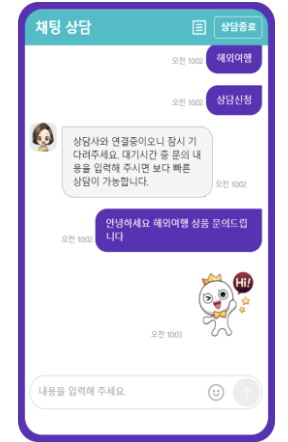
**5** Simplified Payments



**6** Personal Page



**7** Customer Service



# Exclusive Travel Contents Only By Hanatour

- Provides our exclusive travel contents that meet various needs of each stage of travel

## Exclusive Travel Contents Of Our Mobile App

Travel contents of Hana Tour mobile app

### Tour Preparation Stage



#### Open Live Commerce

- Online live promotion for special offerings
- Collaboration with DMCs and online influencers



#### Place

- Provides 360-degree information for each city
- Recommends popular landmarks, accommodations, and theme-based itineraries.
- Powered by Hanatour's vast DB for each place



#### Travel Planner

- Easy and convenient itinerary builder
- Easy to share your own tour plans with others
- Itinerary visualization
- Efficient itinerary building reflecting check-in dates, flight delays, etc.
- Recommends the most proper itineraries based on customer preferences
- AI-based recommendations for itineraries and related tour products



#### Product Suggestion by AI

- Suggests tour products based on customer preferences
- Cross product recommendations (Flights, Hotels, Tickets )

### Tour Experience Stage



#### On-site open chat

- Provides online chat consultation with local experts
- Supports on-site networking with other travelers



#### Tour guide review

- Tour guide review system
- Possibility of the emergence of celebrity tour guides



#### Travel Stamp

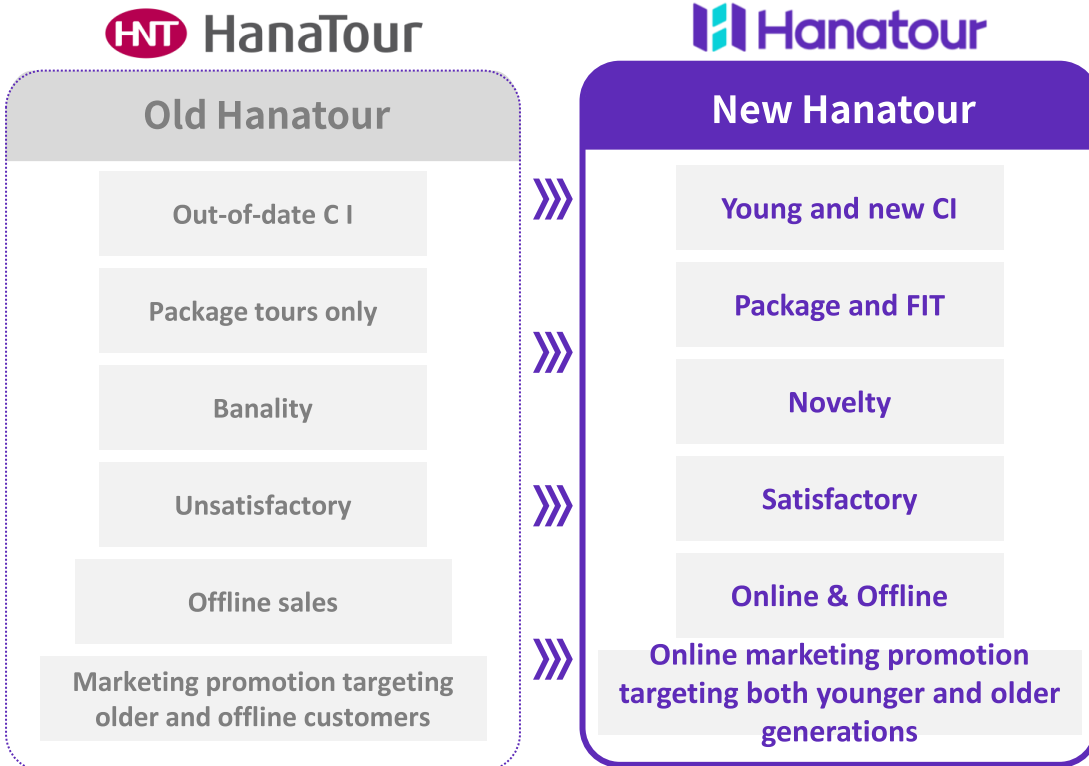
- An easy and fun feature for leaving tour records
- GPS-based check-in reviews

# Brand Renovation

- Expands younger customer base through the introduction of new CI and marketing activities
- Revamps the brand image as a tour company that younger people are willing to use

