

Investor Relations

NDR 1Q 2014

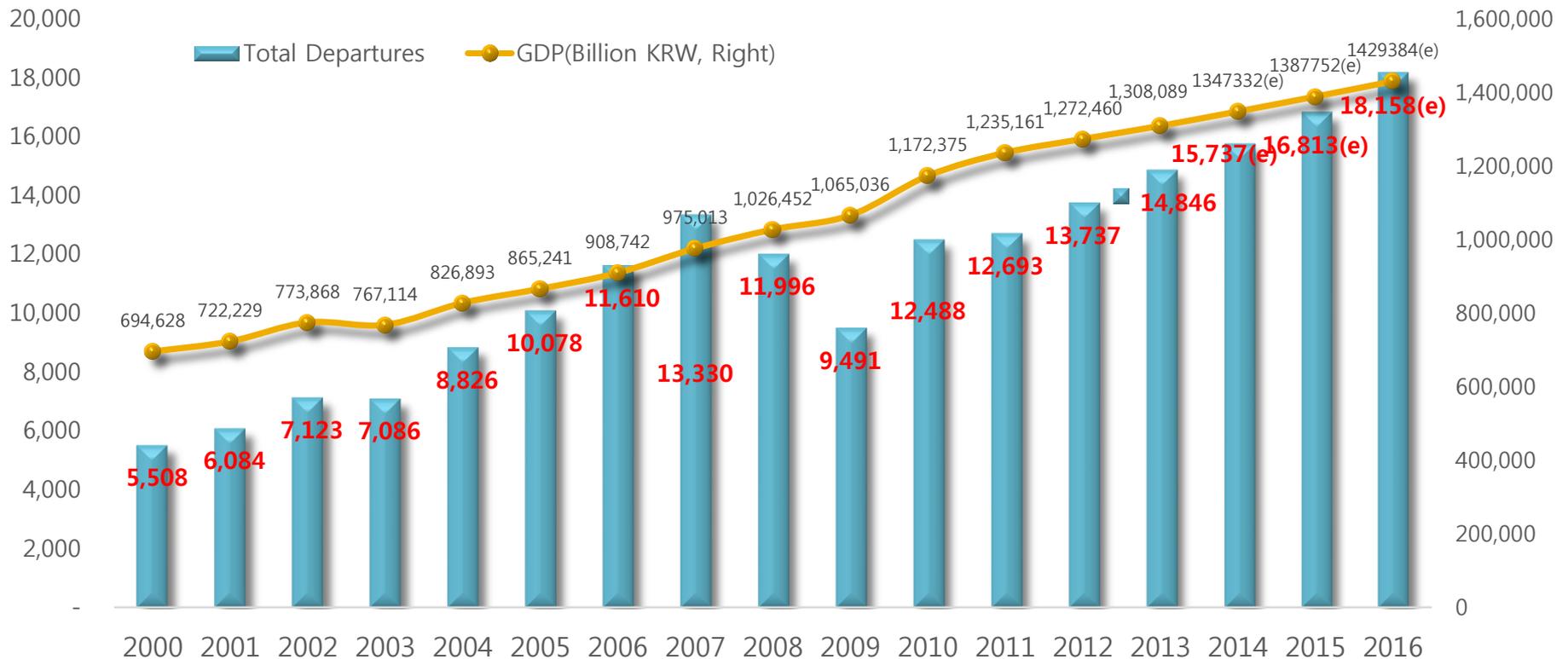


Chapter 1 Outbound

1. OUT-BOUND
2. IN-BOUND

8.1% Growth of Korean Departures in 2013, 6% Growth in 2014 (E)

Yearly Korean Departures and GDP



* No. of Departure: Korea National Tourism Organization(2000~2011), MODETOUR NETWORK(2012~2016)

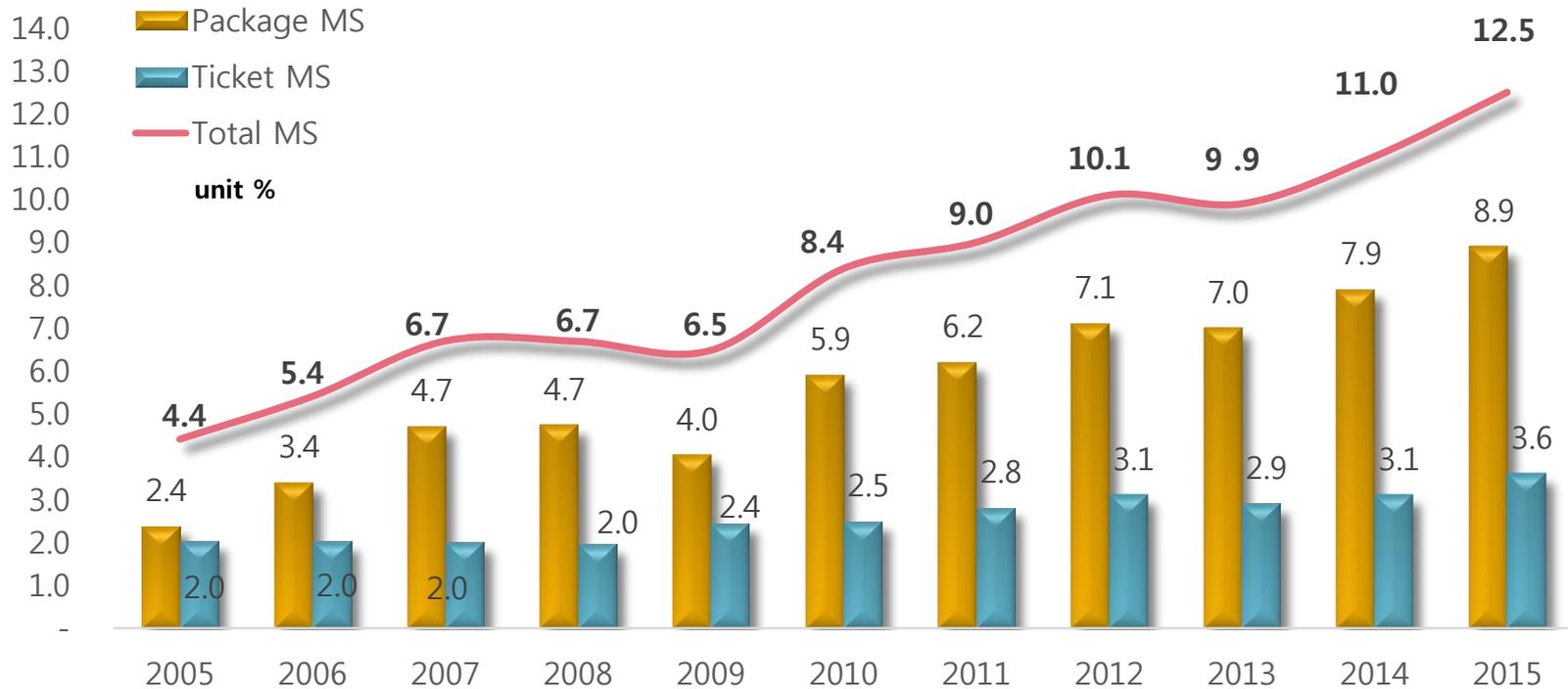
* 2000-2012 GDP: Bank of Korea, 2013-2016 GDP: FnGuide Consensus

Market MS



Market-oriented restructuring of large companies

MODETOUR's MS in Total Departure

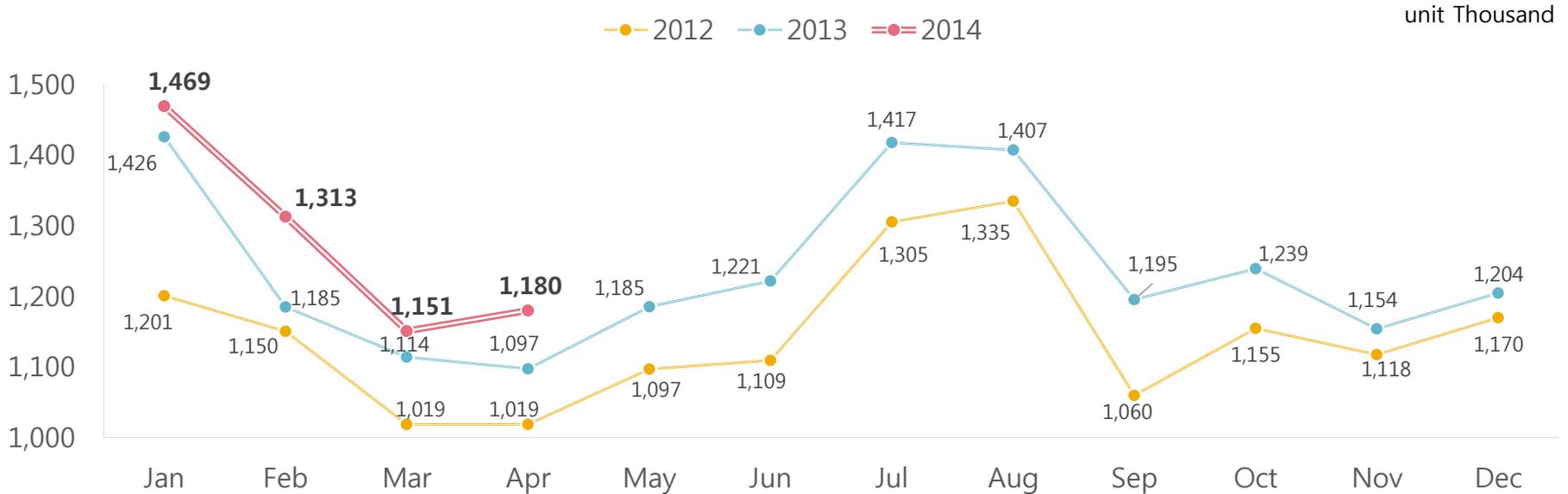


* Source: Korea National Tourism Organization, Korea Association of Travel Agents , Except crews science 2012

