



# 3Q 2019 BUSINESS PERFORMANCE

Premium Lifestyle Leading Company

THE SHILLA

## DISCLAIMER

This material has been prepared for investors' convenience, based on 3Q19 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

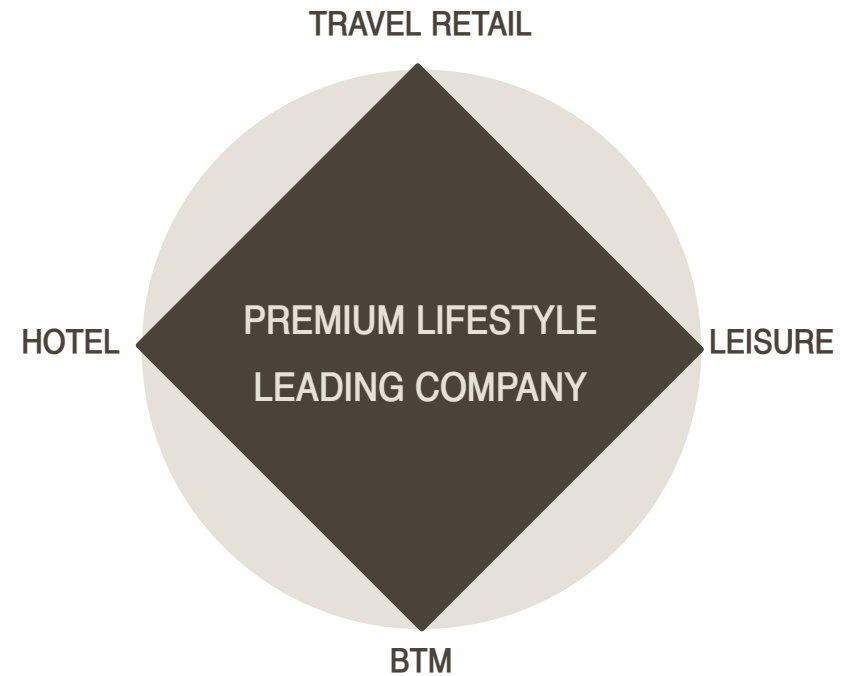
BUSINESS PORTFOLIO

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

### TR(Travel Retail)



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

### HOTEL & LEISURE



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**

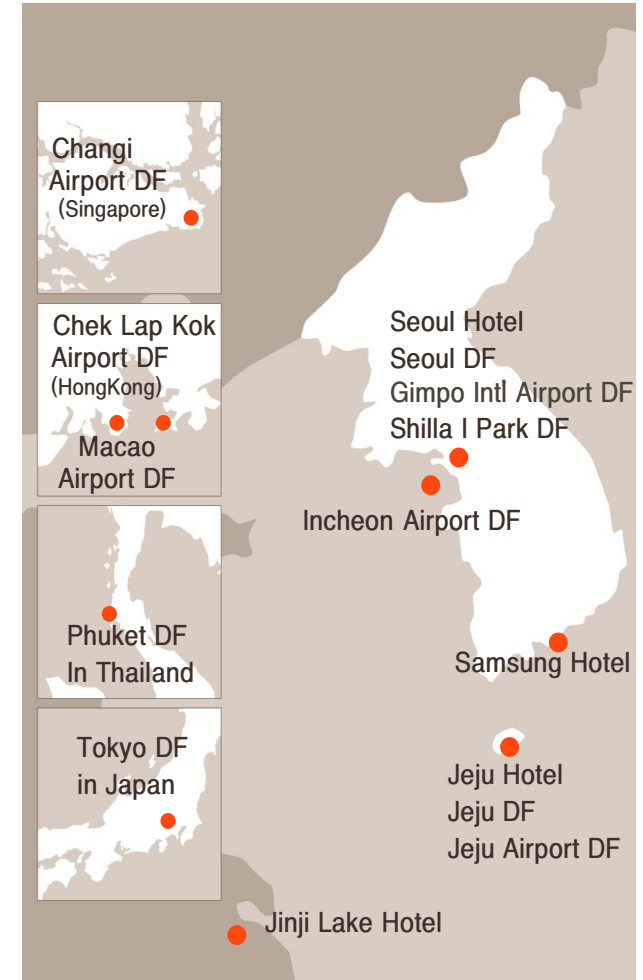
Demarq

**Leports Business**

VANTT

Seocho Leports Center

As of Sep 30th, 2019





