



Investor Relations 2015 2Q ver.1

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Disclaimer

Note that the following financial information and business statuses are based on the situation of the date this was written and the information can change depending on economical, industrial, and financial circumstances.

Also, the following contains certain information that are based on hypotheses, that can be changed in factors of uncertainty and risk in the future. The following contains future investment plans such as trend, marketing strategy, and future business plans that are based on the World economy.

Note that we are not responsible to any modifications made due to the change in these assumptions and different situations.

The “predicted information” contained in the following are information that had not gone through individual verification procedures. This is an issue that are related with, not the past, but with future cases and that signify the company’s expected management situation and financial performance in the future, including words such as “prediction,” “vision,” “plan,” “expectation,” etc. if it were to be expressed.

The following predicted information are affected by the change in future management situation and etc, and contains the uncertainty in their natural state. This uncertainty can cause significant difference between the actual future performance and the predicted information or documentation.

Also, please know, without further notification, that future prospect is based on as it is on the date of documentation and that it was made under the consideration of current market situation and direction that the company management is taking. For this reason, the future prospect may change depending of the change in the market situation, marketing strategy, and etc.

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Date of Documentation: 2015.08.03



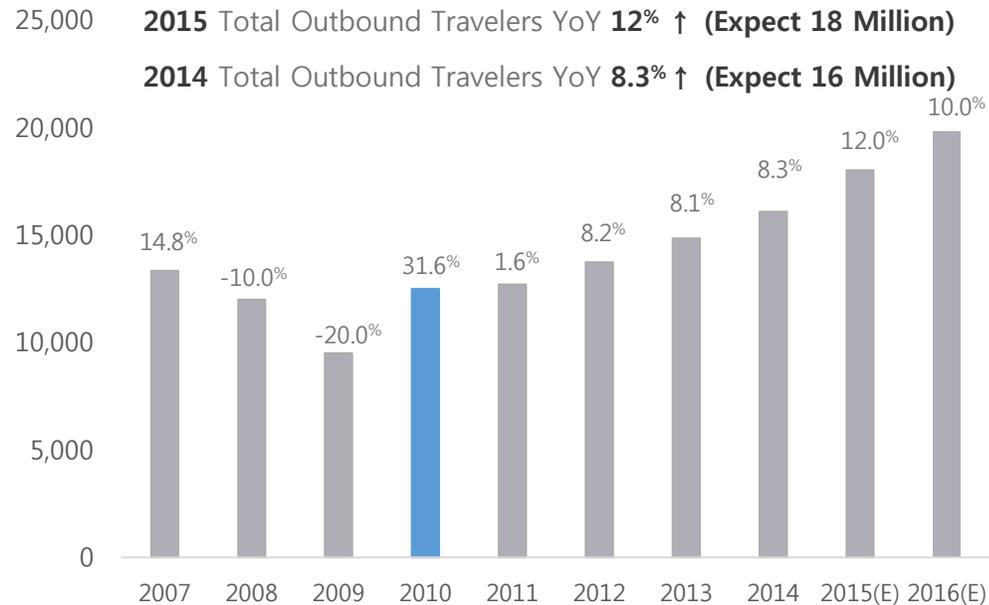
1

Out Bound

- Market Growth
- Structure of Income & Product Analysis
- Market Share
- Product Constitution

Increase in Outbound Travelers

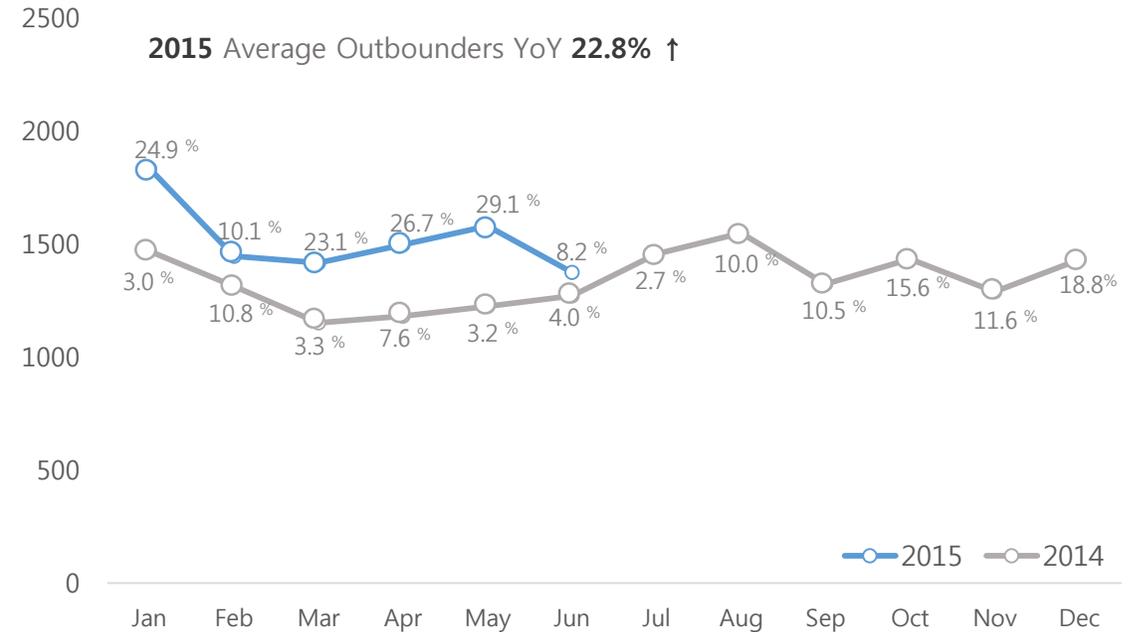
1 Total Outbound Travelers



- Citation : ~2007 - Korea Tourism Organization (Unit: 1000 people)
2015~2016 – ModeTour (Including flight attendants)
- Labels : Population Contrast in Total Outbound Travelers

2009	International Economy Drop	2013.10	Japanese radioactivity Re-issue
2011.03	Japanese Earthquake & Tsunami	2013.10	Thailand antigovernment demonstration
2011.10	Bangkok Flood	2013.11	Philippine Typhoon
2013.04	Chinese A.I	2014.04	Ship Sewol Incident