Market Environment



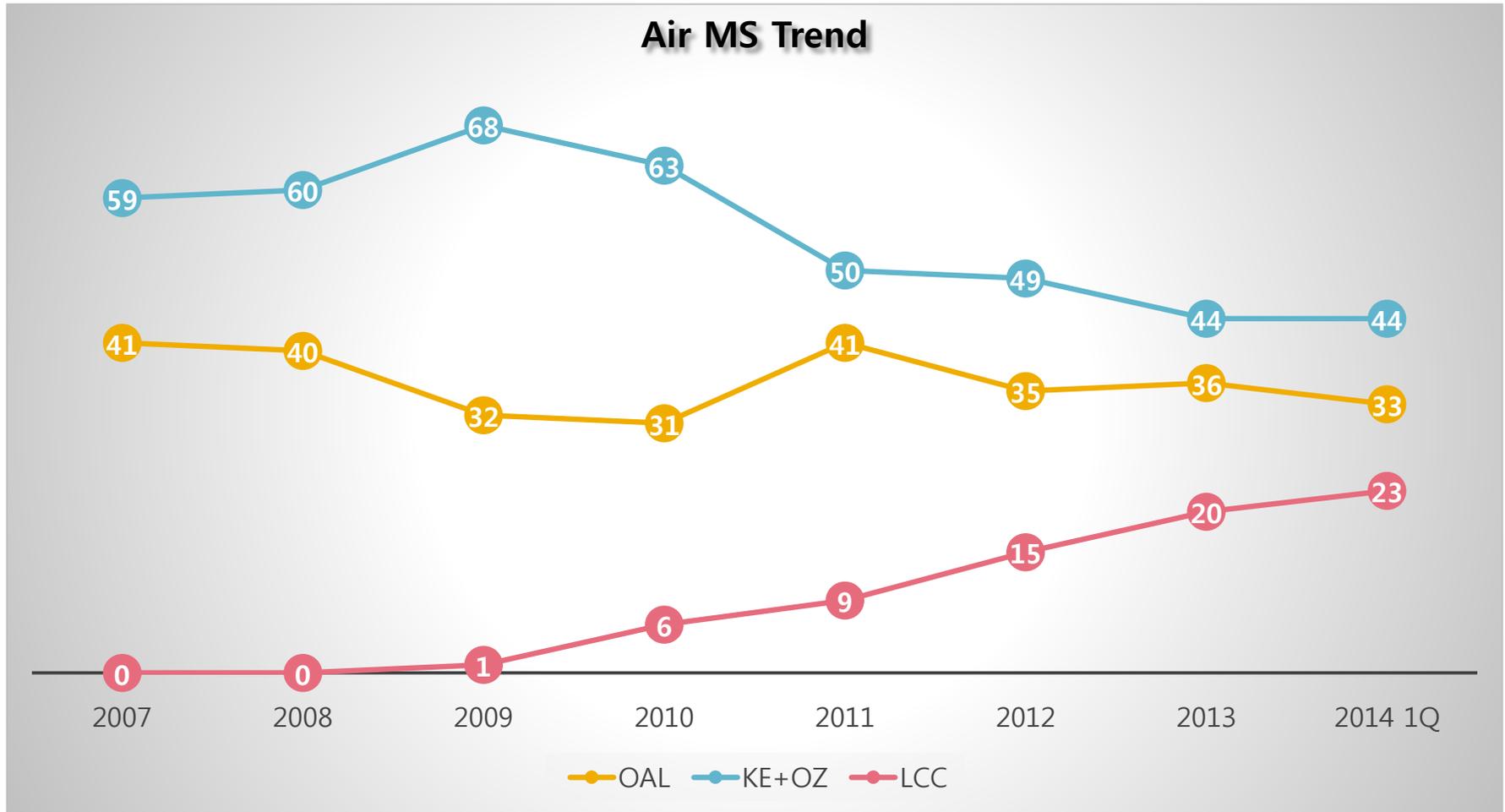
Trend of total departure number



(unit: Thou)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1,200	1,150	1,018	1,018	1,096	1,109	1,305	1,334	1,059	1,154	1,117	1,169
2013	1,425	1,184	1,113	1,097	1,185	1,221	1,417	1,407	1,195	1,239	1,154	1,204
2014	1,468	1,312	1,150	1,180								
2013 YoY	18.7%	3.0%	9.3%	7.7%	8.1%	10.1%	8.6%	5.4%	12.8%	7.3%	3.3%	2.9%
2014 YoY	3.0%	10.8%	3.3%	7.5%								

Air MS (base on MODE)



2012 Korean Total Market LCC portion : about 8%
2013 Korean Total Market LCC portion : about 9.6%

The 5days work and school week effect



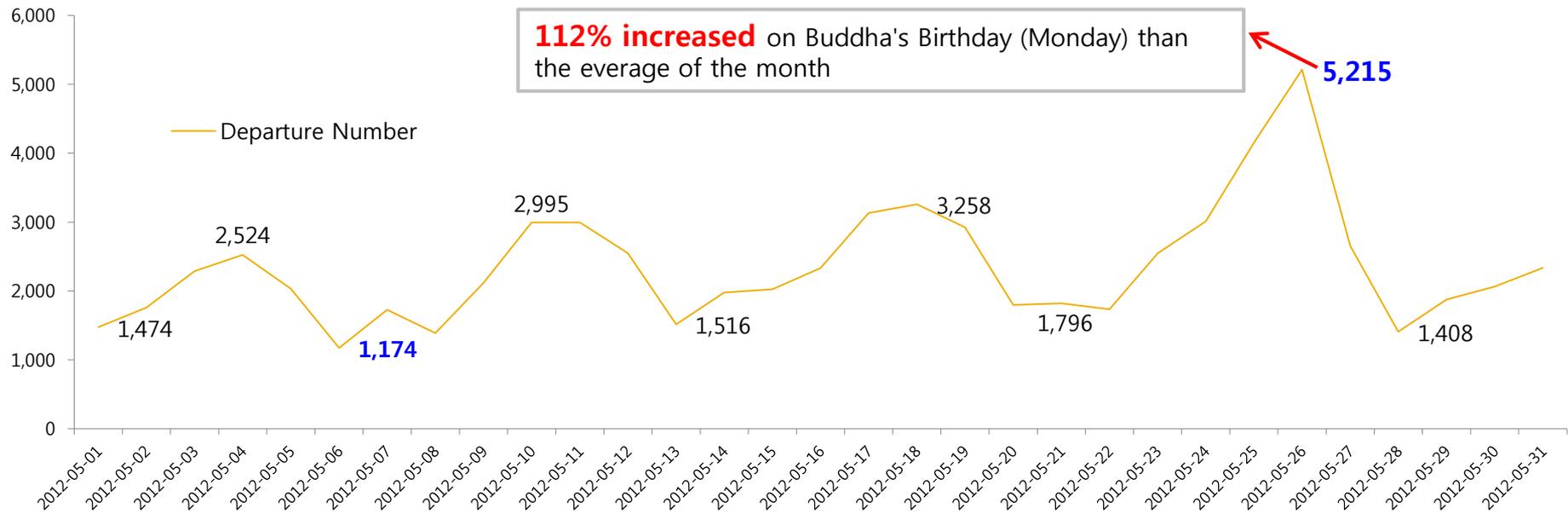
Weekend departures (all Ages)

YEAR	Mode Growth(Package)	YOY	Market Growth(YOY)
2010	257,255		
2011(Partial)	277,406	7.8	1.6
2012(full)	314,386	13.3	8.2

