

A nighttime photograph of a cityscape. On the left, a large, vibrant firework bursts in the sky, with long, bright trails of light falling towards the ground. In the center-right, a modern building with a distinctive, angular, metallic facade is illuminated with warm orange and yellow lights. Behind it, two taller skyscrapers are visible, one with a blue-lit top. The foreground shows a parking lot with several cars and some trees. The overall scene is festive and celebratory.

Kangwon Land (035250KS) 2Q19 Earnings

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Disclaimer

- ▶ The financial information presented here are consolidated earning results based on K-IFRS.
- ▶ This information is provided for the convenience of investors only, before our external audit on financial result of the company is completed. The audit outcomes may cause some parts of this information to change.
- ▶ This information may contain forward-looking statement which reflect the company's current view with respect to future events and financial performance, and are subject to uncertainties.
- ▶ Even though the forward-looking statement are based on reasonable assumptions, it can give no assurances that its expectation will be attained.
- ▶ The company assumes no obligation or responsibility to update the information provided in this material in correspondence to their respective dates.

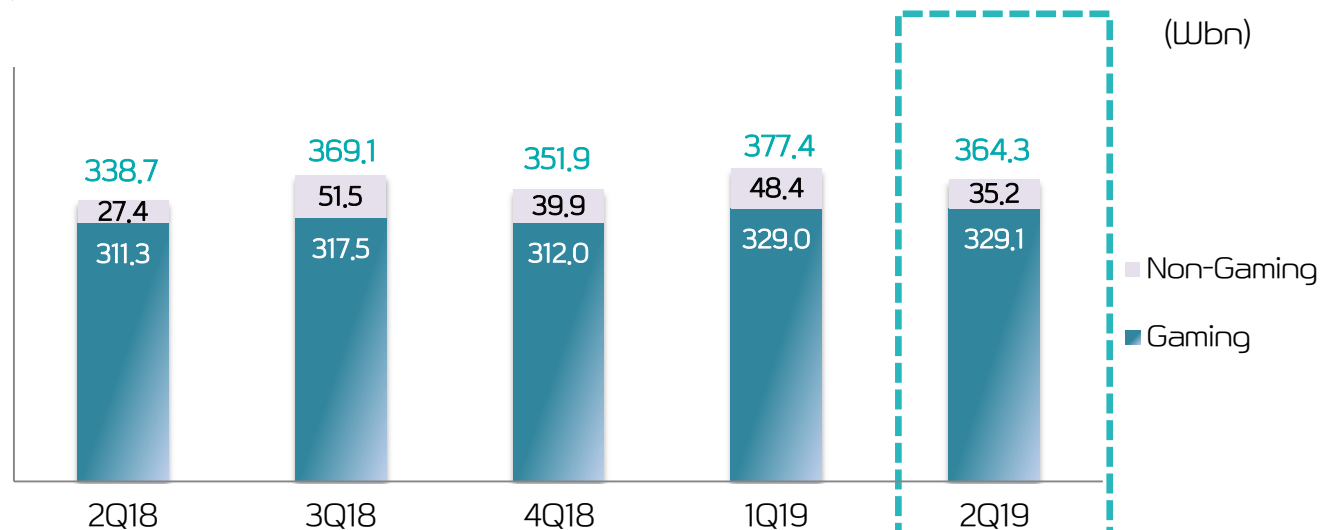
Financial Highlights-I (K-IFRS)