# 02

## BUSINESS PERFORMANCE AND OUTLOOK

BUSINESS PERFORMANCE AND  
OUTLOOK BY BUSINESS SEGMENT

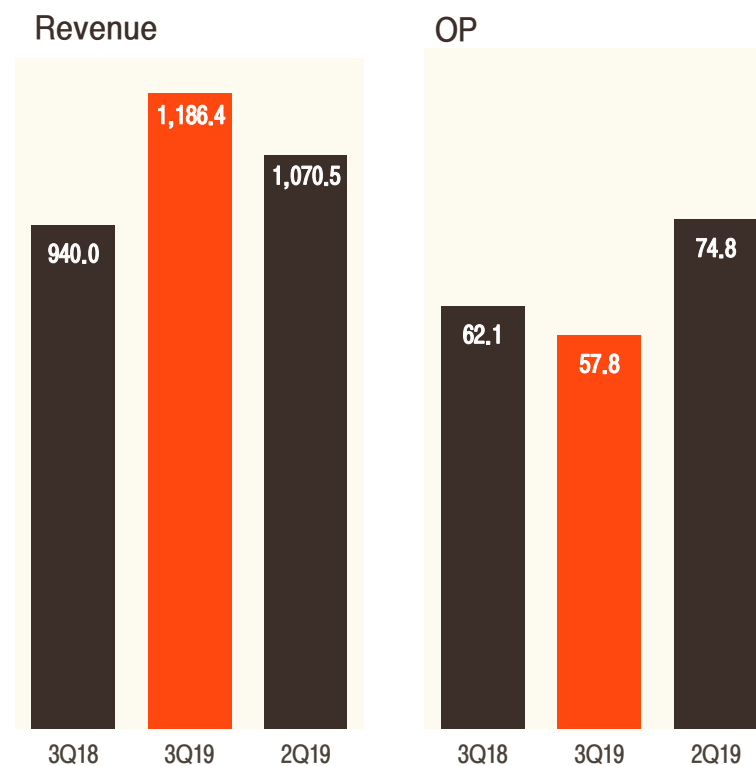
## BUSINESS PERFORMANCE (3Q 2019)

Non-Consolidated

- Revenue increased by 26% YoY to 1,186.4 bn KRW
- OP decreased by -7% YoY to 57.8 bn KRW

(bn KRW)

	3Q18	3Q19	YoY	2Q19	QoQ
Revenue	940.0	1,186.4	26%	1,070.5	11%
TR	834.7	1,075.3	29%	967.5	11%
Hotel&Leisure	105.3	111.1	6%	103.0	8%
OP	62.1	57.8	-7%	74.8	-23%
TR	56.4	51.2	-9%	71.2	-28%
Hotel&Leisure	5.7	6.6	16%	3.6	83%
OP Margin	6.6%	4.9%	-1.7%p	7.0%	-2.1%p



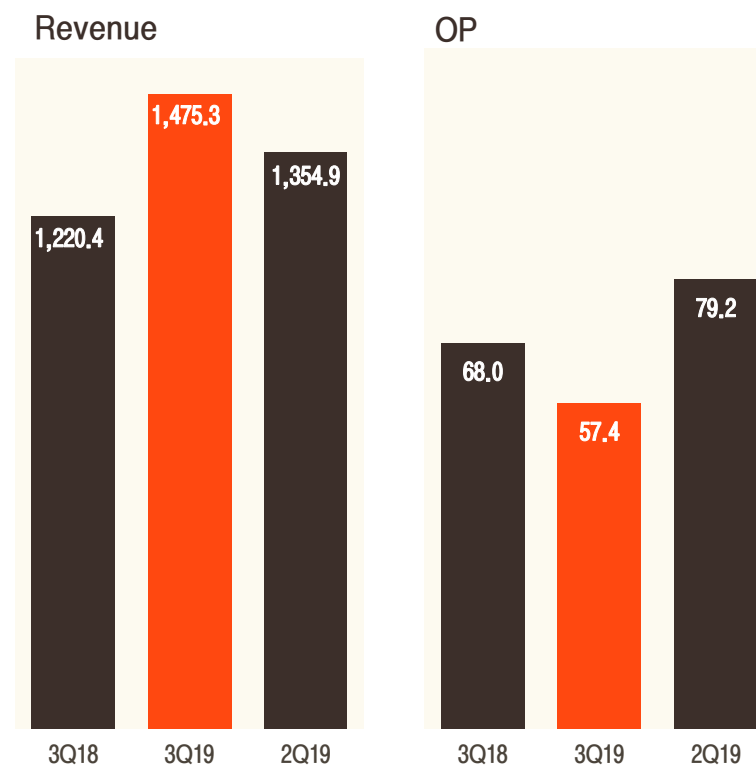
## BUSINESS PERFORMANCE (3Q 2019)

