



Lotte Tour Development 2Q 2021 Earnings Release

August 2021

This presentation contains historical information of Lotte Tour Development which should not be regarded as an indication of the future performance or results.

This presentation also contains forward-looking statements that are, by the nature, subject to significant risks and uncertainties.

These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance or results.

Actual results may differ materially from information contained in the forward-looking statements as a results of a number of factors beyond our control.



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1. Financial Summary of 2Q 2021

- ❑ Operating revenue in 2Q 2021 recorded KRW 24.5bn (QoQ +101%, YoY +3917%)
- ❑ Operating loss downsized QoQ to KRW 29.6bn as operating revenue rose twofold
- ❑ Net loss reduced QoQ to KRW 44.3bn in 2Q, due to decrease in operating loss and financial expenses

(KRW bn)

	2Q 2021	1Q 2021	QoQ	2Q 2020	YoY
Operating Revenue	24.5	12.2	101%	0.6	3917%
Hotel	19.6	10.9	81%	-	-
Casino	3.1 ⁽¹⁾	0.01	306,800%	(0.01)	-
Retail	0.8	0.7	19%	-	-
Tourism	0.6	0.2	240%	0.3	108%
Others	0.4	0.5	-15%	0.3	25%
Operating Expenses	54.1	50.0	8.2%	12.9	320.3%
Operating Income (Loss)	(29.6)	(37.8)	Net Loss	(12.3)	Net Loss
EBITDA	(13.0)	(21.6)	Net Loss	(10.3)	Net Loss
Other Income (Loss)	0.03	(0.3)	-	(0.2)	-
Financial Income	0.14	0.13	4.3%	1.5	-91.0%
Financial Expenses	14.7 ⁽²⁾	19.8	-25.6%	1.2	1100.4%
Consolidated Net Income	(44.3)	(54.5)	Net Loss	(11.7)	Net Loss
Net Income attributable to Owners of the Company	(44.2)	(54.4)	Net Loss	(11.7)	Net Loss

Note 1. 2Q21 Net Gaming Revenue KRW 3.0bn = Gross Gaming Revenue KRW 4.2bn - Customer Rebate & Commissions, etc.

Note 2. 2Q21 Financial expenses include KRW 14.8bn of interest expenses, and KRW 0.24bn losses on foreign exchange translations

1-1. Operating Expenses Breakdown of 2Q 2021 (Consolidated)

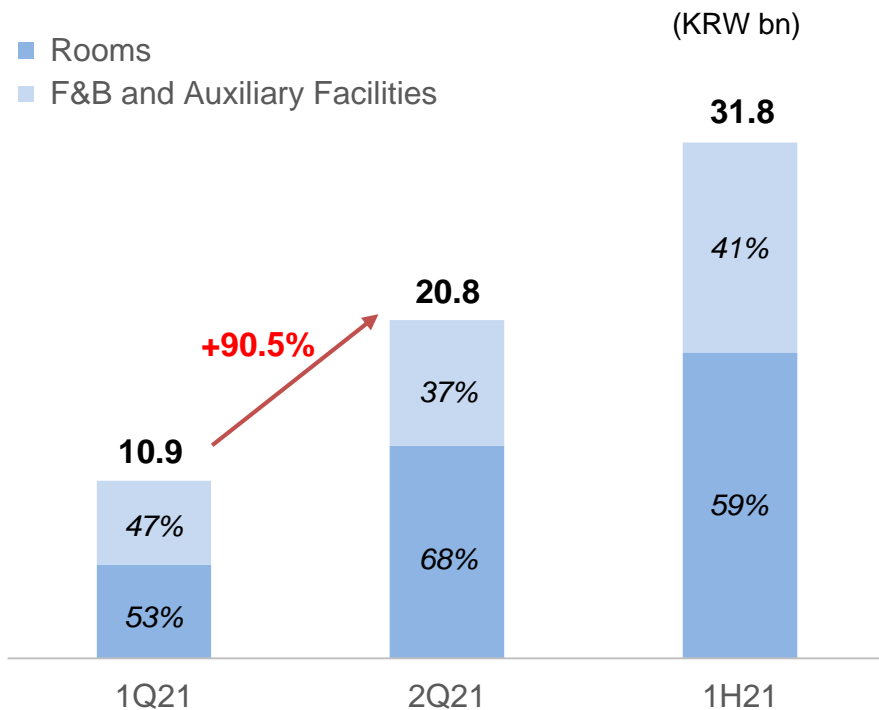
(KRW bn)

