

# LOCK & LOCK

## 2Q 17 Earnings Release

**2 Aug 2017**

## 2Q 17 Preliminary Earnings

[Unit: Wmm]	2016	2016	2017	QoQ	YoY
	2Q	1Q	2Q		
<b>Sales</b>	101,781	93,105	98,094	5.4%	-3.6%
%	100.0%	100.0%	100.0%		
<b>COGS</b>	52,269	47,786	50,049	4.7%	-4.2%
%	51.4%	51.3%	51.0%		
<b>Gross Profit</b>	49,512	45,319	48,045	6.0%	-3.0%
%	48.6%	48.7%	49.0%		
<b>Sg&amp;A Expenses</b>	35,213	34,584	34,156	-1.2%	-3.0%
%	34.6%	37.1%	34.8%		
<b>Operating Profit</b>	14,299	10,735	13,890	29.4%	-2.9%
%	14.0%	11.5%	14.2%		
<b>Pretax income</b>	13,575	11,856	16,507	39.2%	21.6%
%	13.3%	12.7%	16.8%		
<b>Net Profit</b>	9,930	8,360	12,763	52.7%	28.5%
%	9.8%	9.0%	13.0%		

## 2Q 17 Preliminary Earnings – Sales & Profit Highlights

- Total sales have been down 3.6% YoY to W98.1bn.
  - China domestic sales decreased 19.1% YoY to W35.7bn.(YoY weak RMB, THAAD impact)
    - (Internet channel sales increased 16.5% YoY)
  - Korea domestic sales decreased 0.9% YoY to W29.1bn.
  - Southeast Asia regional sales increased 31.5% YoY to W12.3bn.
    - Vietnam domestic sales increased 45.3% YoY to W10.6bn.(B2B, Hypermarkets & Brand shop sales increased)
  - Export sales increased 6.3% YoY to W18.8bn.
- Operating profit decreased 2.9% YoY to W13.9bn (14.2% OPM)
- Net profit increased 28.5% YoY to W12.8bn (13.0% NPM)

[Unit: Wmm]	2016	2017	YoY
	2Q	2Q	
Payroll	11,368	10,767	-5.3%
Advertising	1,192	697	-41.5%
Transportation	2,643	2,345	-11.3%
Rent	3,793	3,140	-17.2%
Sales Commission	2,098	3,458	64.8%
Others	14,118	13,748	-2.6%
<b>Operating Expenses</b>	<b>35,213</b>	<b>34,156</b>	-3.0%

※ Based on K-IFRS

[Unit: Wmm]	2016	2017	YoY
	2Q	2Q	
<b>Other Operating profit</b>	<b>1,441</b>	<b>2,668</b>	85.2%
Gain on Foreign currency translations	-936	-435	-53.6%
Gain Foreign currency transactions	1,768	1,855	4.9%
Others	609	1,248	104.9%
<b>Other Operating loss</b>	<b>2,321</b>	<b>740</b>	-68.1%
Loss on Foreign currency translations	-594	-337	-43.2%
Loss Foreign currency transactions	1,416	804	-43.2%
Others	1,500	274	-81.7%
<b>Net Other Operating profit</b>	<b>-881</b>	<b>1,927</b>	-318.8%