Weekend departures 7 ~19 Ages (students)

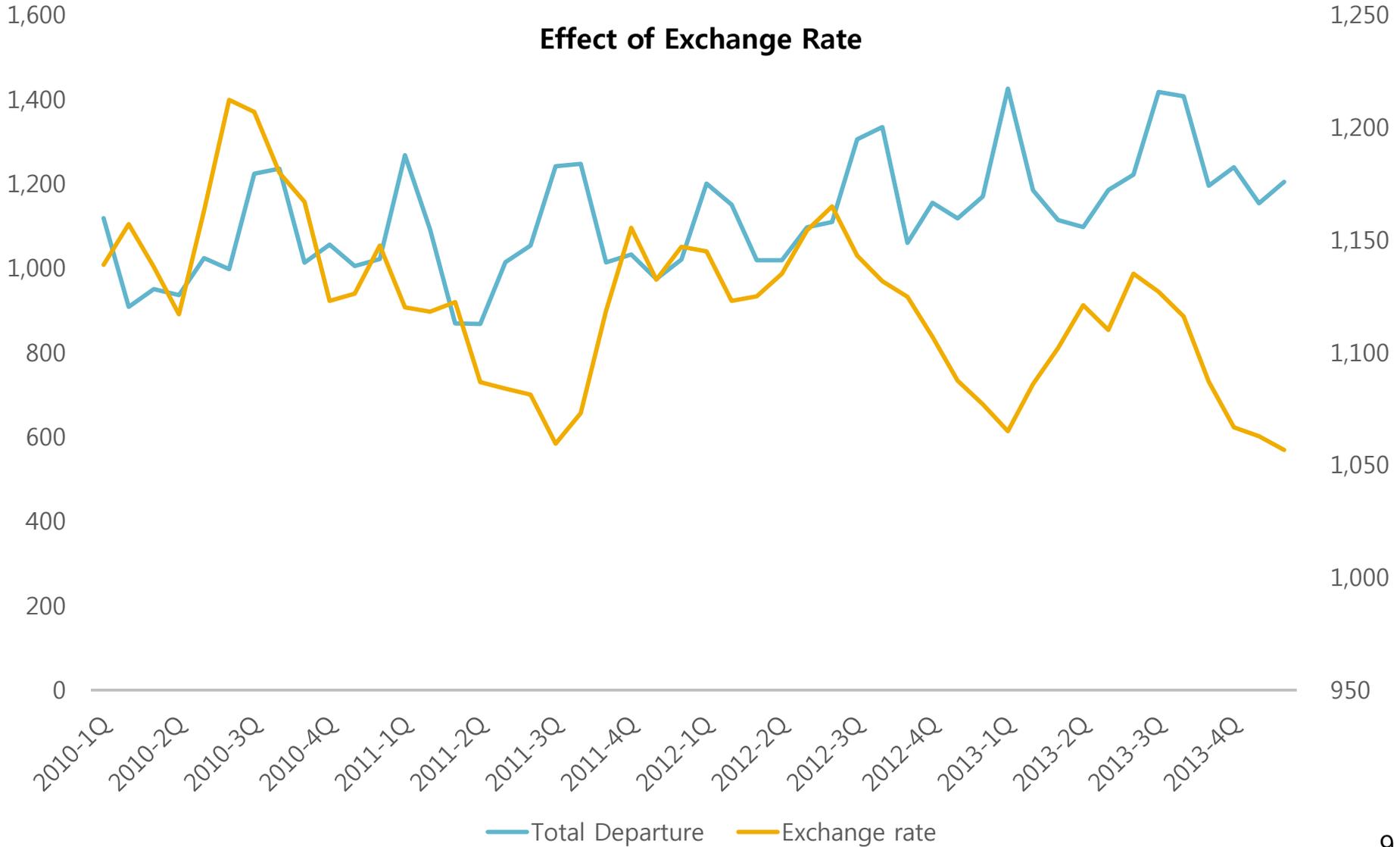
YEAR	Mode Growth(Package)	YOY	Market Growth(YOY)
2010	24,384		
2011(Partial)	27,869	14.3	1.6
2012(full)	31,910	14.5	8.2

The Substitute holiday system effect



	2012	2013	2014	YoY
Total Holidays	116	116	116	0
Saturday & Legal Holiday	66	66	64	-2
Sunday	53	52	52	0
Substitute holiday system	0	0	1	1
Oriental New year	4 days in a row	3 days in a row	4 days in a row	1
Korean Thanks Giving	3 days in a row	5 days in a row	4 days in a row	-1
Friday	0	2	3	1
Monday	0	0	1	1
Tuesday	1	1	1	0

Effect of Exchange Rate

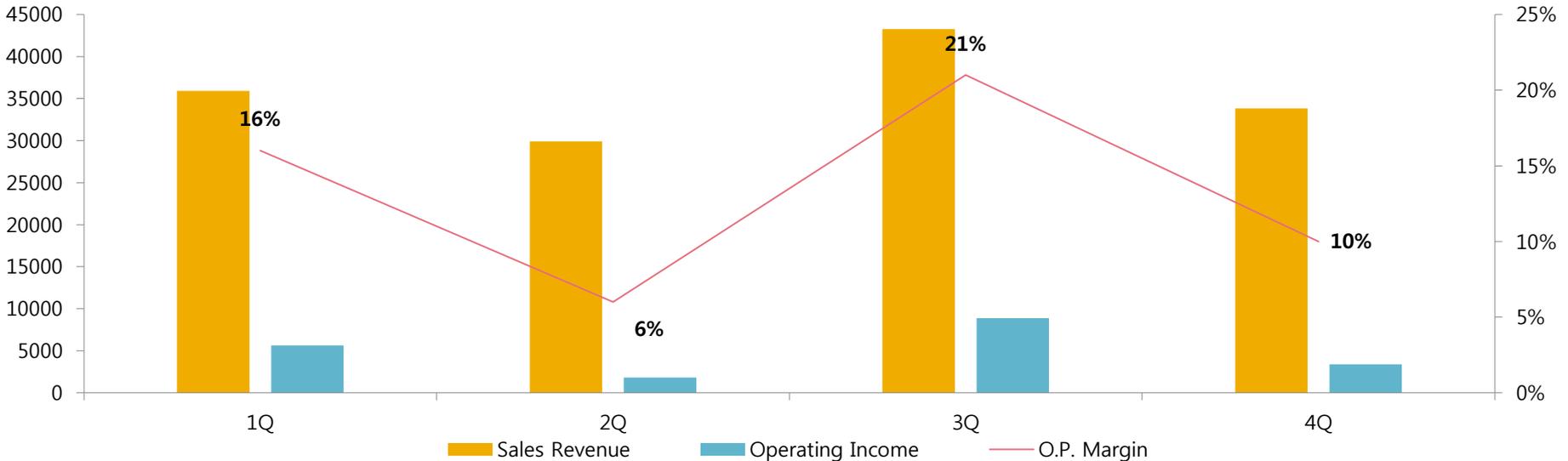


Seasonality (2013FY)



(unit: 1 mil)

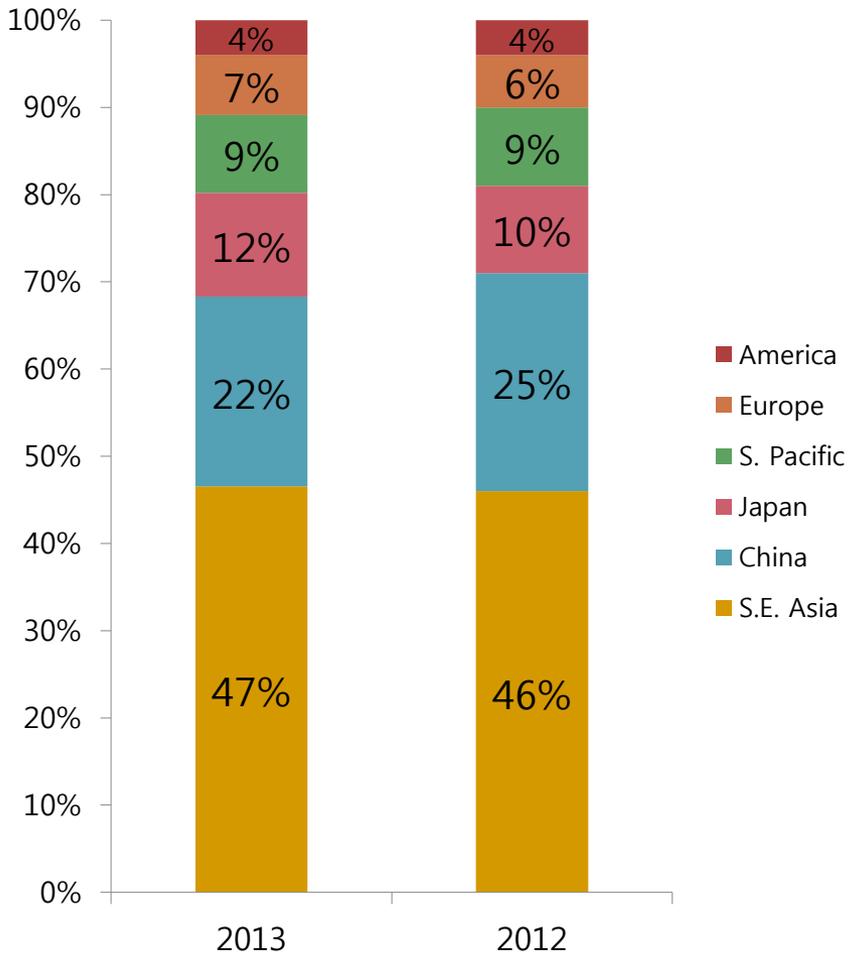
	1Q	2Q	3Q	4Q	2013FY
Sales Revenue	35,897	29,921	43,279	33,818	142,915
Expenses	30,278	28,113	34,398	30,421	123,210
Operating Income	5,619	1,808	8,881	3,397	19,705
Ratio of OP	29% (Peak Season)	9%	45% (Peak Season)	17%	-
OP Margin	16%	6%	21%	10%	14%



