

THE HYUNDAI

June 2017

Disclaimer

This presentation contains past, present, forward-looking statements of Hyundai Department Store & affiliates.

Forward-looking statements can change by business circumstances. So you must not invest based on this material and also we can not take responsibility of your decision.

Thank you.





Hyundai Department Store Co., Ltd.

1. Overview & Strategy

- HDS Group Business portfolio
- HDS Corporate Governance
- HDS Strategy (Growth / Efficiency Enhancement)
- New Store & Expansion Plan

1. HDS Group Business Portfolio (1)





(Unit : KRW bn, %)

	Major Business	FY'16 Financial Data			NOTE								
		Sales	sales portion (%)	Recurring Profit									
HDS Group		12,612		832									
Department Store					※ <u>FTC company</u> ※ <u>ranking for 2016</u> <table><tr><td>Sales</td><td>24th</td></tr></table> <table><tr><td>NP</td><td>14th</td></tr></table> <table><tr><td>Asset</td><td>23th</td></tr></table> <table><tr><td>Debt ratio</td><td>3rd</td></tr></table> (excl.state-owned companies)	Sales	24th	NP	14th	Asset	23th	Debt ratio	3rd
Sales	24th												
NP	14th												
Asset	23th												
Debt ratio	3rd												
	<ul style="list-style-type: none">• 15 Department Branches• 4 Outlets (2 Premium, 2 City type)• Online Business<ul style="list-style-type: none">- thehyundai.com (HDS's own online platform)- Hmall, Cjmall, 11st etc	5,372	42.6	438									
Home Shopping													
	<ul style="list-style-type: none">• TV home shopping• Online Business (www.hmall.com)• Overseas Business<ul style="list-style-type: none">- Shanghai, Vietnam, Thailand• Subsidiary Hyundai Rental Care	2,656	21.1	149									
Green Food													
	<ul style="list-style-type: none">• General food company<ul style="list-style-type: none">- catering, food distribution, retail (food courts, restaurant, bakery etc), whole sale business	1,554 *Non-consolidated	12.3	74									
HCN													
	<ul style="list-style-type: none">• TV broadcasting Operator (MSO)- Cable system operating, VOIP etc.	292	2.3	53									

*Figures (HDS, HCN, Handsome, Livart) are in consolidated basis

1. HDS Group Business Portfolio (2)

(Unit : KRW bn, %)

	Major Business	FY'16 Financial Data			NOTE
		Sales	Sales Portion (%)	Recurring Profit	
HDS Group		12,612		832	* Took over SK network fashion division ('17.02.28)
Handsome					
	<ul style="list-style-type: none"> • Distinctive fashion leading company • Design, market and retail fashion brands - Time, Mine, System, SJSJ, Obzee, O'2nd etc. • Launch and nurture imported fashion brands - Chloe, Bally, Jimmy Choo etc. 	712	5.6	77	
Livart					
	<ul style="list-style-type: none"> • Furniture company manufacturing home / office / apartment furnitures 	736	5.8	45	
H&S , Dreamtour					
	<ul style="list-style-type: none"> • H&S - general B2B service company - supply industrial material / uniform etc. • Dreamtour - B2B travel agency - main customers : Hyundai motors, Hyundai Heavy Industries etc. 	545	4.3	17	
Others					
	<ul style="list-style-type: none"> • Everdigm - produce construction equipments - ex. Concrete Pumps, Tower Cranes, Attachments etc. • Hyundai LED - specialize in LED business. products are widely used as commercial / industrial / landscapes / Sign lighting 	761	6.0	68	