※ Based on K-IFRS

# Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2016	1H 17	Increase/ Decrease
Current Assets	386,822	354,599	-32,223
Quick Assets	251,575	200,532	-51,043
Inventories	120,563	137,316	16,753
Other Current Assets	14,684	16,751	2,067
Non-Current Assets	364,075	357,591	-6,484
Investments	30,975	30,644	-330
Property&Equipment	281,432	275,717	-5,715
Intangible Assets	9,204	8,832	-372
Deferred Tax Assets	3,731	4,777	1,045
Other Non-Current Assets	38,733	37,620	-1,113
<b>TOTAL ASSETS</b>	<b>750,897</b>	<b>712,190</b>	<b>-38,707</b>
Current Liabilities	73,105	51,505	-21,600
Non-Current Liabilities	5,801	16,596	10,795
<b>TOTAL LIABILITIES</b>	<b>78,906</b>	<b>68,100</b>	<b>-10,806</b>
Capital Stock	27,500	27,500	0
Additional Paid-in and Other Capital	314,809	314,809	0
Capital Adjustment	-23,371	-23,372	-1
Accumulated Other Comprehensive Income	-11,958	-33,838	-21,881
Earned Surplus	364,619	358,612	-6,007
External Shareholder's Equity	392	379	-13
<b>TOTAL EQUITY</b>	<b>671,991</b>	<b>644,089</b>	<b>-27,902</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>750,897</b>	<b>712,190</b>	<b>-38,707</b>

※ Based on K-IFRS

# Summary Financials – Income Statement

[Unit: Wmm]

Descriptions	2Q 16	2Q 17	Increase/ Decrease
Sales	101,781	98,094	-3,687
Cost of Goods Sold	52,269	50,049	-2,220
Gross Profit	49,512	48,045	-1,466
Selling and Administrative Expenses	35,213	34,156	-1,057
Operating Profit	14,299	13,890	-410
Other Operating Profit and Loss	-881	1,927	2,808
Financial Profit and Loss and the rest	157	690	532
Income and Loss Before Income Taxes	13,575	16,507	2,931
Income Tax Expenses	3,645	3,743	98
<b>Net Profit</b>	<b>9,930</b>	<b>12,763</b>	<b>2,833</b>

※ Based on K-IFRS

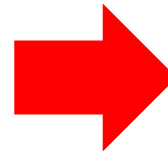
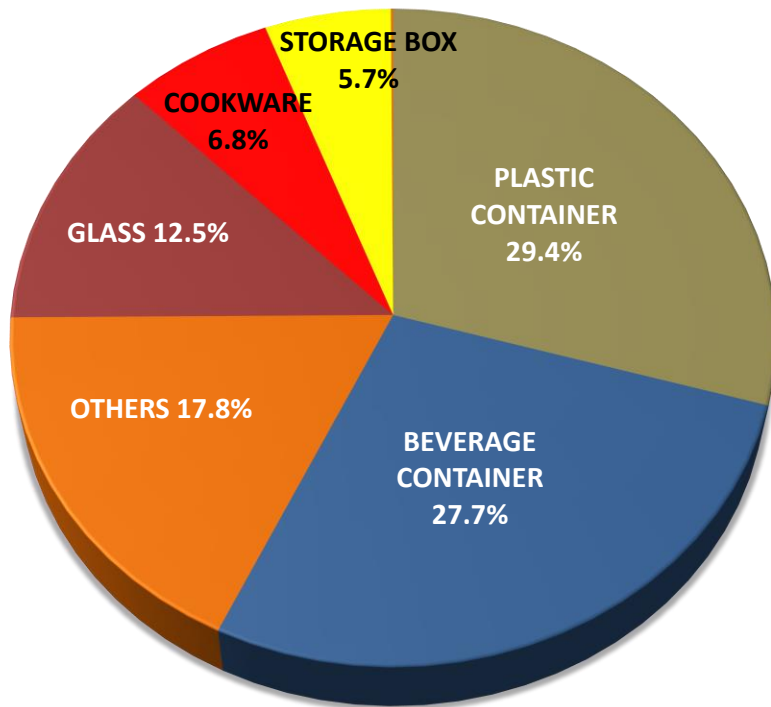
# Sales Breakdown by Region

Region	2013	2014	2015	2Q 16	2016	1Q 17	2Q 17
China	55.0%	45.0%	46.7%	43.4%	40.9%	43.7%	36.4%
Korea	26.0%	33.0%	27.4%	28.9%	27.2%	29.4%	29.7%
Asia	12.0%	14.0%	15.3%	15.7%	17.6%	17.4%	21.4%
ROW	7.0%	8.0%	10.7%	12.0%	14.2%	9.5%	12.4%

