



Lotte Tour Development 2Q`22. Earnings Release

Aug 2022

INVESTOR RELATIONS 2022

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. 2022.2Q Earnings Release

Operating revenue of 48.1bn in 2Q'22 (+11.4% QoQ, +95.6% YoY)
Total comprehensive income turned to profits thanks to asset revaluation impact in June

[Unit: Billion won]	2Q'22	1Q'22	2Q'21	QoQ	YoY
Operating Revenue ¹	48.1	43.1	24.5	11.4%	95.6%
Hotel	31.1	27.5	19.8	13.1%	57.2%
Casino	12.2	12.3	3.0	-0.8%	300.3%
Retail	1.5	1.2	0.8	25.0%	87.1%
Tourism	1.1	0.5	0.6	120.0%	91.9%
Others	2.1	1.6	0.3	31.3%	536.4%
Operating Expenses	76.9	70.3	54.1	9.4%	42.1%
Operating Income (Loss)	(28.9)	(27.2)	(29.6)	-	-
EBITDA	(8.9)	(7.3)	(13.0)	-	-
Other Income (Loss)	(0.8)	(0.1)	0.03	-	-
Financial Income (Loss)	(26.2)	(21.9)	(14.6)	-	-
Consolidated Net Income	(56.5)	(48.4)	(44.3)	-	-
Net Income attributable to Owners of the Company	(56.5)	(48.4)	(44.2)	-	-
Other Comprehensive Income	3,47.0	0.2	1.1		
Total Comprehensive Income	2,90.4	(48.2)	(43.1)		

1. Operating Revenue: excluded internal transactions (Hotel / Casino)
2. Financial Income(Loss): increased QoQ due to the foreign currency translation loss on overseas CB (USD 60,000k)

1-1. Breakdown of operating expenses in 2Q'22 (Consolidated)

Operating expenses of KW 76.9bn in 2Q'22 (+9.4% QoQ, +42.1% YoY)

[Unit: Billion won]	2Q`22	1Q`22	2Q'21	QoQ	YoY
Labor Cost & Related	21.4	20.2	16.5	5.9%	29.7%
Depreciation	20.2	19.9	16.6	1.5%	21.7%
Commissions & Fees	11.4	10.4	7.9	9.6%	44.3%
Utilities	2.5	3.1	2.0	-19.4%	25.0%
Supplies	3.6	3.2	2.1	12.5%	71.4%
Advertising	1.6	1.3	1.0	23.1%	61.6%
Rental	2.4	2.0	0.2	20.0%	1100.0%
Others	13.8	10.2	7.8	35.3%	76.7%
Operating Expenses	76.9	70.3	54.1	9.4%	42.1%

- Operating expenses increased mainly due to sales expansion of hotel and casino business in 2Q'22
- Others of 13.8bn (+3.6bn, QoQ): Tax +2.0bn (property tax), operating costs of tourism business (airline ticket purchase) +1.0bn

1. Labor Cost & Related: include expenses related to labor costs such as salaries, incentives, provision for retirement benefits, etc.