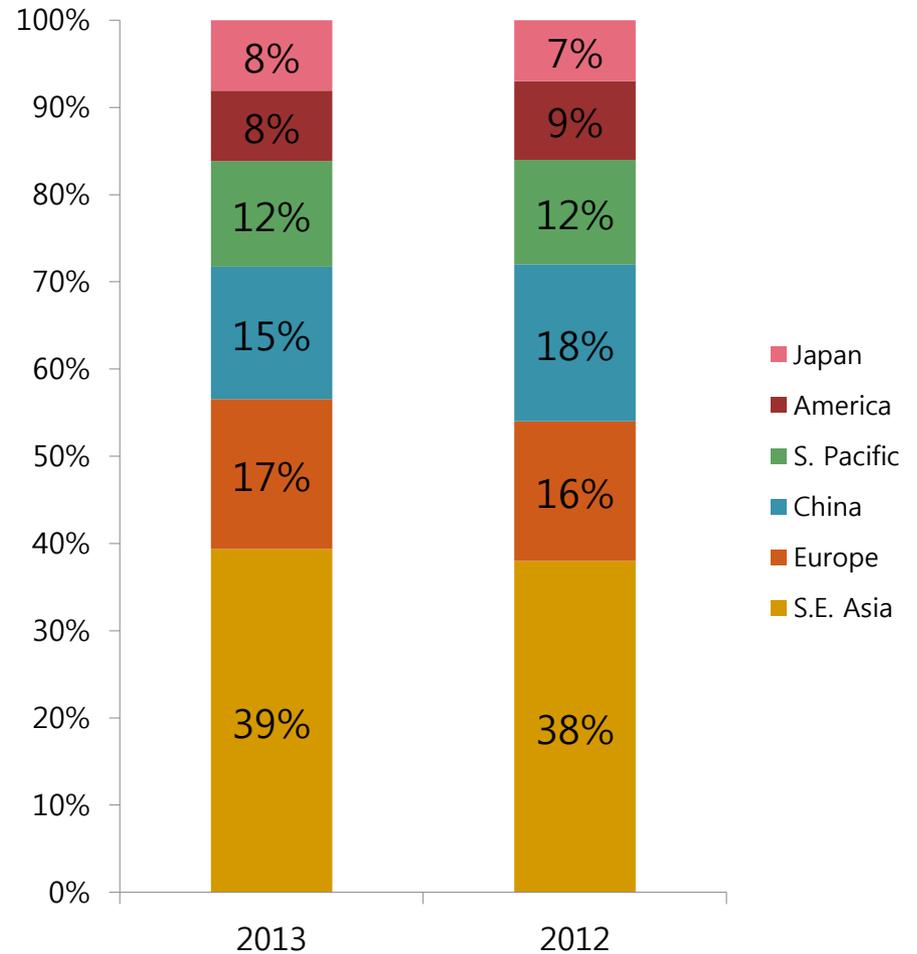
Yearly Proportion of Travel Packages for Destinations (2013)



Number of Departure



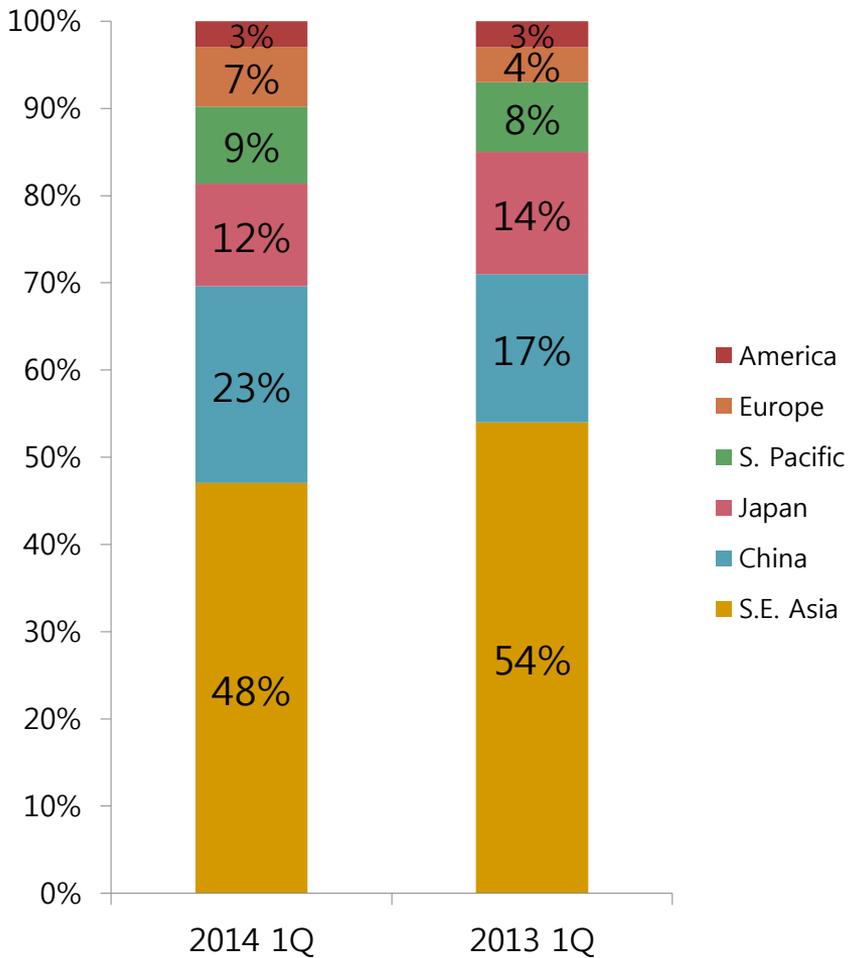
Sales Revenue



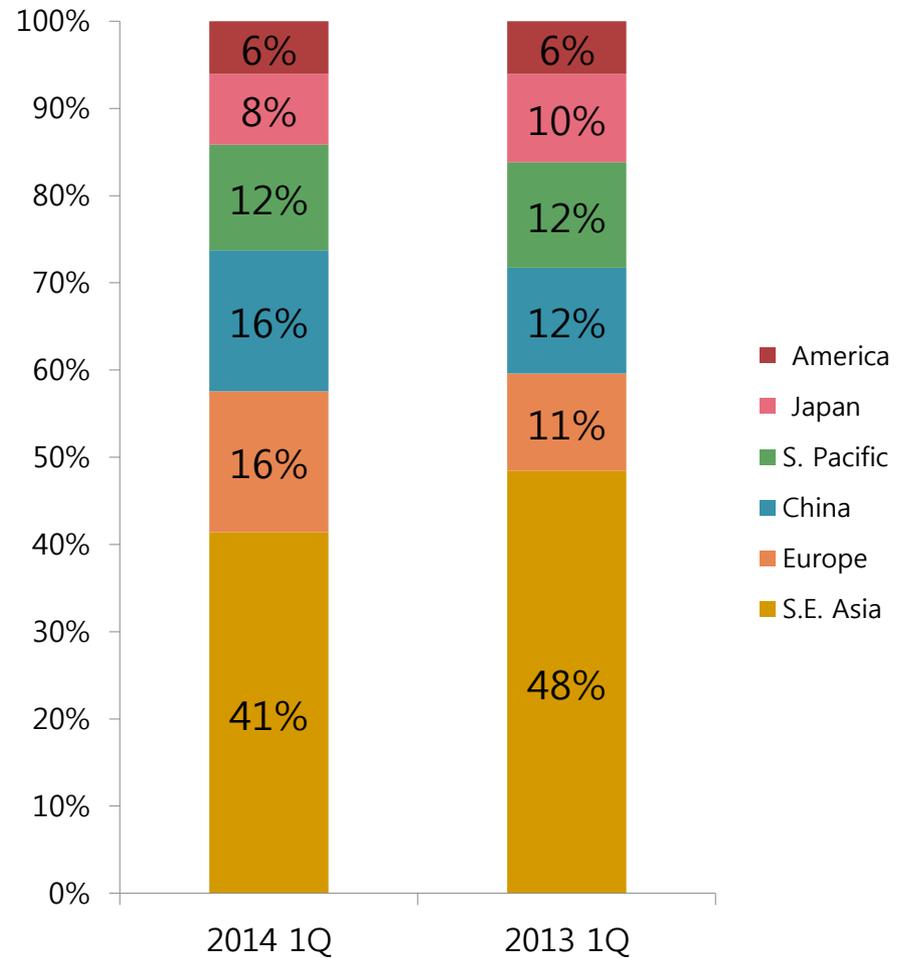
Quarterly Proportion of Travel Packages for Destinations (2014 1Q)



