



1Q 2019 BUSINESS PERFORMANCE

Premium Lifestyle Leading Company

THE SHILLA

DISCLAIMER

This material has been prepared for investors' convenience, based on 1Q19 financial statements that have not yet been officially reviewed, which could alter final data.

Actual results may differ from forecasts herein given the unpredictability of future performances; Hotel Shilla has no responsibility to revise or update this material.

CONTENTS

01 CORPORATE OVERVIEW	01
02 BUSINESS PERFORMANCE AND OUTLOOK	06
03 APPENDIX	11

01

CORPORATE OVERVIEW

VISION / HISTORY / AWARDS

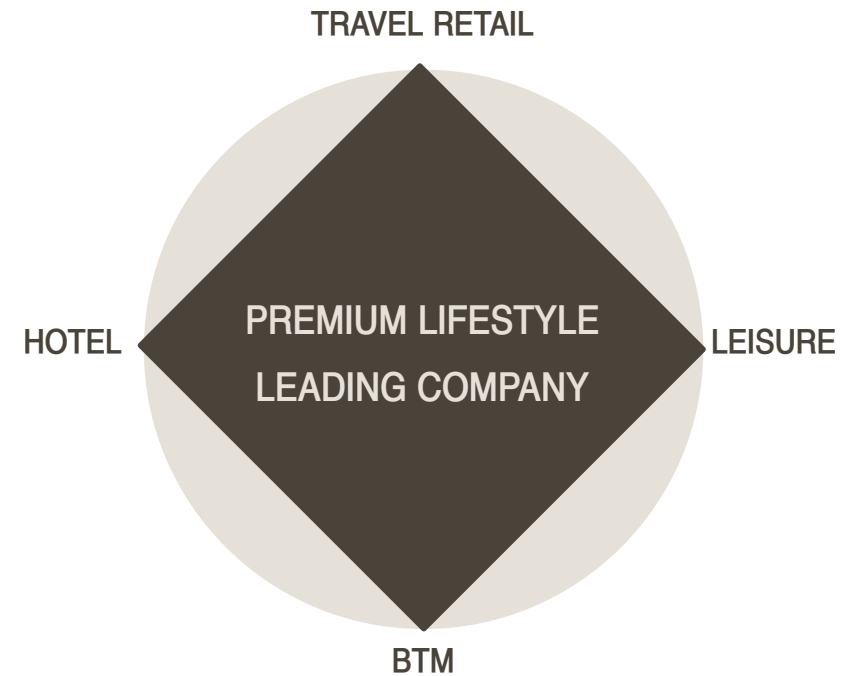
BUSINESS PORTFOLIO

BUSINESS SITE OVERVIEW

VISION

Hotel Shilla aspires to become a **Premium Lifestyle Leading Company** that offers clients the best choice based on dignity and trust.

The company aims to provide optimal services across its business range, including travel retail, hotel, leisure, and business travel management(BTM), to improve the lifestyles of clients.



HISTORY

- 1979 • The Shilla Seoul opens
- 1986 • Seoul Shilla Duty Free opens
- 1989 • Jeju Shilla Duty Free opens
- 1990 • The Shilla Jeju opens
- 1991 • IPO at Korea Exchange
- 2006 • Jinji Lake Hotel in Suzhou, China opens
- 2008 • Incheon Int'l Airport Duty Free opens
- 2010 • Chungju, Daegu Int'l Airport Duty Free opens
- 2011 • Gimpo Int'l Airport Duty Free opens
- LOUIS VUITTON at Incheon Int'l Airport opens
- 2013 • Changi Int'l Airport, Singapore Duty Free (BTQ)
- 2014 • Establishment of SHILLA STAY Co., Ltd
- Changi Int'l Airport, Singapore Duty Free (Cosmetic)
- Macao Int'l Airport Duty Free opens
- 2015 • Establishment of HDC SHILLA Co., Ltd
- 2016 • Shilla I Park Duty Free opens
- Phuket Duty Free opens
- Tokyo Duty Free opens
- 2017 • Chek Lap Kok Duty Free in Hong Kong opens
- 2018 • Incheon Int'l Airport Duty Free Terminal 2 opens
- Jeju Int'l Airport Duty Free opens
- 2019 • Gimpo Int'l Airport Duty Free opens

