



LOCK & LOCK

4Q13 Earnings Release & 2014 Guidance

February 5, 2014

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4Q13 Preliminary Earnings

[Unit: Wmm]	2012	2013	QoQ	YoY
	4Q	4Q		
Sales %	118,990 100%	126,288 100%	-1%	6%
COGS %	67,867 57%	72,222 57%	4%	6%
Gross Profit %	51,123 43%	54,066 43%	-6%	6%
Operating Profit %	11,536 10%	10,087 8%	-41%	-13%
Pretax income %	12,318 10%	2,596 2%	-87%	-79%
Net Profit %	8,796 7%	145 0%	-99%	-98%

※ Based on K-IFRS

4Q13 Preliminary Earnings – Sales & OP Highlights

- Total sales increased 6% YoY to W126.3bn.
 - China domestic sales rose 10% YoY to W61.1bn (10% YoY growth in RMB).
 - Korea domestic sales rose 12% YoY to W38.4bn (the first positive growth in 6 quarters).
 - Southeast Asia regional sales remained similar YoY at W9.6bn.
 - => Thailand sales fell sharply (-67%) due to sales channel reshuffle. 19% YoY growth excluding Thailand.
 - => Vietnam and Indonesia continued growth (50% and 8% increase respectively in local currency).
- Operating profit fell 13% YoY to W10.1bn (8% OPM).
 - Sales channel reshuffle in Thailand resulted in COGS and SG&A expense burdens (W4.3bn).
 - Conservative inventory policy on tighter administrative control incurred inventory provisioning (W1.3bn).
- Net profit dropped 98% YoY to W0.1bn due to one-off non-operating expenses of W8.4bn.
 - Valuation loss on Thai subsidiary and Korean country club memberships, and extra corporate tax in Vietnam.

[Unit: Wmm]	2012	2012	QoQ	YoY
	4Q	4Q		
Payroll	11,868	10,028	-5%	-16%
Advertising	796	2,057	55%	158%
Transportation	4,271	4,344	7%	2%
Rent	4,619	4,026	-1%	-13%
Sales Commission	4,551	7,096	-5%	56%
Others	13,482	16,427	27%	22%
SG&A Expenses	39,587	43,978	9%	11%

※ Based on K-IFRS

[Unit: Wmm]	2012	2013	YoY
	4Q	4Q	
Other Non-OP Profit	2,267	1,961	-13%
Foreign currency-related gains	2,351	1,553	-34%
Others	-84	408	N/A
Other Non-OP Expenses	1,466	9,770	566%
Foreign currency-related loss	1,134	1,089	-4%
Others	332	8,681	2515%
Net Other Non-OP Profit	801	-7,809	-1075%

※ Based on K-IFRS

2014 Guidance

Sales Outlook (based on local domestic sales)

(Wmn)	2013	% total	YoY	2014F	% total	YoY
China	262,540	52%	12%	302,000	55%	15%
Korea	131,306	26%	-16%	131,300	24%	0%
SE Asia	32,749	7%	14%	39,300	7%	20%
ROW	75,133	15%	-15%	76,300	14%	2%
Total	501,728	100%	-1%	548,900	100%	9%

- China: Steady sales increase on new growth categories (cookware, baby) and broader sales coverage
- Korea: Flattish growth on recovering TV shopping sales
- SE Asia: Continued double-digit growth on rising demand and expanding sales coverage
- OPM: 14%+

Reinforcing Administrative Control

- Raising asset utilization: Selling non-performing property (Korea)
- Improving profitability: Streamlining manufacturing capacity (Korea, China/cost saving expected)
- Tighter inventory control: Real-time monitoring (1Q), Introducing inventory provisioning policy (W5bn pa)