► Summary of 2Q19

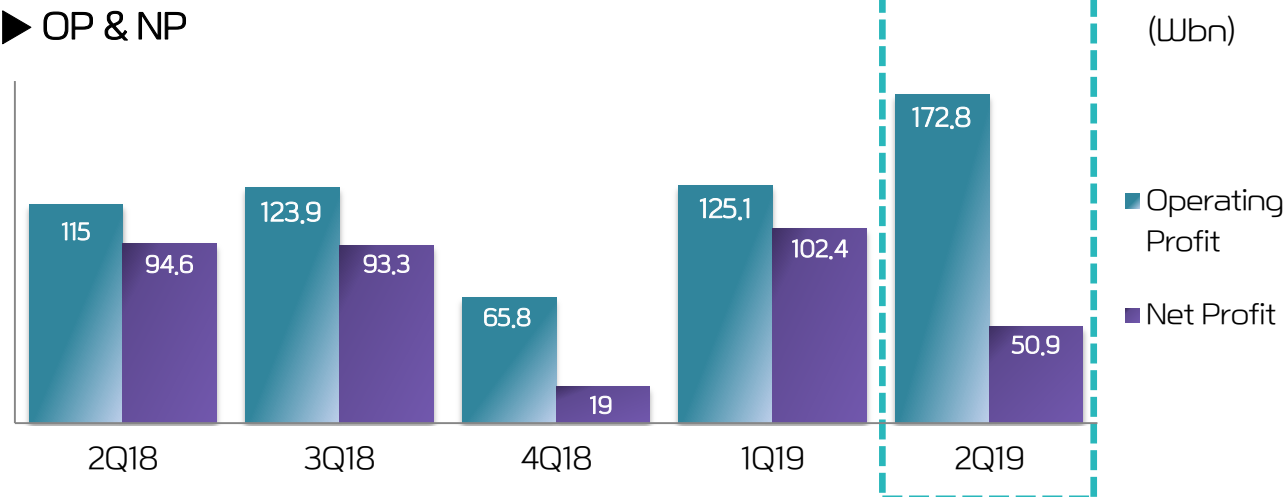
(₩bn)	2Q19	2Q18	YoY	1Q19	QoQ
Sales	364.3	338.7	7.5%	377.4	-3.5%
(Gaming)	329.1	311.3	5.7%	329.0	0.0%
(Non-gaming)	35.2	27.4	28.5%	48.4	-27.4%
Operating Profit	172.8	115.0	50.2%	125.1	38.1%
Margin	47.4%	34.0%	-	33.1%	-
Net Profit	50.9	94.6	-46.1%	102.4	-50.3%
Margin	14.0%	27.9%	-	27.1%	-

Financial Highlights-II (K-IFRS)

► Sales Trend



► OP & NP



2 Sales Review

▶ Quarterly Sales Trend by Each Gaming Segment

(₩bn)	2Q18	3Q18	4Q18	1Q19	2Q19	YoY
Casino Sales(A)	341.7	350.9	343.4	362.0	363.1	6.3%
Mass Tables	151.6	154.5	155.3	163.9	162.1	6.9%
Membership Club	54.4	57.7	56.4	61.2	61.6	13.3%
Slot Machines	135.8	138.7	131.7	137.0	139.4	2.7%
Comp.(B)	-30.4	-33.4	-31.4	-33.0	-34.0	12.0%
Gross Gaming Revenue (A+B)	311.3	317.5	312.0	329.0	329.1	5.7%
Drop Amount	1,475.0	1,590.6	1,518.0	1,567.8	1,589.8	7.8%
* No. of Visitors	663,382	777,621	680,737	745,566	668,687	0.8%
No. of Foreigners	8,229	8,778	8,960	8,366	7,481	-9.1%

※ Casino Sales(A) is controlled by 'Sales Cap Policy' from NGCC.

▶ Quarterly Sales Trend by Each Non-Gaming Segment

(₩bn)	2Q18	3Q18	4Q18	1Q19	2Q19	YoY
Hotel	21.7	29.8	23.7	25.8	24.8	14.0%
Condo	2.9	9.1	7.4	9.3	4.2	44.3%
Ski	0.5	0.9	6.4	11.0	0.7	51.6%
Golf	2.0	3.2	0.8	0.0	2.2	12.5%
Water World	-	7.8	0.8	1.5	2.4	-
Subsidiary	0.3	0.8	0.7	0.7	0.9	178.2%
Gross Non-Gaming	27.4	51.5	39.9	48.4	35.2	28.5%
(%)	8.1%	14.0%	11.3%	12.8%	9.7%	-

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Cost Review

► [2Q19] CoGS 135.5 bn (YoY 26.2 bn ↓, 16.2% ↓)

* Waterworld & Subsidiaries expense excluded

(₩bn)	2Q19	2Q18	Difference (YoY)	
(New) Water World	5.2	-	5.2	-
Salaries & Wages *	5.8	45.5	-39.8	-87.3%
Outsourcing *	21.6	19.2	2.4	12.6%
Taxes & Dues *	5.0	3.2	1.7	54.1%

☞ Salaries & Wages difference

- Write-back of 48.9wbn by winning(May 2019) the lawsuit for ordinary wages(filed March 2016)
- Provision for litigation 8.7wbn recognized by the ongoing lawsuit for ordinary wages(filed December 2017) & etc.

☞ Outsourcing difference

- Purchase tax 1wbn for High1 Grand Hotel (for 1Q19&2Q19)
 - ⇒ followed by the new guideline for purchase tax from the NTS tax audit(May 2019)
 - ⇒ (credit method change) purchase tax deductible → non-deductible (for High1 Grand Hotel only)
- Increase in employee cafeteria operation 0.8wbn & etc.

