

## Part 4 Growth Strategy & Investment Highlights



## SWOT



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### Strength

- Synergy effect from related companies
- Geographical convenience based on its location at the heart of Asia
- Customer-tailored marketing based on establishment of a management system including ERP
- Securing highly-skilled human resources
- Brand power and existing customer loyalty

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### Weakness

- Leased Casino Floor

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### Opportunity

- Increase in potential customers due to the across-the-board growth in the Asian casino markets
- Expected growth in the number of customers in line with the recovery of the Japanese economy

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### Threat

- New entry of competitor in the domestic market
- New entry in nearby countries and its growth potential

## Growth Strategy

### Growth Potential of the Chinese Market

#### ■ Acceleration of Globalization & Open-door Policy

- Joined the WTO in year 2001
- Host of Summer Olympic Games in year 2008
- Shanghai World Expo in year 2010

#### ■ Overseas Trip Liberalization

- Simplify reporting process for overseas trip (Abolish invitation requirement)
- Simplify the passport issuing process

#### ■ Increasing interchange between Korea and China

- 380 flights per week (between 6 cities in Korea and 22 cities in China)
- There are daily flights for Shanghai, Beijing, Qingdao, Guangzhou, Yantai and Shenyang
- Plans to establish Korean consulates in major Chinese cities (a new consulate will be open in Chengdu in the first half of 2005)

#### ■ Reform measures aiming the Chinese market (presented by Korea National Tourism Organization)

- Reform entry formalities for Chinese tourist
- Bring up Chinese speaking tour guides
- Active Casino Publicity

## Marketing Strategy

### ■ Marketing with the C-ERP system

- Differentiating VIP customer based on database management (customer selection to invite for events, management of new good customers, customer management by level, etc.)
- Consistent provision of analytical reports by using the CRM information (visit cycle, preferences, customer life cycle, complaints, etc.)

### ■ Diversification of complimentary service and events

- Expansion of partnerships regarding complimentary casino services in the Seoul metropolitan area
- Preparation for the execution of an integrated membership service scheme for the casino of the four companies
- Introduction of a mileage card system in slot machine
- Developing new events for customer expansion



### ■ Diversification of customer solicitation channels

- Creation of new customers through existing customers
- Development of diverse casino products and strategic partnership with more than 180 domestic and overseas travel agencies (sale of casino tour packages)

## Operation Strategy

### ■ Improvement of the operating environment

- Planned remodeling to create a pleasant and sophisticated atmosphere for gaming

### ■ Diversification of new games and game options

- Introduction of easy games with a high turnover
  - Inducement of active participation in games
- Customer-oriented diversification of options
  - Enhancing customer satisfaction
- Introduction of the Slot Machine System (SMS)
  - Systematic customer evaluation based on total mileage
- Paradise Mega Jackpot (WAP)
  - Alignment with related casinos (Securing a competitive advantage)



# Investment Highlights

## Well-Equipped Key Success Factors

- Favorable Geographical Condition
- Excellent Human Resources
- Refined Marketing
- Efficient Floor Operation

## Excellence of the Industry

- Superior industry combined with growth, stability and high profitability

## Shareholder Focused Management Policy

- High Dividend Policy (Differentiated Dividend)
- Acquisition of treasury stock to keep fair stock price.
- Consideration of minor shareholders and market.

## Excellent Business Results

- Ordinary Profit Margin : 34.9% (2004)
- Debt - to - Equity ratio : 15.5% (2004)
- Classified as one of the STAR INDEX in KOSDAQ(2004)

## Driving Forces of Future Growth

- Marketing with the C-ERP system
- Growth potential of the Chinese market