2 Monthly Transition in Total Outbounders



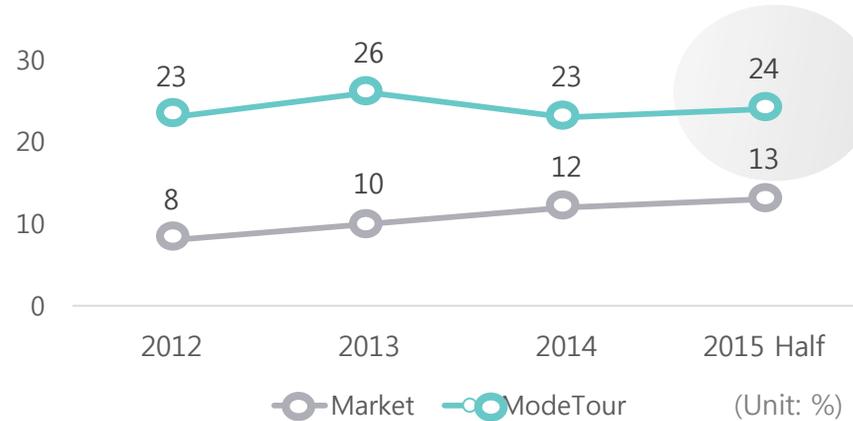
- Labels : YoY Growth (Unit: 1000 people) (Including flight attendants)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	1,468	1,312	1,150	1,180	1,223	1,270	1,455	1,547	1,321	1,432	1,288	1,430
2015	1,834	1,445	1,416	1,495	1,579	1,374						
2015 YoY	24.9%	10.1%	23.1%	26.7%	29.1%	8.2%						

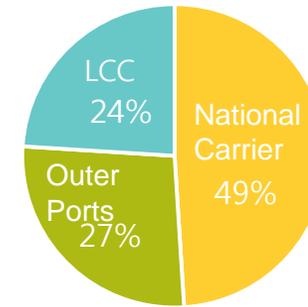
Reasons in Increase in Total Overseas Departures

1 Increase in LCC (Low Cost Carrier)

Transition in percentages of LCC within ModeTour(Package)

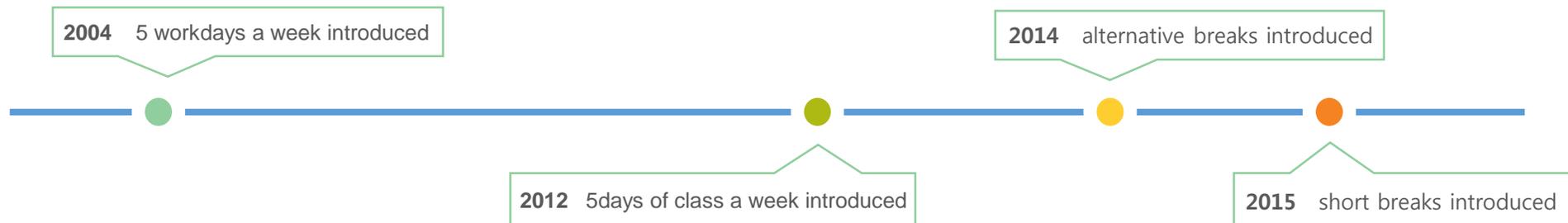


Percentage in Air flights within ModeTour in first half of 2015



- Korean LCC (Jeju Air, Jin Air, Tway Air, Eastar Air, Air Busan)
- Foreign LCC (Zest Air, Peach Aviation, Air Asia X, and etc)

2 Increase in Holidays

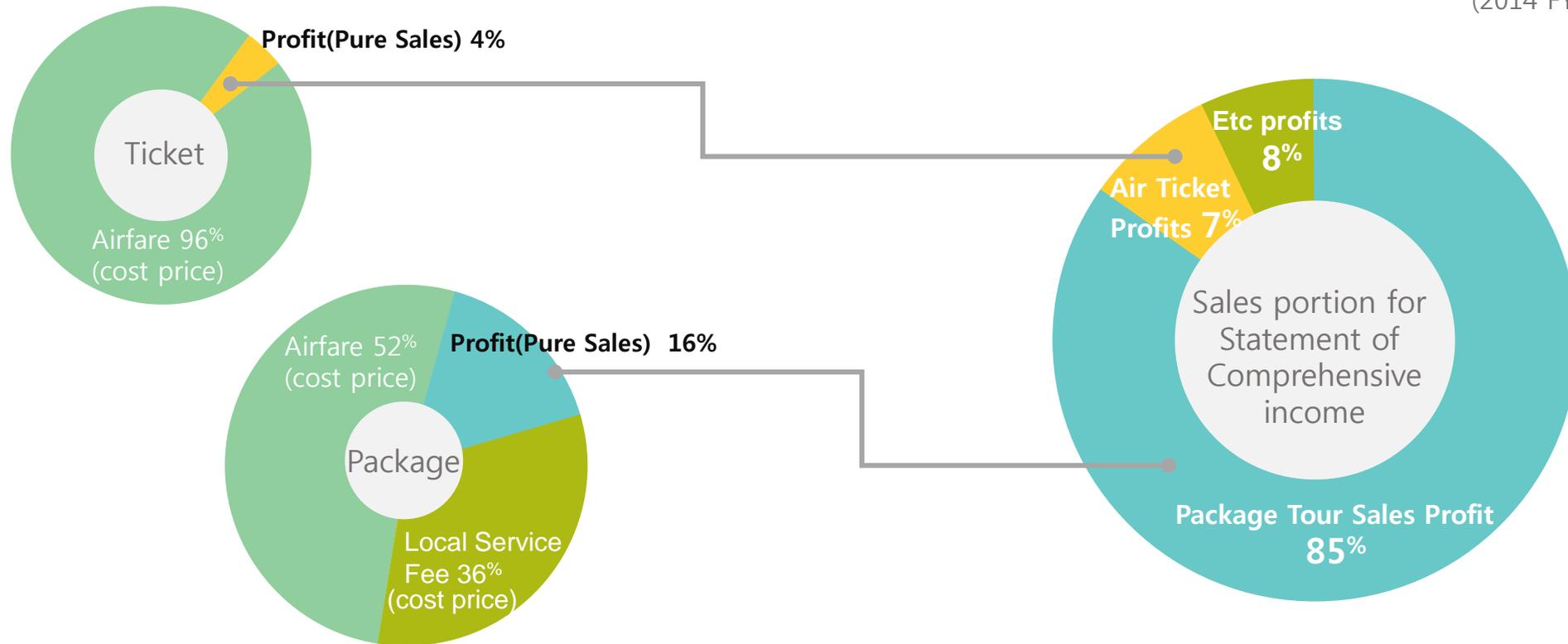


ModeTour Income Structure



ModeTour Sales Structure(Pure Sales Recognition, cost price excluded)