AWARDS

- 2008 Gazette, The Best hotel in Seoul
Institutional Investor, The world's Top 100 Hotels (1st in Asia)
LHW Leader's Club, Golden award
- 2009 Zagat, The Best Hotel in service sector
TTG Travel Award, The Best City Hotel in Seoul
- 2010 Institutional Investor, The Best Hotel in Seoul
- 2011 NCSI, No.1 Hotel in service sector
- 2012 Travel+Leisure, The World's Best Awards Asia 16th
- 2013 KCSI, The Best Duty Free Store
- 2014 NCSI, The Best Company
Interbrand, The Best Korea Brands 2015
- 2015 NSCI, No.1 Hotel in hotel sector
- 2016 NSCI, The Best Company
Michelin Guide 2017, 3 Star Restaurant (「La Yeon」 of Seoul Hotel)
- 2017 KCSI, The Best Duty Free Store
Forbes Travel Guide, 4 Star Hotel
Michelin Guide 2018, 3 Star Restaurant (「La Yeon」 of Seoul Hotel)
- 2018 Interbrand, The Best Korea Brands 50
Michelin Guide 2017, 3 Star Restaurant (「La Yeon」 of Seoul Hotel)
KCSI, The Best Duty Free Store
Smart APP Awards 2018, Best Award (SHILLA DUTYFREE APP)
- 2019 The 21th K-BPI Korean Brand Power Awards, No1 Hotel in hotel sector

BUSINESS PORTFOLIO



Seoul Downtown DF

Online DF

Jeju Downtown DF

Incheon Int'l Airport DF

Jeju Int'l Airport DF

Gimpo Int'l Airport DF

Changi Int'l Airport DF in Singapore

Chek Lap Kok Airport DF in Hong Kong

Shilla I Park Downtown DF

Macao Int'l Airport DF

Phuket Downtown DF in Thailand

Tokyo Downtown DF in Japan



Seoul

Jeju

Shilla Stay (Lease)

Jinji Lake Shilla Hotel in China (Management)

Geoje Samsung Hotel (Management)

Business Travel Management (BTM)

CFC (Corporate Fitness Center)

Leports

BUSINESS SITE OVERVIEW

TR(Travel Retail)

Seoul DF

7,178 sqm

Jeju DF

6,384 sqm

Incheon airport DF

5,580 sqm

Jeju airport DF

400 sqm

Gimpo Intl Airport DF

553 sqm

Changi airport DF

8,044 sqm

Chek Lap Kok airport DF

3,283 sqm

Shilla I Park DF

11,417 sqm

Macao airport DF

1,120 sqm

Phuket DF

8,155 sqm

Tokyo DF

2,317 sqm

HOTEL & LEISURE

Seoul Hotel

463 Rooms
(43.3 sqm per room)

7 Banquets

7 Restaurants

Jeju Hotel

429 Rooms
(44.6 sqm per room)

6 Banquets

6 Restaurants

Managed Hotels

Shilla Stay
(Dongtan, Yeoksam, Jeju, Seodaemooon, Ulsan
Mapo, Gwanghwamoon, Guro, Cheonan, Seocho, Haeundae)
Jinji Lake Shilla Hotel in Suzhou, China
Geoje Samsung Hotel