☞ Taxes & Dues difference

- Sales tax 4wbn on complimentary point sales (for 1Q19&2Q19) & etc.
 - ⇒ followed by the new guideline for sales tax from the NTS tax audit(May 2019)
 - ⇒ (Sales tax guideline change on complimentary point sales) VAT exempted → VAT subject
 - ⇒ complimentary point sales : hotel rooms, F&B, etc. paid by complimentary point(given to casino customers)

► [2Q19] SG&A 55.9 bn (YoY 6.1 bn ↓, 9.8% ↓)

(₩bn)	2Q19	2Q18	Difference (YoY)	
Salaries & Wages *	3.1	10.8	-7.7	-71.6%
Advertising	2.8	1.1	1.7	155.6%

☞ Salaries & Wages difference

- Write-back of 9wbn by winning(May 2019) the lawsuit for ordinary wages(filed March 2016)
- Provision for litigation 1.4wbn by the ongoing lawsuit for ordinary wages(filed December 2017) & etc.

☞ Advertising difference

- Kangwon Football Club support 1.5wbn (Last year 1wbn executed in 4Q)

▶ [2Q19] Non-Operating & Finance Income (Expense)

(Wbn)	2Q19	2Q18	Difference (YoY)	
Non-Operating Income	6.1	0.3	5.9	2259.5%
Finance Income	20.8	12.2	8.6	70.6%
Non-Operating Expense & Etc.	82.9	2.9	80.0	2747.0%

☞ Non-operating Income difference

- Write-back of 3.8wbn by winning(May 2019) the lawsuit for ordinary wages(filed March 2016) & etc.

☞ Non-operating Expense difference

- Additional income tax for prior periods(FY2014~2018) 71wbn resulting from NTS tax audit(May 2019)
⇒ total additional income tax 86.4wbn (booked 71wbn for non-operation expense, 15.4wbn for income tax)
- Donation 10.1wbn (budget for 4Q executed in advance)

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Summary Income Statement (K-IFRS)

► Unaudited Financial Data 2Q19

(₩bn)	2Q19	2Q18	YoY	1Q19	QoQ	Remarks
Sales ①	364.3	338.7	7.5%	377.4	-3.5%	
CoGS ②	135.5	161.7	-16.2%	180.6	-25.0%	
Gaming	84.7	111.6	-24.1%	110.9	-23.7%	
Hotels	26.9	30.4	-11.3%	35.5	-24.2%	
Condo	10.9	11.4	-4.7%	16.1	-32.1%	
Ski	5.1	6.3	-19.2%	11.3	-55.0%	
Golf	1.9	1.6	22.6%	1.1	76.3%	
Water World	5.2	-	-	5.0	3.2%	
Subsidiaries	0.8	0.4	79.2%	0.7	13.9%	
Gross Profit ③	228.7	177.0	29.2%	196.8	16.2%	①-②
SG&A ④	20.1	26.2	-23.1%	32.8	-38.6%	
Fund for Abandoned Mine ⑤	35.8	35.8	0.0%	38.9	-7.9%	
Operating Profit ⑥	172.8	115.0	50.2%	125.1	38.1%	③-④-⑤
Non-Operation Income ⑦	6.1	0.3	2259.5%	0.4	1334.2%	
Finance Income ⑧	20.8	12.2	70.6%	25.1	-17.1%	
Non-Operation Expense ⑨	82.9	2.9	2747.0%	10.8	664.3%	
Profit Before Income Tax ⑩	116.8	124.5	-6.2%	139.7	-16.4%	⑥+⑦-⑨
Income Tax ⑪	65.9	30.0	119.8%	37.3	76.7%	
Net Profit	50.9	94.6	-46.1%	102.4	-50.3%	⑩-⑪

5 CAPEX

▶ FY2019 CAPEX

(Wbn)	2019 Budget	Execution 1Q19~ 2Q19	Remarks
Resort Construction	21.2	0.3	<ul style="list-style-type: none"> ◦ Water World Parking Lot & Etc. : 9.6 ◦ Luge Track : 8.4 ◦ High Walk (see-through walkway) : 1.4 ◦ Water Garden (water screen show) : 1 ◦ Forest World (forest healing space) : 0.8
Closed Coal Mine Area Development Business	5.3	0.2	<ul style="list-style-type: none"> ◦ Coal Mining Culture Village construction 3.4 ◦ CSR Center construction 1.9
Others	11.5	-	<ul style="list-style-type: none"> ◦ Land purchase 9.8 ◦ Employee residence construction 1.7
Total	38.0	0.5	



주식회사 강원랜드

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