



2Q 2019 BUSINESS PERFORMANCE

Premium Lifestyle Leading Company

THE SHILLA

DISCLAIMER

This material has been prepared for investors' convenience, based on 2Q19 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.

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01

CORPORATE OVERVIEW

VISION / HISTORY / AWARDS

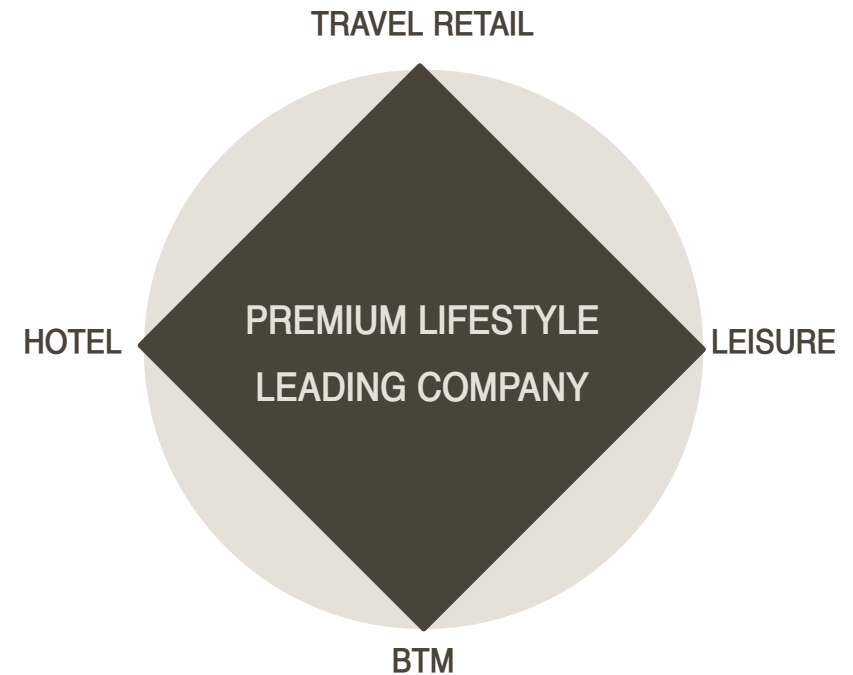
BUSINESS PORTFOLIO

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
Interbrand, The Best Korea Brands 50

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 June 30th, 2019



02

BUSINESS PERFORMANCE AND OUTLOOK

BUSINESS PERFORMANCE AND
OUTLOOK BY BUSINESS SEGMENT

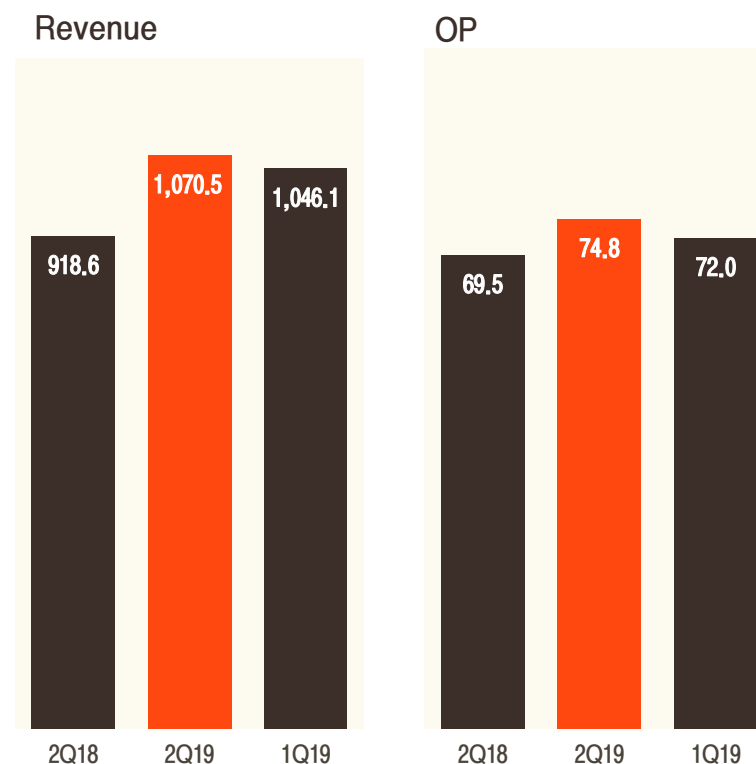
BUSINESS PERFORMANCE (2Q 2019)

Non-Consolidated

- Revenue increased by 17% YoY to 1,070.5 bn KRW
- OP increased by 8% YoY to 74.8 bn KRW

(bn KRW)