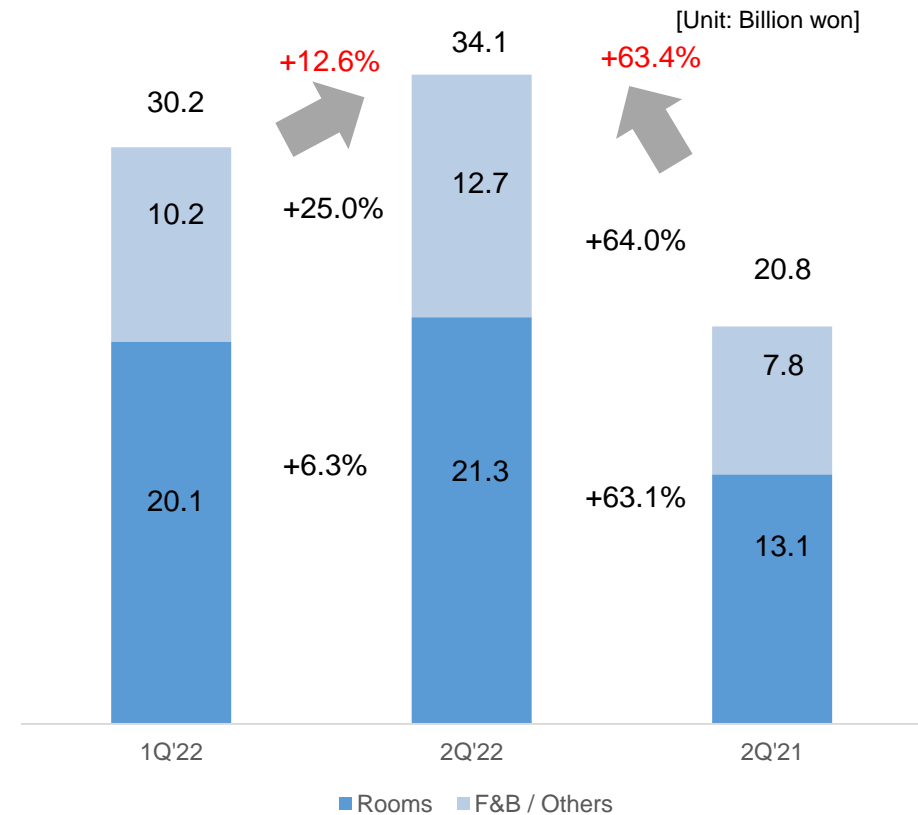
2. Hotel Business in 2Q'22

Hotel revenue recorded historically high in 2Q'22 thanks to easing social distancing and strong travel demand for vacation in Jeju

Key Indicators

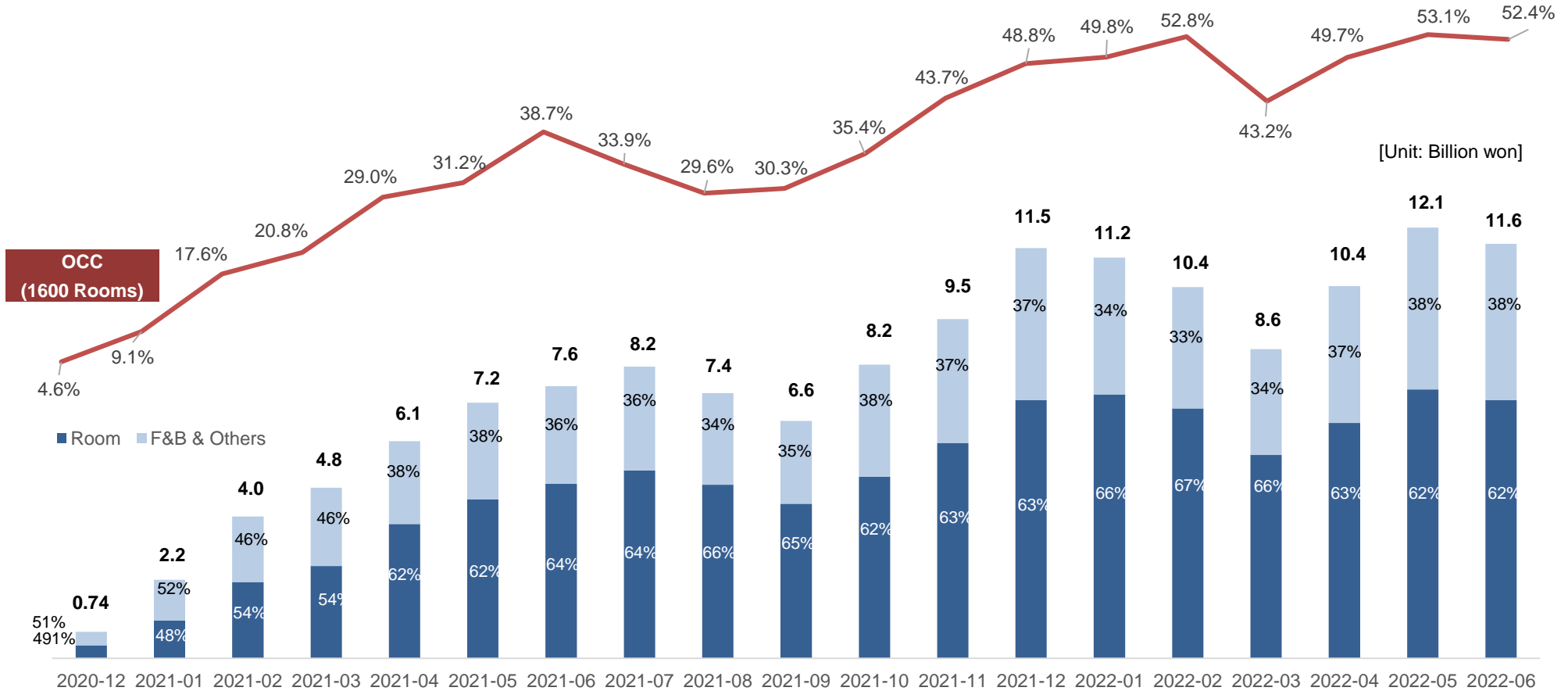
	2Q'22	1Q'22	2Q'21	QoQ	YoY
# of Room Sold	75,347	69,786	47,947	8.0%	57.1%
OCC (1600 rooms)	51.7%	48.5%	32.9%	+3.2%p	+18,8%p
ADR(KW)	283,211	287,568	272,956	-1.5%	3.8%

