



Lotte Tour Development 4Q'21 Earnings Release

February 2022

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

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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 4Q 2021

- Operating revenue of KW 40.4bn in 4Q'21 (+34% QoQ), EBITDA of KW – 10.2bn
- EBITDA turned to profit due to the second hotel tower opening in Dec.
- Operating profit of KW -130.2bn, EBITDA of KW -61.3bn in FY2021
- Net loss of KW 199.4bn due to the increase of financial costs based on debt financing in 2021

[Unit: KW bn]	2021.1Q	2021.2Q	2020.3Q	2021.4Q	2021YTD	2020YTD	YoY
Operating Revenue ¹	12.2	24.5	30.0	40.4	107.1	16.8	538%
Hotel	10.9	19.6	19.4	26.9	76.8	0.7	10174%
Casino	0.1	3.1	8.1	9.8	21.1	1.3	1469%
Retail	0.7	0.8	0.9	1.1	3.5	0.1	5717%
Tourism	0.2	0.6	0.5	2.0	3.3	12.7	-74%
Others	0.4	0.4	1.1	0.5	2.3	1.9	20%
Operating Expenses	50.0	54.1	63.7	69.4	237.3	88.2	169%
Operating Income (Loss)	(37.8)	(29.6)	(33.7)	(29.1)	(130.2)	(71.4)	-
EBITDA	(21.5)	(13.0)	(16.5)	(10.2)	(61.3)	(53.4)	-
Other Income (Loss)	(0.3)	0.03	0.03	(5.4)	(5.6)	(0.6)	-
Financial Income (Loss)	(19.6)	(14.6)	(18.2)	(18.6)	(71.1)	(8.4)	-
Consolidated Net Income	(54.5)	(44.3)	(52.2)	(48.4)	(199.4)	(82.1)	-
Net Income attributable to Owners of the Company	(54.4)	(43.1)	(51.6)	(46.3)	(195.4)	(81.9)	-

1-1. Breakdown of Operating Expenses (Consolidated)

[Unit: KW bn]	4Q'21		3Q'21		2Q'21		1Q'21		FY2021	
	Expense	Portion	Expense	Portion	Expense	Portion	Expense	Portion	Expense	Portion
Changes of Raw material	4.1	6%	3.1	5%	2.8	5%	2.6	5%	12.6	5%
Labor Cost & Related	18.4	26%	19.8	31%	16.9	31%	17.3	35%	72.3	30%
Depreciation	18.9	27%	17.2	27%	16.6	31%	16.3	33%	68.9	29%
Commissions & Fees	11.5	17%	8.6	13%	7.9	15%	5.6	11%	33.6	14%
Utilities	3.1	4%	2.7	4%	2.0	4%	2.6	5%	10.5	4%
Supplies	2.9	4%	1.8	3%	2.1	4%	1.6	3%	8.4	4%
Advertising	1.3	2%	0.7	1%	1.0	2%	1.3	3%	4.2	2%
Rental	2.9	4%	4.6	7%	0.2	0%	0.7	0%	7.8	3%
Others	6.2	9%	5.3	8%	4.6	9%	2.8	6%	18.9	8%
Operating Expenses	69.4		63.7		54.1		50.0		237.3	

- Operating Expenses of KW 69.4bn (+KW 5.7bn, vs. 3Q'21)
- Depreciation costs increased KW 1.7bn in 4Q'21 QoQ mainly due to the new recognition of lease asset depreciation costs

2. Hotel Business in 4Q 2021

- Hotel EBITDA of 4Q'21 turned to profit mainly due to the opening of hotel second tower (850 rooms)
- Profitability of hotel business will continue to be improved through the normal operation of hotel in 2022

Key Indicators

	1Q	2Q	3Q	4Q	FY2021
# of Room Sold	22,685	47,947	46,022	62,770	179,424
OCC (750 rooms) ¹	34%	70%	67%	91%	66%
OCC (1600 rooms)	16%	33%	31%	43%	31%
ADR(KW)	254,524	272,956	313,938	292,067	287,823

※ EBITDA (Operating Cash Flow)

[Unit: KW bn]

Operating Revenue	10.9	20.8	22.2	29.2	83.2
Room	5.8	13.1	14.4	18.3	51.6
F&B & Others	5.2	7.8	7.8	10.9	31.6
Operating Expense	20.8	23.6	24.1	27.4	95.9
Labor Costs	11.6	12.0	11.6	11.0	46.2
Others	9.2	11.6	12.5	16.4	49.7
EBITDA	(9.9)	(2.8)	(1.9)	1.8	(12.7)

1. Total number of operating rooms: 750 rooms (From Jan. '21 to Nov. '21), The second tower (850 rooms) opened on Nov. 29th

2-1. Key takeaway of Hotel Business under living with Covid-19

Sales and profitability of hotel business will be improved based on living with covid-19 plan