	2Q18	2Q19	YoY	1Q19	QoQ
Revenue	918.6	1,070.5	17%	1,046.1	2%
TR	818.5	967.5	18%	950.4	2%
Hotel&Leisure	100.1	103.0	3%	95.7	8%
OP	69.5	74.8	8%	72.0	4%
TR	70.2	71.2	1%	77.6	-8%
Hotel&Leisure	-0.7	3.6	Turn to Gain	-5.6	Turn to Gain
OP Margin	7.6%	7.0%	-0.6%p	6.9%	0.1%p



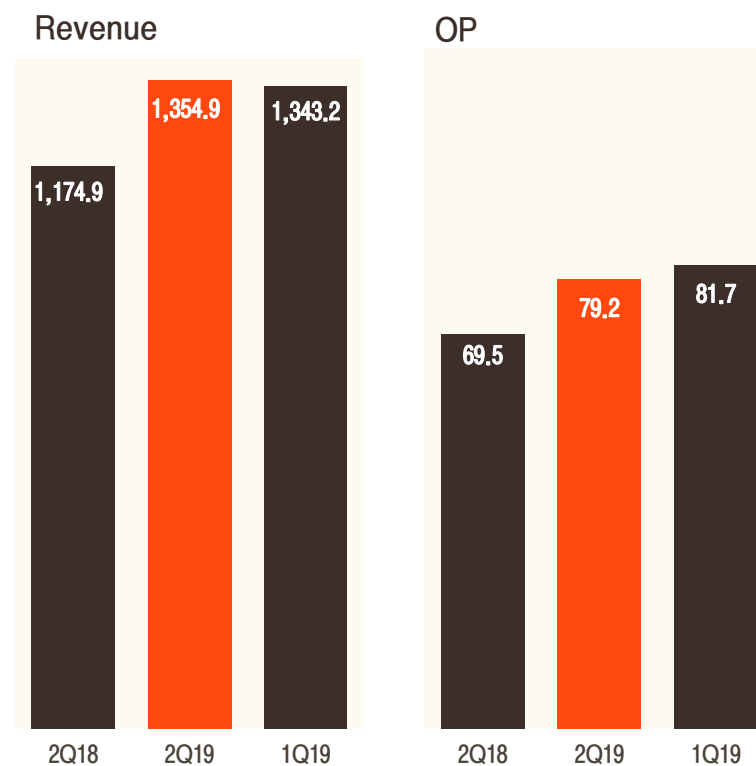
BUSINESS PERFORMANCE (2Q 2019)

Consolidated

- Revenue increased by 15% YoY to 1,354.9 bn KRW
- OP increased by 14% YoY to 79.2 bn KRW

(bn KRW)

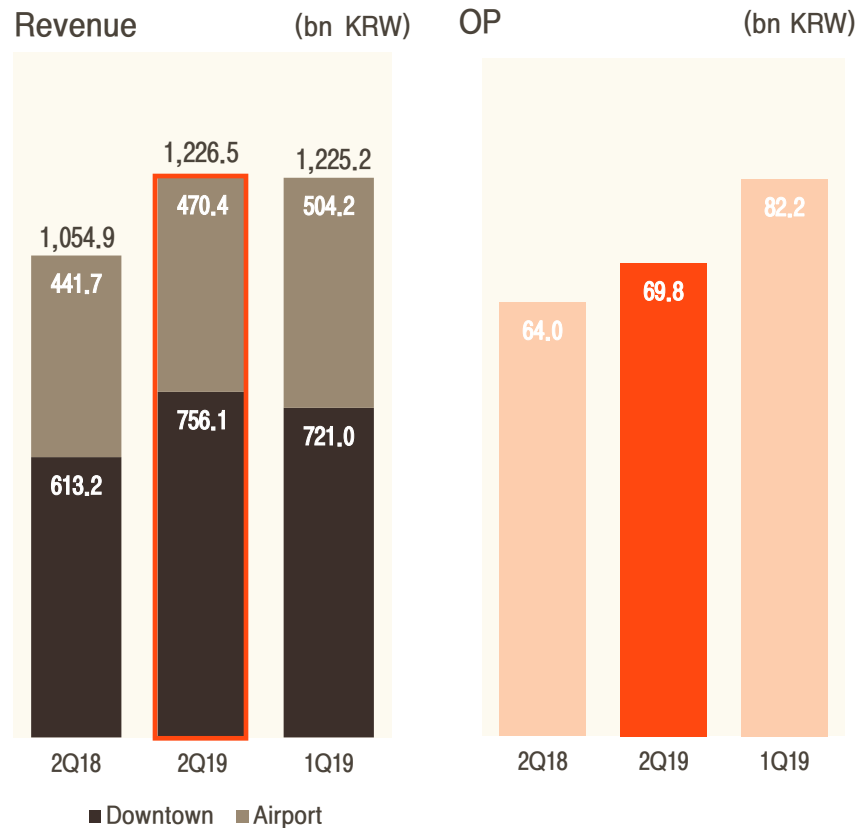
	2Q18	2Q19	YoY	1Q19	QoQ
Revenue	1,174.9	1,354.9	15%	1,343.2	1%
TR	1,054.9	1,226.5	16%	1,225.2	0.1%
Hotel&Leisure	120.0	128.4	7%	118.0	9%
OP	69.5	79.2	14%	81.7	-3%
TR	64.0	69.8	9%	82.2	-15%
Hotel&Leisure	5.5	9.4	71%	-0.5	Turn to Gain
OP Margin	5.9%	5.8%	-0.1%p	6.1%	-0.3%p