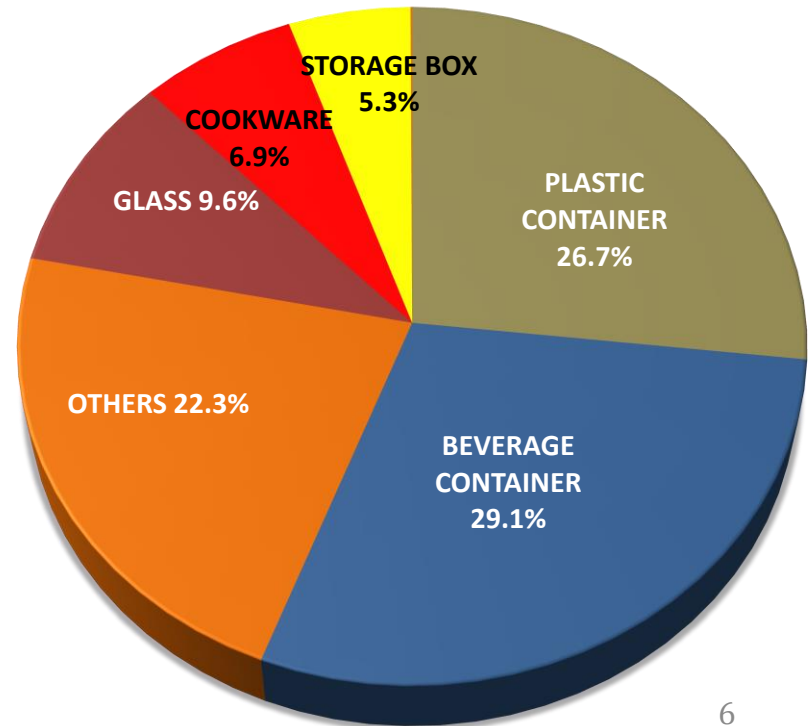
※ KOREA: The only Domestic sales application

# Sales Breakdown by Product

[2016]



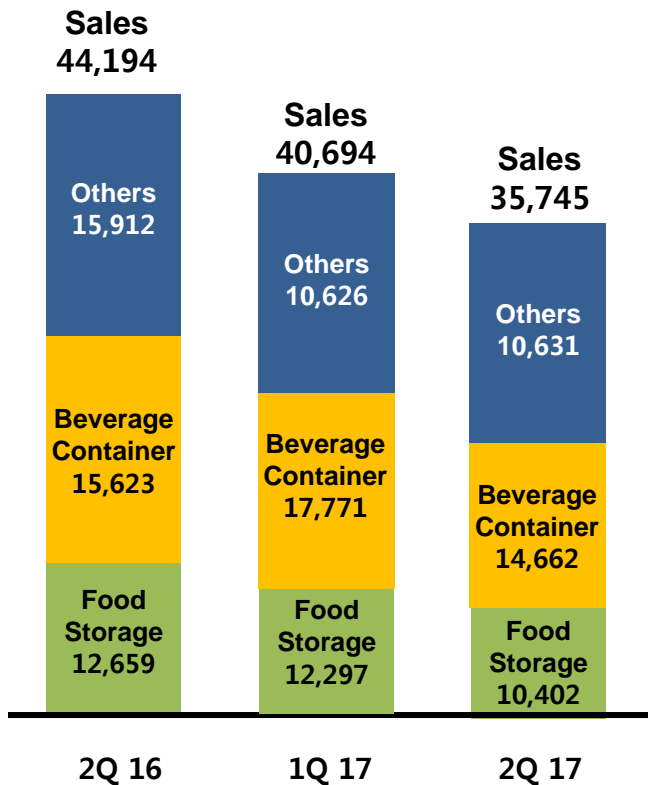
[2Q 17]



# China – Sales Analysis

Food storage sales decreased 17.4% YoY to W10.5bn and beverage container sales decreased 6.2% YoY to W14.7bn, while others (kitchen/ living/cookware) sales have been down 33.2% YoY to W10.6bn.