Pandemic Period
(Jan.`21~Oct.`21)

Strict restriction on operating of hotel, F&B, etc.
based on social distancing policy by government

▶ **Tower 1 open (750 rooms)**

- Restriction on Hotel OCC: 77% (social distancing level 3), 66% (social distancing level 4)
- Restriction on F&B operating hours & the number of customers
- Restriction on the number of visitors (group meeting, wedding events)

Living with Covid-19 Plan
(Nov.`21~`22)

Ease all restriction of social distancing policy
under living with covid-19 plan

▶ **Tower 2 open (1600 rooms)**

- **Expansion of total operating hotel rooms**
: Tower 1+ Tower 2 (750rooms+850rooms)
- **Expansion of visitors on F&B and other facilities (MICE)**
- **Increase of B2B customers**
: B2B related business (MICE, group tourists) sales will be increased due to ease the restriction of visitors

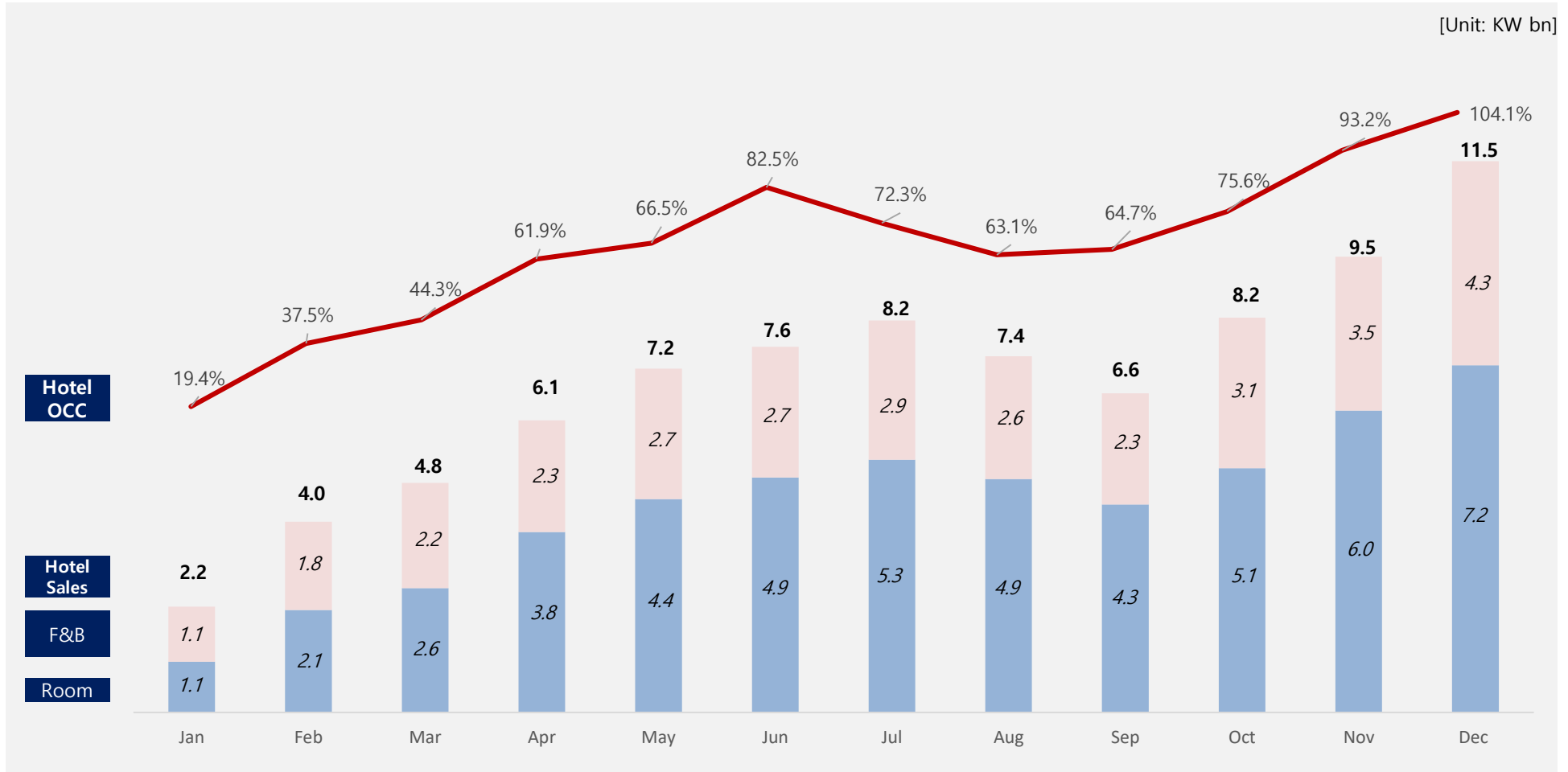
3. Casino Business in 4Q 2021

- Rolling Chip and Drop amounts of KW 280.9bn in 4Q'21 (Portion: VIP 90%, Mass 10%)
- Revenue of casino business in 4Q'21 recorded KW 14.4bn (VIP: KW 9.7bn, Mass: KW 4.7bn)
- Total rolling Chip and drop amounts of KW 485.1bn, Revenue of KW 30.9bn in FY2021