TRAVEL RETAIL BUSINESS

Consolidated

- Revenue increased by 16% YoY to 1,226.5 bn KRW
OP increased by 9% YoY to 69.8 bn KRW



2Q Review

- Revenue in downtown and airport stores increased by 23%, 6% YoY respectively. The OP of TR business is 69.8bn KRW.
- Downtown DF Revenue vs. Commission rates

	2017				2018				2019	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Rev	476.5	398.3	509.9	475.2	581.4	613.2	625.5	620.9	721.0	756.1
Comn. (%)	77.9 (16.3)	49.5 (12.4)	59.2 (11.6)	57.4 (12.1)	68.9 (11.9)	69.3 (11.3)	74.9 (12.0)	71.5 (11.5)	57.9 (8.0)	63.6 (8.4)

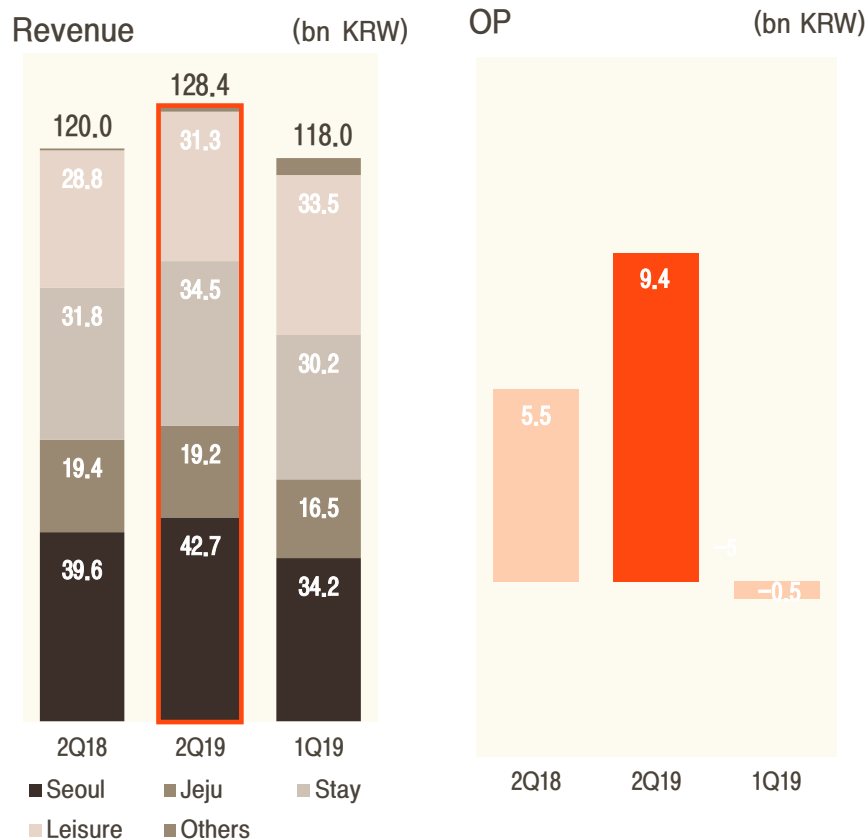
3Q Outlook

- Diagou sales are expected to maintain solid growth for quarter, while a surge in demand is expected in August onwards due to the Chinese Mid-Autumn Festival.

HOTEL & LEISURE BUSINESS

Consolidated

- Revenue increased by 7% YoY to 128.4 bn KRW
- Operating profit increased by 71% YoY to 9.4 bn KRW



2Q Review

- Revenue of the Hotel & Leisure business increased by 7% YOY recording a total revenue of 128.4 bn KRW, due to growth of Hotel Business and the Leisure department.
- Quarterly Rate of Occupancy

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

3Q Outlook

- Earnings are expected to improve due to the summer peak season

03

APPENDIX

ANNUAL CAPEX
MAJOR FINANCIAL RATIOS
SHAREHOLDERS

Annual CAPEX

(bn KRW)

