# **INVESTOR RELATIONS**

NOVEMBER VER. 2018 (English)



- COMPANY INTRODUCTION
- OUTBOUND BUSINESS
- INBOUND BUSINESS
- HOTEL BUSINESS
- DFS BUSINESS
- CULTURE BUSINESS
- GLOBAL BUSINESS
- APPENDIX





# INTRODUCTION

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# **MAIN BUSINESS**



Home HanaTour

# **HISTORY**



# HANATOUR COMPETITIVENESS



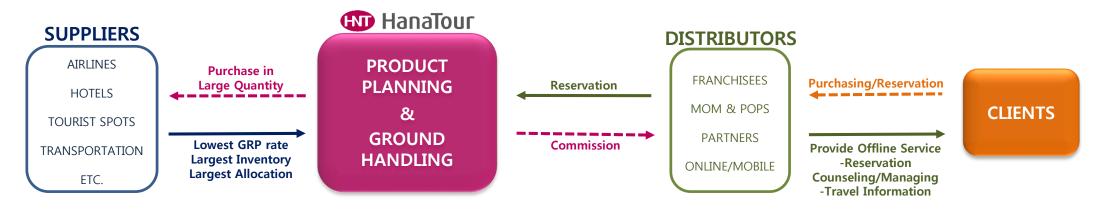
# OUTBOUND BUSINESS



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# **BUSINESS MODEL & CORE COMPETITIVENESS**

### "Travel Wholesale Business"



### **COMPETITIVE ADVANTAGE**

### ► SCALE

Largest Outbound Volume for 20 Consecutive Years Market Share of 23% (2017 TTL)



