



# Lotte Tour Development 3Q 2021 Earnings Release

November 2021

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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 3Q 2021

- ❑ Operating revenue in 3Q 2021 increased to KRW 30.0bn (QoQ +22%, YoY +2357.9%)
- ❑ Operating loss recorded KRW 33.7bn (KRW 29.3bn excluding one-off expenses of KRW 4.4bn <sup>(1)</sup>)
- ❑ Net loss decreased to KRW 44.3bn in 3Q as both operating loss and financial expenses reduced QoQ

(KRW bn)

	3Q 2021	2Q 2021	QoQ	3Q 2020	YoY
Operating Revenue	30.0	24.5	22%	1.2	2357.9%
Hotel	19.4	19.6	-1%	-	-
Casino <sup>(2)</sup>	8.1	3.1	161%	-	-
Retail	0.9	0.8	13%	-	-
Tourism	0.5	0.6	-17%	0.9	-44%
Others	1.1	0.3	175%	0.3	267%
Operating Expenses	63.7	54.1	17.8%	14.0	356.3%
Operating Income (Loss)	(33.7)	(29.6)	Net Loss	(12.7)	Net Loss
EBITDA	(16.5)	(13.0)	Net Loss	(10.9)	Net Loss
Other Income (Loss)	(0.08)	0.03	-	(0.002)	-
Financial Income	0.13	0.14	-10.2%	1.7	-92.6%
Financial Expenses	18.4 <sup>(3)</sup>	14.7	24.8%	(0.6)	-
Consolidated Net Income	(52.4)	(44.3)	Net Loss	(10.8)	Net Loss
Net Income attributable to Owners of the Company	(52.2)	(44.2)	Net Loss	(10.7)	Net Loss

Note 1. 3Q21 One-off expenses KRW 4.4bn include LT Entertainment's annual leave allowance of 0.8bn and second hotel tower's rental fee of 3.6bn

Note 2. 3Q21 Net Gaming Revenue KRW 3.0bn = [Gross Gaming Revenue KRW 12.3bn] – [Customer Rebate & Commissions, etc.]

Note 3. 3Q21 Financial expenses include KRW 3.0bn losses on foreign exchange translations (USD 60mn Convertible Bond)

# 1-1. Operating Expenses Breakdown of 3Q 2021 (Consolidated)

(KRW bn)

	3Q 2021	2Q 2021	1Q 2021	3Q YTD
Operating Expenses	63.7	54.1	50.0	167.9
Labor Cost & Related	19.2	16.5	16.8	52.5
(%)	30.1%	30.5%	33.5%	31.3%
Depreciation	17.2	16.6	16.3	50.0
(%)	26.9%	30.6%	32.5%	29.8%
Commissions & Fees	8.6	7.9	5.6	22.1
(%)	13.5%	14.6%	11.1%	13.1%
Utilities	2.7	2.0	2.6	7.4
(%)	4.2%	3.7%	5.3%	4.4%
Supplies	1.8	2.1	1.6	5.5
(%)	2.8%	3.9%	3.1%	3.3%
Advertising	0.7	1.0	1.3	3.0
(%)	1.1%	1.8%	2.5%	1.8%
Others	13.6	8.0	6.0	27.5
(%)	21.3%	14.8%	11.9%	16.4%

❑ Operating expenses increased QoQ as both hotel and casino businesses entered the phase of full operation (KRW 59.3bn excluding one-off expenses of KRW 4.4bn)

❑ Summary of one-off expenses in 3Q21

- Labor cost & related : LT Entertainment's annual leave allowance of 0.8bn

- Others : Second hotel tower's rental fee of 3.6bn

(Rental fee will be relocated to Non-operating Expenses after official opening of second hotel tower in Nov 2021)

## 2. Highlights of Hotel Business in 3Q 2021 (Standalone)

- ❑ Occupancy rate recorded 67% in effect of enhanced 'Social Distancing' measures as daily COVID-19 cases soared  
- Restrictions on % of rooms available for operation : 77% in Level 3, and 66% in Level 4 of 'Social Distancing'
- ❑ Backed with peak season and strong visitation to Jeju, Average Daily Rate posted KRW 313,938 in 3Q21
- ❑ 3Q21's negative operating cash flow decreased QoQ due to operating revenue growth and tight cost control, and is anticipated to turn around to positive in 4Q21