Summary Financials – Income Statement

Descriptions	[Wmn]			
	2013	2012	Change	%
Sales	501,728	508,424	-6,696	-1%
Cost of Goods Sold	274,864	271,670	3,194	1%
Gross Profit	226,864	236,754	-9,890	-4%
<i>Gross Margins</i>	<i>45%</i>	<i>47%</i>		
Selling and Administrative Expenses	155,966	164,654	-8,688	-5%
Operating Income	70,898	72,099	-1,201	-2%
<i>Operating Margins</i>	<i>14%</i>	<i>14%</i>		
Other Operating Profit and Loss	-7,854	-2,942	10,796	-367%
Financial Profit and Loss and the rest	854	7,984	-7,130	-89%
Income and Loss Before Income Taxes	63,898	77,141	-13,243	-17%
Income Tax Expenses	18,862	17,309	1,553	9%
Net Income	45,036	59,832	-14,796	-25%

※ Based on K-IFRS

Summary Financials – Balance Sheet

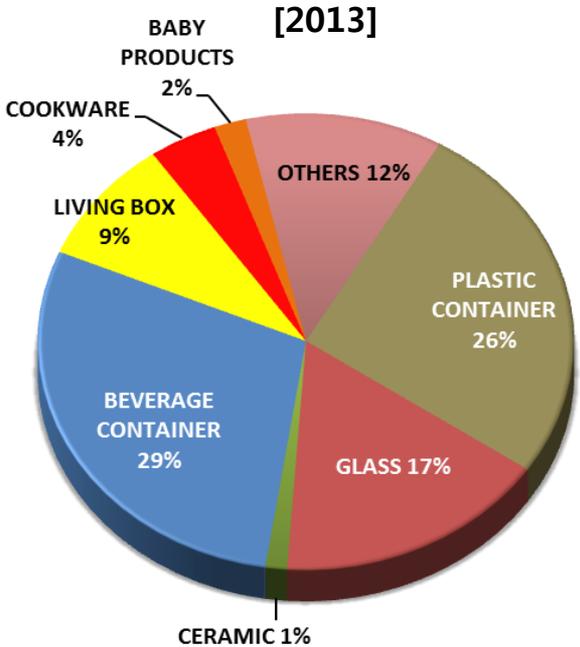
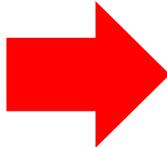
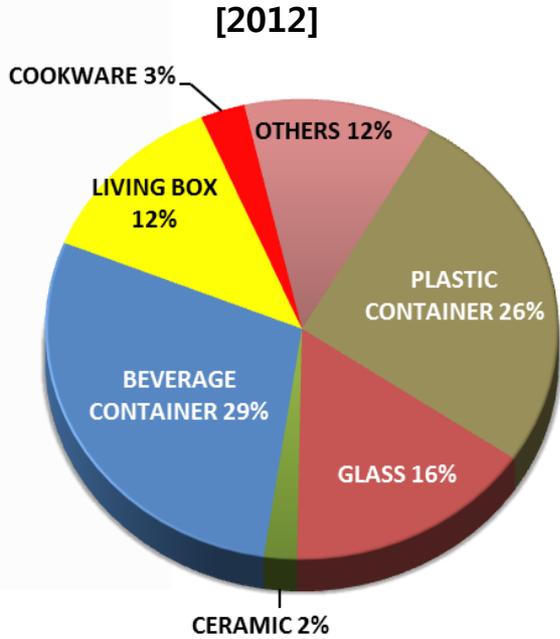
	[Wmn]		
Descriptions	2013	2012	Change
Current Assets	435,030	405,478	29,552
Quick Assets	287,533	279,854	7,679
Inventories	126,920	107,596	19,324
Other Current Assets	20,577	18,028	2,549
Non-Current Assets	362,437	352,427	10,010
Investments	27,432	12,475	14,957
Property&Equipment	295,566	286,873	8,693
Intangible Assets	11,354	14,240	-2,886
Deferred Tax Assets	5,483	5,398	85
Other Non-Current Assets	22,602	33,440	-10,838
TOTAL ASSETS	797,467	757,905	39,562
Current Liabilities	176,283	142,128	34,155
Non-Current Liabilities	5,912	30,805	-24,893
TOTAL LIABILITIES	182,195	172,932	9,263
Capital Stock	27,500	27,500	0
Additional Paid-in and Other Capital	314,809	314,809	0
Capital Adjustment	-23,371	-19,116	-4,255
Accumulated Other Comprehensive Income	-20,879	-14,770	-6,109
Earned Surplus	317,107	276,405	40,702
External Shareholder's Equity	106	145	-39
TOTAL EQUITY	615,272	584,973	30,299
TOTAL LIABILITIES & EQUITY	797,467	757,905	39,562

