

LocknLock

4Q20 results



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Investor Relations_Keywords



Brand

LocknLock operates globally and the brand is well established especially in emerging markets



Growth

Top line growth driven by new products & greater market dominance. Channel strategy and operating leverage to drive profitability



Shareholders

LocknLock is focused on creating shareholder value. Interest of majority & minority shareholders is well aligned

Strong Global Footprint LocknLock

LocknLock has 119 export destinations and operates more than 120 stores globally. LocknLock brand is well established especially in the emerging markets including Korea, China and Vietnam.

119

Export Destinations

123+

Total Stores



02 Awards & Certificates

LocknLock



2004~2020

Awarded **1st Prize(17 consecutive years)** in Airtight container field & **1st Prize(4 consecutive years)** in Kitchenware(cookware) field at Korea Brand Power Index



2008~2020

Won several prizes at **World design awards** in 'Reddot', 'iF', 'IDEA' etc.



2009~2018, 2020

Korean Standard Well-being Consumer Index KS-WCI
Awarded **1st Prize(10 consecutive years)**



2009~2018

LOHAS(Lifestyle of Health and Sustainability)
Received Certification(**10 consecutive years**)



2012~2019

Top 100 Brand Product of Trust & Use award, Vietnam
(**8 consecutive years**)



2014~2019

World-Class Product by the Ministry of Commerce, Industry and Energy(**5 consecutive years**)



2015

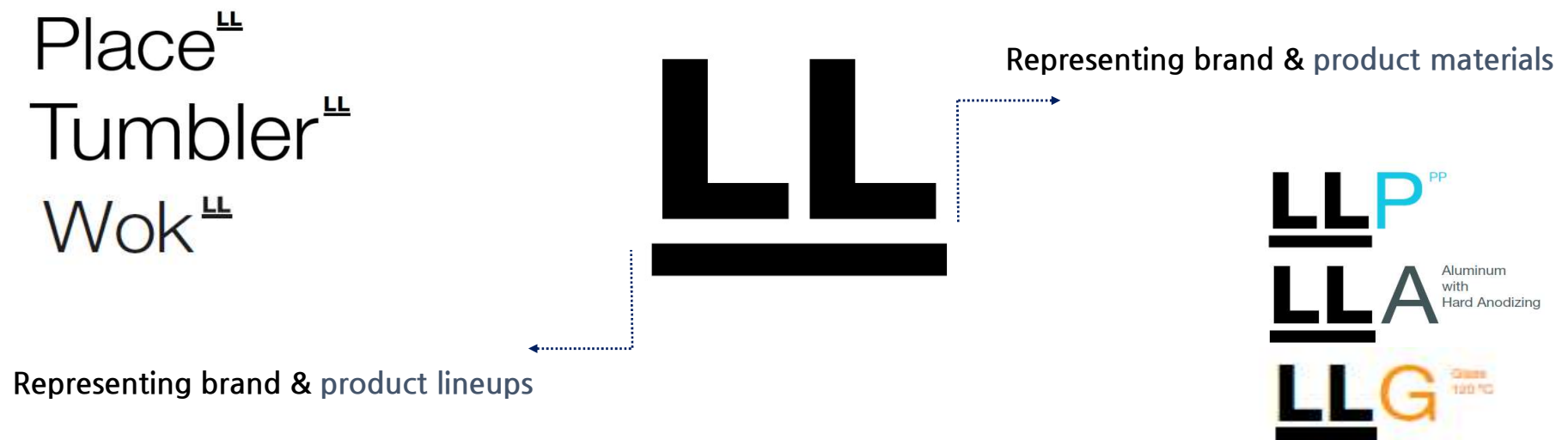
Heat resistant glassware received KS Mark Korean Industrial Standard Mark)



2011

ÖKO-TEST, the most representative consumer organization in Germany: **Received the highest rating**