### Grand Hyatt Jeju

	1Q	2Q	3Q	3QYTD
No. of Rooms Sold	22,685	47,947	46,022	116,654
Occupancy Rate	34%	70%	67%	57%
Average Daily Rate (in KRW)	254,524	272,956	313,938	280,473
				(KRW bn)
Operating Revenue	10.9	20.8	22.2	54.0
Rooms	5.8	13.1	14.4	33.3
F&B and Others	5.2	7.8	7.8	20.7
Operating Expenses	20.8	23.6	24.1	68.5
Labor Cost & Related	11.6	12.0	11.6	35.2
Others	9.2	11.6	12.5	33.3
Operating Cash Flow	(9.9)	(2.8)	(1.9)	(14.5)

## 2-1. Opening of the Second Hotel Tower & Korea's 'Living with COVID-19'

4Q21's hotel revenue will grow QoQ in reflection of below favorable environments for operation:

- Operational restrictions on hotel rooms are lifted as Korea initiated 'Living with COVID-19' from November 2021
- Full operation of Grand Hyatt Jeju's twin towers (Total of 1,600 rooms)
- Jeju secures its status of the most popular travel destination for travelers
- MICE events began to position itself as a new source of hotel revenue

### 'Social Distancing' in COVID-19 Pandemic

(From January to October, 2021)

Introduction of 'Social Distancing' measures  
(Restricting number of people for social gatherings & large-scale events; Restricting hotel operations, etc.)

#### Tower 1 in operation (750 rooms)

- Restrictions on % of rooms available for operation (77% in Level 3, 66% in Level 4 of 'Social Distancing')
- F&B business hours restricted to 9pm or 10pm and social gatherings allowed from 2 to 10 people
- Large-scale events including weddings are allowed to accept up to 49~99 people

### 'Living with COVID-19'

(From November 2021 to present)

Most of 'Social Distancing' restrictions are eased as 'Living with COVID-19' plans to return to normal life

#### Full operation of twin towers

(Total of 1,600 rooms = 750 rooms in Tower 1 + 850 rooms in Tower 2)

- **No operational restrictions on hotel rooms and F&B outlets**
  - Total of 1,600 rooms available for sale (Tower 2 opened in Nov.)
  - No business hour restrictions for 14 F&B outlets (24 hour operation of Casino Dining allowed)
- **Social gatherings up to 12 people**  
(Level 3 of 'Living with COVID-19' : No restrictions)
- **Events of less than 500 people are allowed**  
(Level 2 of 'Living with COVID-19' : No restrictions)

**4Q21's hotel revenue will increase QoQ as people are willing to travel more and MICE events are reinitiated backed with relaxed restrictions**

### 3. Highlights of Casino Business in 3Q 2021

- ❑ In 3Q, Dream Tower Casino recorded VIP rolling chip volume of KRW 133.9bn and Mass table drop of KRW 38.0bn  
- Total of KRW 171.8bn with player mix of VIP 78% and Mass 22%
- ❑ Total Gaming Revenue (GGR) in 3Q increased QoQ to KRW 12.3bn (VIP 4.3bn and Mass 8.0bn)
- ❑ Contributed by daily average of 250 visitors, Dream Tower Casino marked monthly average of 4.0bn revenue in 3Q

#### Dream Tower Casino

(KRW bn)

Month		VIP			Mass		
		Rolling Chip Volume (Turnover)	Hold Rate (Win Rate)	Revenue	Table Drop	Hold Rate	Revenue
2Q	June	18.2	12.2%	2.2	14.1	14.0%	2.0
3Q	July	59.8	0.5%	0.3	16.4	15.0%	2.5
	August	53.0	4.6%	2.4	12.2	29.5%	3.6
	September	21.1	7.7%	1.6	9.4	20.8%	2.0
	<b>Total</b>	133.9	3.2%	4.3	38.0	21.1%	8.0



# Appendix. 3Q21 Financial Statements (Consolidated)

## □ Balance Sheet

(KRW bn)