Revenue



2-1. Hotel Business – OCC & Revenue

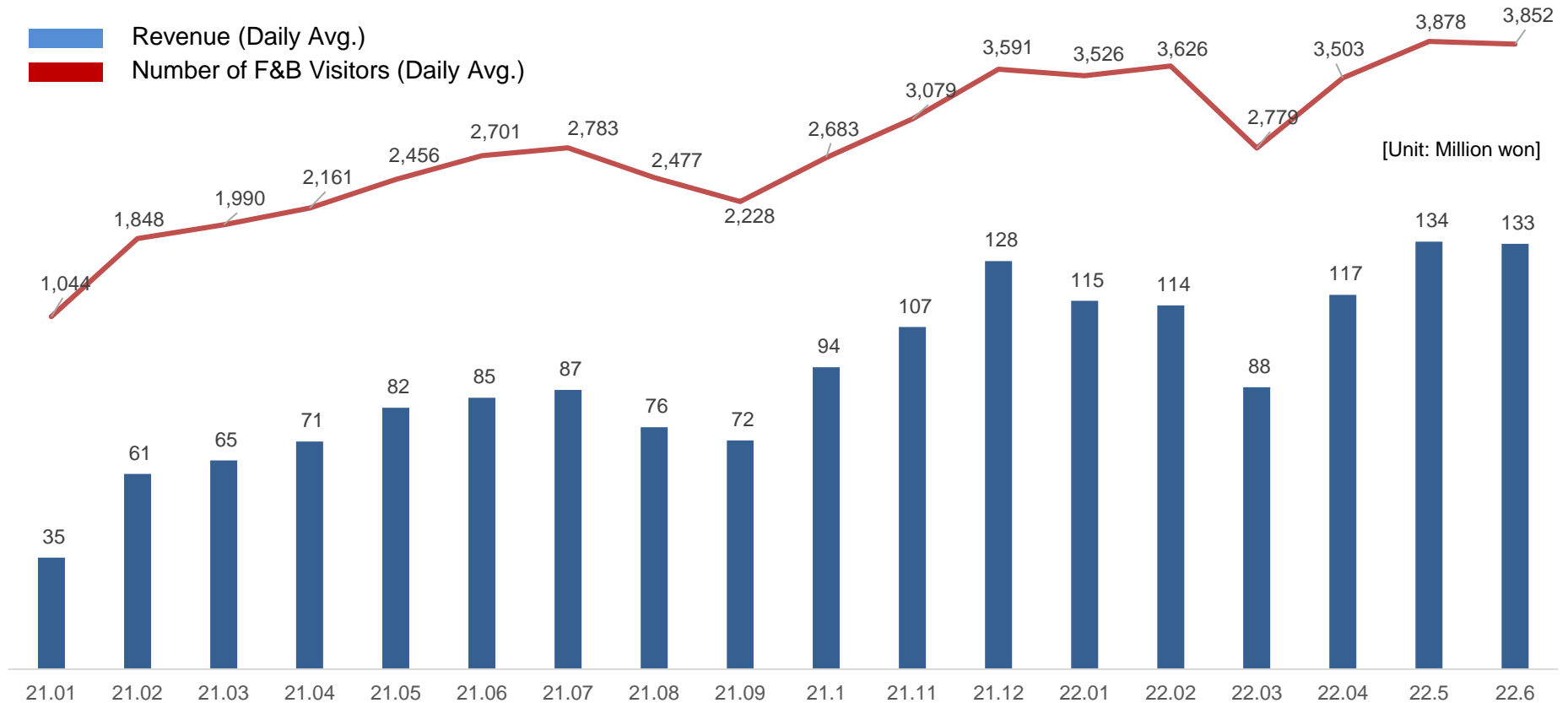
2Q Hotel Revenue of KRW 34.1bn (Historically High) driven by lift all social distancing rules in April and strong travel demand for Jeju Island