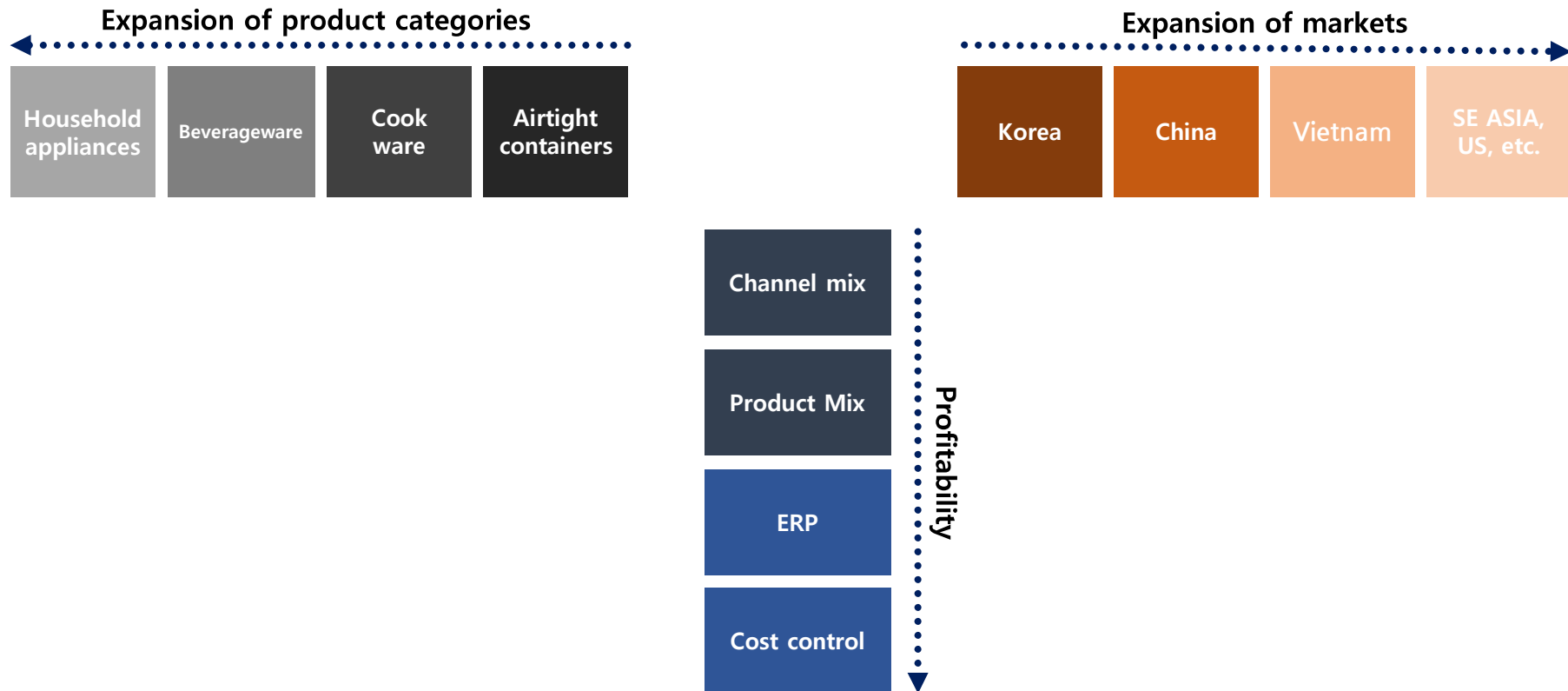
02 Brand Renewal_Brand Expansion



LocknLock's new brand is intended not just to simply serve as a symbol but to extend as a **device facilitating customer communication.**

Focused on top line growth and profitability improvement

LocknLock



05 2020 highlights

1. Sales exceeds W500bn, historical high quarterly sales in 4Q20

- Annual sales exceeded W500bn, first since 2013. Reported historical high quarterly sales in 4Q20
- Domestic market showing strong growth, China normalizing at a fast pace

2. Successful penetration into SA. Beverageware started to recover from 4Q20

- Small appliance sales grew 58.0% YoY in 2020, 12.3% of total sales (from 8.0% in 2019).