Number of Departure



Sales Revenue



Package Breakdown

2013

	Air-Ticket	Hotel	Guide	Transportation & meal	Tour Conductor	Portion (Volume)	Portion (Package)	YoY	Net Sales
Packaging	Group Tour including Incentive Tour					71 %	8.9%	10.6%	15.8%
	Small Group Tour						86.2%	7.4%	15.5%
	Air-tel (F.I.T)						5.0%	26.2%	15.4%
Customizing Ticket , Hotel	Individual	Individual	Individual	Individual	Individual	29 %		5.2%	4%

Destination		S.E. Asia	China	Japan	Europe	S. Pacific	America	Total
Sales	FY2013	39.4 %	19.0 %	8.8 %	15.0 %	11.0 %	6.9 %	
Volume	FY2013	44.9 %	24.1 %	13.6 %	6.0 %	8.1 %	3.2 %	
ASP (KRW)	FY2013	896,349	751,182	2,803,569	1,387,529	2,278,531	888,885	966,272
	FY2012	899,202	775,768	2,869,626	1,465,413	2,493,578	719,467	999,135

Sales Structure



		Gross Sales	Gross Profit	Proportion	Income Statement		
 Packaging	Package	Local Service Fee		32%			
		Air Fare		52%			
		Profit	Net Margin	10%	16%	Package Sale	86%
	Distribution Expense	6%					
 Customizing	Air-ticket	Profit (air commission)	Net Margin	2%	4%	Ticket Sale	7%
			Distribution Expense	2%			
		Fare		96%			

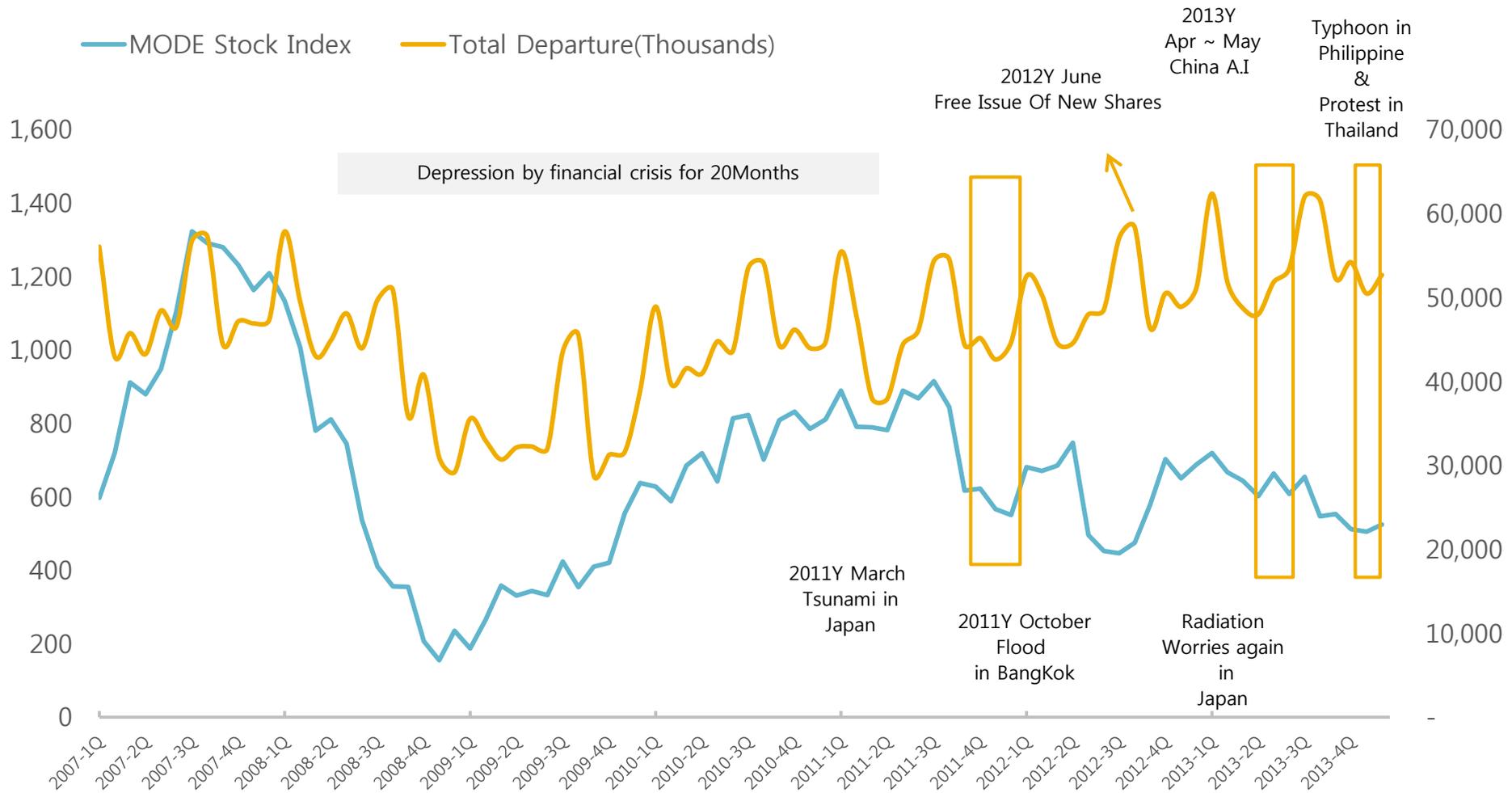
1)

(as of 2013)

1) 7%, the rest of Sales Revenue, is recognized as Other Sales Revenue of Income Statement.

- Shopping Comm , Lease , Sponsored etc

Market Environment



Distribution Channel



Mom&Pop

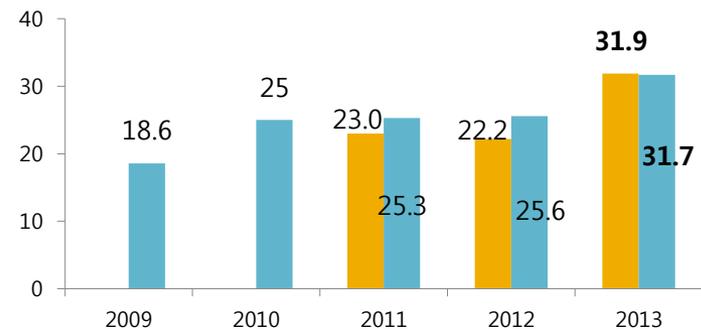
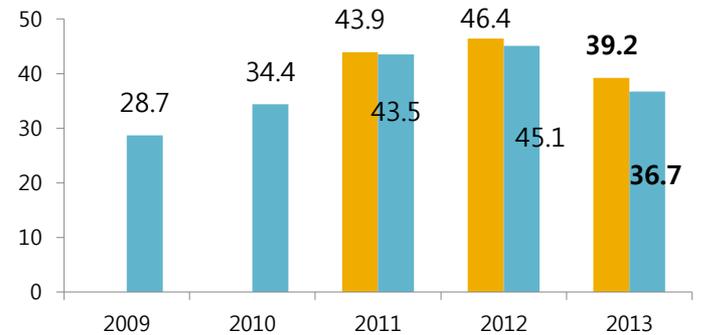
about 9,000 SOHO Agencies
5,228 Agencies are relate with MODE

Franchise
(Best Partner)

- 2011Y - 777 Best Partners
2012Y - 805
2013Y - 837
- (696 off-line, 141 online, 105 Mart BP)
- Sales under MODETOUR signboard

Co-marketing

- Credit Card , Co, Portal site etc.