[Unit: Wmn]



## ■ Food storage

Plastic container sales decreased 0.4% YoY to W5.0bn.

Glass container sales decreased 28.3% YoY to W5.4bn.

## ■ Beverage container

Plastic bottle sales fell 20.2% YoY to W6.6bn.

Thermal bottle sales decreased 0.4% YoY to W7.0bn.

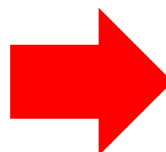
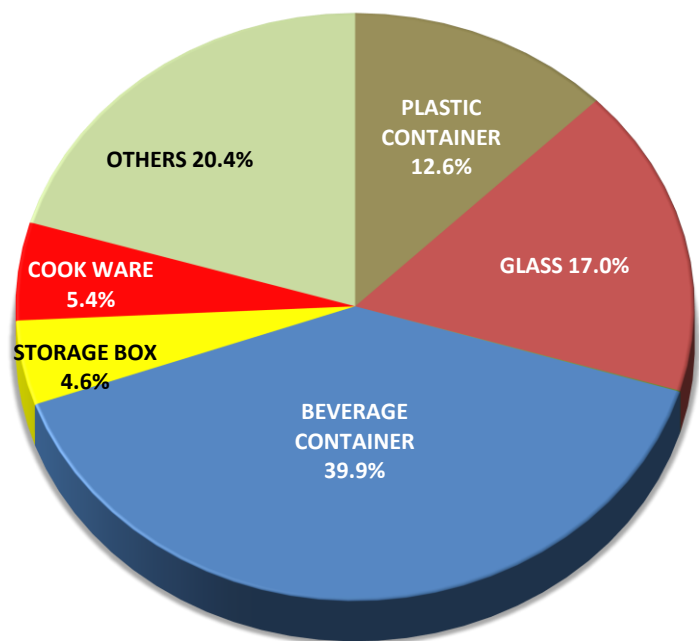
## ■ Others (kitchen/living/cookware, etc.)

Cookware sales decreased 41.2% YoY to W1.7bn.

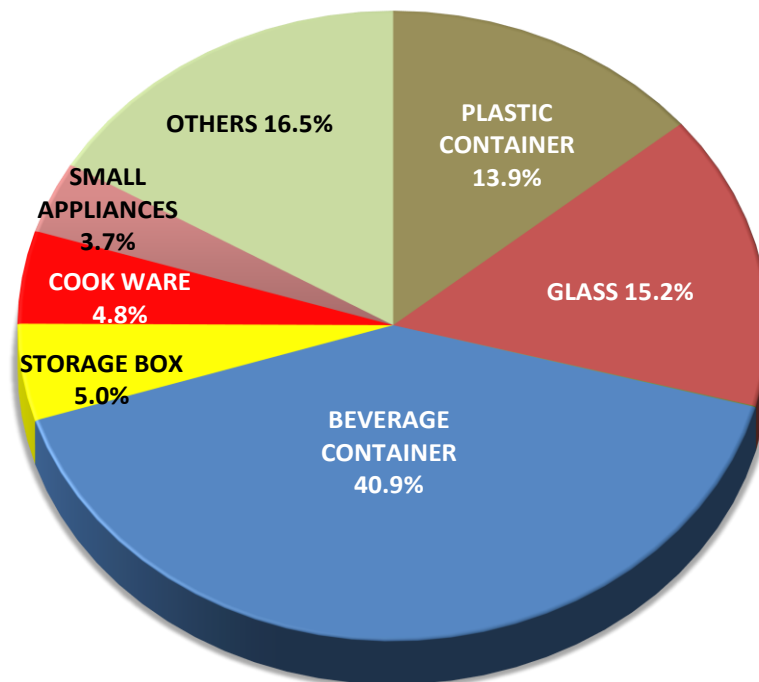
Livingbox sales decreased 6.8% YoY to W1.4bn.