*Figures (HDS, HCN, Handsome, Livart) are in consolidated basis

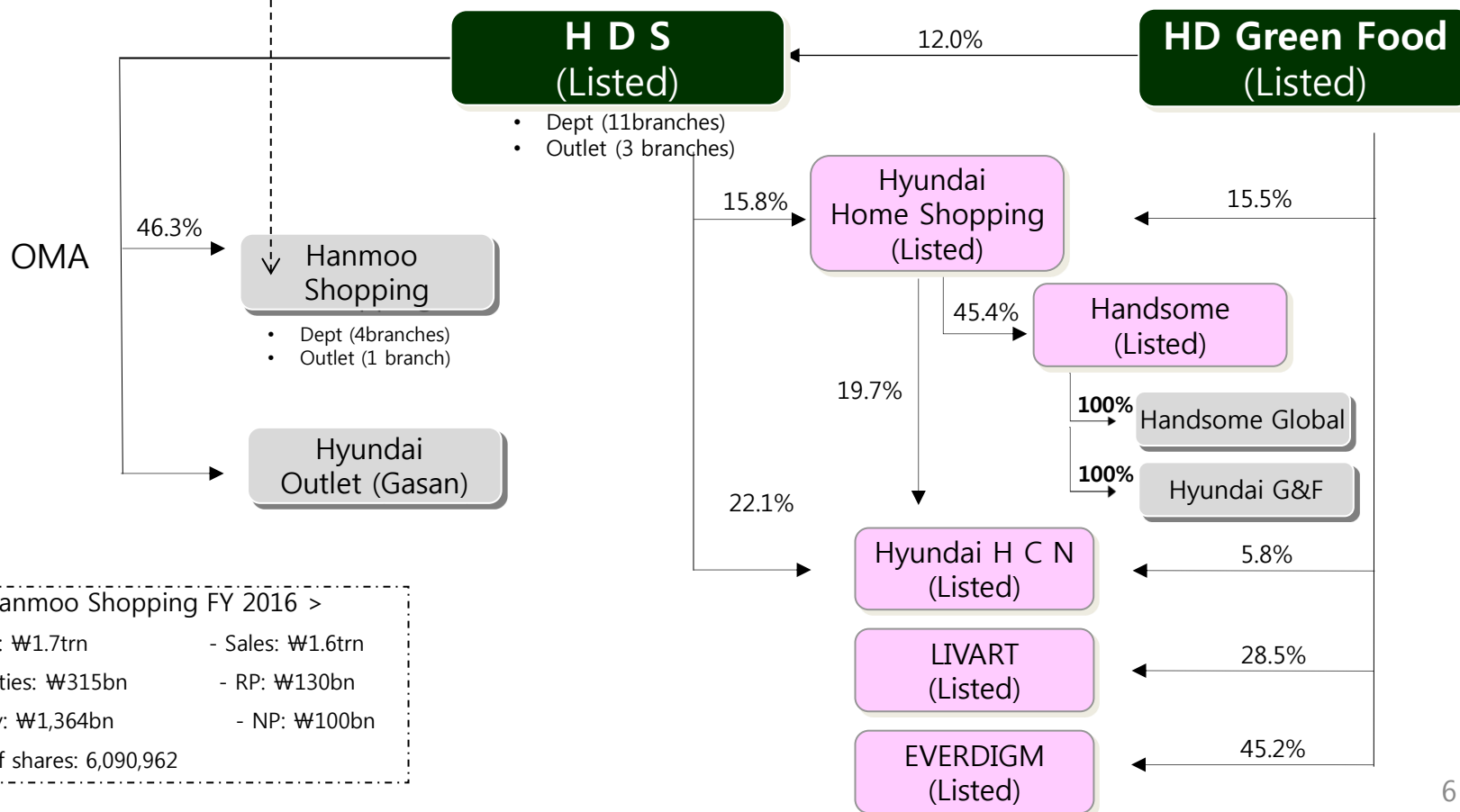
2. Corporate Governance

- HDS: 46.3%
 - Hyundai Shopping: 8.5%
 - Major (Chung Mong Keun): 10.4%
 - KITA: 33.4%
(Korea International Trade Association)
- 65.2%

※ OMA (Operating Management Agreement)

: HDS gets 10% of EBITDA as an OMA-fee

※ HHS' holding stake in Handsome(45.4%) includes Handsome's treasury stock(10.8%)