※ Based on K-IFRS

Sales Breakdown by Region

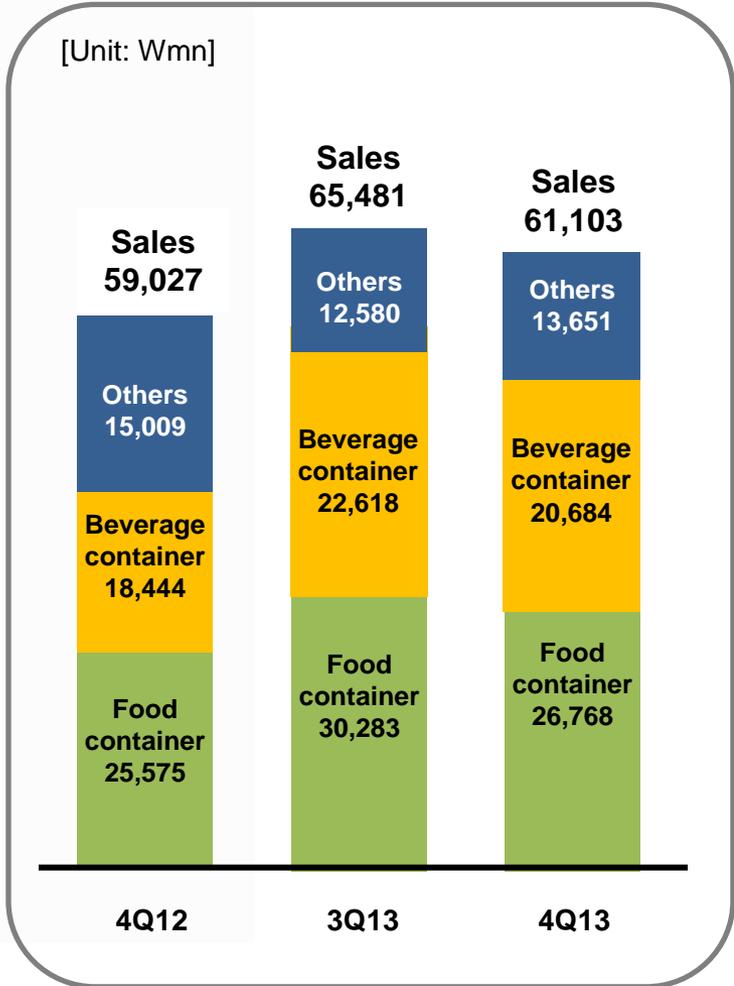
Region	2011	2012	1Q13	2Q13	3Q13	4Q13	2013
China	42%	46%	56%	54%	52%	48%	52%
Korea	36%	31%	23%	24%	27%	30%	26%
Asia	6%	6%	6%	5%	7%	8%	7%
ROW	17%	17%	15%	17%	14%	14%	15%

Sales Breakdown by Product



China – Sales Analysis

Food storage sales grew 5% YoY to W26.8bn and beverage container 12% YoY to W20.7bn, while others (kitchen/living/cookware) fell 9% YoY to W13.6bn.



■ Food storage

Classic (regular plastic) sales went up 24% YoY to W10.5bn on increasing shipments to corporate gifts and wholesale customers. *Glass* (glass) container sales decreased 3% YoY to W15.8bn.

■ Beverage container

Hot&Cool (thermos) sales rose 22% YoY to W14.2bn on strong shipments to corporate gifts and wholesale customers.