BTM Business

CFC

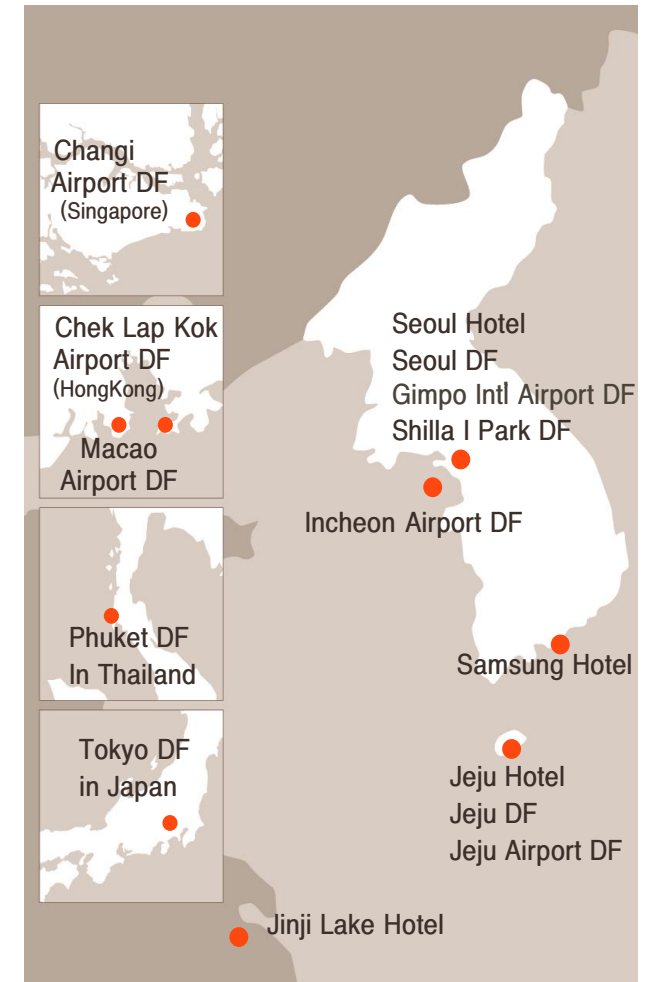
Demarq

Leports Business

VANTT

Seocho Leports Center

As of Mar 31st, 2019



02

BUSINESS PERFORMANCE AND OUTLOOK

BUSINESS PERFORMANCE AND
OUTLOOK BY BUSINESS SEGMENT

BUSINESS PERFORMANCE (1Q 2019)

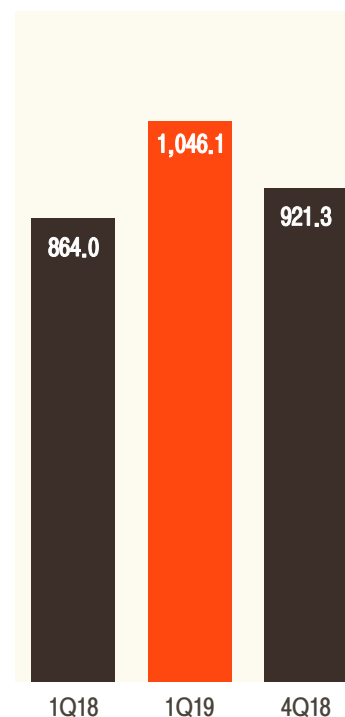
Non-Consolidated

- Revenue increased by 21% YoY to 1,046.1 bn KRW
- OP increased by 58% YoY to 72.0 bn KRW

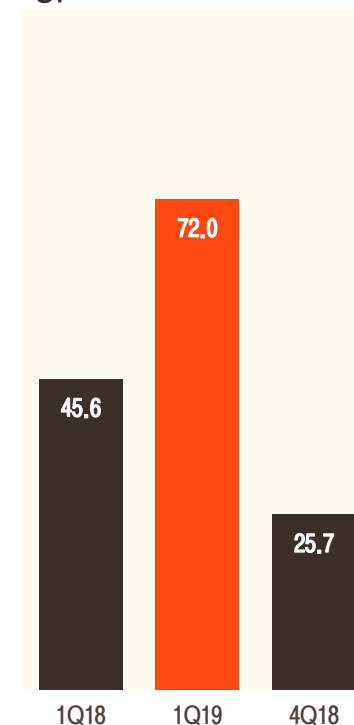
	1Q18	1Q19	YoY	4Q18	QoQ
Revenue	864.0	1,046.1	21%	921.3	14%
TR	771.5	950.4	23%	824.0	15%
Hotel&Leisure	92.5	95.7	3%	97.3	-2%
OP	45.6	72.0	58%	25.7	180%
TR	50.2	77.6	55%	26.6	192%
Hotel&Leisure	-4.7	-5.6	Increased Loss Margin	-0.9	Increased Loss Margin
OP Margin	5.3%	6.9%	1.6%p	2.8%	4.1%p

(bn KRW)

Revenue



OP



BUSINESS PERFORMANCE (1Q 2019)

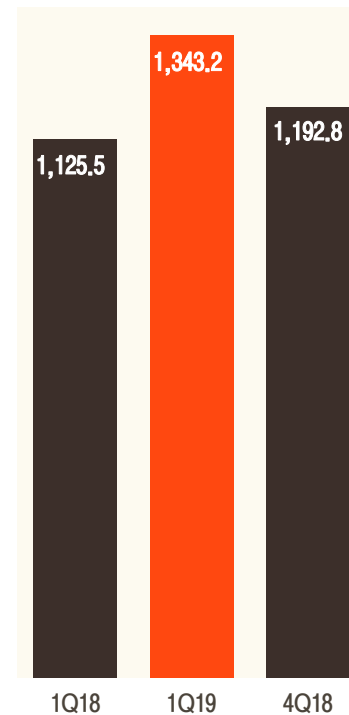
Consolidated

- Revenue increased by 19% YoY to 1,343.2 bn KRW
- OP increased by 85% YoY to 81.7 bn KRW