"Everyday Departure" Guarantee



Economy of Scale for better margin

### DISTRIBUTION

### **On/Off Sales Channels**

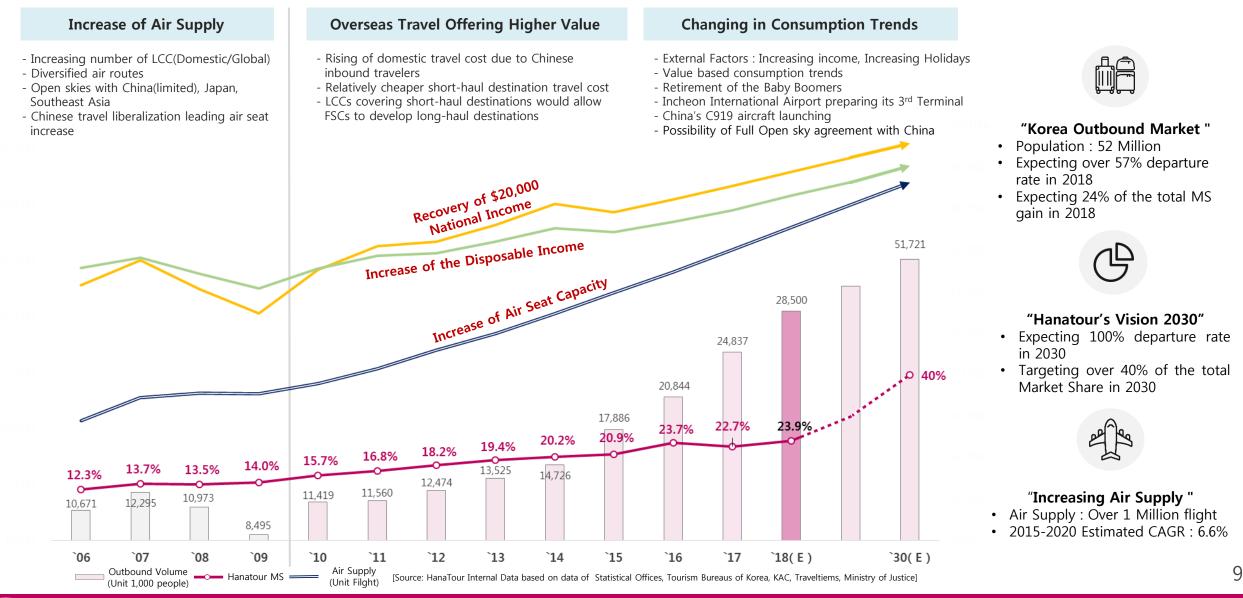


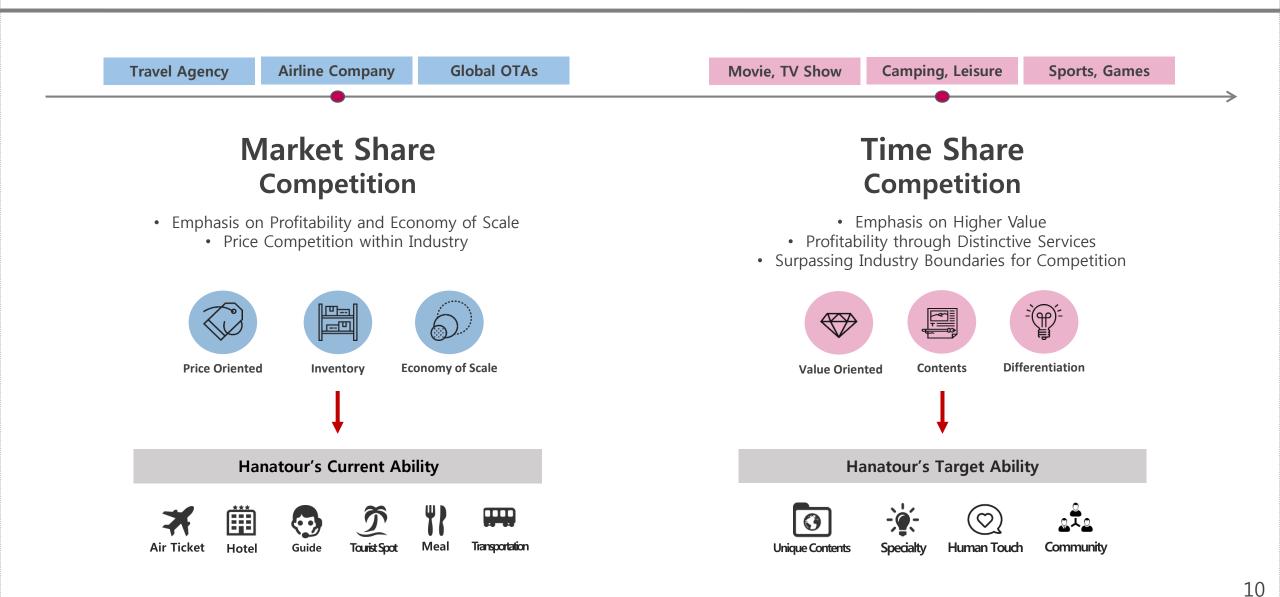
'Hanatour.com' and Mobile Apps in Operation



8,000 Offline Agents all over the country

### **MARKET ENVIRONMENT & GROWTH**





### **GRAND TOUR**

### Why Grand Tour?

- The original "Grand Tour" refers to tours to Europe in 17~19<sup>th</sup> 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



HanaTour

# GRAND TOUR, 뭉쳐야 뜬다

HND 하나투어 하나 Pack 해내지여행 상품보변드

# 

### 😴 🔹 하나투어 전문가 동반 테마여행

### 

지금 지원하세요!

여행과 접목할 수 있는 모든 전문가를 모십니다.

전문가 지원 바로가기 90

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

### 9월 11월 9월 10월 10월 10월 11월 12월 미술여행 골프대한 미술여행 미술여행 라이딩 골프여행 뢰네 박파랑 고규홈 박시현 하지은 박파랑 나삼훈 박시현 이봉주 사이판 도쿄 이탈리아 도쿄 일본 오제습지 돗토리 캄보디아 마카오



(1) 하나무이 하나Pack 新聞調題。 デ죄 같이 여하けフトルノ

> \*-2030-전용여행팩

> > 친구들이랑 시간이 안 맞아서 이번 휴가도 혼자라면 믿을수 있는 여행지 동행 구하느라 이리저리 헤맨다면 2030 전용팩!