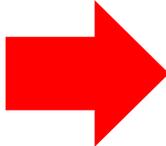
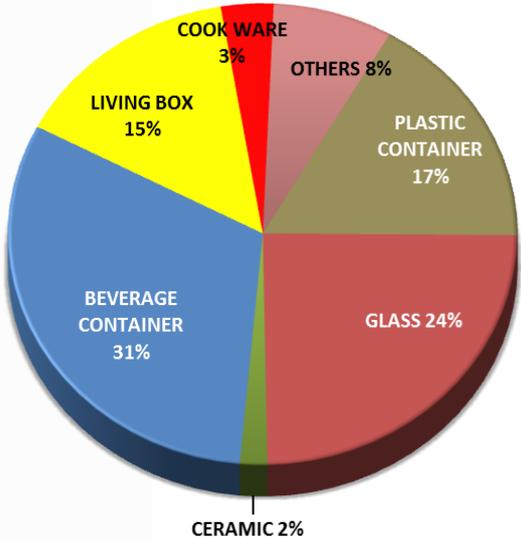
■ Others (kitchen/living/cookware, etc.)

Cookplus (cookware) sales surged 42% YoY to W3.3bn on wider penetration into hypermarkets and brisk sales across all distribution channels including TV shopping and corporate gifts.

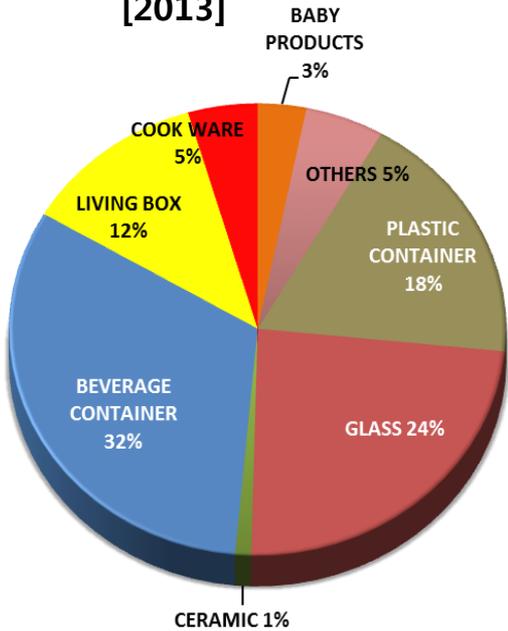
※ Baby products: W8.5bn sales in 2013 (3% of total China sales)

China – Sales by Product & Channel

[2012]



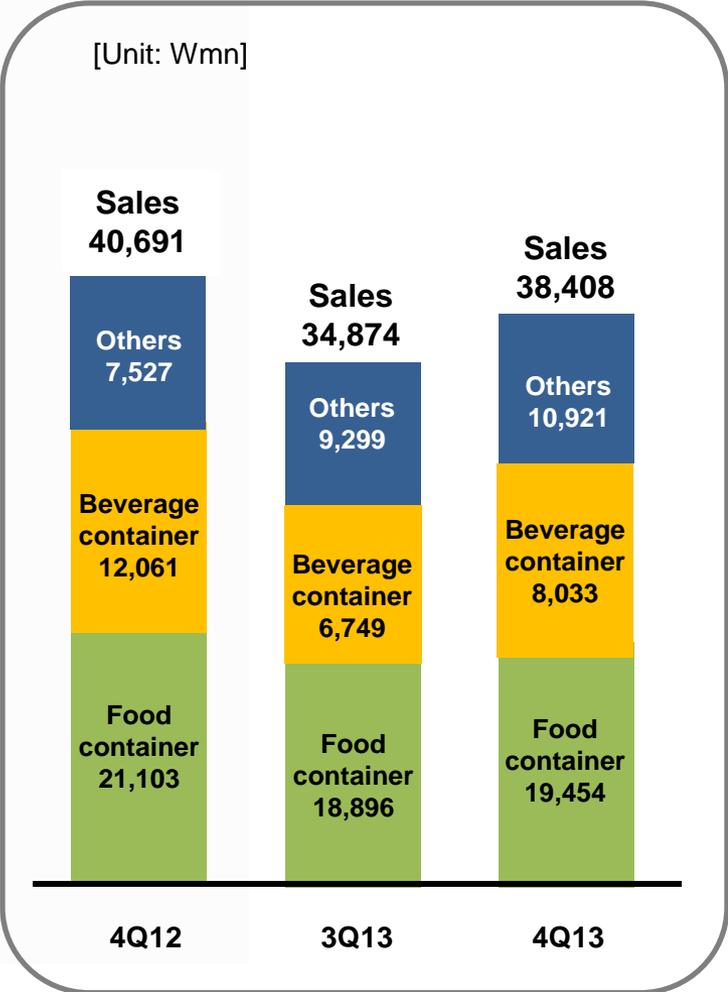
[2013]