2-2. Hotel Business – Number of Visitors and Revenue in F&B

Increase of daily average revenue in 2Q driven by price hike of F&B¹ and increase of visitors

Number of visitors and Revenue (Daily Avg.) in F&B

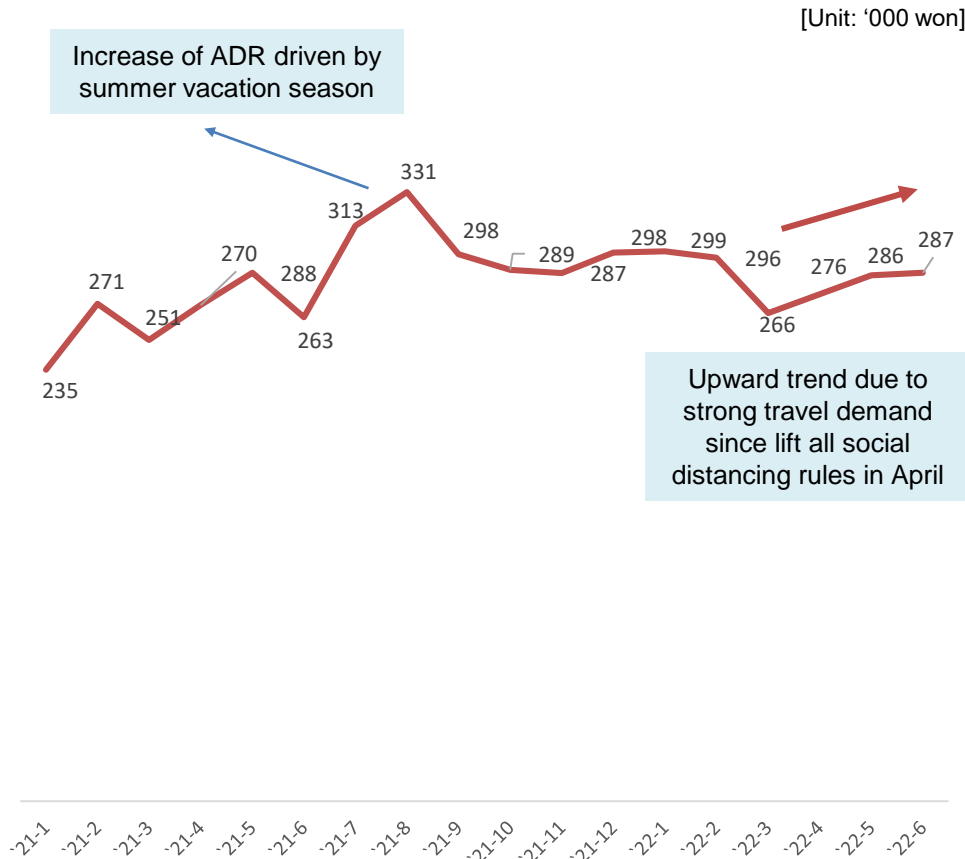


1. Price Hike: 10% price hike in April due to raw material cost increase

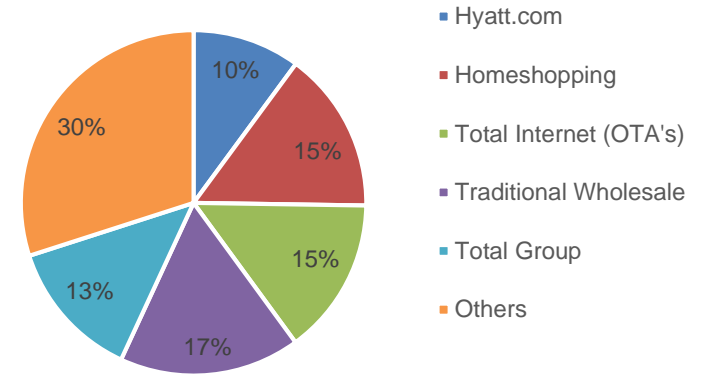
2-3. Hotel Business – ADR & Sales Channel Mix

ADR continue to increase driven by strong vacation demand in 2H'22 and changes in sales channel mix