	Y2017	Y2018	2Q19
CAPEX	51.2	55.6	25.4

- Non-Consolidated

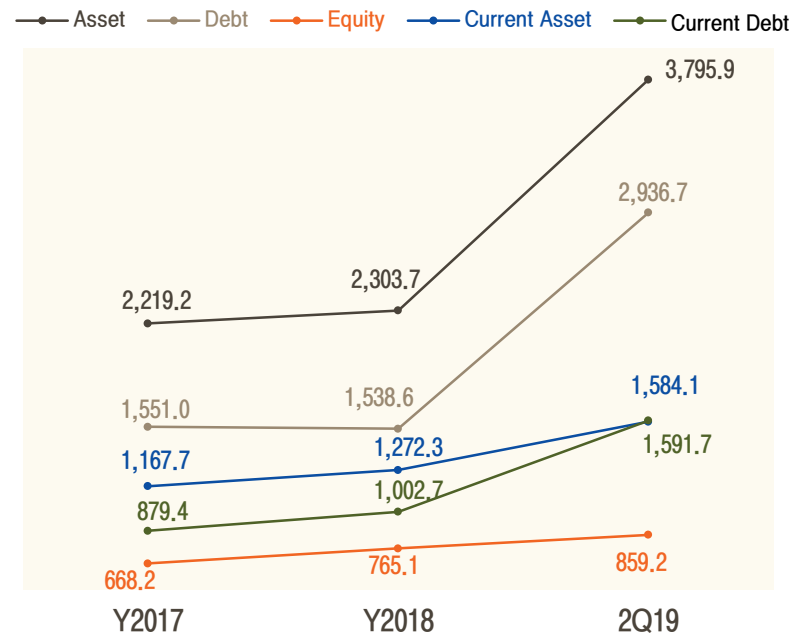
Key Financials

* Consolidated

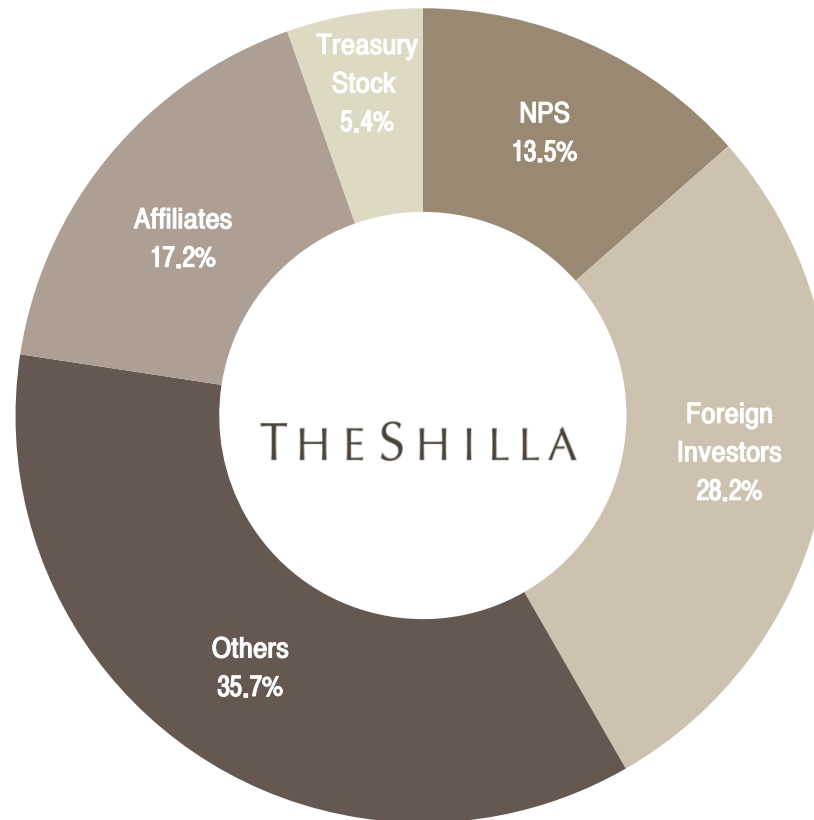
(bn KRW)

	Y2017	Y2018	2Q19
Debt/Equity Ratio	232%	201%	342%
Asset	2,219.2	2,303.7	3,795.9
Liabilities	1,551.0	1,538.6	2,936.7
Equity	668.2	765.1	859.2
Current Ratio	133%	127%	100%
Current Assets	1,167.7	1,272.3	1,584.1
Current Liabilities	879.4	1,002.7	1,591.7
EBITDA/Revenue	4.1%	6.0%	14.7%
EBITDA	144.5	283.7	199.1
Revenue	3,514.7	4,713.7	1,354.9

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



SHAREHOLDERS
(Common Stock)



As of June 30th , 2019

THANK YOU

Premium Lifestyle Leading Company

THE SHILLA

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