3. HDS Overview

Hyundai Department Store

● Profile

- Establishment : 1971
 - Listing : 1989
 - Paid in capital : W117bn
 - Number of shares : 23,402,441 shares
 - Market capitalization: W2.6trn (As of May. 2017)
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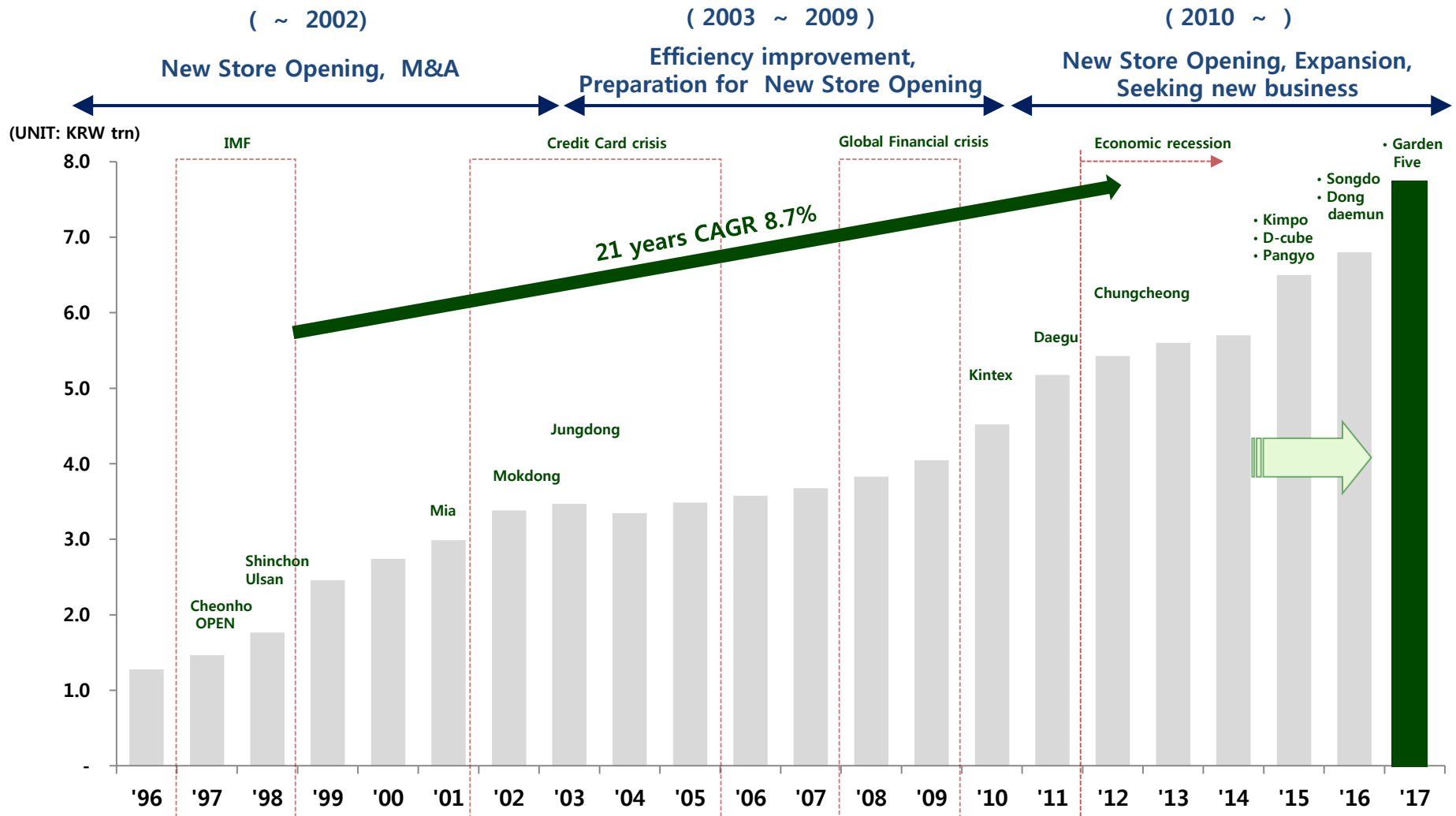
● Key Financial

- Total assets: W6,587bn
 - Gross sales: W5,373bn (managerial accounting W7,320bn)
 - Operating profit : W403bn (managerial accounting W386bn)
 - Net profit : W323bn
-

● Shareholder Composition

- Chung family & HDS affiliates: 40.3%
 - Foreign: 31.2% (12 months high/low 37.0%(Aug.16) / 29.9%(Mar.17))
 - Others: 28.5%
-

5. Growth Strategy



6. New Store & Expansion Plan

- New Store Details

Store	Details
Garden Five City Outlet (HDS)	
	<ul style="list-style-type: none"> • Opened date : 26th May. 2017 • Capex : ₩48bn (incl. deposit 12bn) • Initial Year Sales target : ₩198bn • Selling Space : 43,890m² * rent based, lease valid for 10yrs
Dae jeon Premium Outlet (HDS)	
	<ul style="list-style-type: none"> • Opening year : 2019 • Capex : ₩263bn • Initial Year Sales target : ₩230bn • Selling Space : 42,900m²
Jin geon Premium Outlet (Hanmoo)	
	<ul style="list-style-type: none"> • Opening year : 2019 • Capex : ₩363bn • Initial Year Sales target : ₩300bn • Selling Space : 60,803m²