12

저세계 트레킹 버킷리스트를 오르다

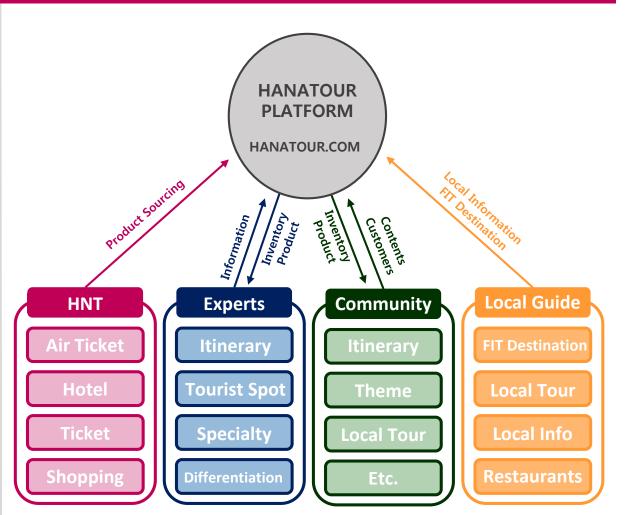
알프스 트레킹

**Tour du Mont Blanc** 

08/21 단 1회! 선착순 20명

드 몽블랑

### **OPEN PLATFORM**

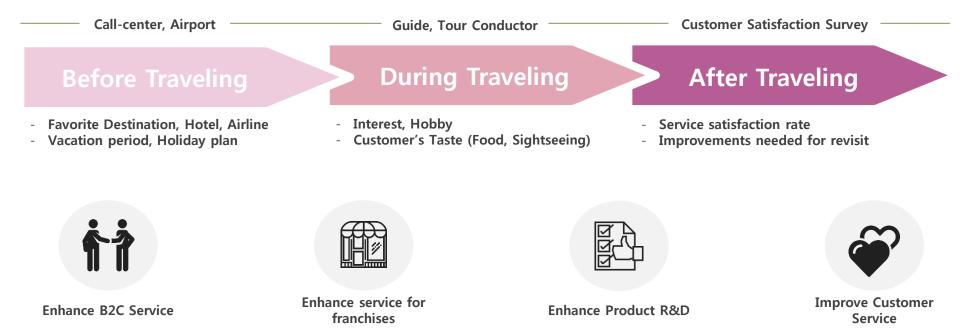


# Unification of product Sourcing and sales process through Platform

- 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



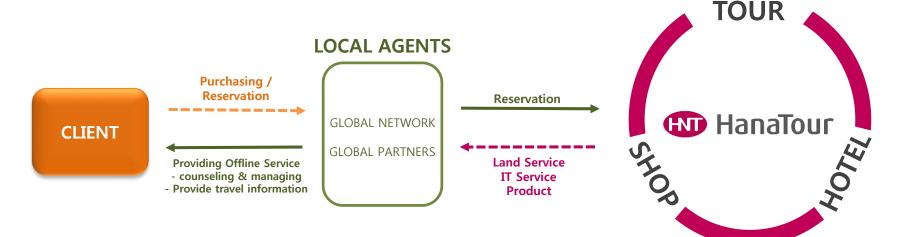
# INBOUND BUSINESS



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# **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

### HanaTour ITC



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 Inc. is a 100% owned inbound subsidiary of Hanatour ٠
- 29 overseas offices are sales agents of HANATOUR ITC •