Consolidated

- Revenue increased by 21% YoY to 1,475.3 bn KRW  
OP decreased by -16% YoY to 57.4 bn KRW

(bn KRW)

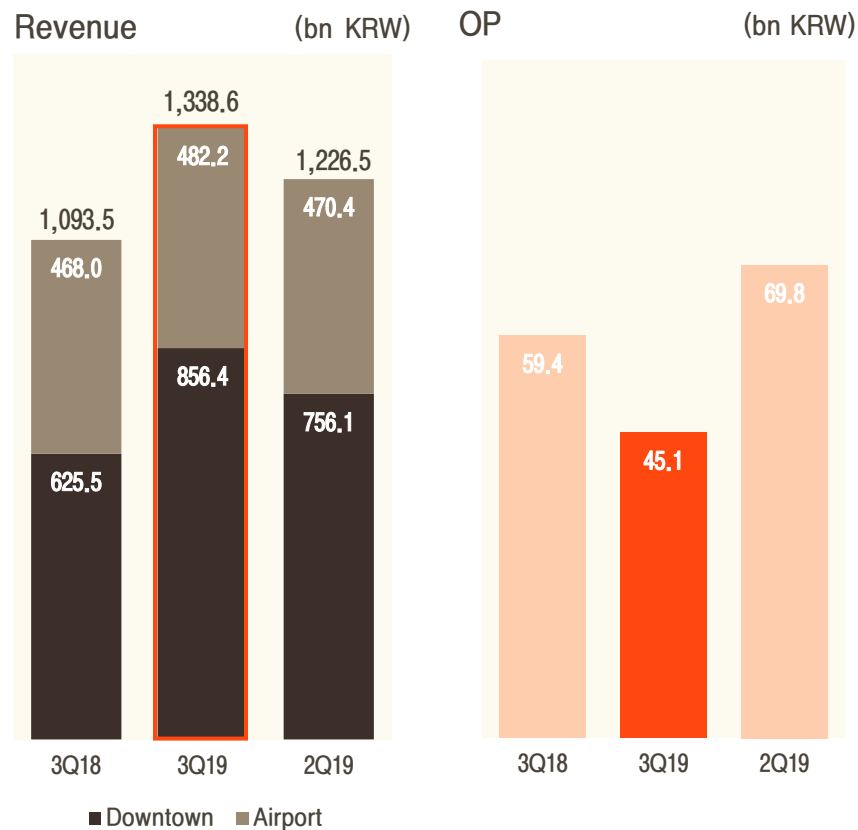
	3Q18	3Q19	YoY	2Q19	QoQ
Revenue	1,220.4	1,475.3	21%	1,354.9	9%
TR	1,093.5	1,338.6	22%	1,226.5	9%
Hotel&Leisure	126.9	136.7	8%	128.4	6%
OP	68.0	57.4	-16%	79.2	-28%
TR	59.4	45.1	-24%	69.8	-35%
Hotel&Leisure	8.6	12.3	43%	9.4	31%
OP Margin	5.6%	3.9%	-1.7%p	5.8%	-1.9%p



## TRAVEL RETAIL BUSINESS

Consolidated

- Revenue increased by 22% YoY to 1,338.6 bn KRW
- OP decreased by -24% YoY to 45.1 bn KRW



### 3Q Review

- Revenue in downtown and airport stores increased by 37%, 3% YoY respectively. The OP of TR business is 45.1bn KRW.
- Downtown DF Revenue vs. Commission rates