# China – Sales by Product & Channel

[2016]



[2Q 17]

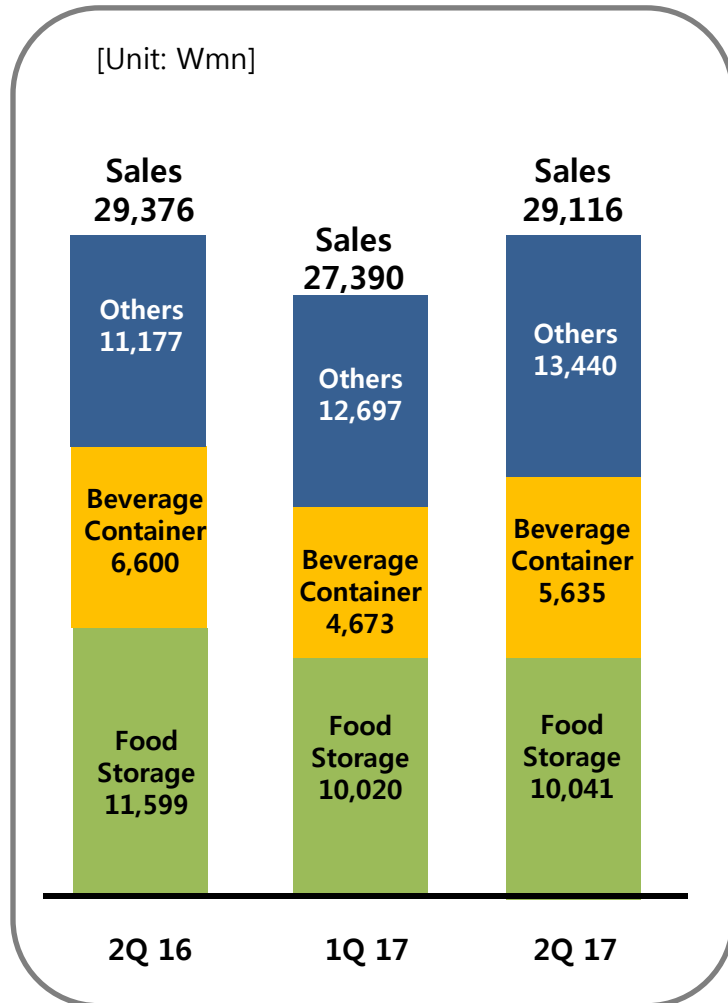


Division	2013	2014	2015	2Q 16	2016	1Q 17	2Q 17
TV shopping	22.0%	21.0%	7.3%	3.8%	3.1%	2.4%	3.8%
Special(B2B)	23.0%	18.0%	15.9%	13.7%	14.0%	13.4%	12.6%
Internet	17.0%	19.0%	31.8%	31.4%	36.5%	43.1%	40.4%
Wholesale	16.0%	20.0%	20.0%	16.8%	15.9%	15.5%	20.4%
Hyper markets	15.0%	11.0%	13.6%	13.4%	13.7%	13.2%	12.5%
Brand shop	7.0%	11.0%	11.4%	20.9%	16.8%	12.4%	10.3%



# Korea – Sales Analysis

Food storage sales decreased 13.4% YoY to W10.0bn and beverage container sales decreased 14.6% YoY to W5.6bn. others (kitchen/living/cookware) sales increased 20.2% YoY to 13.4bn.



## ■ Food storage

Plastic container sales decreased 11.7% YoY to W1.4bn.

Plastic container(specials) sales increased 15.6% W2.3bn

Premium plastic container sales decreased 17.6% YoY to W2.6bn.

Glass container sales decreased 7.8% YoY to W1.4bn.