Chapter 2 Inbound

1. Market Environment
2. MODETOUR-INTERNATIONAL
3. Key Strategy
4. Hotels

Market Environment



14% Growth of Foreign Visitors in 2012, 9.3% Growth in 2013

After 2014 we Expect more than 12% increase per year

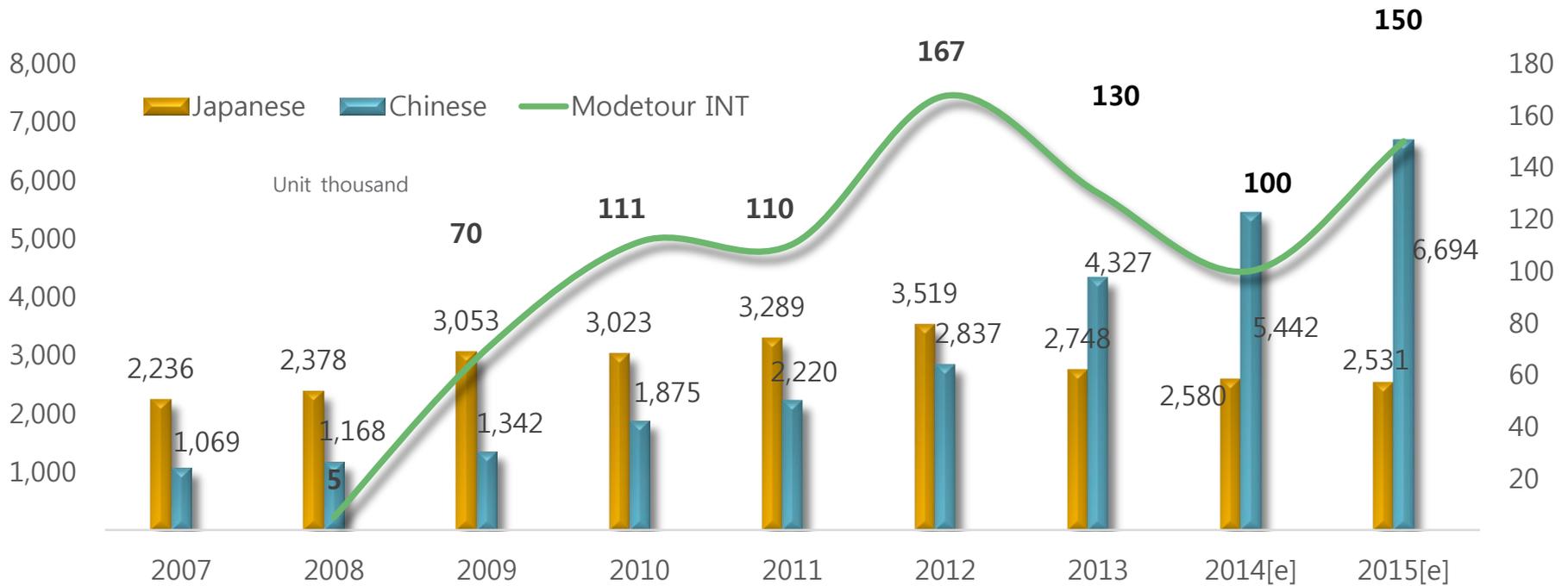


* No. of Arrivals: Korea National Tourism Organization(2000~2013), Modetour-INT (2014~2015)

Market Environment



2013 Chinese tourist overtook Japanese tourist
Chinese Tourists 53% UP!! Japanese - 21% UP



* No. of Arrivals: Korea National Tourism Organization(2000~2012),Modetour-INT (2013~2015)

MODETOUR-INT



2013 Ranking of Inbound

Rank		Name (Travel Agents)	Unit			Amount (\$)		
Unit	Amount		2013	2012	YoY	2013	2012	YoY
1	1	HIS Korea	254,895	276,280	-7.7%	34,646,756	51,374,431	-32.6%
2	14	Konest	148,457	172,745	-14.1%	10,620,650	11,552,345	-8.1%
3	4	Hanjin Tour	142,494	217,534	-34.5%	21,466,677	39,479,693	-45.6%
4	3	MODETOUR-INT	133,806	174,094	-23.1%	22,715,750	32,058,466	-29.1%
5	9	HnaTour ITC	114,633	117,452	-2.4%	13,738,968	14,754,930	-6.9%
6	2	Lotte JTB	112,105	159,156	-29.6%	33,995,723	49,092,407	-30.8%
7	7	Lotte Tour&Development	106,193	116,410	-8.8%	15,720,400	29,915,000	-47.4%
8	5	Sehan Tour	105,293	106,056	-0.7%	18,465,578	21,887,587	-15.6%
9	12	Hwabang Tour	94,283	48,754	93.4%	11,353,175	9,547,250	18.9%
10	6	JeonGook Tour	81,515	121,607	-33.0%	17,592,045	35,400,166	-50.3%

Source: Korea National Tourism Organization, Korea Association of Travel Agents

MODETOUR-INT



No 1 of Chinese inbound Market , No 1 of Growth Rate , No 1 of Trust money Growth Rate

name	Amount (\$)			Unit			Ranking of Earning
	Receipts			Group Tour Visitor			
	2012 (FY)	2011(FY)	2010(FY)	2012 (FY)	2011(FY)	2010(FY)	2012
MODETOUR-INT	8,839,366	5,884,550	4,700,405	69,021	34,615	31,527	1
DAEWON	8,362,084	1,009,315	581,225	54,176	18,859	5,868	2
Lotte JTB	6,121,983	42,145	9,124	46,957	3,224	186	3
HWABANG	5,963,505	-	-	35,917	-	-	4
LOTTE	4,851,000	2,665,000	1,433,242	39,883	42,145	9,124	5
HANATOUR-ITC	4,597,535	3,507,599	3,864,268	65,685	39,399	38,802	6

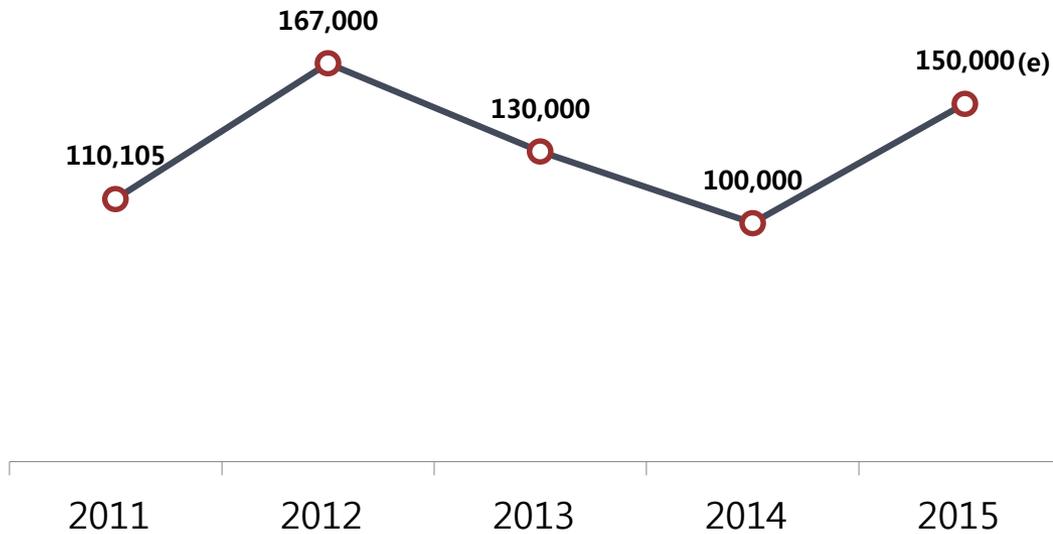
Source: Korea National Tourism Organization, Korea Association of Travel Agents

Market Environment



Total Visitors	Supplier	Player	Distribution Channel	M/S	Trend
Total Visitors	Whole Salers	TOP 10 Except Modetour INT	Branch Relationship Major Wholesaler	9.8%	Increase
		Others	Minor Wholesaler	89.0%	Decrease
		Modetour INT	Relationship Branch About 30 Agencies On-Line Agency (C-trip)	1.2%	Increase

Key Strategy



about 30,000 unit / Each Month
Value Chain

Business Expansion

- Hotel(Room)
- Shopping(Brand Shop)
- Transportation(Bus)
- Restaurant(Meal)

Bargaining Power

OP ↑ M/S ↑

Hotels



JEJU ROBERO HOTEL



SECTION	CONTENT
LOCATION	JEJU (AIRPORT)
CLASS	BUSINESS
ROOMS	113
O C C	90~95%
STAKE	100% (8.5BILLION ₩)

AVENTREE HOTEL JONGRO



SECTION	CONTENT
LOCATION	SEOUL (CENTER)
CLASS	BUSINESS
ROOMS	155
O C C	70~75%
STAKE	13.5% (2.2 BILLION ₩)



Chapter 3 Others

2. Diversification of Business

- M&A with company having competitiveness and specialized in a specific fields such as Backpacking, Cruise, Inbound, etc.
- Positive charter business and long term lease of resort
- Developing new travel destination and gaining semi-exclusive selling right
- Enhancing VVIP package sale

Subsidiary

(2014 1Q)

MODETOUR International (Jun. 2008)

67.50% Subsidiary with 1 Billion Won
19% Stake owned by Hotel Shilla investing in 2010

- Penetrating Inbound Travel Business based on China Market
- Expanding Market to South-East Asia and Japan with 'Hanryu', the waves of Korean culture.