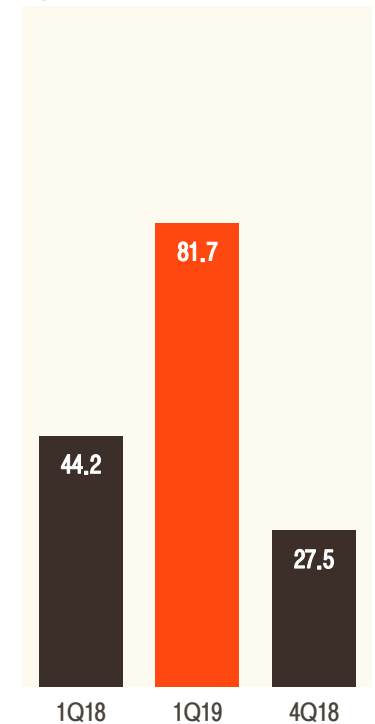
	1Q18	1Q19	YoY	4Q18	QoQ
Revenue	1,125.5	1,343.2	19%	1,192.8	13%
TR	1,013.7	1,225.2	21%	1,071.5	14%
Hotel&Leisure	111.8	118.0	6%	121.3	-3%
OP	44.2	81.7	85%	27.5	197%
TR	47.6	82.2	73%	25.1	227%
Hotel&Leisure	-3.4	-0.5	Narrowed Loss Margin	2.4	Turn to Loss
OP Margin	3.9%	6.1%	2.2%p	2.3%	3.8%p

(bn KRW)

Revenue



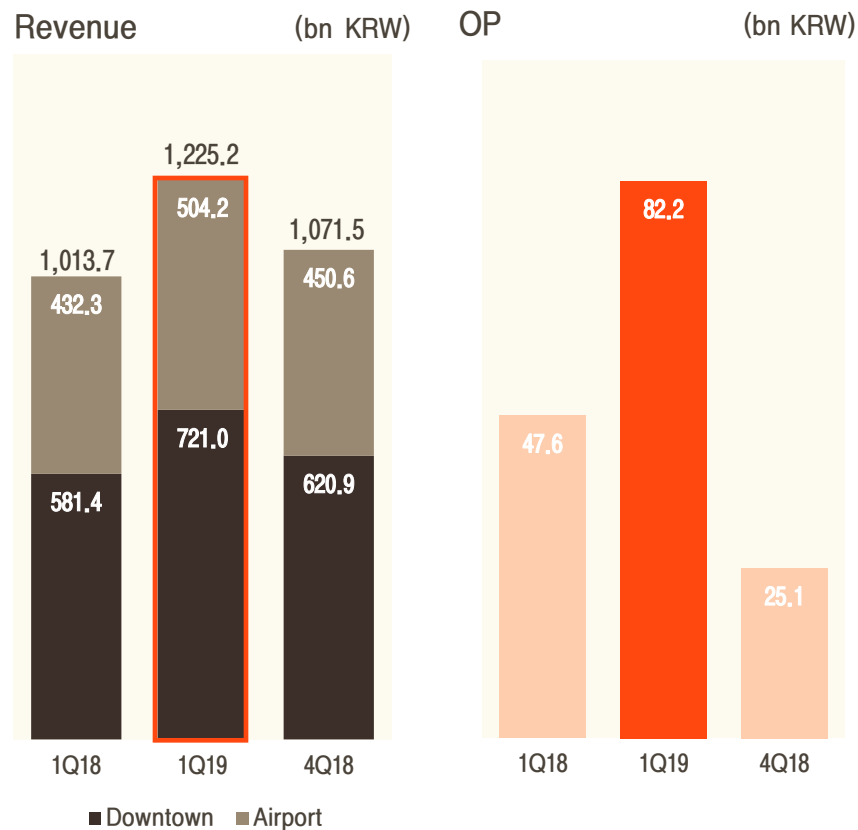
OP



TRAVEL RETAIL BUSINESS

Consolidated

- Revenue increased by 21% YoY to 1,225.2 bn KRW
- OP increased by 73% YoY to 82.2 bn KRW