	3Q 2021		4Q 2020	
<b>I. Current Assets</b>		<b>32.4</b>		<b>124.8</b>
Cash and Cash Equivalents	20.6		80.9	
Trade Account Receivables	1.3		0.6	
Non-Trade Account Receivables	0.5		34.7	
Inventories	5.5		4.0	
Other Current Assets	4.5		4.5	
<b>II. Non-Current Assets</b>		<b>1,057.8</b>		<b>1,073.7</b>
Long-term Bank Deposits	9.1		9.1	
Property, Plant and Equipment	944.5		965.3	
Intangible Assets	51.5		50.2	
Other Non-Current Assets	52.7		49.2	
<b>Total Assets</b>		<b>1,090.3</b>		<b>1,198.5</b>
<b>I. Current Liabilities</b>		<b>210.1</b>		<b>212.4</b>
Trade Account Payables	5.1		0.7	
Short-term Borrowings	49.2		80.6	
Short-term Lease Liabilities	6.1		6.6	
Non-Trade Account Payables	65.8		107.5	
Other Current Liabilities	39.9		17.1	
<b>II. Non-Current Liabilities</b>				<b>760.0</b>
Long-term Borrowings		<b>789.9</b>	663.0	
Convertible Bonds	671.8		58.8	
Other Non-Current Liabilities	82.9		38.2	
<b>Total Liabilities</b>				<b>972.3</b>
<b>Total Equity</b>		<b>1,000.1</b>		<b>226.1</b>

## □ P/L

(KRW bn)

	3Q 2021	3Q 2020
Operating Revenue	30.0	1.2
Operating Expenses	63.7	14.0
Operating Income (Loss)	(33.7)	(12.7)
Other Income	0.013	0.05
Other Expenses	0.096	0.05
Financial Income	0.13	1.7
Financial Expenses	18.4	0.06
Pre-Tax Income (Loss)	(52.4)	(11.0)
Income Tax Expense	(0.2)	(0.2)
Net Income (Loss)	(52.2)	(10.8)
Net Income attributable to Owners of the Company	(52.2)	(10.7)
Net Income attributable to Non-controlling Interests	(0.03)	(0.01)

# Appendix. 3Q21 Financial Statements (Standalone)

## □ Balance Sheet

(KRW bn)

	3Q 2021		4Q 2020	
<b>I. Current Assets</b>		<b>40.8</b>		<b>127.0</b>
Cash and Cash Equivalents	12.1		80.9	
Trade Account Receivables	8.0		0.4	
Non-Trade Account Receivables	1.5		34.8	
Inventories	4.5		3.9	
Other Current Assets	14.7		6.9	
<b>II. Non-Current Assets</b>		<b>1,065.5</b>		<b>1,078.6</b>
Property, Plant and Equipment	832.5		965.1	
Intangible Assets	6.3		7.4	
Other Non-Current Assets	226.7		97.0	
<b>Total Assets</b>		<b>1,106.3</b>		<b>1,205.5</b>
<b>I. Current Liabilities</b>		<b>191.5</b>		<b>199.0</b>
Trade Account Payables	5.1		0.7	
Short-term Borrowings	46.6		76.7	
Short-term Lease Liabilities	6.0		5.6	
Non-Trade Account Payables	65.8		102.5	
Other Current Liabilities	36.1		13.4	
<b>II. Non-Current Liabilities</b>				<b>755.3</b>
Long-term Borrowings		<b>784.4</b>	663.0	
Convertible Bonds	671.8		58.8	
Other Non-Current Liabilities	82.9		33.6	
<b>Total Liabilities</b>				<b>954.3</b>
<b>Total Equity</b>		<b>975.9</b>		<b>251.2</b>

## □ P/L

(KRW bn)

	3Q 2021	3Q 2020
Operating Revenue	25.5	0.9
Operating Expenses	52.1	12.4
Operating Income (Loss)	(26.5)	(11.5)
Other Income	0.9	0.04
Other Expenses	0.04	0.05
Financial Income	0.2	1.7
Financial Expenses	18.3	0.6
Pre-Tax Income (Loss)	(43.7)	(10.4)
Income Tax Expense	(0.2)	(0.2)
Net Income (Loss)	(43.5)	(10.2)