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





**Tour Desk** 

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



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



**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

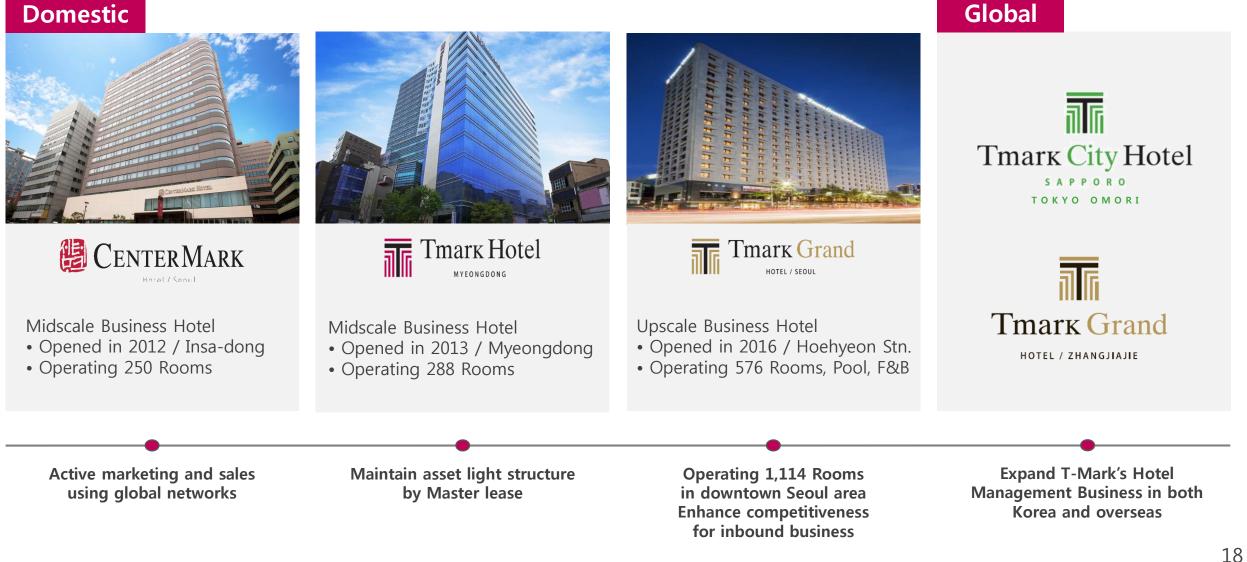


### **Korea Homeland Tour**

Tour for overseas Koreans to experience their homeland

# **HOTEL BUSINESS**

### Domestic



**GND** HanaTour

# **DFS BUSINESS**

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



### 1<sup>ST</sup> Nov. 2015 Grand Opening

- Global No.1 Revenue Generating Incheon airport DF9 Area
- Located at Asiana Gates
- 5 stores 160 brands, 5,000 products
- 24hr operating pick-up desk
- Commercial Floor Space of 918m<sup>2</sup>

# ICN AIRPORT T2 이 1 한 수 화 장품 이 2 전 류·당배/식품 이 2 전 류·당배/식품 이 2 전 류·당배/식품 이 3 태선·잡화/부티크 이 4 전 품목 이 5 전 등 목

### 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 825m<sup>2</sup>

### 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 4,088m<sup>2</sup>

# **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** $\bigcirc$ **BUSINESS**



# **OVERSEAS NETWORKS**

### **O** 12 Overseas Subsidiaries in 9 Countries

01. HANATOUR USA INC07. HANATOUR PTE. LTD \_ Singapore02. HANATOUR CHINA08. HANATOUR EUROPE LTD \_ London03. HANATOUR HONGKONG CO., LTD.09. HANATOUR PTY LTD \_ Australia04. HANATOUR TAIWAN SERVICE INC.10. BEIJING HANA INFORMATION TECHNOLOGY CO., LTD05. HANATOUR JAPAN Co., LTD11. BEIJING YITU INTERNATIONAL TRAVEL SERVICE CO., LTD06. HANATOUR SERVICE (M)SDN.BHD \_ Malaysia12. HANATOUR EU GmbH \_ Germany