## ■ Beverage containers

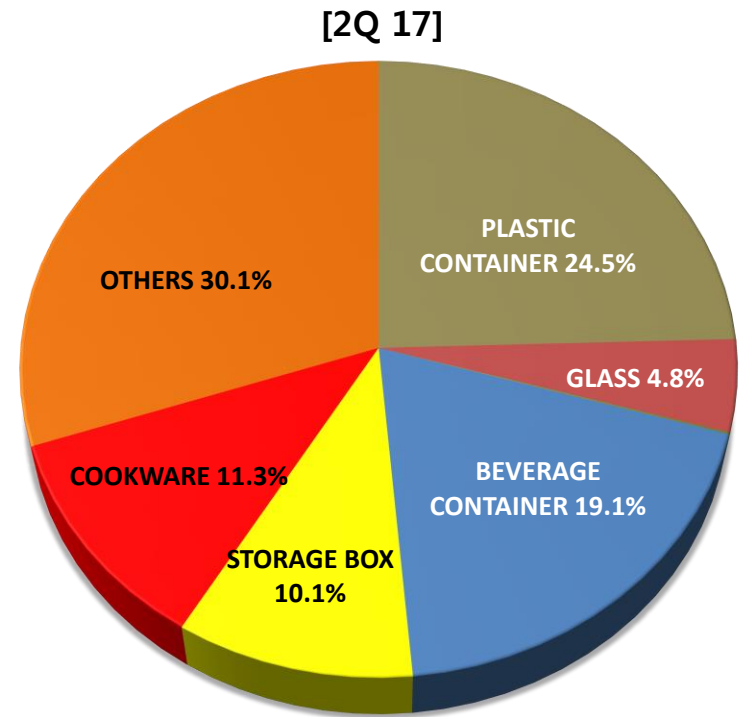
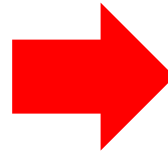
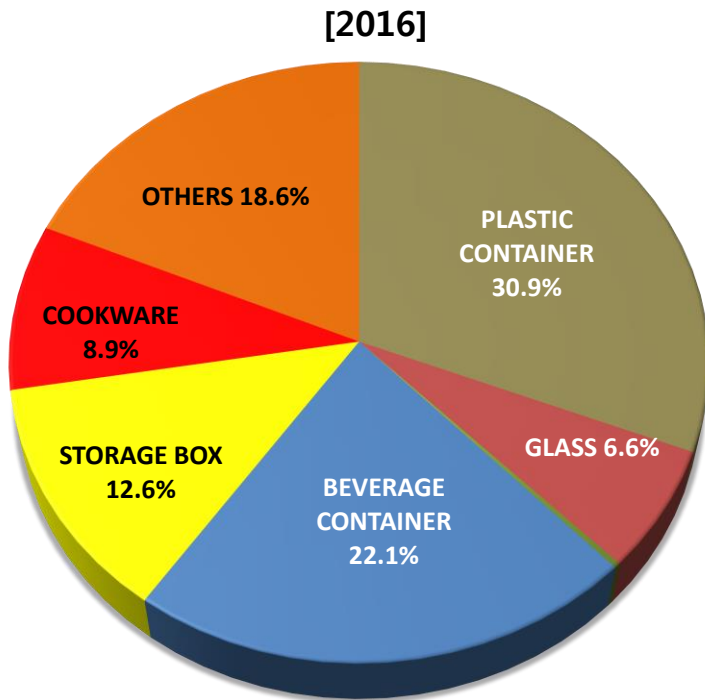
Thermal bottle sales decreased 19.1% YoY to W2.0bn.

## ■ Others (kitchen / living / cookware, etc.)

Plastic organizer box sales decreased 5.1% YoY to W2.3bn.

Cookware sales increased 44.9% YoY to W3.3bn.