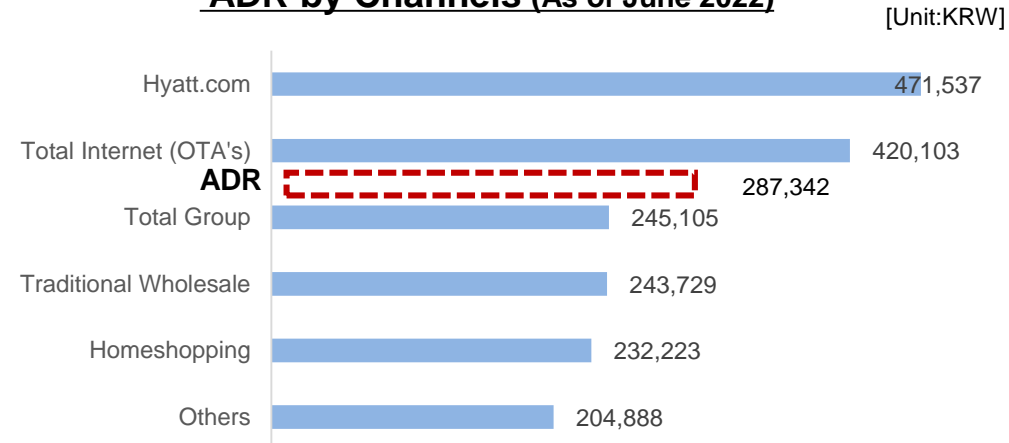
Hotel ADR Trend ('21.1~'22.6)



Sales Channel Mix (As of June 2022)



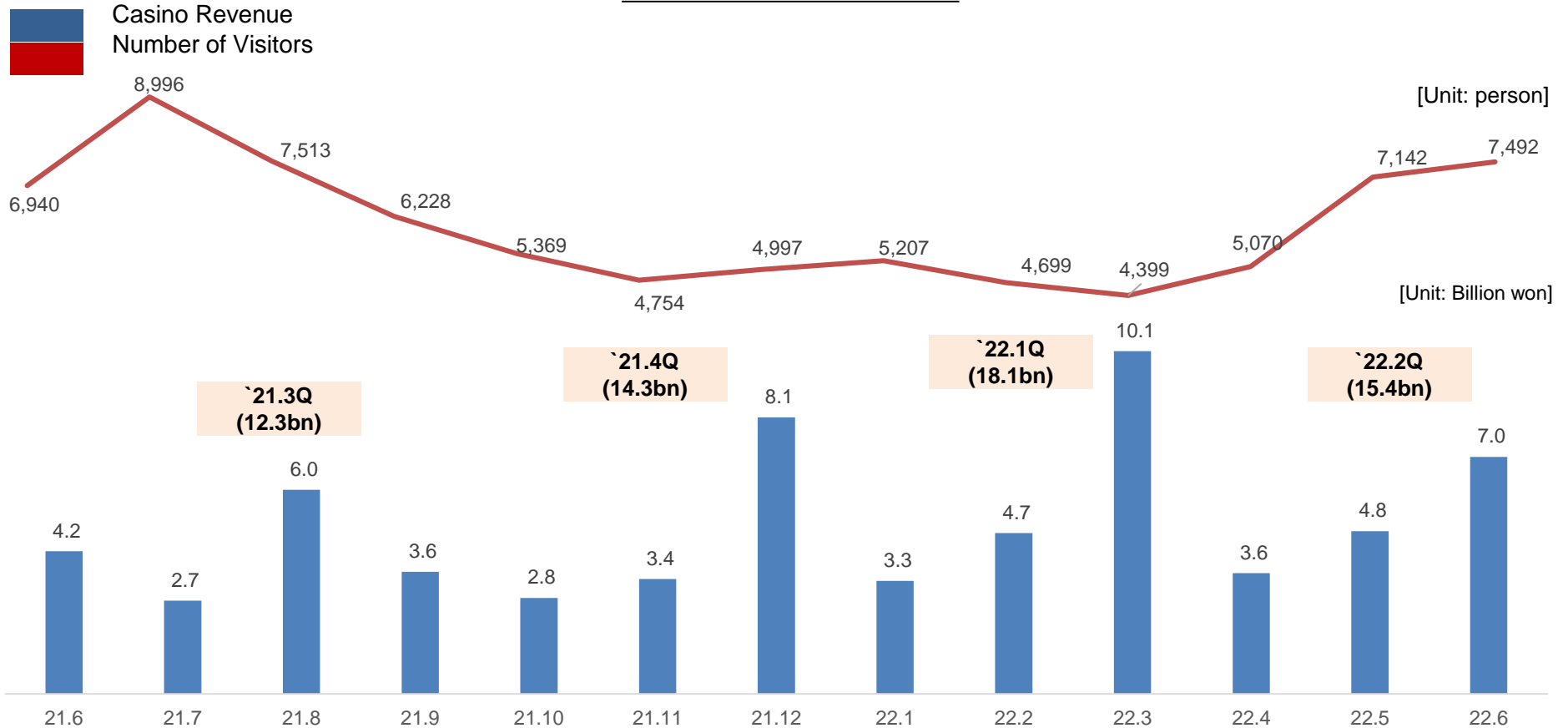
ADR by Channels (As of June 2022)