3. Fast transition to online channel

- Online is now 30% of total sales. Also optimizing traditional channels to improve profitability

4. Greater focus on profitability

- 2020 OPM improved YoY thanks to better product / channel mix and lower SG&A to sales ratio

5. W5.4bn deferred tax occurred in 4Q20

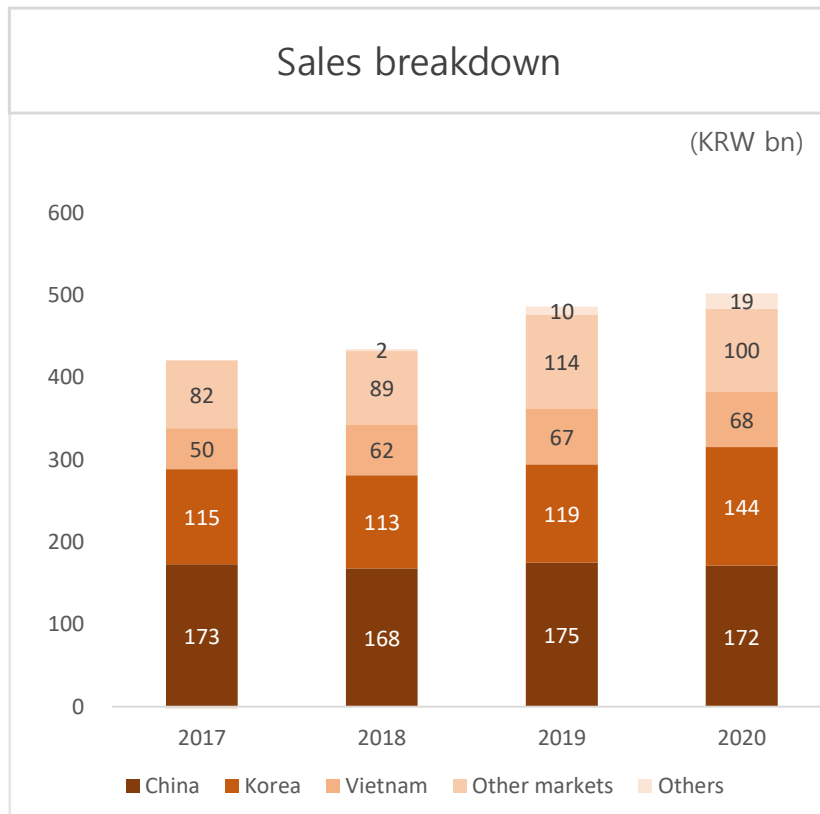
- Assumed dividends will increase from our subsidiaries, so the parent can manage cash more effectively
- Based on local regulations we had to set aside W5.4bn deferred tax

05-1 Sales by geography

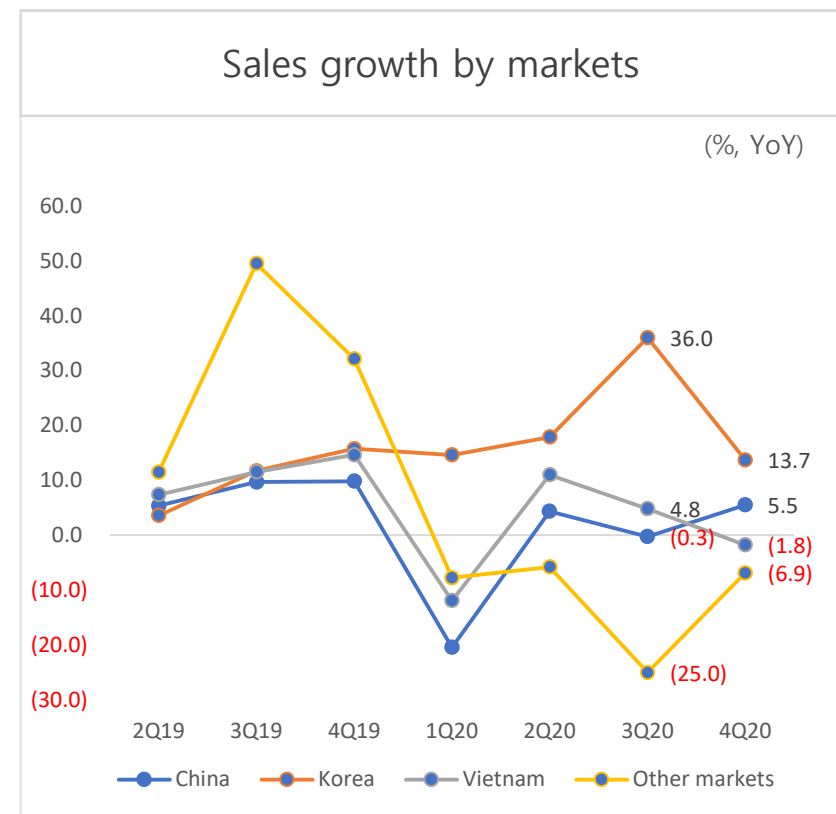
Strengthening position in key markets, expanding into new areas