	2011	2012	1Q13	2Q13	3Q13	4Q13	2013
Corporate Gifts	26%	22%	22%	27%	22%	19%	23%
TV Shopping	20%	23%	23%	21%	21%	21%	22%
Internet	12%	15%	15%	17%	14%	20%	17%
Wholesale	16%	15%	15%	16%	17%	16%	16%
Hypermarkets	16%	16%	17%	12%	18%	15%	15%
Brand Shop	10%	10%	8%	7%	7%	9%	7%

Korea – Sales Analysis

The sales of food storage and others (kitchen/living/cookware) rose 8% YoY and 20% YoY to W19.5bn and W10.9bn, respectively, while beverage container sales dropped 9% YoY to W8bn.



■ Food storage

Classic (regular plastic) sales went up 22% YoY to W5.8bn.
Interlock (new plastic container) sales surged 350% YoY to W2.3bn on brisk demand from TV shopping.
Bisfree (premium plastic) sales dropped 29% YoY to W5.7bn.

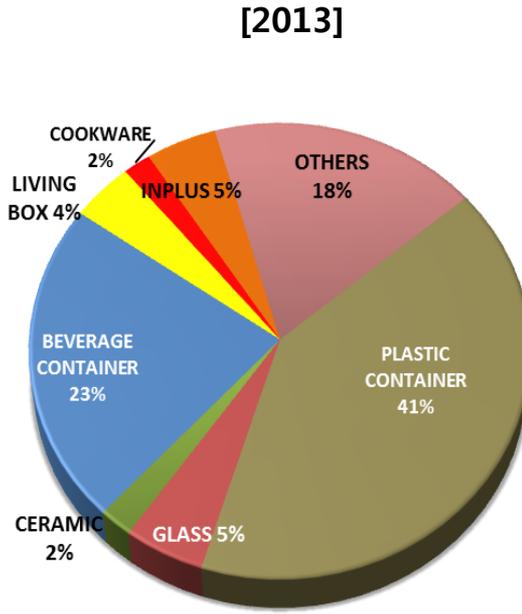
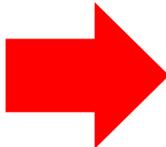
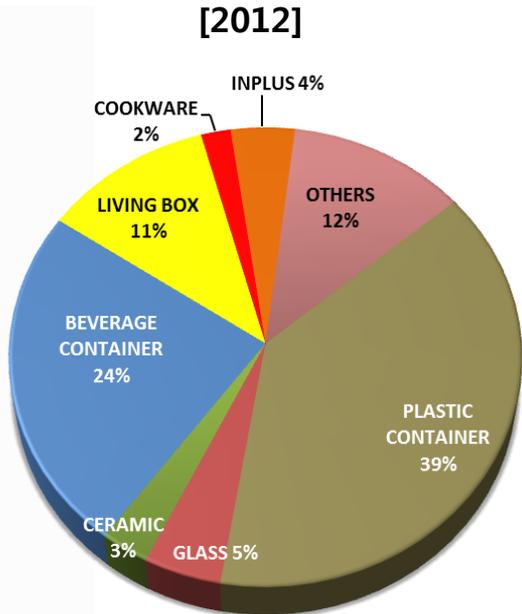
■ Beverage containers

Hot&Cool (thermos) sales grew 19% YoY to W5.6bn.
Bisfree water bottle sales slipped 27% YoY to W1bn.

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

Inplus (plastic organizer box) sales decreased 4% YoY to W1.6bn.