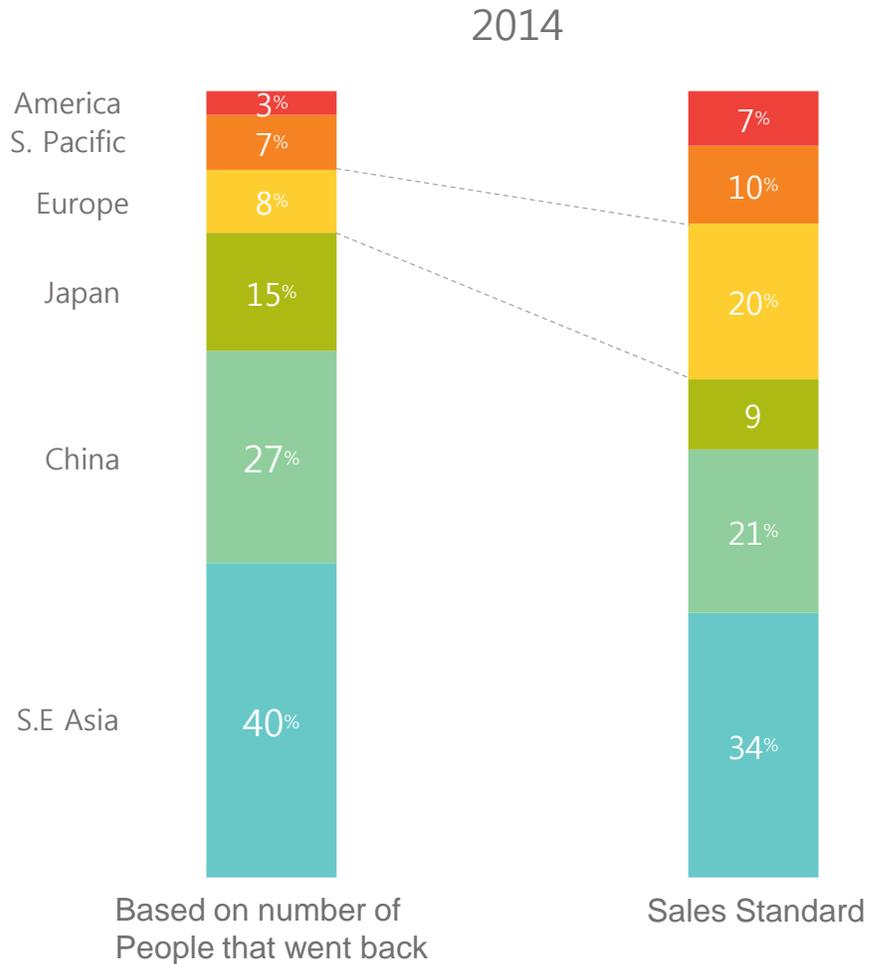
(2014 FY Standard)



- Local Service Fee : Total money needed to stay local (ex> accommodation, food, transportation, entrance fee, and etc)
- Airfare : Payment given to Airlines for flight tickets

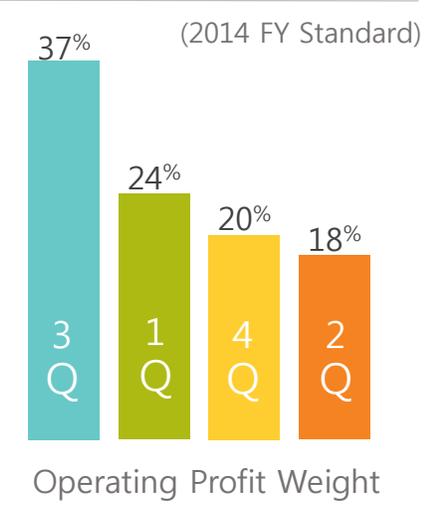
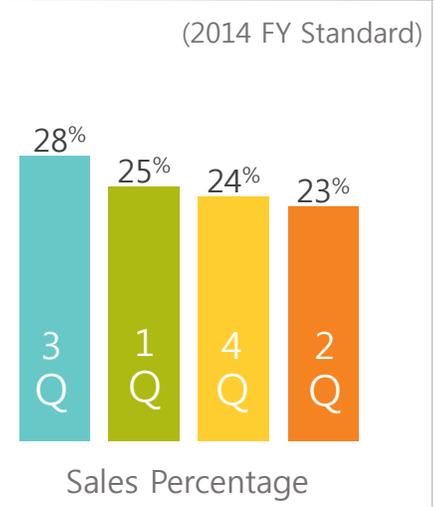
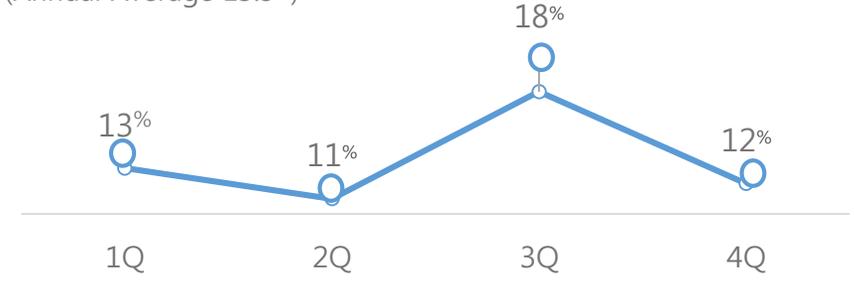
Regional Analysis of Package Products

1 Regional Significance of Package Products



2 Seasonal Change in Sales

Operating Profit Conversion Rate (2014 FY Standard)
(Annual Average 13.5%)



ModeTour Distribution Route

1 Distribution Route

Franchise Agency BP

- 699 BP(Best Partner) agencies on/offline, 156 Mart BP agencies exist (End of 2014 standard)
- Used ModeTour signs and its products only.