Mode Tourism Development (April 2012)

- 100% Subsidiary with 0.9 Billion Won
- Synergy with MODETOUR International's Inbound Business and Expanding domestic Online Hotel for F.I.T.
- Management Outsourcing of Robero Hotel

Cruise International (May 2010)

88.24% Subsidiary with 1.5 Billion Won

- The Biggest Korean GSA , PSA of 10 International Luxury, Premium, Mass Cruises Line such as Silversea , Regent , Crystal (Luxury class)
Oceania, Holland America (Premium class) , Costa and etc.
- Long-term revenue model emerging cruise markets
- Developing Diversified High-end Product

Subsidiary

TourTainment (Nov. 2006)

Joint Establishment with OLIVE NINE and MBC
The Largest Shareholder with a 50.00% Stake at Price of 0.4 Billion Won

- Coordinating Overseas Location for Filming Drama & Movie with Air-tickets, Lodging and Local Limousine Services, etc.
- Introducing Travel Products Related with the Locations

ModeTourREIT (Jan. 2014)

67.69% Subsidiary with 8 Billion Won
REITs(real estate investment trusts) is a hotel business.
It's an indirect investment to secure many assets by investing small amount of money.

- At the end of 2014, a 138 room business hotel(remodeled building near Myung-Dong) will open

MODETOUR H&D (Sep. 2008)

84.62% Subsidiary with 1.1 Billion Won

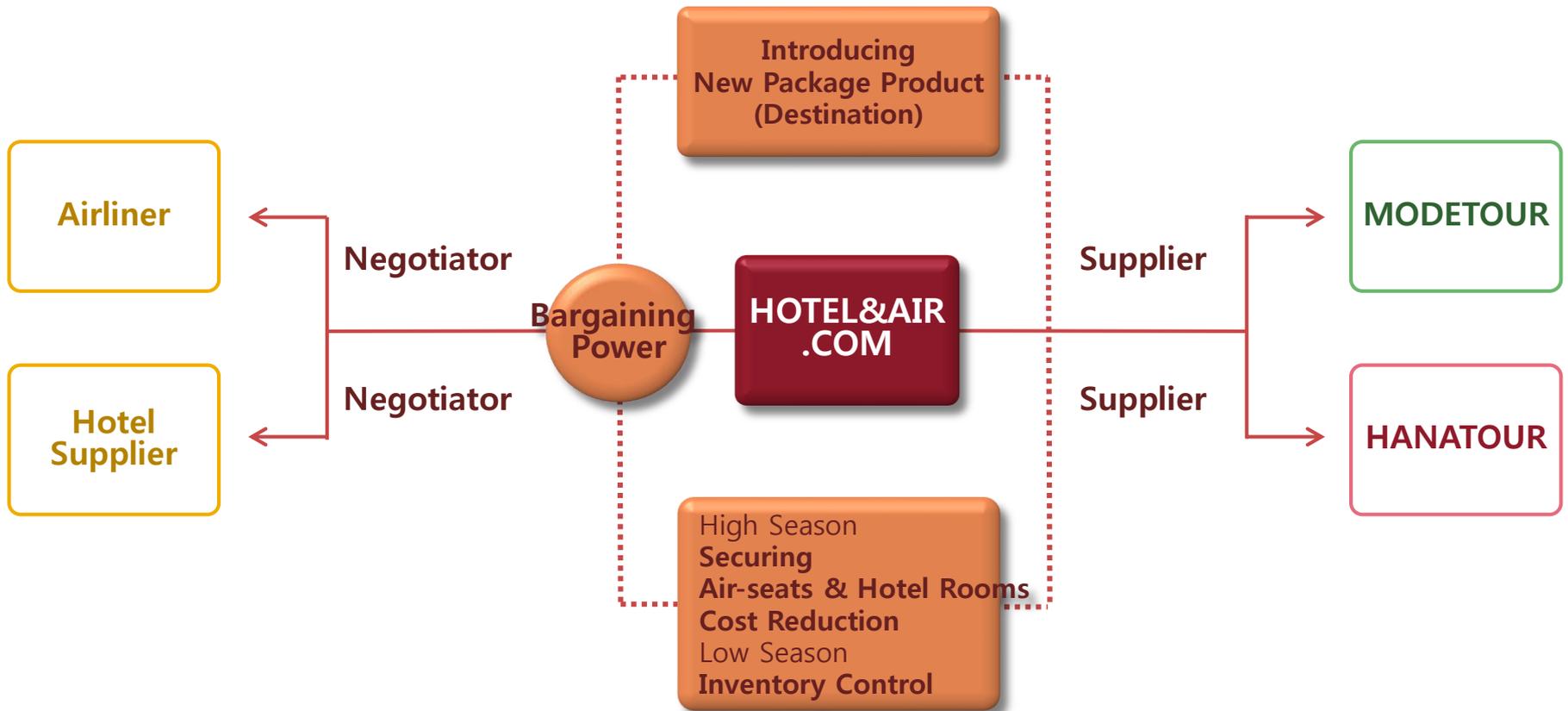
- Online Hotel Reservation - Targeting Korean Domestic Travelers Preferring Hotel, Entering Camping Car Business in 2011
- Package Competitiveness, Easy Reservation System, Rich Contents, Various Contribution Channel and MODETOUR's Brand Power
- Synergy with MODETOUR International's Inbound Business and Expanding Overseas Online Hotel for F.I.T.

Key Strategy



Hotel & Air.com (Jul. 2011)

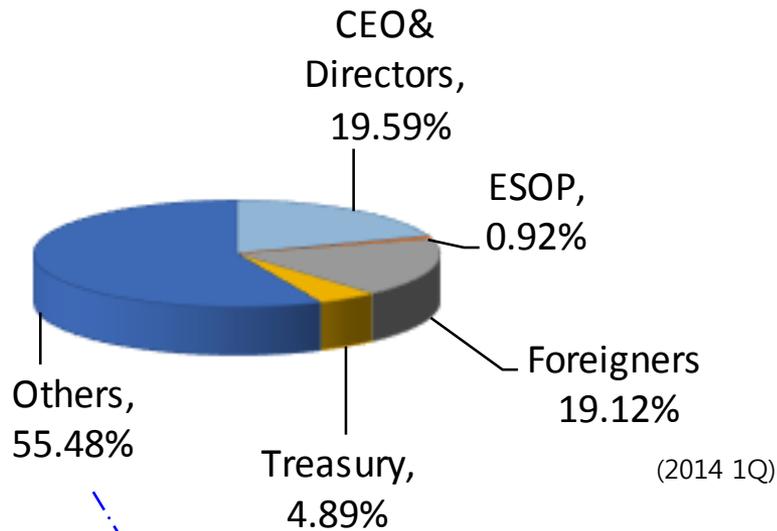
50% Subsidiary with 15 billion KRW and 50% Stake owned by HANATOUR