3. Casino Business – Revenue Trend

Revenue of KRW 7.0bn in June driven by resumption of international flight between Jeju and Singapore and free-visa policy

Business Performance



3-1. Casino Business – Key Indicators

Total Casino sales of 15.2bn in 2Q'22 (-17.8% QoQ, +261.9% YoY)
Mass drop amounts and sales increased sharply thanks to resumption of international flights between Jeju and Singapore

[Unit: Billion won]		VIP				Mass		
		Total Sales	Rolling Chip volume	VIP hold %	Revenue	Mass table drop	Hold percentage	Revenue
2021	June	4.2	18.2	12.2%	2.2	14.1	14.0%	2.0
	2Q	4.2	18.2	12.2%	2.2	14.1	14.0%	2.0
	July	2.7	59.8	0.5%	0.3	16.4	15.0%	2.5
	August	6.0	53.0	4.6%	2.4	12.2	29.5%	3.6
	September	3.6	21.1	7.7%	1.6	9.4	20.8%	2.0
	3Q	12.3	133.9	3.2%	4.3	38.0	21.1%	8.0
	October	2.8	25.3	3.3%	0.8	9.5	20.9%	2.0
	November	3.4	95.7	1.8%	1.8	9.0	17.9%	1.6
	December	8.2	132.5	5.3%	7.1	8.9	12.1%	1.1
	4Q	14.4	253.5	3.8%	9.7	27.4	17.1%	4.7
2022	January	3.7	106.1	2.7%	2.9	13.4	6.0%	0.8
	February	4.7	123.9	2.5%	3.1	17.3	9.5%	1.6
	March	10.1	88.9	9.4%	8.4	17.7	9.6%	1.7
	1Q	18.5	318.8	4.5%	14.4	48.4	8.6%	4.1
	April	3.6	33.8	7.2%	2.4	21.5	5.2%	1.1
	May	4.8	46.3	2.5%	1.1	26.7	13.7%	3.6
	June	6.9	41.0	9.0%	3.7	32.4	9.7%	3.1
	2Q	15.2	121.1	6.0%	7.3	80.6	9.8%	7.9

SEA (South East Asia) Market Target

- **Attract SEA casino customers (Junkets & Customers of SEA looking for alternatives)**
 - Attract SEA casino customers who used to visit to Macau casino before Covid through SEA junkets & agents
 - SEA casino customers accounts for about 30% out of Macau total casino customers before Covid
- **Secure SEA casino customers by making contract with major SEA junket & agents**
 - Contract with about 50 key junket & agents which located in Singapore, Malaysia, Thailand, Indonesia, Vietnam, Taipei, Japan
 - Singapore's largest top agent is contracted with Dream Tower Casino with over 500 High Rollers
 - In August, due to Singapore Malaysia and Indonesia national day holidays, there is a massive promotion to bring 1,000 High Roller customers from SEA to Dream Tower Casino
- **Establish sales network with SEA**
 - Establishment of sales network by recruiting marketers with decades of experience in SEA region
- **Resumption of international flights between Jeju and SEA**
 - Singapore / Thailand – Direct flights resumed from June
 - Malaysia (Kuala Lumpur) / Taiwan (Taipei) : Direct flights will be resumed from September and October
 - Plan to provide private jets for SEA VIP casino customers in collaboration with private jet companies

4. Debt Status

Total debts with fixed interest rate,
Increase of equity and reduce of interest expense at the time of stock conversion
of convertible bonds

[Unit: Billion Won]

	Parts	Amounts	Interest Rate	Issued date	Due date
Long-term Debts	Loan A	600.0	4.05% (fixed)	2020.11.30	2023.11.30
	Loan B	100.0	5.9% (fixed)	2020.11.30	2023.11.30
	Total	700.0			