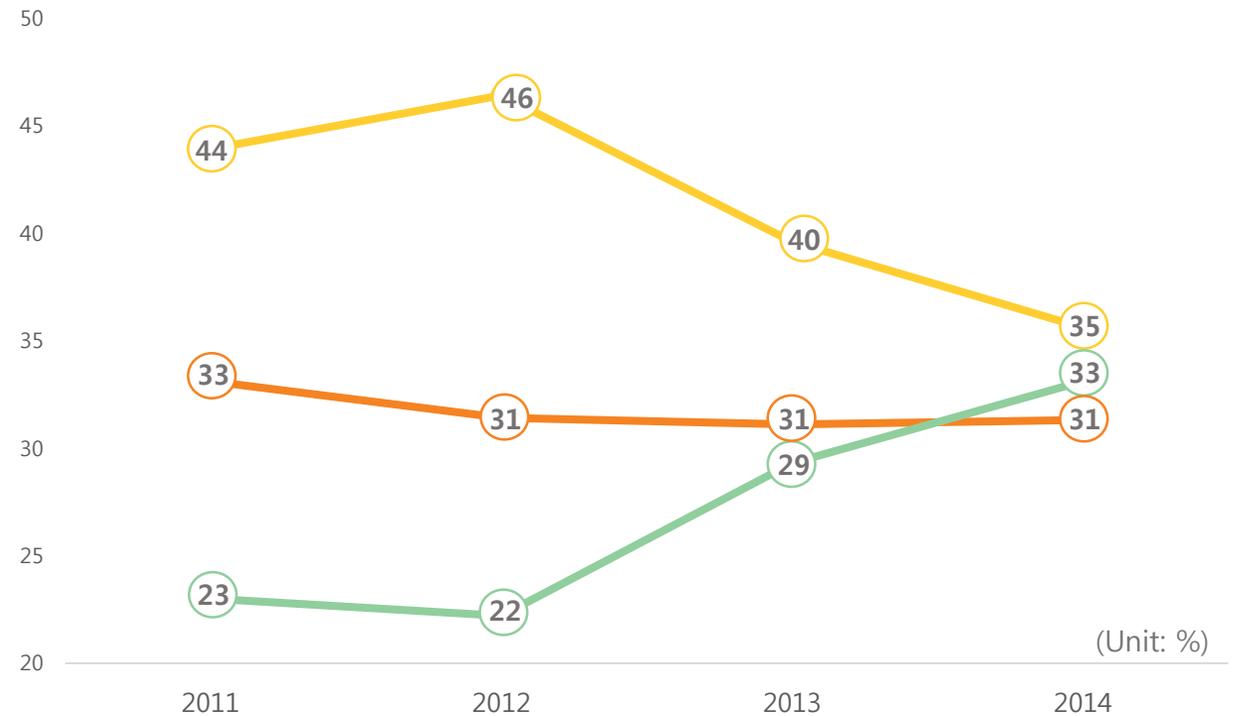
Regular Small-sized Agency

- By end of 2014, among 9,000 small-sized traveling agencies 5,300 companies made deals with ModeTour

Partnership Route

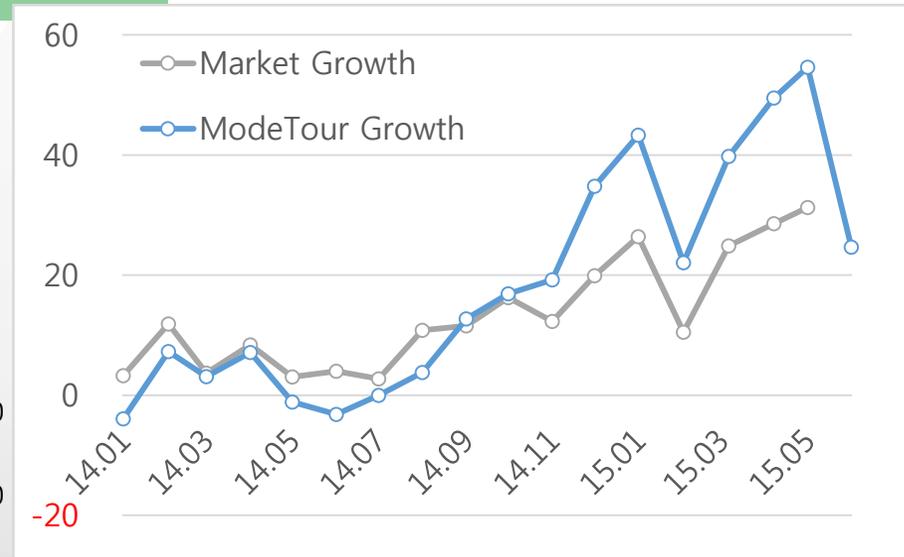
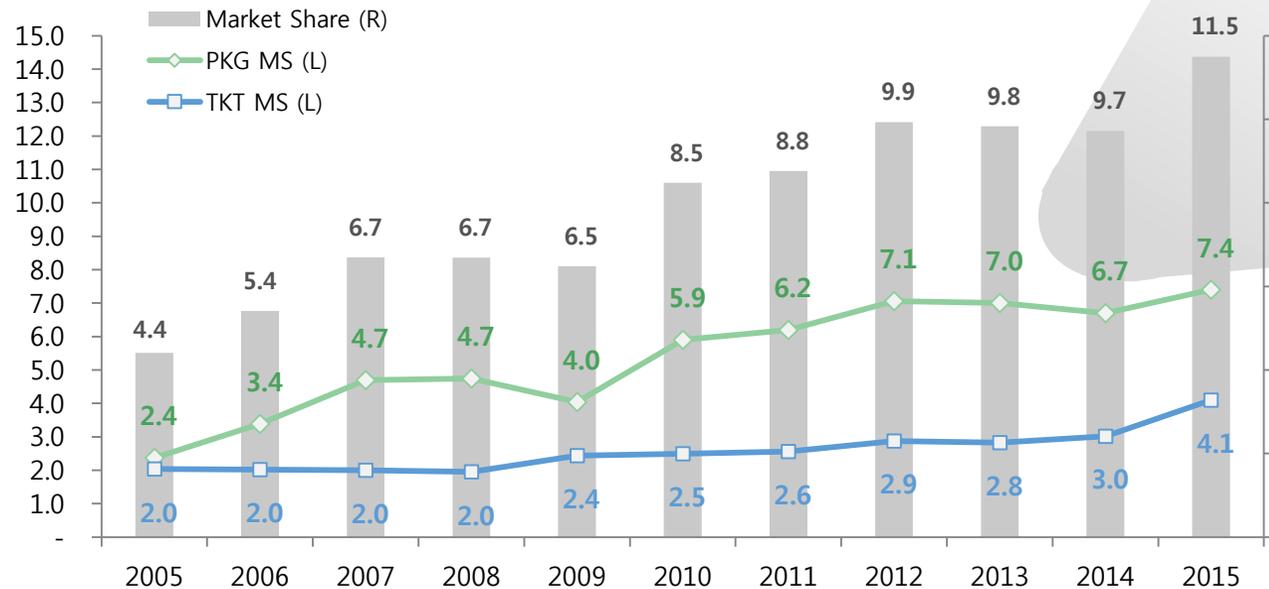
- Card companies, portal sites, mobile, social commerce

Sales Importance by Route



ModeTour Market Share

1 Contrast between Market Increase Growth of ModeTour YoY



2015 M/S Objective : 11.5%

Including subsidiaries, M/S objective : 12.5%
1.5% MS increase accomplished every year

- In case of traveling business, package and ticket market holdings are calculated based on number of people who departure. The followed total market holding rate is a simple addition of package MS and Ticket MS.