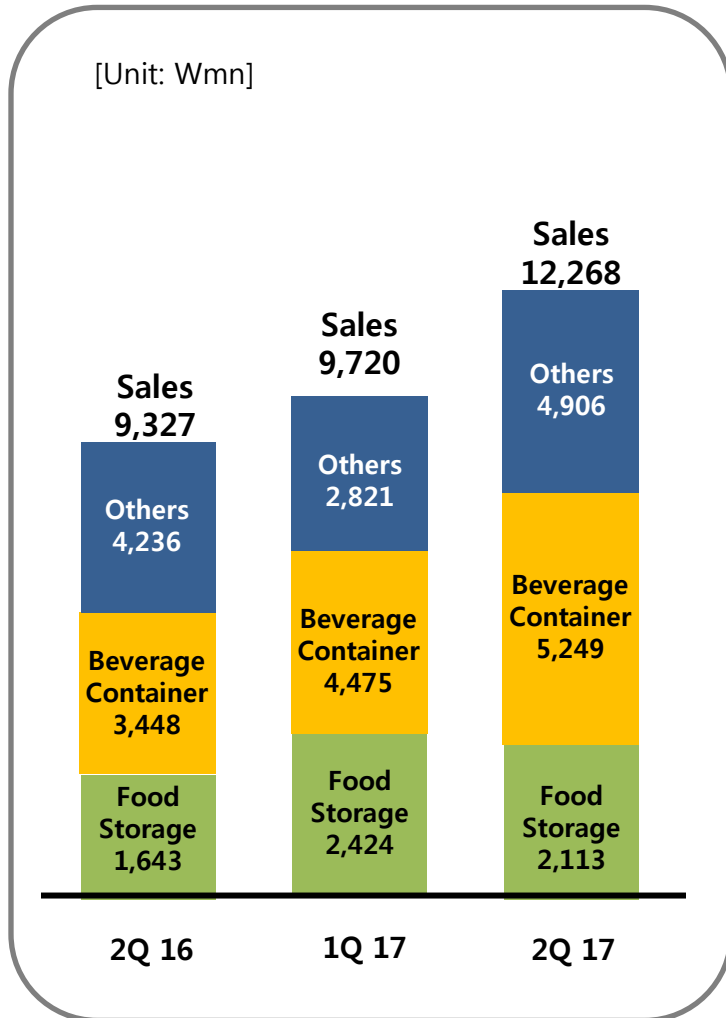
# Korea – Sales by Product & Channel



Division	2013	2014	2015	2Q 16	2016	1Q 17	2Q 17
Hyper markets	30.0%	27.9%	30.0%	31.2%	26.6%	23.7%	25.2%
TV shopping	18.0%	20.8%	12.0%	10.4%	13.1%	13.2%	12.8%
Wholesale	15.0%	15.3%	16.1%	12.3%	13.9%	18.2%	17.3%
Special(B2B)	14.0%	11.3%	12.4%	9.9%	13.0%	11.0%	8.7%
Brand shop	12.0%	9.9%	13.3%	18.1%	15.3%	15.8%	16.7%
Internet	11.0%	13.4%	16.2%	18.1%	18.0%	18.1%	19.3%

# Southeast Asia – Sales Analysis

Food storage sales increased 28.6% YoY to W2.1bn, beverage container sales increased 52.2% to YoY W5.2bn, others(kitchen/living/cookware) sales increased 15.8% YoY to W4.9bn.



## ■ Food storage

Plastic container sales increased 15.6% YoY to W0.9bn.

Glass container sales increased 107.9% YoY to W1.1bn.

## ■ Beverage container

Plastic bottle sales increased 19.4% YoY to W1.6bn.