Hawai

Las Vega

### **O** 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

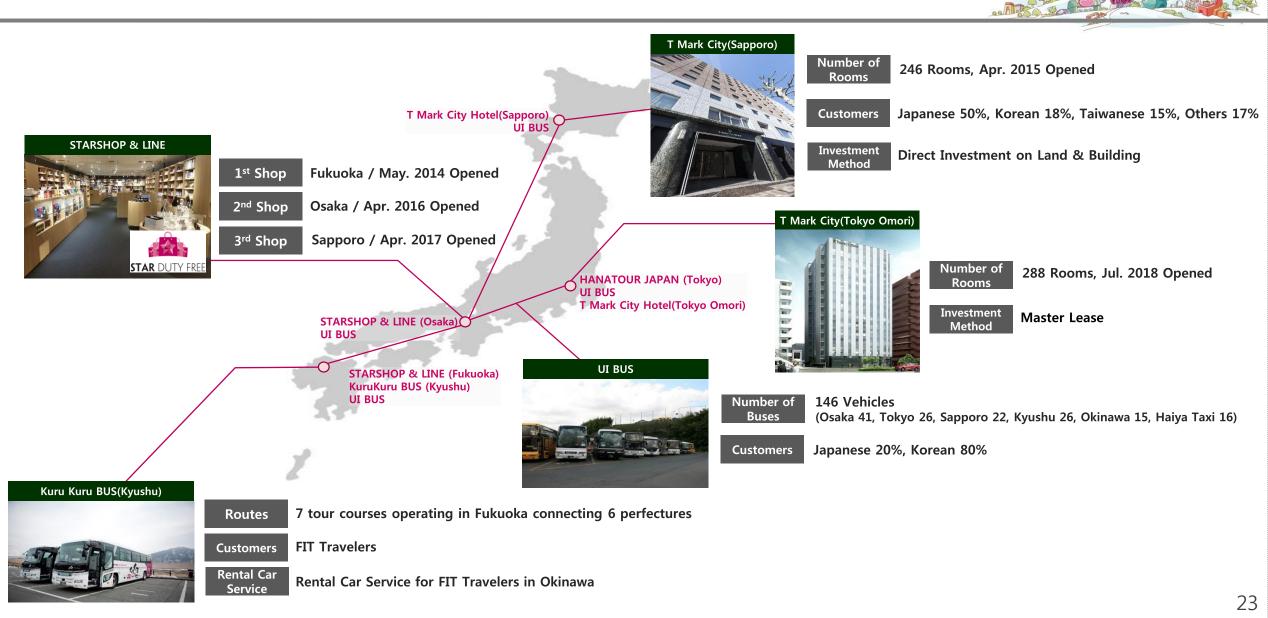
- London

Seoul HanaTou

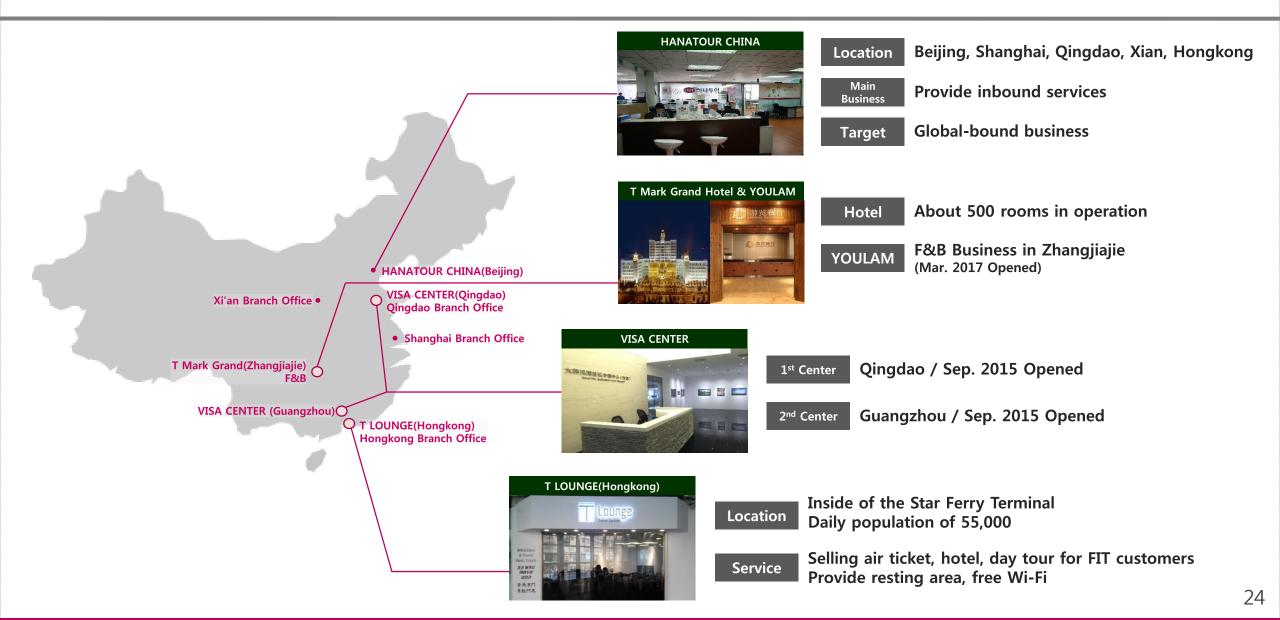
Singanor

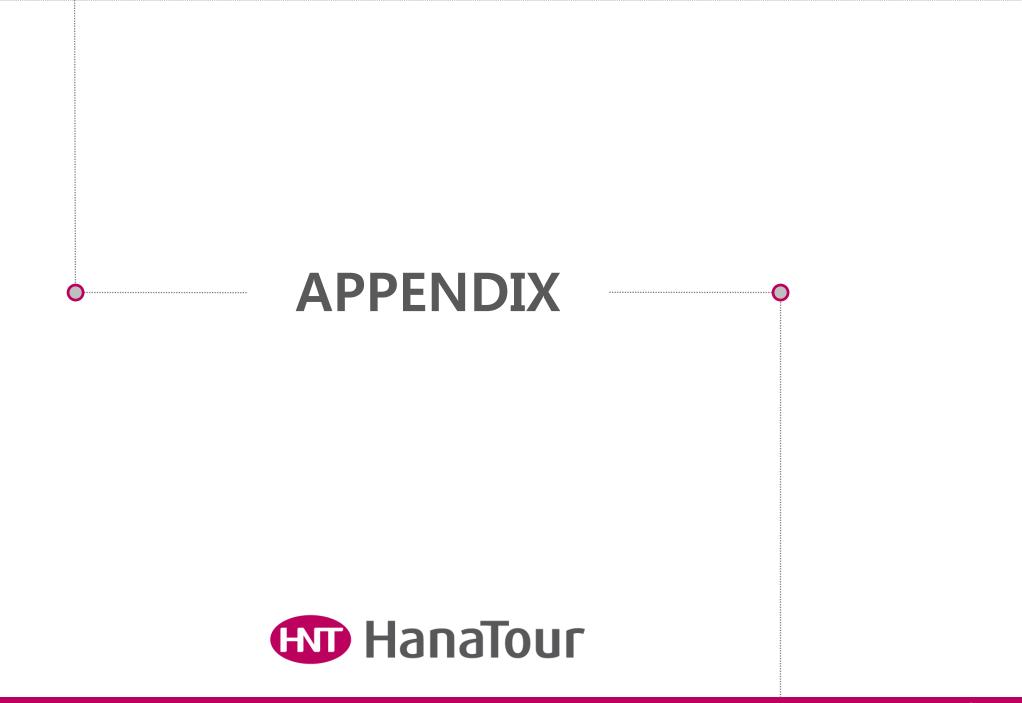
Hokkaid

# HANATOUR JAPAN



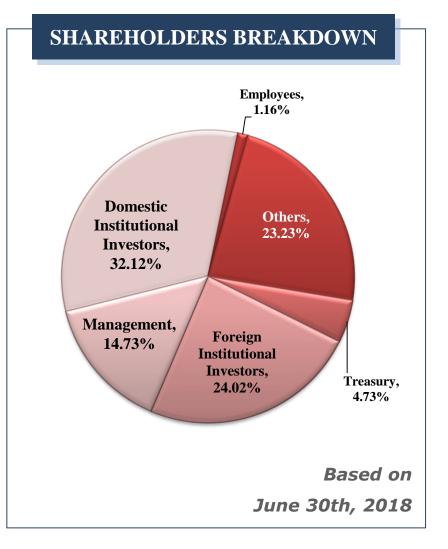
# HANATOUR CHINA



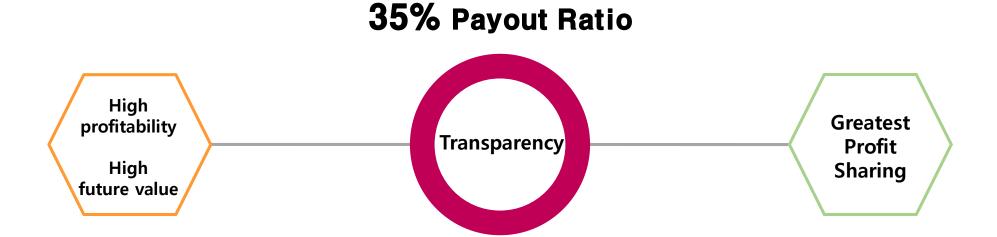


# **OVERVIEW**

COMPAN	NY PROFILE
Date of establishment	November, 1993
CEO, Chairman	Sang Hwan, Park
CEO, President	Jin Kook, Kim
Total number of employees	2,627 (Dec. 2017)
Paid-in capital	KRW 5.8 bn (Dec. 2017)
Outstanding Shares	11,616,185 (Dec. 2017)
Networks	Domestic : 24 Overseas : 18



# VALUE MANAGEMENT



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

(KRW bn, %)

											(	, , , , ,
Description		FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	18 ~3Q (Parent)	18 ~3Q (Consolidated)
Guard	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
Ctobility	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
												I F 2011

% K-IFRS Based From 2011 % Applied K-IFRS 1115 from 2018

# **PRO-FORMA INCOME STATEMENT**

												(KRW bn
Desc	cription	FY10	FY11	FY12 (consolidated)	FY13 (consolidated)	FY14 (consolidated)	FY15 (consolidated)	FY16 (consolidated)	FY17 (Consolidated)	18 ~3Q (Parent)	18 ~3Q (Consolidated)	FY18 Guidance