ModeTour Product Constitution

1 Package Product Constitution

(2014)	Type	What it includes	Product Characteristics	Sales %	Profit Conversion Rate	YoY
Package Product	Traditional Package		Accompanied by guide all times No free schedule	61.5 %	16 %	3.0 %
	Hybrid		Partially accompanied by guide Includes free schedule	27.1 %	16 %	15.5 %
	Airtel		Pick-up service provided Entire schedule is free	5.4 %	16 %	12.0 %
Individual	F.I.T		Air flights and accommodations are single		4 %	16.2 %

2 Increase in Air flight sales by Booking Engine change

Air Ticket Booking Engine change

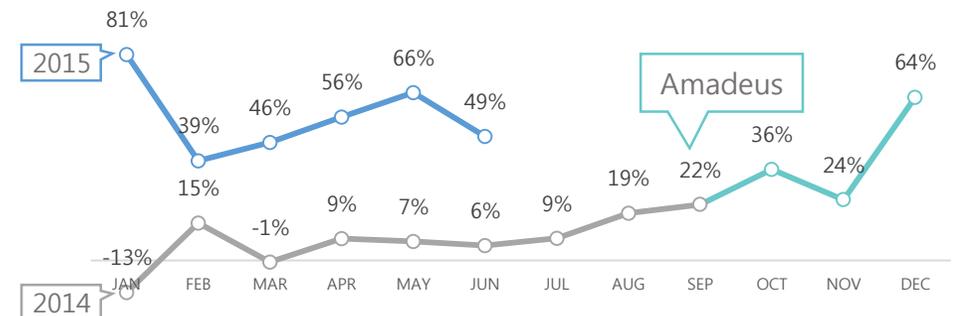


- Korean Air's self developed system (specialized for Korean Air)
- About 100 subsidiary air lines



- Global system (Holds M/S 40% of the world)
- About 700 subsidiary companies.
- Depending on system development Samsung card, C-trip, sky scanner, and etc, number of subsidiary companies will increase

Air Ticket Growth





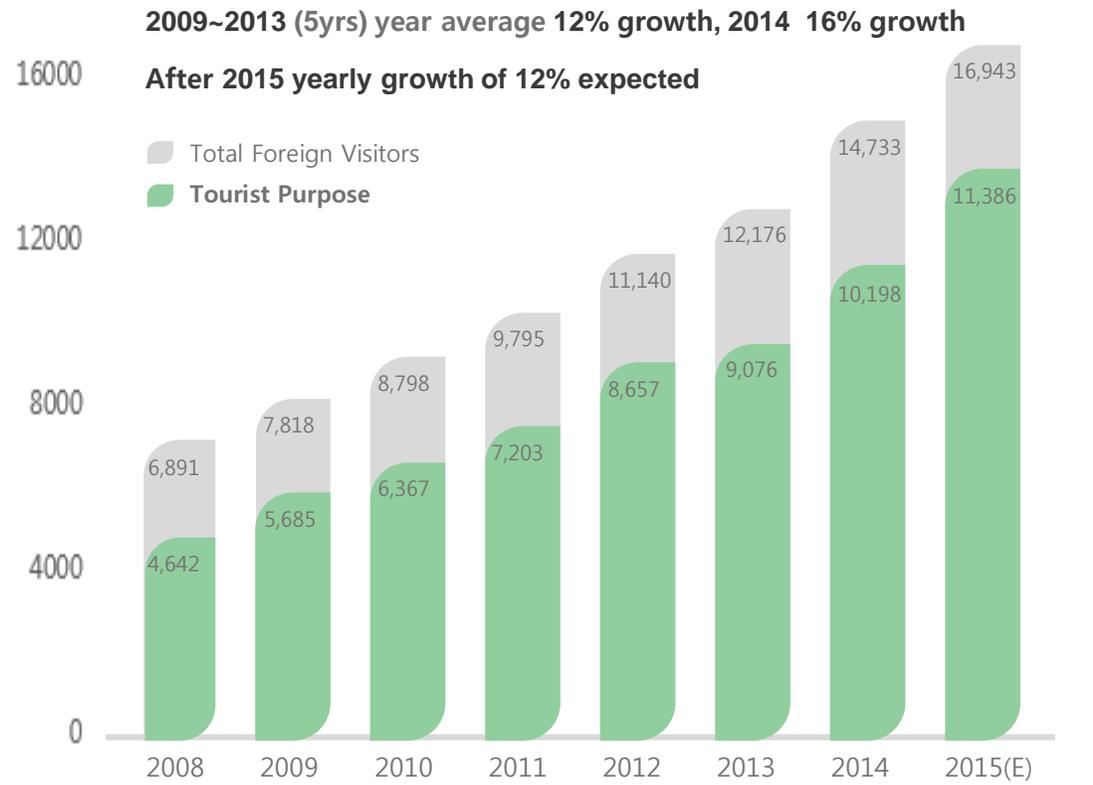
In Bound

- Market Situation
- In Bound Growth Strategy
- Hotel Business

Market Situation

1

Increase in Foreign Visitors

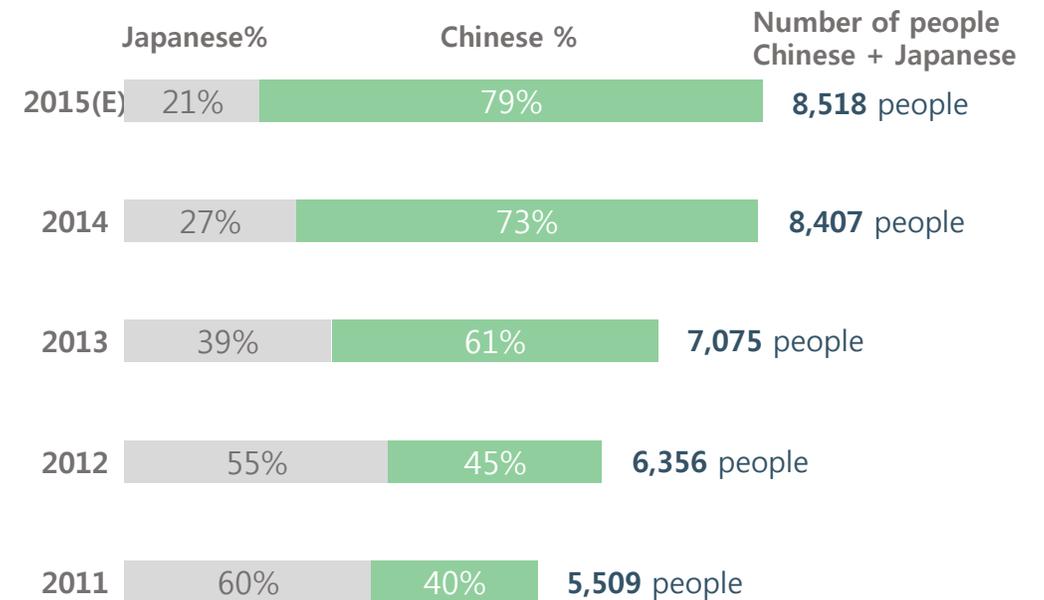


* Increase in total foreign visitors : Korea tourism organization (2000-2014)
 ModeTour international (prediction) (2015)

