

Hyundai Department Store (069960)

Aug 2018

IR contact : Seankim@hyundaihmall.com

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.

※ Recent Performance

[Sales / Operating Profit Growth Trend]

| | 'FY 16 | | 'FY 17 | | | | 'FY 18 | |
|-------------------------|--------|-------|--------|--------|--------|-------|--------|------|
| | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Sales Growth | 6.5% | 2.8% | 8.0% | ▲3.1% | ▲0.3% | 1.0% | ▲1.5% | 2.3% |
| Operating Profit Growth | 17.0% | ▲7.2% | 35.3% | ▲11.3% | ▲15.1% | ▲3.6% | ▲25.8% | 9.1% |

[Sales / Operating Growth Trend, after excluding last year's one-off]

| | 'FY 16 | | 'FY 17 | | | | 'FY 18 | |
|-------------------------|--------|-------|--------|--------|--------|-------|--------|-------|
| | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Sales Growth | 6.5% | 2.8% | ▲0.9% | ▲4.0% | ▲0.3% | 1.0% | 1.4% | 2.6% |
| Operating Profit Growth | 17.0% | ▲7.2% | ▲4.5% | ▲16.6% | ▲15.1% | ▲3.6% | 5.1% | 15.9% |

※ one-off in 2017 : HDS received tax refund of 41bn in 1Q17, 4bn in 2Q17

☞ Due to the high growth in luxury and household goods segment both sales and profit continuously showed growth in 2Q18

※ New Store & Expansion Opening Plan

[New Store Opening]

| | | Type | Opening Year | Sales Target | Selling Space | CAPEX | Rent / owned |
|--------|---------------|---------|--------------|--------------|---------------|----------|--------------|
| Outlet | Dae Gu | City | 2018 | 120bn | 8,627py | 16bn | Rent |
| | Namyangju | Premium | 2020 | 345bn | 18,075py | 380bn | Owned |
| | DaeJeon | Premium | | 245bn | 15,000py | 280bn | Owned |
| | | Dongtan | City | 2021 | 140bn | 11,000py | 26bn |
| Dept | Parc1 (Seoul) | Dept | 600bn | | 26,000py | 110bn | Rent |
| Total | | | | 1,450bn | 78,702py | 812bn | |

[Expansion Store Opening]

| | | Opening Month | Selling Space | | | Capex |
|--------|-----------|---------------|---------------|----------|------------|-------|
| | | | before | after | difference | |
| Dept | Kintex | April.2018 | 11,408py | 12,326py | 918py | 29bn |
| | Cheon ho | Dec.2018 | 10,800py | 16,100py | 5,300py | 249bn |
| Outlet | Kimpo P/O | Aug.2018 | 11,657py | 15,857py | 4,200py | 77bn |
| Total | | | | | 10,418py | 356bn |

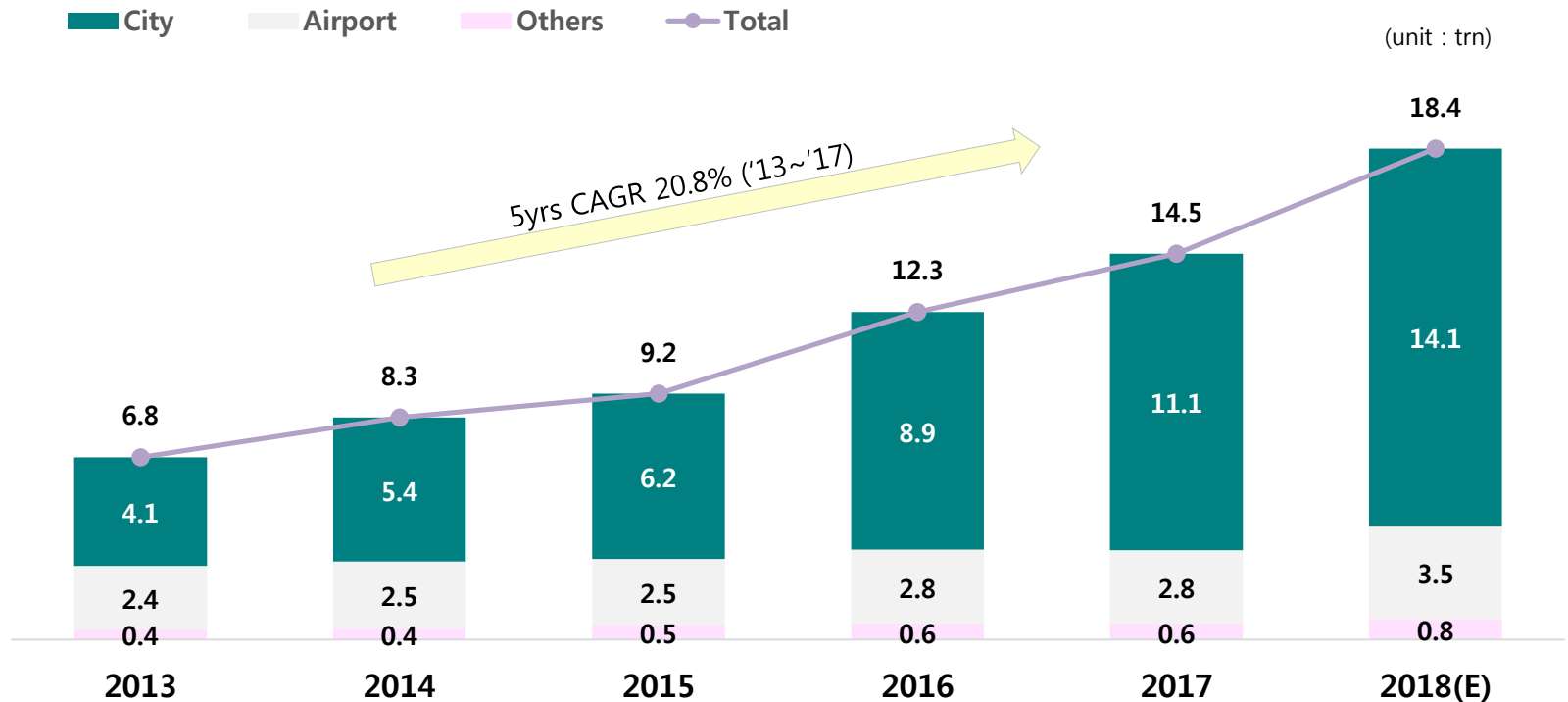
👉 Planning to add 5 new stores (1 dept, 4 outlets)
 From 2022, HDS will be able to operate 24 stores (16 dept , 8 Outlets)