Gross	(Package)	1,267.0	1,452.9							1,864.9		
Sales	(Air-Ticket)	377.9	462.5							896.5		
Sales Incor	me	218.1	226.0	307.9	352.7	385.5	459.4	595.5	682.3	422.1	634.5	821.3
Operating E	Expense	190.9	204.8	268.3	312.3	345.0	414.6	574.6	641.5	397.1	612.5	745.5
Operating	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 Be Income T		32.7	24.8	49.9	48.8	46.2	46.9	23.9	38.0	26.8	26.6	-
Net Incom	e	24.1	19.5	37.4	36.1	35.4	34.1	7.5	12.7	19.9	15.6	-
											W K-IEDC B	laced From 21

% K-IFRS Based From 2011% Applied K-IFRS 1115 from 2018

# **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

※ K-IFRS Based From 2011

X Applied K-IFRS 1115 from 2018

### (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

% K-IFRS Based From 2011 % Applied K-IFRS 1115 from 2018

# GROWTH

	•	and the second	
(*	%)		· · ·

		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
Investment	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

		FY11		FY12		FY13		FY14		FY	15	FY	216	FY	7 <b>17</b>
		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
	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

※ K-IFRS Based From 2011

\* Applied K-IFRS 1115 from 2018 34

(%)

AB