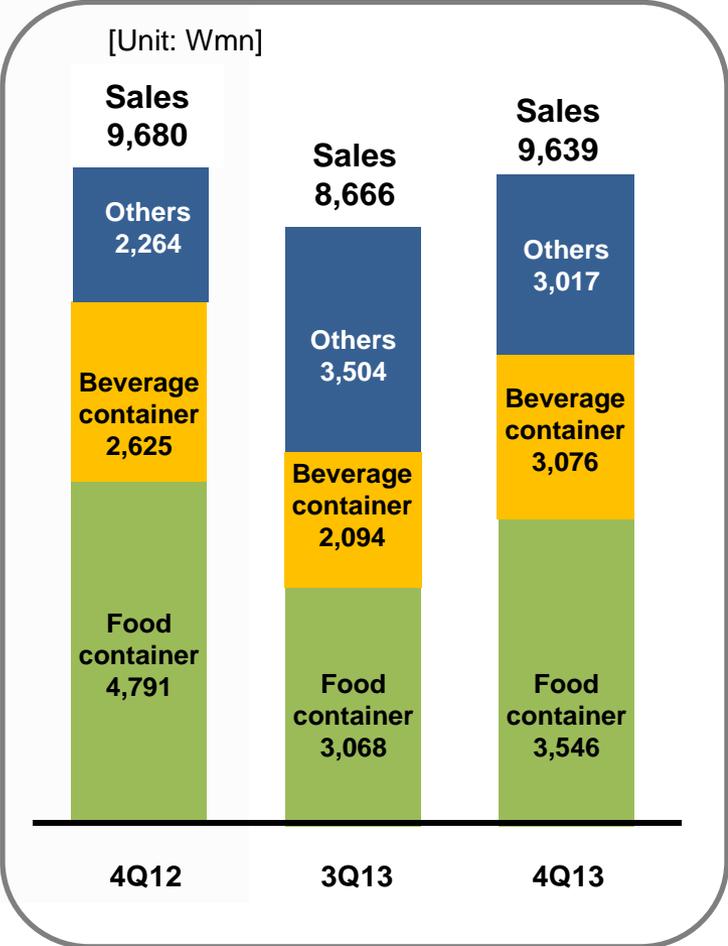
Korea – Sales by Product & Channel



	2011	2012	1Q13	2Q13	3Q13	4Q13	2013
Hypermarkets	25%	29%	33%	33%	29%	26%	30%
TV Shopping	37%	25%	14%	13%	21%	22%	18%
Wholesale	15%	14%	15%	16%	14%	14%	15%
Corporate Gifts	13%	15%	13%	13%	14%	17%	14%
Brand Shop	6%	10%	15%	13%	12%	9%	12%
Internet	5%	7%	11%	12%	10%	12%	11%

Southeast Asia – Sales Analysis

Food storage sales fell 26% YoY to W3.5bn whereas beverage container and others (kitchen/living/cookware) sales climbed 17% YoY and 24% YoY to W3.1bn and W3bn, respectively.



■ Food storage

Classic (regular plastic) sales dropped 34% YoY to W2.6bn.