	Convertible Bonds	Amounts	Convertible Date	Total number of convertible shares	Converted Shares	Conversion Rate
Overseas	Convertible Bond(6)	71.0	2022.09.20	5,129,241	-	0%
Domestic	Convertible Bond(7-1)	20.9	2022.01.15	2,379,421	1,035,359	44%
	Convertible Bond(7-2)	25.8	2022.03.11	3,682,315	2,021,630	55%
	Convertible Bond(8-1)	70.0	2022.11.29	3,839,614	-	0%
	Convertible Bond(8-2)	10.0	2022.11.29	548,516	-	0%
Total	Total	197.7		15,579,107	3,056,989	20%

5. Asset Revaluation Impact

Asset Revaluation Summary

Object	Land		
Address	12, Noyeon-ro, Jeju-si, Jeju-do, Republic of Korea		
Base Date	June 30, 2022		
Revaluation Agency	Kyungil Appraisal Corporation		
Revaluation Detail (Unit: Billion won)	Book Value	Revaluation Value	Difference
	104.7	568.0	463.3

■ Reflecting the real value of an asset in accordance with K-IFRS (IFRS)

■ Increase of equity value due to the impact from asset revaluation difference

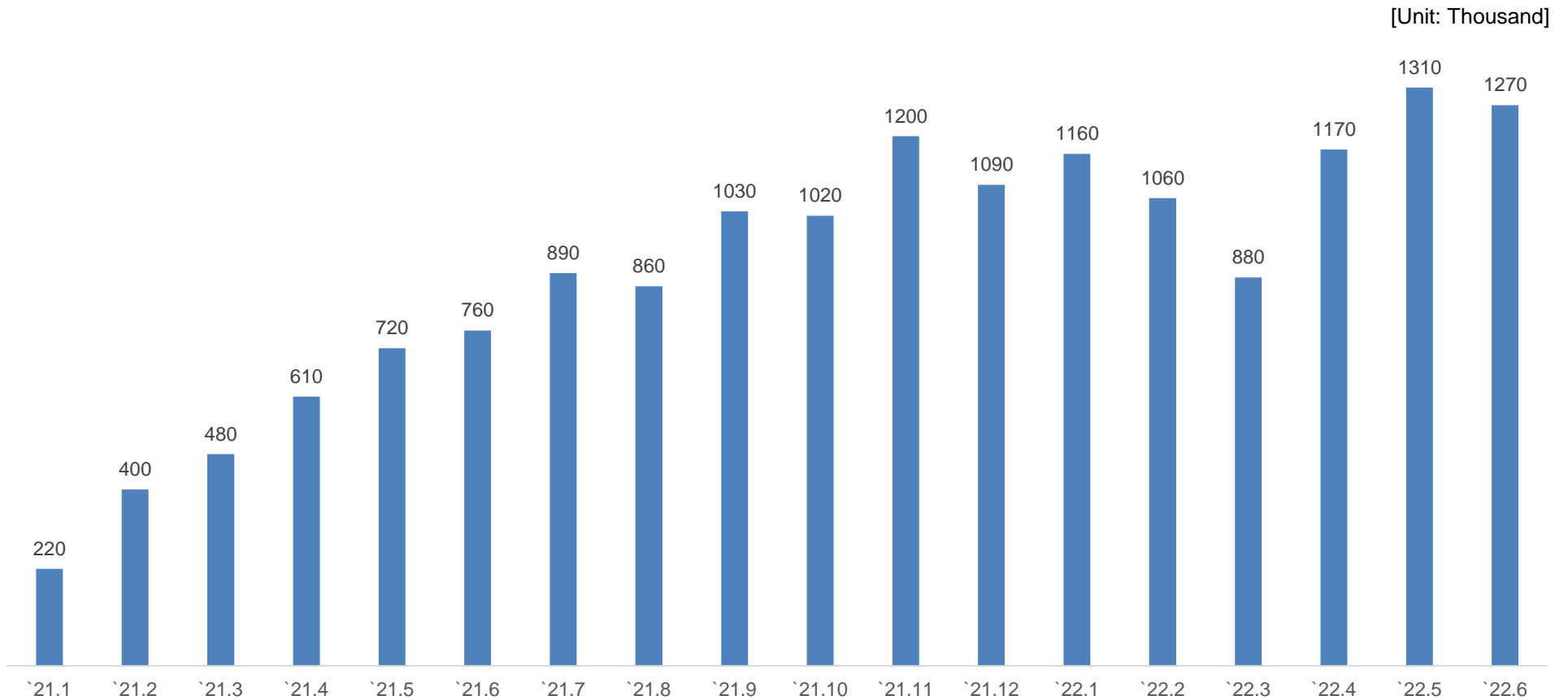
- Capital increase of 325.9 billion won out of 463.3 billion won in revaluation difference
(Deferred tax liabilities of 104 billion won, excluding accounting non-reflected amount of 33.5 billion won)