# AWARDS LIST



- \* 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, 1<sup>st</sup> place for 3 consecutive years in National Customer Satisfaction Index(NCSI)
- ✤ 2016, 1<sup>st</sup> 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, 1<sup>st</sup> Place for 8 consecutive years
- in the tourism field in "Brand of the Year 2015" selected by Customers Council
- ✤ 2015, 1<sup>st</sup> 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'
- ✤ 2013, 1<sup>st</sup> Place for 6 consecutive years
- in the tourism field in "Brand of the Year 2013" selected by Customers Council
- 2013, 1st Place for 9 consecutive years in "2013 Brand Power of Korea Industry"
- 2013, CEO Park Sanghwan received the Gold Pagoda Industrial Medal for Contribution to Tourism Promotion at the 40th Tourism Day Commemoration
- 2013, 1<sup>st</sup> ranked in '2013 Korea Best Brands' by Brand international
- 2013, 1st Place for 5 consecutive years in "Customer Satisfaction(Travel Agency)" by KMA
- 2013, 1st Place for 9 consecutive years in tourism field in "2009 Brand Power of Korean Industry" selected by KMAC
- 2012, 1st Place for 9 consecutive years in tourism field in "2012 Korean Brand Star" selected by KMA Brand Stock
- ✤ 2012, 1st Place for 7 consecutive years
- in tourism field in "Super Brand" selected by Ministry of Trade, Industry and Energy