Business Performance

[Unit: KW bn]		VIP			Mass		
		Rolling Chip volume	VIP hold %	Revenue	Mass table drop	Hold percentage	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
4Q	October	25.3	3.3%	0.8	9.5	20.9%	2.0
	November	95.7	1.8%	1.8	9.0	17.9%	1.6
	December	132.5	5.3%	7.1	8.9	12.1%	1.1
	Total	253.5	3.8%	9.7	27.4	17.1%	4.7
FY2021	Total	405.6	4.0%	16.3	79.5	18.5%	14.7

Appendix. Key indicators of hotel business in 2021



Appendix. Consolidated Financial Statements in 2021

[Unit: KW bn]	Dec.'21		Dec.'20	
I. Current Assets		91.3		1,24.8
Cash and Cash Equivalents	75.9		80.9	
Trade Account Receivables	2.6		0.6	
Non-Trade Account Receivables	1.0		34.7	
Inventories	6.6		4.0	
Other Current Assets	5.2		4.5	
II. Non-Current Assets		1,206.4		1,073.7
Property, Plant and Equipment	935.5		9.1	
Intangible Assets	50.9		965.3	
Lease Assets	180.2		22.8	
Others	39.8		76.5	
Total Assets		1,297.8		1,198.5
I. Current Liabilities		261.5		212.4
Trade Account Payables	8.3		0.7	
Short-term Borrowings	43.7		80.6	
Short-term Lease Liabilities	39.2		6.6	
Short-term Convertible Bonds	66.4		107.5	
Non-Trade Account Payables	23.7		107.5	
Others	80.2		17.1	
II. Non-Current Liabilities		982.4		760.0
Long-term Borrowings	674.9		663.0	
Convertible Bonds	147.3		58.8	
Lon-term Leased Liabilities	135.5		13.1	
Others	24.7		25.1	
Total Liabilities		1,243.9		972.3
Total Equity		53.9		226.1

[Unit: KW bn]	FY2021	FY2020
Operating Revenue	107.1	16.8
Operating Expenses	237.3	88.2
Operating Income (Loss)	(130.2)	(71.4)
Other Income	0.12	0.38
Other Expenses	0.57	0.95
Financial Income	0.53	4.7
Financial Expenses	71.7	13.1
Pre-Tax Income (Loss)	(207.2)	(81.5)
Income Tax Expense	(7.8)	0.53
Net Income (Loss)	(199.4)	(82.1)
Net Income attributable to Owners of the Company	(199.2)	(81.9)
Net Income attributable to Non-controlling Interests	(0.11)	(0.14)

Appendix. Non-Consolidated Financial Statements in 2021

[Unit: KW bn]	Dec.'21		Dec'20	
I. Current Assets		109.6		127.0
Cash and Cash Equivalents	63.8		80.9	
Trade Account Receivables	15.7		0.4	
Non-Trade Account Receivables	3.6		34.8	
Inventories	5.5		3.9	
Other Current Assets	21.0		6.9	
II. Non-Current Assets		1,209.5		1,078.6
Property, Plant and Equipment	822.1		965.1	
Intangible Assets	5.8		7.4	
Lease Assets	179.9		22.1	
Investment Assets	86.7		-	
Others	115.0		84.0	
Total Assets		1,319.1	-	1,205.5
I. Current Liabilities		245.0		199.0
Trade Account Payables	8.3		0.7	
Short-term Borrowings	43.1		76.7	
Short-term Lease Liabilities	39.1		5.6	
Short-term Convertible Bonds	66.4		-	
Non-Trade Account Payables	50.8		102.5	
Others	37.3		13.4	
II. Non-Current Liabilities		976.7		755.3
Long-term Borrowings	674.9		663.0	
Convertible Bonds	147.3		58.8	
Lon-term Leased Liabilities	135.3		12.8	
Others	19.2		20.7	
Total Liabilities		1,221.7		954.3
Total Equity		97.4		251.2

[Unit: KW bn]	FY2021	FY2020
Operating Revenue	94.7	14.1
Operating Expenses	209.4	79.5
Operating Income (Loss)	(114.7)	(65.4)
Other Income	2.4	0.04
Other Expenses	5.7	0.08
Financial Income	1.5	4.6
Financial Expenses	71.5	12.8
Pre-Tax Income (Loss)	(188.0)	(74.0)
Income Tax Expense	(7.5)	0.5
Net Income (Loss)	(177.2)	(74.6)