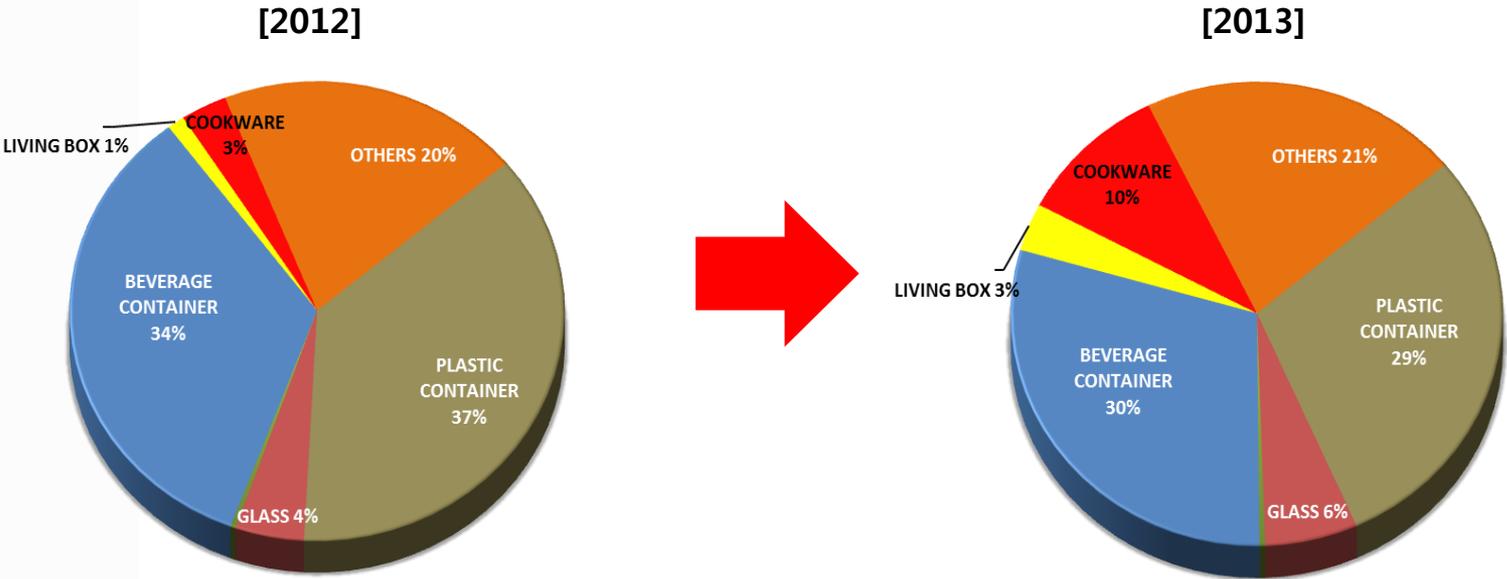
■ Beverage container

Hot&Cool (thermos) and *Aqua* (regular plastic water bottle) sales grew 17% YoY to W3.1bn on upbeat demand from corporate gifts channel.

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

Cookplus (cookware) sales soared 318% YoY to W1.1bn on strong demand from corporate gifts and brand shops.

Southeast Asia – Sales by Product & Channel



	2011	2012	1Q13	2Q13	3Q13	4Q13	2013
Corporate Gifts	40%	38%	41%	44%	36%	56%	45%
Brand Shop	26%	27%	30%	28%	30%	21%	26%
Hypermarkets	18%	18%	18%	17%	20%	9%	15%
Wholesale	12%	11%	5%	4%	8%	9%	6%
TV Shopping	3%	5%	2%	4%	5%	5%	4%
Internet	0%	1%	4%	3%	2%	1%	2%

Appendix: One-off expenses in 4Q13

Item	Amount (Wbn)	Booked as
Sales model switch-related expenses (Thailand)	3.0	COGS
Inventory provisioning	1.3	COGS
A/R provisioning (Thailand)	1.3	SG&A expense
Country club membership write-off (Korea)	2.3	Non-OP expense
Equity valuation loss (Thailand)	2.0	Non-OP expense
Miscellaneous loss (Vietnam)	3.2	Non-OP expense
Extra corporate tax (Vietnam)	0.9	Income tax
Total	14.0	

※ 3Q13: W2.6bn extra tax in Vietnam (full-year tax rate 28%; 23% without one-off)

※ Country clubs: Ansung Q & Arumdaun C.C.

Appendix: China Sales Counter Increase

Retail formats	4Q12	1Q13	2Q13	3Q13	4Q13	Note
Supermarkets & smaller	4,769	4,914	4,941	5,006	5,032	
(via) Wholesalers	196	168	166	168	163	
Hypermarkets	1,563	1,597	1,617	1,632	1,666	
Corporate customers	941	1,107	1,016	973	965	
Department stores	303	294	298	304	303	
Brand shops	92	86	85	71	74	29 franchised stores
E-commerce	58	66	70	71	65	
TV shopping	20	21	21	21	21	
Total	7,941	8,253	8,214	8,246	8,276	YTD 4% growth
<i>Baby shops</i>	-	-	430	-	1,167	<i>(via) 38 wholesalers</i>