- Korea continues to post strong growth, China continues to normalize
- Despite sharp decrease in B2B sales, Vietnam revenues are flat YoY thanks to channel expansion (online, wholesale) efforts
- Export backlog is improving, SE Asia markets continue to show healthy growth

Sales breakdown



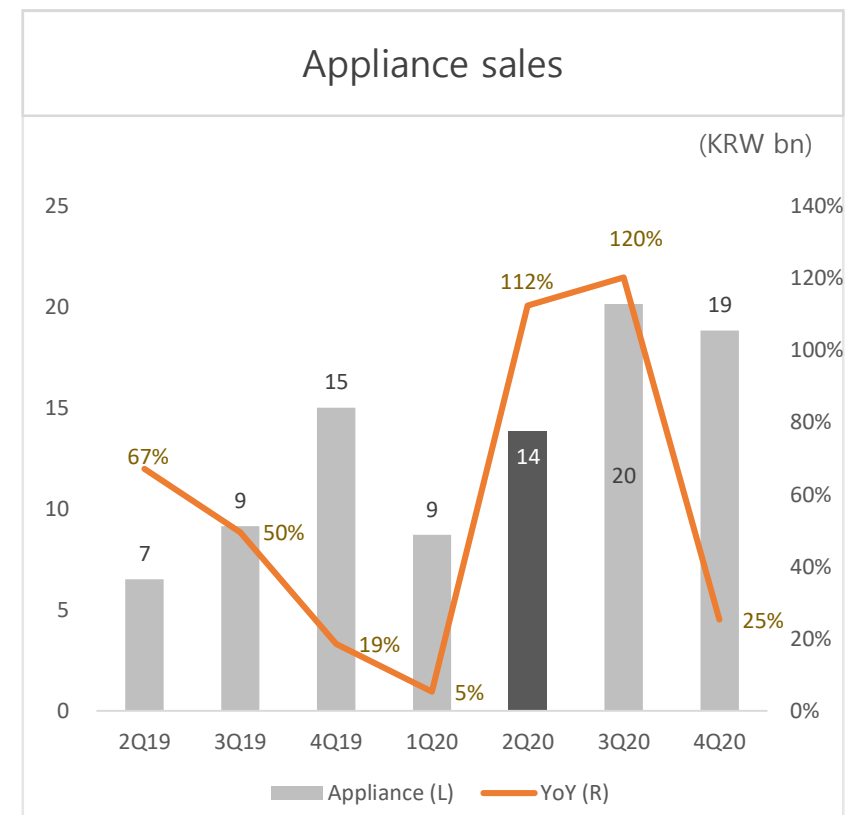
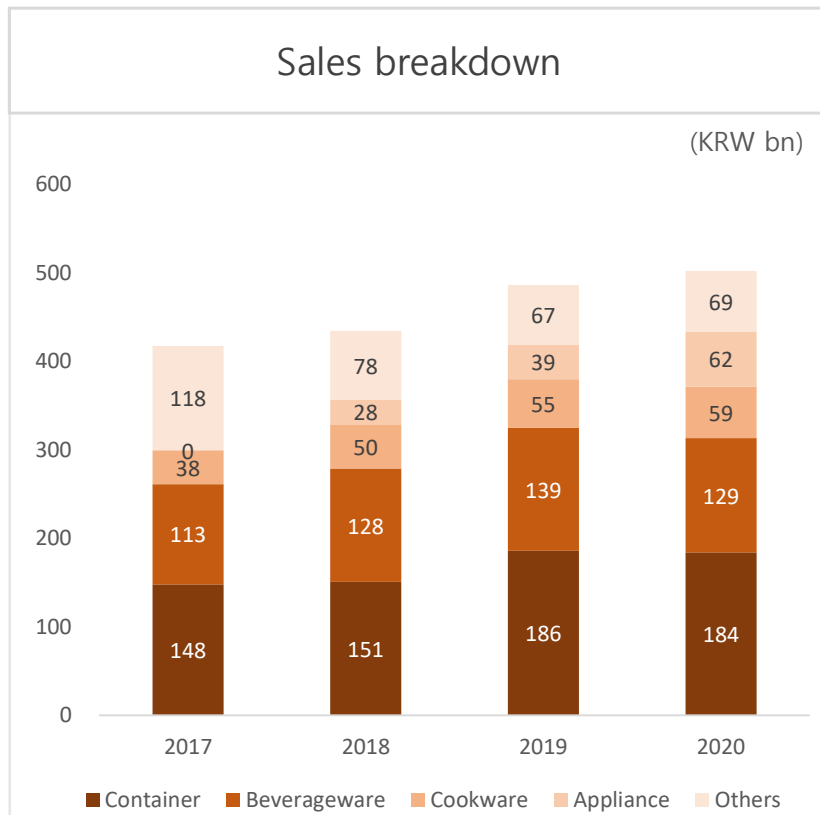
Sales growth by markets