	2017				2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Rev	476.5	398.3	509.9	475.2	581.4	613.2	625.5	620.9	721.0	756.1	856.4
Comn.	77.9	49.5	59.2	57.4	68.9	69.3	74.9	71.5	57.9	63.6	69.0
(%)	(16.3)	(12.4)	11.6)	(12.1)	(11.9)	(11.3)	(12.0)	(11.5)	(8.0)	(8.4)	(8.1)

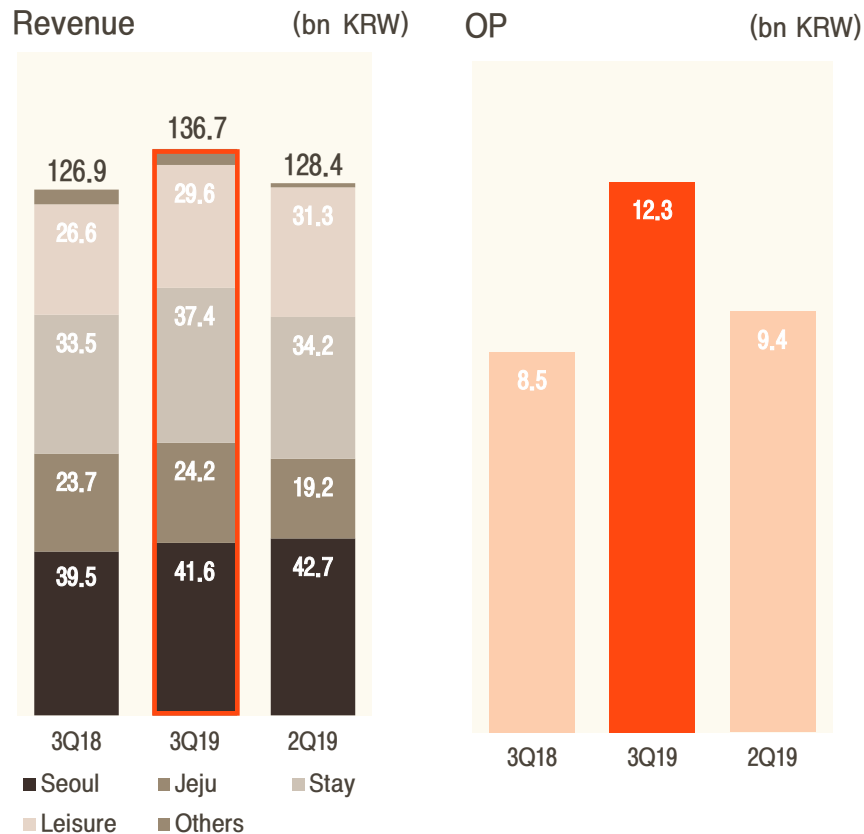
### 4Q Outlook

- Increasing domestic market year-end demand compared to the previous year and maintaining Daigou sales flow

## HOTEL & LEISURE BUSINESS

Consolidated

- Revenue increased by 8% YoY to 136.7 bn KRW
- Operating profit increased by 43% YoY to 12.3 bn KRW



### 3Q Review

- Revenue of the Hotel & Leisure business increased by 8% YOY recording a total revenue of 136.7 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	3Q
Seoul	60%	67%	78%	79%	71%	76%	81%	79%	70%	83%	86%
Jeju	85%	89%	87%	82%	90%	92%	91%	82%	91%	92%	91%
Stay	70%	71%	77%	77%	77%	80%	82%	83%	80%	85%	86%

### 4Q Outlook

- Enhancing Occupancy rate and sales efficiency through continuous strengthening of product power

# 03

## APPENDIX

ANNUAL CAPEX  
MAJOR FINANCIAL RATIOS  
SHAREHOLDERS

### Annual CAPEX

(bn KRW)