1Q Review

- Revenue in downtown and airport stores increased by 24%, 17% YoY respectively. The OP of TR business is 82.2bn KRW.
- Downtown DF Revenue vs. Commission rates

	(bn KRW)								
	2017				2018				2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Rev	476.5	398.3	509.9	475.2	581.4	613.2	625.5	620.9	721.0
Comn. (%)	77.9	49.5	59.2	57.4	68.9	69.3	74.9	71.5	57.9
	(16.3)	(12.4)	(11.6)	(12.1)	(11.9)	(11.3)	(12.0)	(11.5)	(8.0)

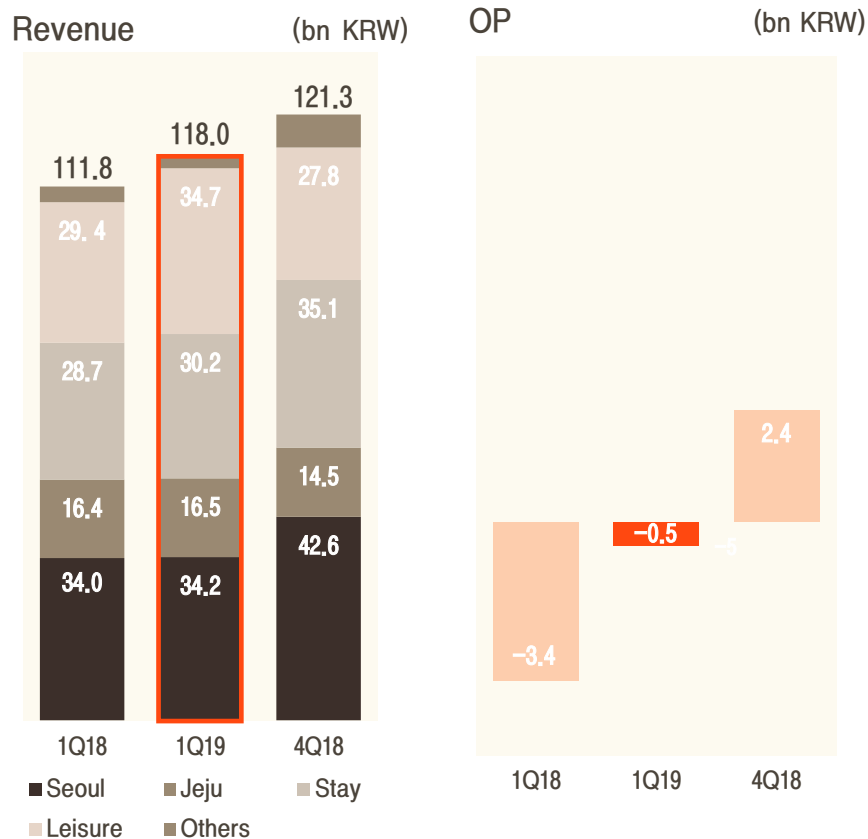
2Q Outlook

- Sales environment is expected to improve upon entering the summer peak season

HOTEL & LEISURE BUSINESS

Consolidated

- Revenue increased by 6% YoY to 118.0 bn KRW
- Operating loss decreased to -0.5 bn KRW YoY



1Q Review

- Revenue of the Hotel & Leisure business increased by 6% YOY recording total revenue 118.0 bn KRW due to growth of the Shilla Stay Business and the Leisure department.
- Quarterly Rate of Occupancy

	2017				2018				2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Seoul	60%	67%	78%	79%	71%	76%	81%	79%	70%
Jeju	85%	89%	87%	82%	90%	92%	91%	82%	91%
Stay	70%	71%	77%	77%	77%	80%	82%	83%	80%

2Q Outlook

- Rise in profitability through improved sales efficiency and a strengthened product lineup

03

APPENDIX

ANNUAL CAPEX
MAJOR FINANCIAL RATIOS
SHAREHOLDERS

Annual CAPEX

(bn KRW)