	2Q 2021	1Q 2021	QoQ	1H 2021
Operating Expenses	54.1	50.0	8.2%	104.2
Labor Cost & Related	16.5	16.8	-1.6%	33.3
(%)	30.5%	33.5%	-3%p	32.0%
Depreciation	16.6	16.3	1.8%	32.8
(%)	30.6%	32.5%	-2%p	31.5%
Commissions & Fees	7.9	5.6	41.8%	13.5
(%)	14.6%	11.1%	+3%p	12.9%
Utilities	2.0	2.6	-23.3%	4.6
(%)	3.7%	5.3%	-2%p	4.5%
Supplies	2.1	1.6	34.1%	3.7
(%)	3.9%	3.1%	+1%p	3.5%
Advertising	1.0	1.3	-20.8%	2.3
(%)	1.8%	2.5%	-1%p	2.2%
Others	8.0	6.0	34.9%	14.0
(%)	14.8%	11.9%	+3%p	13.4%

2. Highlights of Hotel Business in 2Q 2021 (Standalone)

- ❑ Overall hotel revenue recorded KRW 20.8bn in 2Q (+90.5% QoQ), and KRW 31.8bn in 1H of 2021
- ❑ Rooms posted revenue of KRW 13.1bn (+127% QoQ), and KRW 18.9bn in 1H, driven by strong growth in room occupancy and Average Daily Rate
- ❑ Room occupancy rate hiked QoQ to 70% in 2Q

Monthly Hotel Revenues



Business Performance Indicators

	1Q	2Q	1H
No. of Total Rooms (750 Rooms*days)	67,500	68,250	135,750
No. of Rooms Sold	22,685	47,947	70,632
Occupancy Rate	34%	70%	52%
Average Daily Rate (in KRW)	254,524	272,956	263,740

3. Highlights of Casino Business in 2Q 2021

- ❑ Since opening in June 11th, 2021, Dream Tower Casino recorded VIP rolling chip volume of KRW 18.2bn, and Mass table drop of KRW 14.1bn
 - Total of KRW 32.3bn with player mix of VIP 56% and Mass 44%
- ❑ In 2Q, Total Gaming Revenue (GGR) reached KRW 4.2bn (Daily average of KRW 200mn)
- ❑ Dream Tower Casino welcomed 6,940 visitors during its first 20 days of operation (Daily average of 340 visitors)
 - Comparable to major foreigner-only casinos in Korea with 1 million visitors on a monthly base

Dream Tower Casino

(20 days of operation from 2021/06/11-30)

(KRW bn)

Total Gaming Revenue (GGR)	VIP			Mass			Slot / ETG
	Revenue	Rolling Chip Volume (Turnover)	Hold Rate (Win Rate)	Revenue	Table Drop	Hold Rate	Revenue
4.2	2.2	18.2	12.2%	1.9	14.1	13.6%	0.1

4. 3Q 2021 Outlook by Business

□ Hotel

- 3Q's summer peak season is anticipated to drive up both room reservation rate and average daily rate
- As current 750 rooms (Tower 1) are approaching full house, additional 850 rooms (Tower 2) will be opening gradually in September and October. Assisted by home shopping marketing and sales, room occupancy rate is projected to capture current level or above in 3Q
- Operating loss will decrease QoQ if hotel revenue grows meaningfully to offset major fixed costs (labor and depreciation costs)