Store	Details
Dongtan City Outlet (HDS)	
	<ul style="list-style-type: none"> • Opening year : 2019 • Capex : ₩16bn • Initial Year Sales target : ₩127bn • Selling Space : 29,700m² * rent based, lease valid for 20yrs
Parc 1 (HDS)	
	<ul style="list-style-type: none"> • Opening year : 2020 • Capex : ₩114bn (incl. deposit 28bn) • Initial Year Sales target : ₩600bn • Selling Space : 85,800m² * rent based, lease valid for 20yrs
Cheonho Department Store Expansion (HDS)	
	<ul style="list-style-type: none"> • Completion date : Dec. 2018 <ul style="list-style-type: none"> - construction : May. 2014 - Dec. 2017 - MD renewal : Jan. 2017 - Nov. 2018 • CAPEX : ₩225bn • Selling Space : 35,640m²→47,190m²

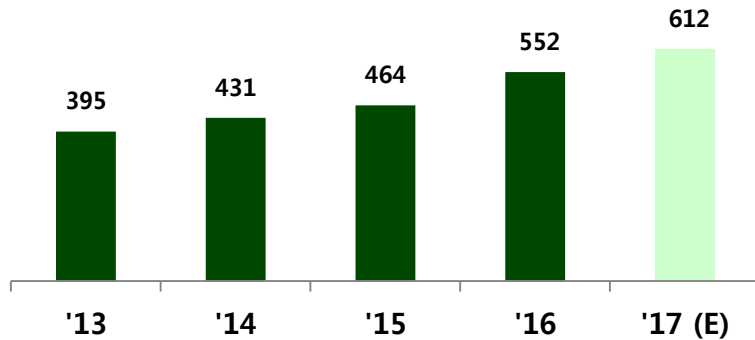
2. Appendix

- HDS Online Business
- In-house card customer trend
- Product Mix



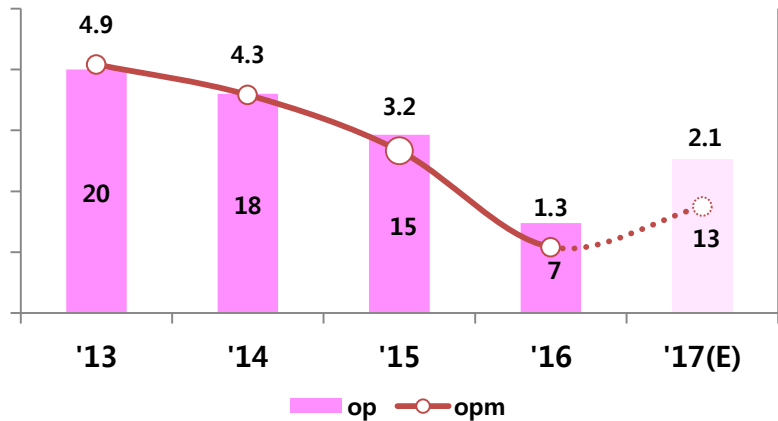
- Annual sales trend of HDS online business

(Unit: KRW bn)



- Annual Operating Profit trend of HDS online business

(Unit: KRW bn)



THE HYUNDAI



화장품 명품/잡화 여성패션 영계주얼 남성패션 잔-이지 유아동/문화 스포츠/레저 리빙/가전 식품 | ♥더드림딜샵 스토어북 매거진

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화장품

화장품

스킨케어
메이크업
바디/헤어케어
기능성케어
향수/관물
미용기기/용품
남성화장품
BRAND 매장



-Special Features / Strategies

● % of Online Sales

%	'14	'15	16	'17 (E)
HDS	7.6	7.3	7.5	7.7

● Continuously increasing no. of partner site

- Hmall (2004), Cjmall (2010), Gssshop (2014), 11th street (2012), Naver (2013) etc.

● Increase online sales through theHyundai.com

- opened in Jan.2016, Sales target for 2017 75bn won

✂ Product Mix