MODETOUR Shareholders



Shareholders

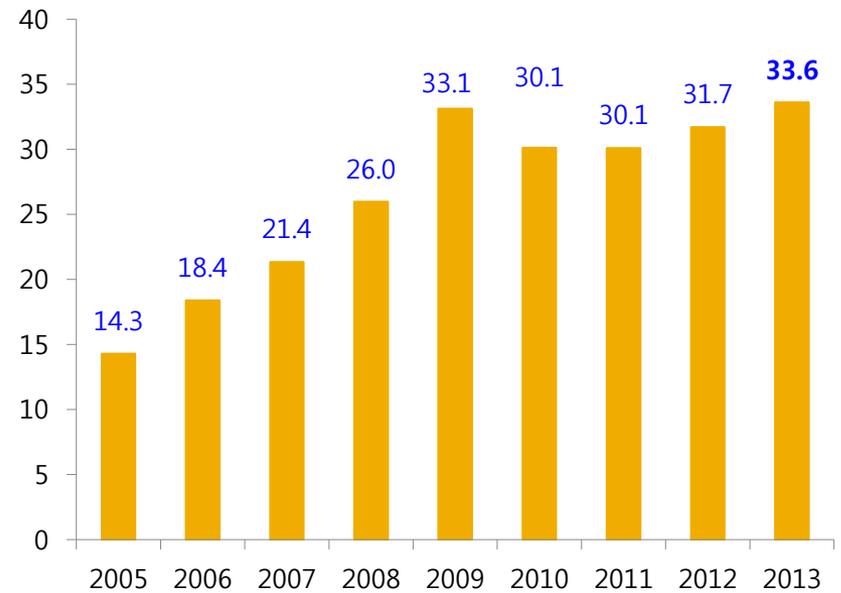


principal stockholder

BNP Paribas	(6.86%)
Korea National Pension	(6.46%)

Dividend Ratio

(Unit: %)



Comprehensive Travel Company with 25-year Experience

Organization

Management	name	Field Experience	Division	Ratio	No.	Main Task	
Chairman	Woo, Chong-Woong	41 Years, Founder	Director	0.5%	10	General Management	
			Travel Package Plan	34%	410	Design Travel Package	
Vice Chairman	Hong, Ki-Jung	34 Years, Founder	Sale	Travel Agency	45%	348	Distribution and Reservation Administration
				Online & Corporate	12%	127	Co-marketing Sale & Corporate Business
CEO	Han, Ok-Min	30 Years, Founder	Back Office & Support	9%	114	Managing Support, Marketing, Strategy Planning, Administration	
			Total Employee	100%	1,009	-	
CFO	Yang, Byung-Sun	24 Years	36 Branch Offices	32 domestic		Business Relations with Mom & Pop Agencies all over the Country	
				London, Paris, Tokyo, Beijing		Customer Service at the Destination	

(2013)

Key Financial Ratio



Growth (%)

	FY13	FY12	FY11	FY10
Growth Rate of Sales	7.63	9.70	3.60	90.77
Growth Rate of Assets	2.90	11.10	4.49	44.02
Growth Rate of Net Income	3.24	30.20	-11.00	1219.23

Profitability (%)

	FY13	FY12	FY11	FY10
Ratio of Operating Profit to Net Sales	13.79	15.76	13.11	16.59
Ratio of Net Income to Net Sales	12.47	13.00	10.85	13.67
ROE	19.78	21.06	25.53	27.58

Stability (%)

	FY13	FY12	FY11	FY10
Liabilities Ratio	63.73	74.92	81.39	88.44
Debt Dependence Ratio	-	-	-	-
Current Ratio	211.51	208.59	215.50	218.88

Activity

	FY13	FY12	FY11	FY10
Turnover Ratio of Assets	0.97	0.98	0.95	1.11
Receivables Turnover	7.27	7.13	10.45	9.47

Finance (2014 1Q (K-IFRS))



Income Statement

(Unit: million KRW)

	2014			2013		
	1Q	Ratio to GP&OI	YoY	1Q	Ratio to GP&OI	YoY
Revenues	39,512	100.0%	10.1%	35,897	100.0%	10.4%
Air Ticket Sales Revenues	2,147	5.4%	-26.5%	2,922	5.4%	-6.8%
Package Tour Sales Revenues	34,459	87.2%	13.0%	30,488	87.2%	10.8%
Other Revenues	2,905	7.4%	16.8%	2,487	7.3%	33.9%
Operation Expenses	34,449	87.2%	13.8%	30,278	84.7%	13.9%
Salaries	11,968	34.7%	18.8%	10,071	28.0%	17.0%
Advertising Expenses	1,897	5.5%	65.7%	1,145	4.8%	-0.2%
Travel Cost Commission Fees (Agent Commission Fees)	12,984	34.7%	2.1%	12,722	32.4%	16.3%
Card Commission Fees	1,854	5.4%	2.5%	1,809	4.7%	-10.1%
Commission Fees	1,943	5.6%	106.5%	941	4.8%	24.3%
Other Expenses	3,803	11.0%	5.9%	3,590	9.8%	14.8%
Operating Profit	5,062	12.8%	-9.9%	5,619	15.2%	-5.3%
Non-operating Incomes	3,597	9.1%	1408.2%	239	9.0%	256.8%
Non-operating Expenses	1,543	3.9%	819.7%	168	3.8%	84.3%
Other Incomes	377	1.0%	-21.3%	479	0.9%	-21.1%
Income Before Taxes	7,493	19.0%	21.5%	6,168	21.4%	-5.3%
Taxes	2,141	28.6%	50.5%	1,423	5.3%	-2.3%
Net Income	5,352	13.5%	12.8%	4,745	16.0%	-6.2%

Finance (2014 1Q (K-IFRS))



Income Statement

(unit: million KRW)

		2013	2012	2011	2010	2009	2008	2007
Sales Revenue	Air-ticket	9,623	11,929	14,225	22,874	19,361	25,974	30,735
	Package	123,615	113,150	99,455	88,875	38,814	53,811	60,014
	Others	9,677	7,708	7,366	5,337	3,200	3,480	3,601
	Total	142,915	132,787	121,046	117,086	61,375	83,265	94,351
SG&A Expense		123,210	111,636	104,410	97,658	61,139	82,347	80,036
Operating profit		19,705	21,151	16,636	19,427	236	918	14,315
Non-operating Income		4,181	1,299	1,660	4,146	3,391	4,411	3,462
Non-operating Expense		841	2,018	1,767	2,756	2,130	4,074	1,899
Net Income Before Taxes		23,045	22,450	18,296	20,818	1,497	1,255	15,878
Taxes		5,227	5,190	5,040	4,807	283	636	4,510
Net Income		17,819	17,260	13,256	16,011	1,214	619	11,367
Earnings Per Share (KRW)		1,335	1411	1,083	1,852	151	75	1,360
Payout Ratio (%)		33.63	31.66	30.3	30.1	33.1	25.9	21.4

Financial Statement



Balance Sheet

(Unit: million KRW)

	2014-1Q	2013	2012	2011	2010
Current asset	109,753	110,415	108,133	104,349	113,524
Non-current asset	45,737	37,047	35,195	24,679	10,566
Total asset	155,489	147,490	143,328	129,028	124,090
Current liabilities	58,757	52,204	51,839	48,418	51,865
Non-Current liabilities	5,968	5,201	9,550	9,479	6,375
Total liabilities	64,725	57,406	57,897	57,897	58,240
Issued capital	6,300	6,300	6,300	4,200	4,200
Share premium	27,914	27,917	27,917	30,033	30,033
Treasury shares	-13,901	-14,866	-10,744	-8,081	-8,081
Retained earnings	71,319	71,589	59,234	45,994	39,697
Total equity	90,764	90,084	81,938	71,131	65,849

Consolidated Income Statement

(Unit: million KRW)

		1Q 2014	YoY	2013	2012
Sales Revenue	Income	40,363	10.6%	146,960	137,890
	Prime Cost	385	-0.5%	1,530	1,167
	Total Sales Profit	39,978	10.7%	145,430	136,723
SG&A Expense		36,980	18.1%	129,638	115,458
Operating Profit		2,998	-37.5%	15,793	21,265
Other gain		5,082	345.2%	6,470	4,656
Other loss		1,584	281.3%	2,171	2,925
Net Income before Taxes		6,496	17.7%	20,092	22,996
Income Taxes		1,420	10.9%	4,819	5,352
Net Income		5,076	19.7%	15,273	17,644
Earnings Per Share(KRW)				1,335	1,437
Dividend Payout Rate				33.63	31.45

Financial Statement - Consolidated



Consolidated Balance Sheet

(Unit: million KRW)

	K-IFRS			
	2014-1Q	2013	2012	2011
Current Asset	122,962	116,994	111,805	111,730
Non-Current Asset	41,037	35,334	24,422	23,887
Total Asset	163,999	152,329	136,227	135,617
Current Liabilities	63,753	56,671	51,344	52,274
Non-Current Liabilities	6,650	5,882	10,495	9,855
Total Liabilities	70,403	62,553	61,839	62,130
Issued capital	6,300	6,300	6,300	4,200
Share premium	28,029	27,765	29,881	29,881
Treasury shares	-13,901	-14,866	-8,081	-8,081
Retained earnings	69,899	69,812	46,163	45,271
Other equity interest	4,132	392	1,233	1,628
Total Stock Holders Equity	93,596	89,775	84,204	73,488



Thank You

MODETOUR NETWORK Inc.