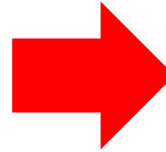
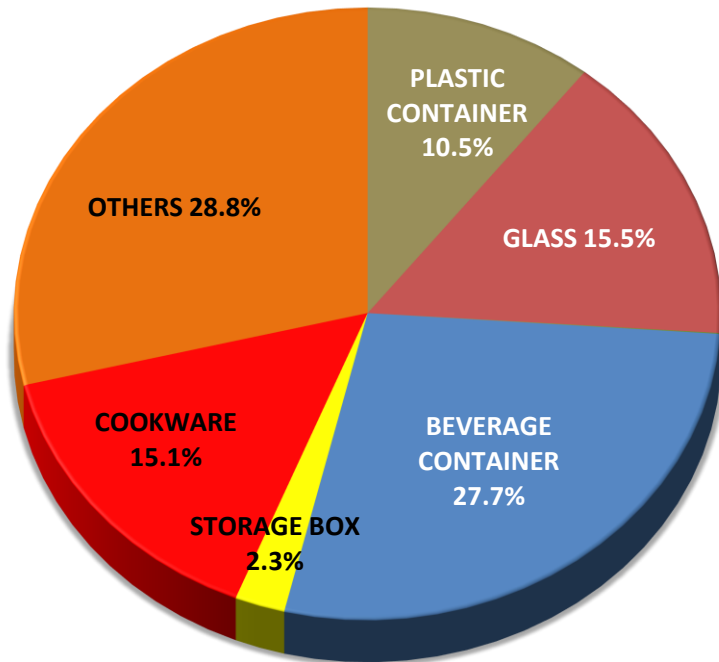
Thermal bottle sales increased 33.2% YoY to W1.6bn.

## ■ Others (kitchen/living/cookware, etc.)

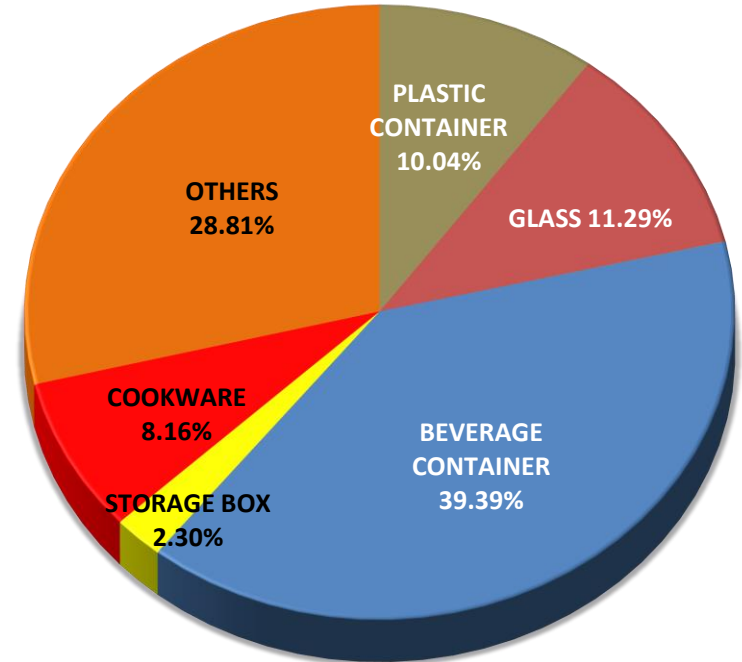
Cookware sales decreased 21.1% YoY to W1.2bn.

# Southeast Asia – Sales by Product & Channel

[2016]



[1Q 17]



Division	2014	2015	1Q 16	2Q 16	3Q 16	2016년 4Q	2016년	2017년 1Q
Special(B2B)	45.6%	41.3%	34.1%	46.2%	28.8%	64.8%	48.5%	36.3%
Brand shop	24.6%	36.3%	34.3%	26.3%	32.6%	12.9%	23.3%	34.5%
Hyper markets	12.5%	9.5%	13.0%	16.2%	23.4%	14.0%	16.1%	14.8%
Wholesale	12.7%	10.0%	15.2%	9.1%	11.6%	5.2%	9.0%	9.2%
TV shopping	3.4%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%
Internet	1.2%	0.6%	3.3%	2.2%	3.6%	3.0%	3.0%	4.0%