2

Increase in Chinese Tourists

Chinese Immigrant growth **2013 53% ↑, 2014 41% ↑**
Japanese Immigrant growth **2013 22% ↓, 2014 17% ↓**



In Bound Growth Strategy 1

1 2013 Foreigner Attraction Rank

Rank		Travel Agents	Number of People(名)			Cost (Thousand \$)		
Ppl	Money		2013	2012	Growth	2013	2012	Growth
1	1	HIS Korea	254,895	276,280	-7.7%	34,647	51,374	-32.6%
2	14	Konest	148,457	172,745	-14.1%	10,621	11,552	-8.1%
3	4	Kal Tour	142,494	217,534	-34.5%	21,467	39,480	-45.6%
4	3	ModeTour International	133,806	174,094	-23.1%	22,716	32,058	-29.1%
5	9	HanaTour ITC	114,633	117,452	-2.4%	13,739	14,755	-6.9%
6	2	Lotte JTBC	112,105	159,156	-29.6%	33,996	49,092	-30.8%
7	7	Lotte Tour	106,193	116,410	-8.8%	15,720	29,915	-47.4%
8	5	Sehan Tour	105,293	106,056	-0.7%	18,466	21,888	-15.6%
9	12	Huabang Tour	94,283	48,754	93.4%	11,353	9,547	18.9%
10	6	All Nationals Tour	81,515	121,607	-33.0%	17,592	35,400	-50.3%

2 ModeTour Strategy

Diversification of Product Structure

Package	Portion	Strategy	Profit%
Package	70 %	CUT	5 %
Incentive	30 %	Increase	15 %
M.I.C.E			20 %
F.I.T			10 %

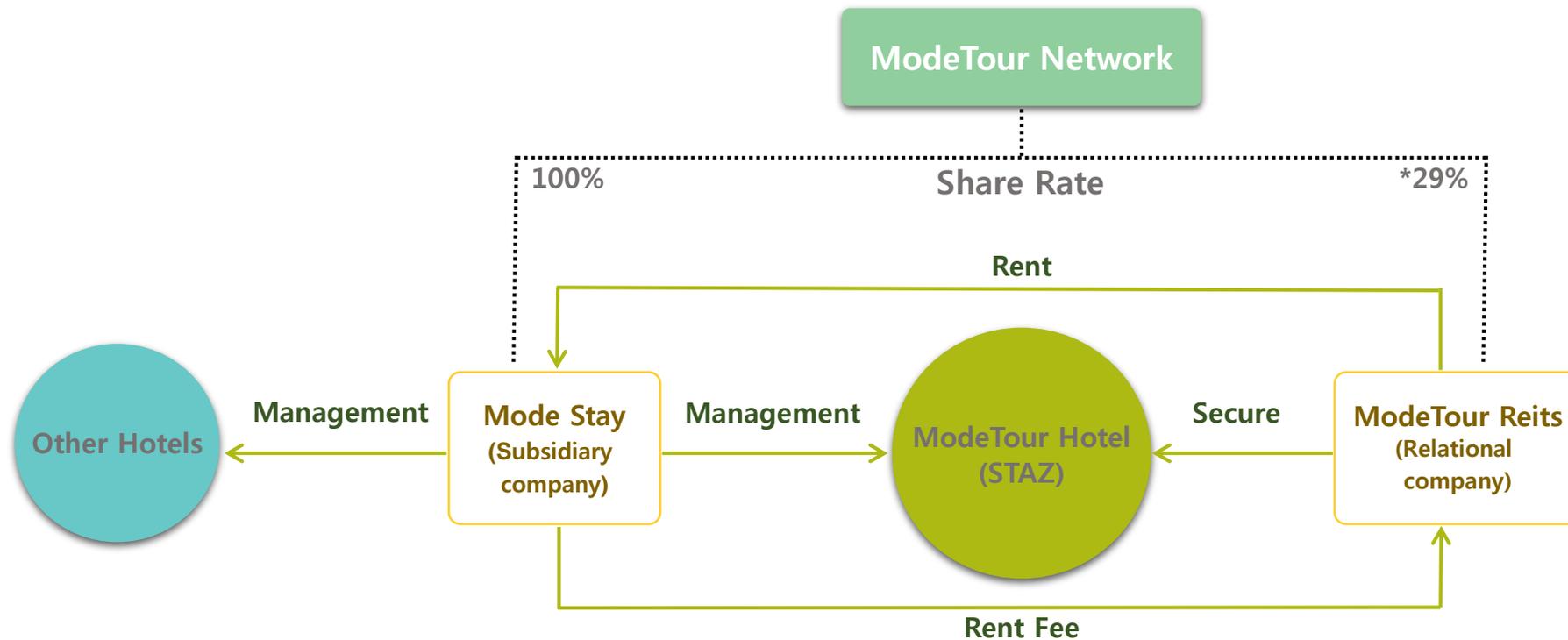
- MICE : Meeting, Incentive tour, Conference, Exhibition or Even's initials
- F.I.T : Free Individual Tour's initials

Sublate simple low profit package product

Aim high Profiting FIT, MICE, Incentive products

Inbound Growth Strategy 2 - Hotel Business

1 Mode Stay & ModeTour Reits



* Due to the Ritz Law, the number 1 shareholder cannot have more than 30%

Statuses of ModeTour Hotels

1

STAZ 1



Distinction	Content
Possession	ModeTour Ritz
Management	ModeStay
Location	Seoul (Center)
Level	Business
Rooms	150
O C C	90%

2

STAZ 2



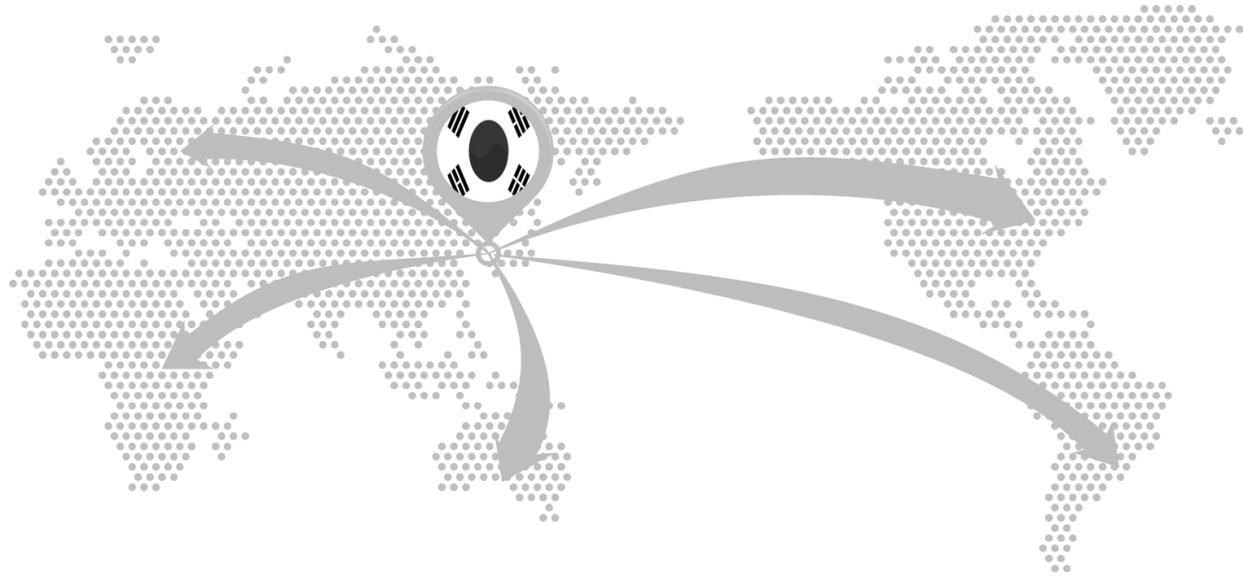
Distinction	Content
Possession	ModeTour Ritz
Management	ModeStay
Location	Seoul (Center)
Level	Business
Rooms	174
O C C	90%