□ Casino

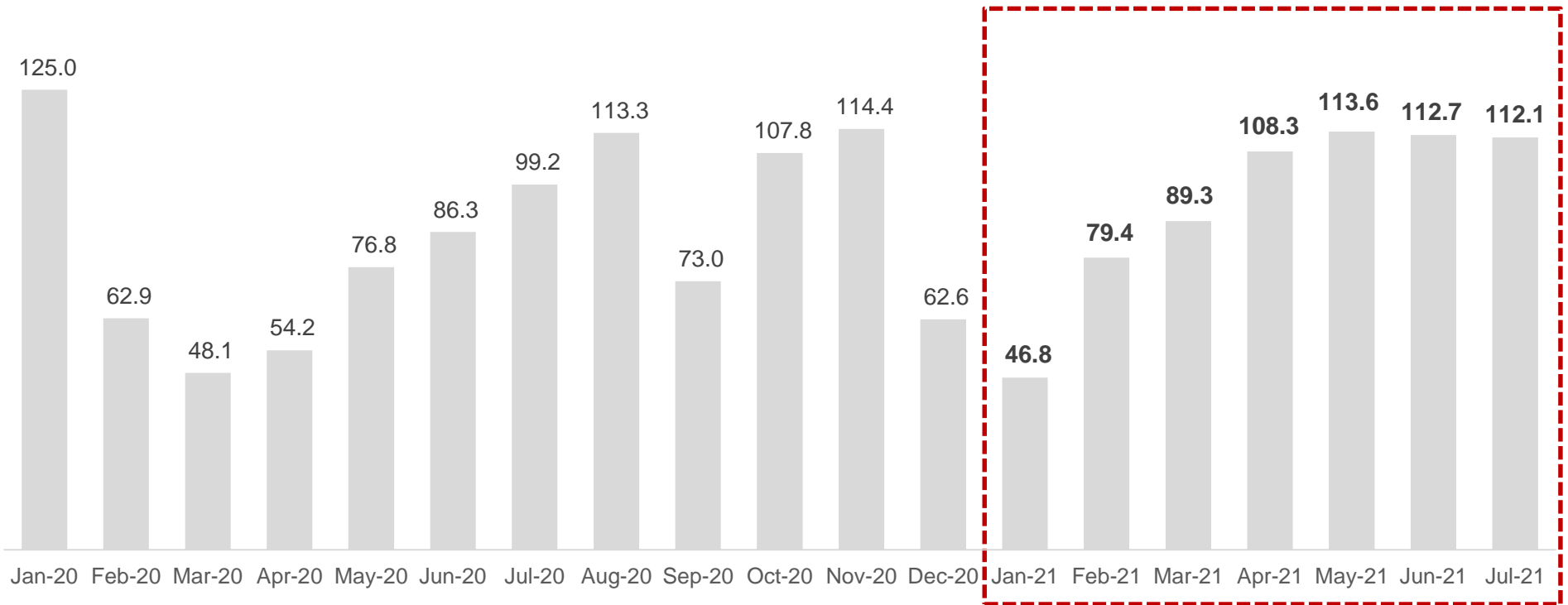
- After solid start in June, Casino revenue is expected to expand as we continue efforts to build-up concrete clientel base, by inviting VIP local foreigners through junkets/agents, hosting in-house promotions, and introducing loyalty club membership

□ Retail (HAN Collection)

- Backed with selection of Resort Wear and targeted marketing promotions, retail sales will likely benefit from growing number of hotel and casino visitors

Monthly Visitor Arrivals to Jeju

(In 10,000)



- Jeju visitation dropped to a historical low in January 2021, but soon started a steep rebound fueled by the easing of social distancing in February. It only took two months to fully recover pre-pandemic level of visitation.
- Amid heightened social distancing measures in 3Q, Jeju visitation will remain strong and solid.