Hyundai Department Store Duty Free

1. Duty Free Market

1) Sales trend of DFS

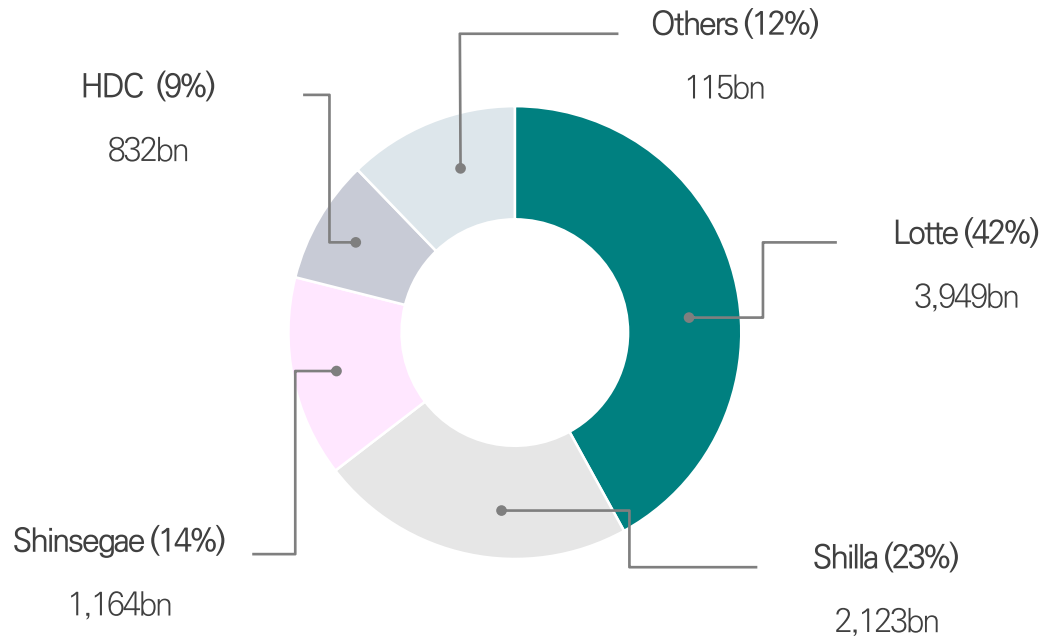


※ source : Korea Duty Free Shops Association, Korea Investment Securities data

👉 Korean DFS market size is 14.5trn and is continuously showing high growth
HDS is planning to enter the city DFS market because the city DFS accounts about 80% of the total DFS market and shows the highest growth

1. Duty Free Market

2) City DFS market share (2017)



※ source : Korea Duty Free Shops Association
Shinsegae sales refers to Shinsegae Myeong Dong DFS sales

☞ In current city DFS market, Lotte / Shilla / Shinsegae is the major player and they take about 75% of the M/S
Shinsegae after entering the market in 2016, quickly increased its sales and M/S

2. HDS Duty Free Overview



| | |
|------------------------|----------------------------------------------------------------------------------------------------------------|
| Opening | Nov. 2018 |
| Location | 8~10F of COEX branch 8F High-end Luxury 9F Cosmetics, Fashion, Accessories 10F Souvenir, Food etc |
| Space | Patent 4,237pyeong (14,005m ²) Selling 3,300pyeong (10,902m ²) |
| Capex | W200bn *working capital 110bn, interior 66bn, IT 10bn, etc 15bn |
| Rent fee | W10bn per year |
| Tourism Infrastructure | COEX, SMTOWN, Casino, Hotel Hyundai Motors GBC (2021) Youngdong road basement development plan (2023) |

3. Location (1)

“NEW” Gangnam cluster will be created

※ City DFS Location