3

ROBERO



Distinction	Content
Possession	ModeTour Network
Management	Mode Tourism Development
Location	Jeju (New Airport)
Level	Business
Rooms	113
O C C	90%



3

Others

- Subsidiary Company
- Composition of Shareholders and Payout Ratio

ModeTour Network Subsidiary Companies

1 MODETOUR INTERNATIONAL CO., Ltd

Share Rate
67.50%

Established
June 2008

Inbound travel
business

2 JaUTOUR CO., Ltd

Share Rate
80.00%

Established
August 1993

B2C Outbound
travel business

3 MODESTAY INC.

Share Rate
100.0%

Established
June 2014

Hotel Management

4 MODETOUR REITS

Share Rate
29.21%

Established
January 2014

Business hotel
real estate business

5 SEOUL HOTEL & TOURISM VACATIONAL TRAINING COLLEGE

Share Rate
100.0%

Established
June 2011

Training Tourism
Professional

6 MODE DEVELOPMENT OF TOURISM

Share Rate
100.0%

Established
April 2012

Manage Robero hotel

7 CRUISE INTERNATIONAL INC

Share Rate
89.92%

Established
May 2000

sole distributor
for cruise

8 MODETOUR H&D

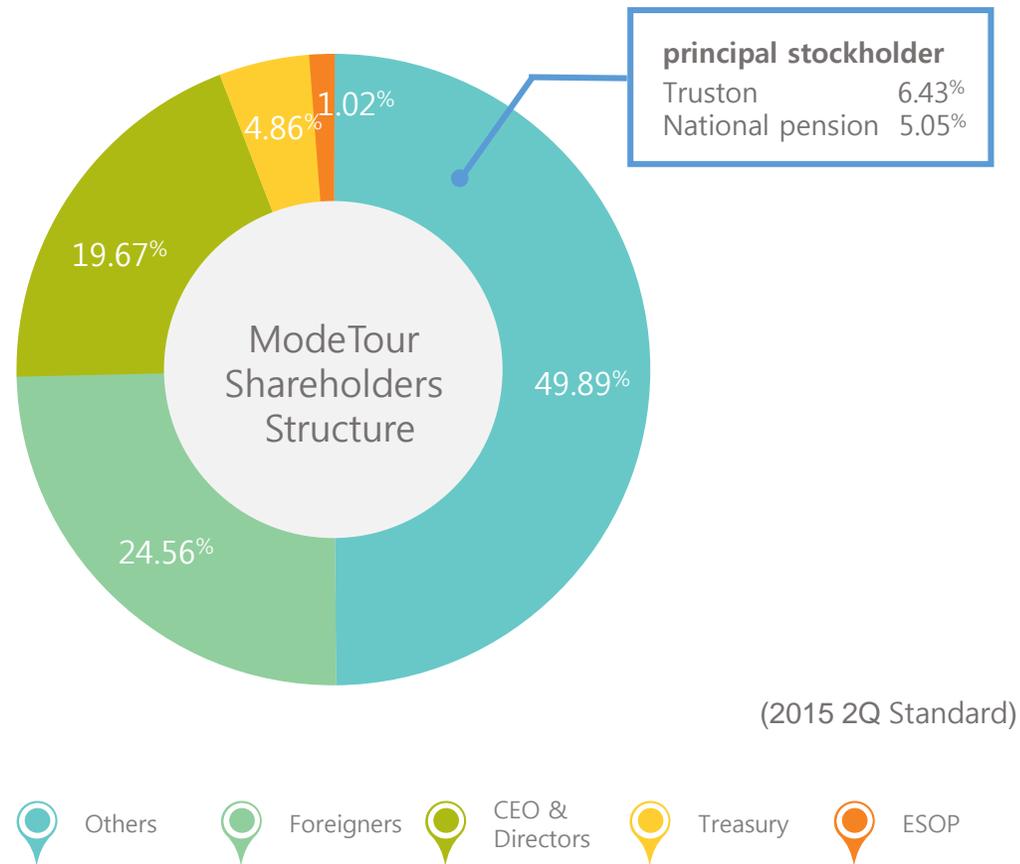
Share Rate
84.62%

Established
September 2008

Domestic Hotel
booking

Composition of Shareholders and Payout Ratio

1 Composition of Shareholders



2 Payout Ratio

Last five years distribution rate maintained/increased
After 2015, 35% or more expected





4 Finance

- Financial information
- Consolidated financial statements
- Stand alone financial statements

Financial information

1 Growth (%)



(Unit %)	FY14	FY13	FY12
Growth Rate of Sales	12.06	6.58	10.32
Growth Rate of Assets	47.26	2.39	9.70
Growth Rate of Net Income	-8.09	13.44	27.88

3 Profitability



(Unit %)	FY14	FY13	FY12
Ratio of Operating Profit to Net Sales	10.09	10.75	15.42
Ratio of Net Income to Net Sales	8.52	10.39	12.80
ROE	12.87	17.01	20.95

2 Stability (%)



	FY14	FY13	FY12
Liabilities Ratio	105.7	69.7	76.7
Debt Dependence Ratio	16	1	0
Current Ratio	157.2	206.5	210.4

4 Activity



	FY14	FY13	FY12
Turnover Ratio of Assets	0.73	0.96	0.93
Receivables Turnover	5.97	5.38	4.40

Statement of Comprehensive Income

(Unit: million KRW)