■ Strengthened Financial stability

- The ratio of liabilities decreased from 2372% (Dec'21) to 424% (June `22)

Appendix. Number of Visitors in Jeju (2021~2022)

Number of visitors to Jeju recorded 1.27 million In June
Foreign visits expected to increase with resumption of direct international flights in 2H'22



[Source: Jeju Tourism Association]

Appendix. Consolidated Financial Statements in 2Q'22

[Unit: Billion]	June 2022	Dec. 2021
I. Current Assets	58.6	91.5
Cash and Cash Equivalents	39.6	75.9
Trade Account Receivables	2.6	2.6
Non-Trade Account Receivables	4.4	1.0
Inventories	6.9	6.6
Other Current Assets	5.1	5.4
II. Non-Current Assets	1,712.9	1,210.9
Property, Plant and Equipment	1,370.3	935.4
Intangible Assets	49.6	50.9
Lease Assets	2,58.4	184.9
Others	34.6	39.7
Total Assets	1,771.4	1,302.4
I. Current Liabilities	252.3	240.4
Trade Account Payables	6.0	8.3
Short-term Borrowings	45.8	43.7
Short-term Lease Liabilities	18.6	17.3
Short-term Convertible Bonds	73.9	66.4
Non-Trade Account Payables	54.6	55.0
Others	53.4	49.7
II. Non-Current Liabilities	1,181.0	1,009.3
Long-term Borrowings	681.1	674.9
Convertible Bonds	110.6	147.3
Lon-term Leased Liabilities	248.2	162.3
Others	141.1	24.8
Total Liabilities	1,433.4	1,249.7
Total Equity	338.0	52.7

[Unit: Billion]	2Q'22	2Q'21
Operating Revenue	48.1	24.5
Operating Expenses	76.9	54.1
Operating Income (Loss)	(28.9)	(29.6)
Other Income	0.14	0.047
Other Expenses	0.19	0.018
Financial Income	(0.53)	0.14
Financial Expenses	26.1	14.7
Pre-Tax Income (Loss)	(55.8)	(44.6)
Income Tax Expense	1.1	(0.3)
Net Income (Loss)	(56.9)	(44.3)
Net Income attributable to Owners of the Company	(56.9)	(44.2)
Net Income attributable to Non-controlling Interests	(0.005)	(0.054)

Appendix. Non-Consolidated Financial Statements in 2Q'22

[Unit: Billion]	June 2022	Dec. 2021
I. Current Assets	62.6	97.9
Cash and Cash Equivalents	23.5	63.9
Trade Account Receivables	16.5	15.7
Non-Trade Account Receivables	7.9	3.6
Inventories	6.1	5.5
Other Current Assets	8.7	9.2
II. Non-Current Assets	1,701.8	1,225.8
Property, Plant and Equipment	1,229.0	822.0
Intangible Assets	4.9	5.8
Lease Assets	258.1	184.6
Investment Assets	83.5	86.7
Others	126.3	126.7
Total Assets	1,764.4	1,323.7
I. Current Liabilities	232.6	223.7
Trade Account Payables	6.0	8.3
Short-term Borrowings	45.0	43.1
Short-term Lease Liabilities	19.7	17.1
Short-term Convertible Bonds	73.9	66.4
Non-Trade Account Payables	50.0	50.7
Others	38.0	38.1
II. Non-Current Liabilities	1,164.8	1,003.5
Long-term Borrowings	681.1	674.9
Convertible Bonds	110.6	147.3
Lon-term Leased Liabilities	246.9	162.2
Others	126.2	19.1
Total Liabilities	1,397.3	1,227.2
Total Equity	367.1	96.5

[Unit: Billion]	2Q'22	2Q'21
Operating Revenue	40.1	23.0
Operating Expenses	63.6	50.0
Operating Income (Loss)	(23.5)	(27.0)
Other Income	0.047	0.5
Other Expenses	0.19	0.018
Financial Income	(0.12)	0.2
Financial Expenses	26.2	14.7
Pre-Tax Income (Loss)	(50.0)	(40.9)
Income Tax Expense	1.1	(0.3)
Net Income (Loss)	(51.1)	(40.6)