Source: Jeju Special Self-Governing Provincial Tourism Association (JTA)

Appendix. 2Q21 Financial Statements (Consolidated)

□ Balance Sheet

(KRW bn)

	2Q 2021		4Q 2020	
I. Current Assets		40.7		124.8
Cash and Cash Equivalents	29.4		80.9	
Trade Account Receivables	1.3		0.6	
Non-Trade Account Receivables	0.4		34.7	
Inventories	3.8		4.0	
Other Current Assets	1.3		4.5	
II. Non-Current Assets		1,063.0		1,073.7
Long-term Bank Deposits	9.1		9.1	
Property, Plant and Equipment	952.7		965.3	
Intangible Assets	52.0		50.2	
Other Non-Current Assets	49.2		49.2	
Total Assets		1,103.7		1,198.5
I. Current Liabilities		109.2		212.4
Trade Account Payables	5.3		0.7	
Short-term Borrowings	36.5		80.6	
Short-term Lease Liabilities	5.4		6.6	
Non-Trade Account Payables	30.0		107.5	
Other Current Liabilities	32.0		17.1	
II. Non-Current Liabilities		852.8		760.0
Long-term Borrowings	668.8		663.0	
Convertible Bonds	143.4		58.8	
Other Non-Current Liabilities	40.6		38.2	
Total Liabilities		961.9		972.3
Total Equity		141.7		226.1

□ P/L

(KRW bn)

	2Q 2021	2Q 2020
Operating Revenue	24.5	0.6
Operating Expenses	54.1	12.9
Operating Income (Loss)	(29.6)	(12.3)
Other Income	0.05	0.04
Other Expenses	0.02	0.19
Financial Income	0.14	1.5
Financial Expenses	14.7	1.2
Pre-Tax Income (Loss)	(44.6)	(12.4)
Income Tax Expense	(0.3)	(0.7)
Net Income (Loss)	(44.3)	(11.7)
Net Income attributable to Owners of the Company	(44.2)	(11.7)
Net Income attributable to Non-controlling Interests	(0.1)	(0.05)

Appendix. 2Q21 Financial Statements (Standalone)

□ Balance Sheet

(KRW bn)

	2Q 2021		4Q 2020	
I. Current Assets		44.1		127.0
Cash and Cash Equivalents	20.2		80.9	
Trade Account Receivables	3.1		0.4	
Non-Trade Account Receivables	1.7		34.8	
Inventories	3.8		3.9	
Other Current Assets	15.4		6.9	
II. Non-Current Assets		1,069.4		1,078.6
Property, Plant and Equipment	844.5		965.1	
Intangible Assets	6.7		7.4	
Other Non-Current Assets	209.1		97.0	
Total Assets		1,113.6		1,205.5
I. Current Liabilities		92.6		199.0
Trade Account Payables	5.3		0.7	
Short-term Borrowings	33.1		76.7	
Short-term Lease Liabilities	5.4		5.6	
Non-Trade Account Payables	25.5		102.5	
Other Current Liabilities	23.3		13.4	
II. Non-Current Liabilities		847.6		755.3
Long-term Borrowings	668.8		663.0	
Convertible Bonds	143.4		58.8	
Other Non-Current Liabilities	35.4		33.6	
Total Liabilities		940.2		954.3
Total Equity		173.3		251.2

□ P/L

(KRW bn)

	2Q 2021	2Q 2020
Operating Revenue	23.0	0.3
Operating Expenses	50.0	11.0
Operating Income (Loss)	(27.0)	(10.7)
Other Income	0.56	0.04
Other Expenses	0.02	0.19
Financial Income	0.21	1.5
Financial Expenses	14.7	1.2
Pre-Tax Income (Loss)	(40.9)	(10.5)
Income Tax Expense	(0.3)	(0.7)
Net Income (Loss)	(40.6)	(9.8)