	Y2017	Y2018	3Q19
CAPEX	51.2	55.6	44.1

- Non-Consolidated

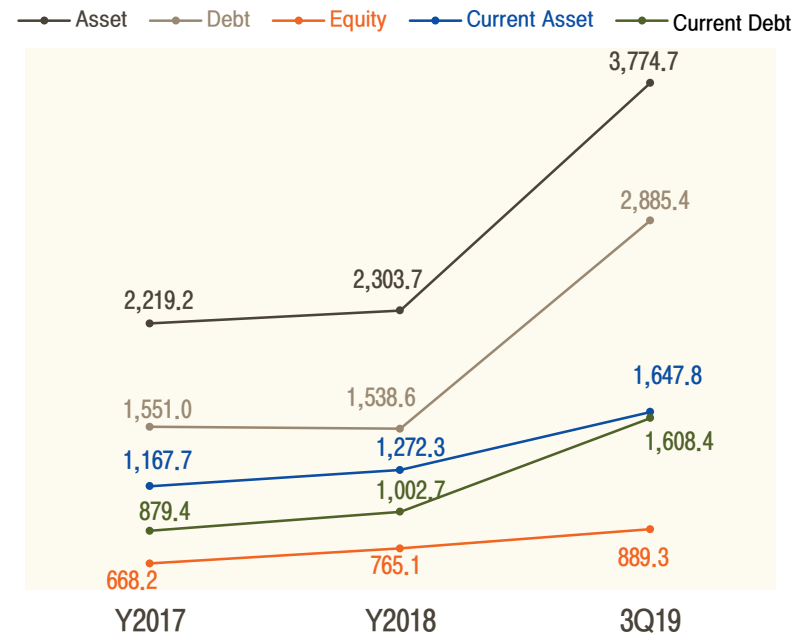
### Key Financials

\* Consolidated

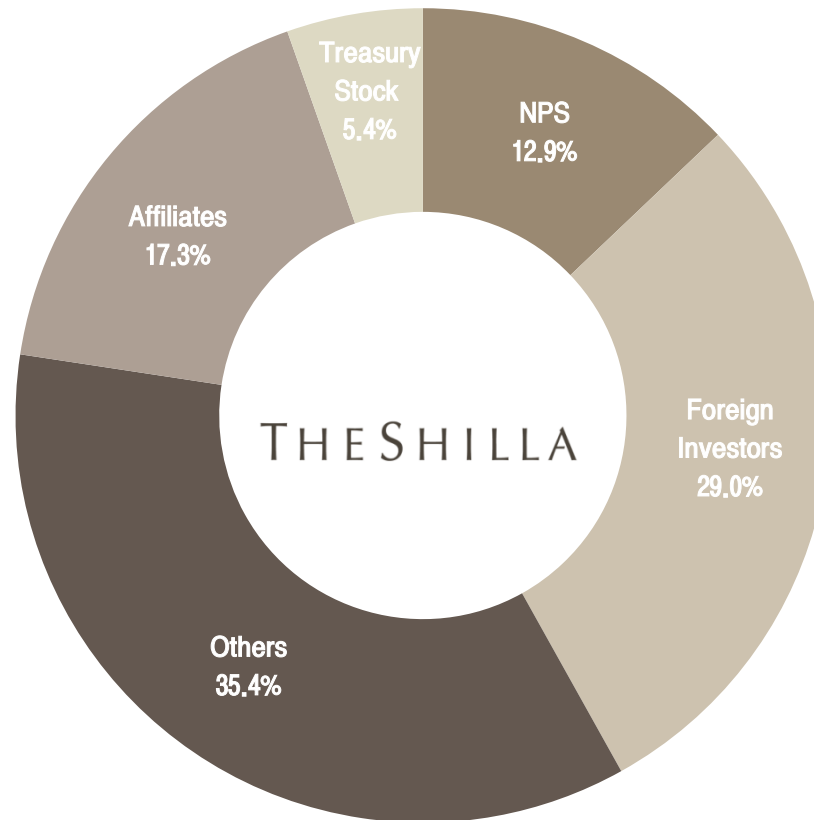
(bn KRW)

	Y2017	Y2018	3Q19
Debt/Equity Ratio	232%	201%	324%
Asset	2,219.2	2,303.7	3,774.7
Liabilities	1,551.0	1,538.7	2,885.4
Equity	668.2	765.1	889.3
Current Ratio	133%	127%	103%
Current Assets	1,167.7	1,272.2	1,647.8
Current Liabilities	879.4	1,002.7	1,608.4
EBITDA/Revenue	4.1%	6.0%	11.9%
EBITDA	144.5	283.8	176.1
Revenue	3,514.7	4,713.7	1,475.3

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



**SHAREHOLDERS**  
( Common Stock )



As of September 30th , 2019



THANK YOU

Premium Lifestyle Leading Company

THE SHILLA

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**IR GO** 주주와 기업을 연결하고 응원합니다.