	Y2017	Y2018	1Q19
CAPEX	51.2	55.6	12.2

- Non-Consolidated

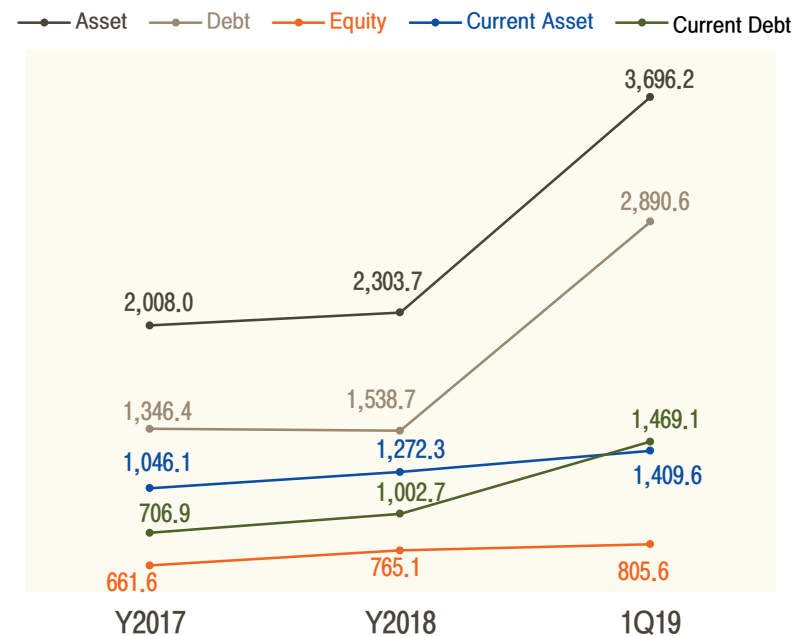
Key Financials

* Consolidated

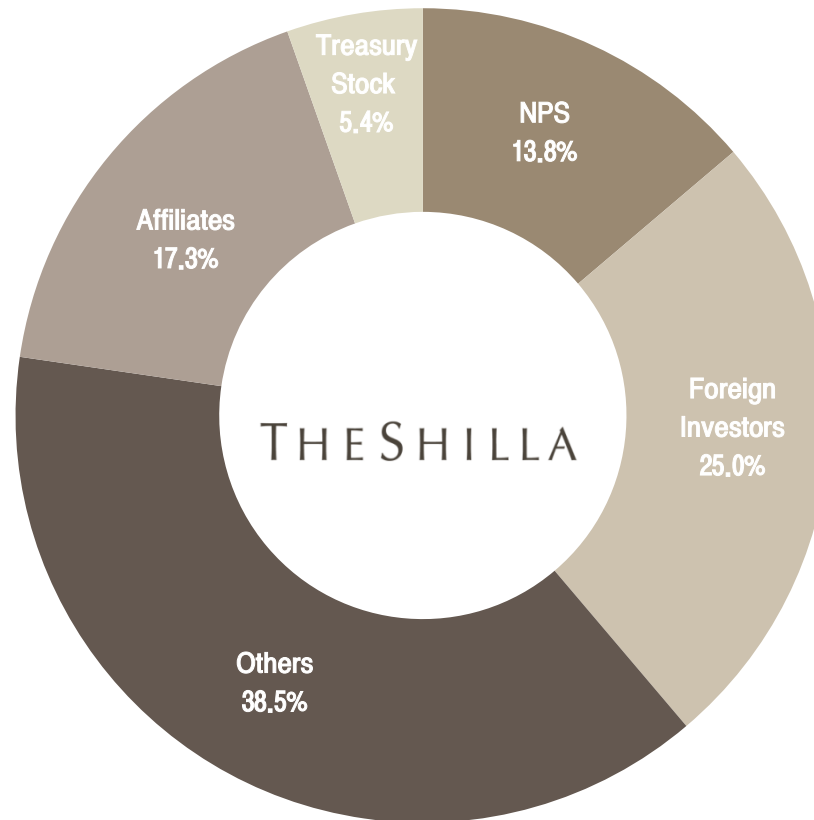
(bn KRW)

	Y2017	Y2018	1Q19
Debt/Equity Ratio	232%	201%	359%
Asset	2,219.2	2,303.7	3,696.2
Liabilities	1,551.0	1,538.6	2,890.6
Equity	668.2	765.1	805.6
Current Ratio	133%	127%	96%
Current Assets	1,167.7	1,272.3	1,409.6
Current Liabilities	879.4	1,002.7	1,469.1
EBITDA/Revenue	4.1%	6.0%	14.5%
EBITDA	144.5	283.7	195.1
Revenue	3,514.7	4,713.7	1,343.2

* Fluctuations in the key financial indicators for 1Q19 are due to the application of K-IFRS 1116



SHAREHOLDERS
(Common Stock)



As of Mar 31st , 2019

THANK YOU

Premium Lifestyle Leading Company

THE SHILLA