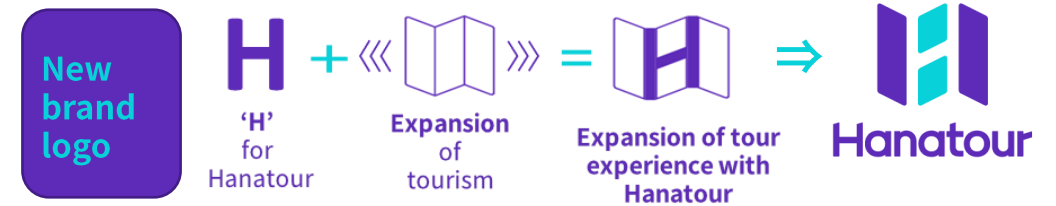
## Hanatour The Renovated

Old vs New



## Rebranding Strategy

New CI & marketing





## Statement of financial position

### Consolidated

(Unit : M KRW)

	2020	2021
Current Assets	208,326	166,208
Non-current Assets	494,935	264,388
<b>Total Assets</b>	<b>703,261</b>	<b>430,596</b>
Current Liabilities	173,262	172,523
Non-current Liabilities	404,685	200,317
<b>Total Liabilities</b>	<b>577,947</b>	<b>372,839</b>
Capital	6,970	6,970
Other Contributed Capital	205,366	29,906
Components Of Other Capital	2,211	1,947
Retained Earnings	-79,508	46,505
Non-controlling Interests	-9,725	-27,571
<b>Total Equity</b>	<b>125,314</b>	<b>57,756</b>
<b>Total Liabilities And Equity</b>	<b>703,261</b>	<b>430,596</b>

### Separate

(Unit : M KRW)

	2020	2021
Current Assets	121,274	86,185
Non-current Assets	226,036	128,627
<b>Total Assets</b>	<b>347,310</b>	<b>214,813</b>
Current Liabilities	95,993	92,072
Non-current Liabilities	92,036	2,200
<b>Total Liabilities</b>	<b>188,028</b>	<b>94,272</b>
Capital	6,970	6,970
Other Contributed Capital	186,465	16,465
Components Of Other Capital	-9	-9
Retained Earnings	-34,144	97,116
<b>Total Equity</b>	<b>159,282</b>	<b>120,541</b>
<b>Total Liabilities And Equity</b>	<b>347,310</b>	<b>214,813</b>



## Profit & Loss

### Consolidated

(Unit : M KRW)

	1Q 20	2Q 20	3Q 20	4Q 20	FY 20	1Q 21	2Q 21	3Q 21	4Q 21	FY 21
Operating Revenue	86,905	7,087	8,720	6,860	109,572	6,996	8,855	11,511	12,896	40,258
Operating Expense	108,836	47,534	35,490	32,578	224,438	48,669	32,780	38,020	48,083	167,552
Operating Income	-21,931	-40,447	-26,771	-25,718	-114,867	-41,674	-23,924	-26,509	-35,186	-127,294
Other Income	4,004	3,148	2,093	4,732	13,977	2,287	3,754	78,489	28,695	113,225
Other Expense	10,120	35,166	7,254	36,092	88,632	3,419	21,494	3,831	32,494	61,237
Income(loss) Before Income Taxes	-28,047	-72,465	-31,932	-57,078	-189,521	-42,805	-41,664	48,149	-38,986	-75,306
Income Taxes	-336	-32,635	-4,101	6,362	-30,710	-42	394	103	-5,224	-4,769
Net Income(loss)	-27,711	-39,830	-27,831	-63,439	-158,812	-42,763	-42,058	48,633	-34,258	-70,446
Owners Of The Parent Company	-27,477	-50,197	-27,690	-66,649	-172,012	-37,951	-39,325	50,287	-16,998	-43,987
Non-controlling Interests	-7,061	-16,972	-3,548	-18,978	-46,559	-5,294	-2,969	-936	-17,260	-26,459

### Separate

(Unit : M KRW)

	1Q 20	2Q 20	3Q 20	4Q 20	FY 20	1Q 21	2Q 21	3Q 21	4Q 21	FY 21
Operating Revenue	66,176	2,674	2,741	2,357	73,947	2,000	2,820	2,307	3,655	10,782
Operating Expense	76,327	28,292	23,191	22,153	149,963	34,257	19,415	23,509	31,146	108,327
Operating Income	-10,151	-25,618	-20,450	-19,796	-76,016	-32,257	-16,595	-21,202	-27,491	-97,546
Other Income	5,324	3,686	2,219	7,985	19,214	1,466	3,319	77,261	2,644	84,690
Other Expense	26,141	21,844	57	26,349	74,389	1,545	6,407	4,749	17,973	30,675
Income(loss) Before Income Taxes	-30,968	-43,775	-18,289	-38,159	-131,191	-32,336	-19,682	51,309	-42,821	-43,530
Income Taxes	-908	-33,141	-3,881	5,949	-31,981	-65	74	0	-4,799	-4,790
Net Income(loss)	-30,061	-10,634	-14,408	-44,108	-99,210	-32,271	-19,756	51,309	-38,022	-38,741