	2015			2014	
	2Q	Ratio to GP&OI	YoY(%)	2Q	Ratio to GP&OI
Revenues	43,799		23.1	35,568	
Air Ticket Sales Revenues	3,986	9.1%	55.0	2,572	7.2%
Package Tour Sales Revenues	35,935	82.0%	18.4	30,338	85.3%
Other Revenues	3,879	8.9%	45.9	2,658	7.5%
Operation Expenses	37,523	85.7%	18.3	31,725	89.2%
Salaries	12,130	27.7%	13.9	10,647	29.9%
Depreciation cost	329	0.8%	3.5	318	0.9%
Commission Fees	17,655	40.3%	15.0	15,358	43.2%
Other Expenses	7,409	16.9%	37.2	5,402	15.2%
Operating Profit	6,277	14.3%	63.3	3,843	10.8%
Non-operating Incomes	578	1.3%	- 9.3	637	1.8%
Non-operating Expenses	1,313	3.0%	62.2	809	2.3%
Income Before Taxes	5,542	12.7%	51.0	3,671	10.3%
Taxes	1,312	3.0%	27.4	1,029	2.9%
Net Income	4,230	9.7%	60.2	2,641	7.4%

Statement of Comprehensive Income

(Unit: million KRW)

	2015 Half	2014	2013	2012	2011	2010	2009	2008
Revenues	90,646	155,222	142,915	132,787	121,046	117,086	61,375	83,265
Air Ticket Sales Revenues	8,083	10,861	9,623	11,929	14,225	22,874	19,361	25,974
Package Tour Sales Revenues	76,029	131,657	123,615	113,150	99,455	88,875	38,814	53,811
Other Revenues	6,535	12,704	9,677	7,708	7,366	5,337	3,200	3,480
SG&A Expense	77,234	134,120	123,210	111,636	104,410	97,658	61,139	82,347
Operating profit	13,412	21,102	19,705	21,151	16,636	19,427	236	918
Non-operating Income	1,057	5,778	4,181	1,299	1,660	4,146	3,391	4,411
Non-operating Expense	1,486	3,169	841	2,018	1,767	2,756	2,130	4,074
Net Income Before Taxes	13,659	23,711	23,045	22,450	18,296	20,818	1,497	1,255
Taxes	3,223	5,749	5,227	5,190	5,040	4,807	283	636
Net Income	10,435	17,961	17,819	17,260	13,256	16,011	1,214	619
Earnings Per Share (KRW)	869	1,425	1,335	1,411	1,083	1,852	151	75
Payout Ratio (%)	35.80	35.80	33.63	31.66	30.3	30.1	33.1	25.9

Consolidated Statement of Financial Position

(Unit: million KRW)

	2014	2013	2012	2011	2010	2009	2008
Current asset	91,624	110,415	108,133	104,349	113,524	78,441	47,801
Non-current asset	67,857	37,047	35,195	24,679	10,566	7,720	26,957
Total asset	159,481	147,490	143,328	129,028	124,090	86,161	74,758
Current liabilities	53,117	52,204	51,839	48,418	51,865	31,111	21,810
Non-Current liabilities	1,874	5,201	9,550	9,479	6,375	4,809	3,760
Total liabilities	54,991	57,406	57,897	57,897	58,240	35,921	25,570
Issued capital	6,300	6,300	6,300	4,200	4,200	4,200	4,200
Treasury shares	-15,022	-14,866	-10,744	-8,081	-8,081	-8,081	-8,081
Retained earnings	85,244	70,733	58,465	44,979	39,697	24,088	23,035
Other equity	203	152	152	152			
Total equity	104,490	90,084	71,131	71,131	65,849	50,241	49,188

Consolidated Statement of Comprehensive Income

(Unit: million KRW)

	2015 half	2014	2013	2012	2011
Revenues	99,962	164,688	146,960	137,890	124,989
Prime Cost	4,139	3,863	1,530	1,167	-
Gross Profit on Sales	95,823	160,825	145,430	134,723	124,989
Operation Expenses	84,412	144,212	129,638	115,458	108,832
Operating Profit	11,411	16,613	15,793	21,265	16,157
Non-operating Incomes	3,068	6,433	6,441	4,656	5,008
Non-operating Expenses	1,096	3,900	2,171	2,925	2,099
Income Before Taxes	13,655	19,300	20,092	22,996	19,065
Taxes	4,024	5,262	4,819	5,352	5,268
Net Income	9,630	14,038	15,273	17,644	13,798
Earnings per share for owners of parent	9,739	15,343	16,098	17,575	13,553
Non-controlling interests	-108	-1,305	-824	69	245
Other comprehensive income	431	-915	-88	256	-480
Total comprehensive income	10,061	13,123	15,185	17,899	13,318
Earnings per share	811	1,278	1,335	1,400	1,095

Consolidated Statement of Comprehensive Income

(Unit: million KRW)

	2015			2014	
	2Q	Ratio to GP&OI	YoY	2Q	Ratio to GP&OI
Revenue	49,603		36.1%	36,446	
Prime Cost	2,168	4.4%	388.6%	444	1.2%
Gross Profit on Sales	47,435	95.6%	31.8%	36,002	98.8%
SG&A Expense	42,277	85.2%	24.8%	33,871	92.9%
Salaries	14,335	28.9%	27.6%	11,234	30.8%
Commission Fees	18,362	37.0%	17.5%	15,629	42.9%
Other Expenses	9,580	19.3%	36.7%	7,008	19.2%
Operating Profit	5,158	10.4%	142.1%	2,131	5.8%
Non-operating Incomes	1,760	3.5%	56.4%	1,125	3.1%
Non-operating Expenses	602	1.2%	-2.6%	618	1.7%
Income Before Taxes	6,262	12.6%	133.3%	2,685	7.4%
Taxes	2,227	4.5%	157.0%	866	2.4%
Net Income	4,035	8.1%	121.9%	1,818	5.0%

Consolidated Statement of Comprehensive Income

(Unit: million KRW)

	2015			2014	
	2Q	Ratio to GP&OI	YoY	2Q	Ratio to GP&OI
Revenue	49,603		36.1%	36,446	
Prime Cost	2,168	4.4%	388.6%	444	1.2%
Gross Profit on Sales	47,435	95.6%	31.8%	36,002	98.8%
SG&A Expense	42,277	85.2%	24.8%	33,871	92.9%
Salaries	14,335	28.9%	27.6%	11,234	30.8%
Commission Fees	18,362	37.0%	17.5%	15,629	42.9%
Other Expenses	9,580	19.3%	36.7%	7,008	19.2%
Operating Profit	5,158	10.4%	142.1%	2,131	5.8%
Non-operating Incomes	1,760	3.5%	56.4%	1,125	3.1%
Non-operating Expenses	602	1.2%	-2.6%	618	1.7%
Income Before Taxes	6,262	12.6%	133.3%	2,685	7.4%
Taxes	2,227	4.5%	157.0%	866	2.4%
Net Income	4,035	8.1%	121.9%	1,818	5.0%

thank
thank
you!