05-2 Sales by product

Multiple products driving growth

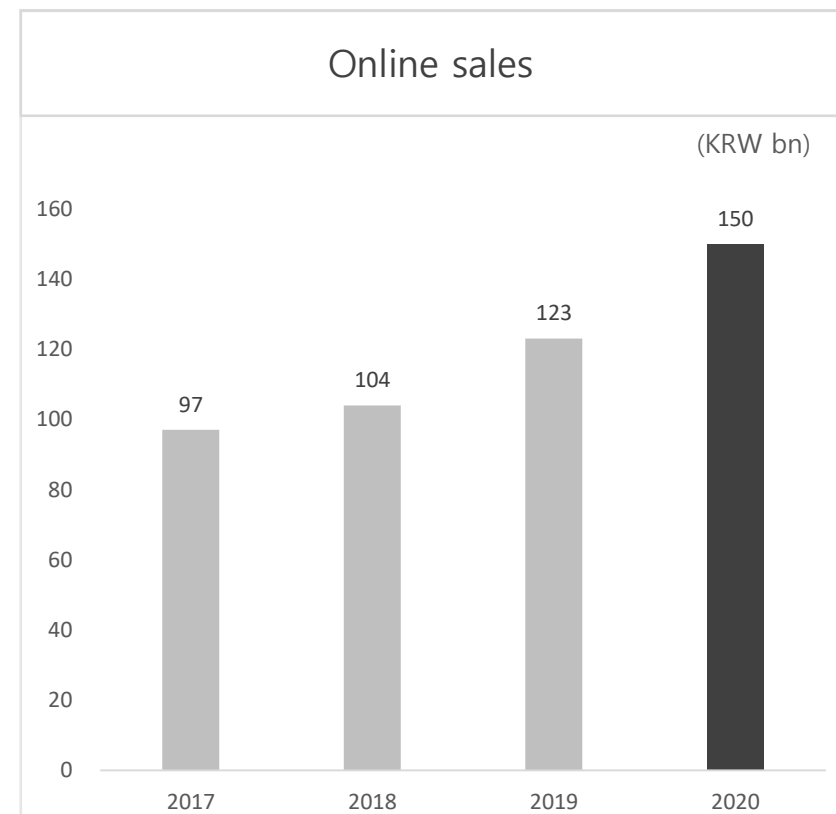
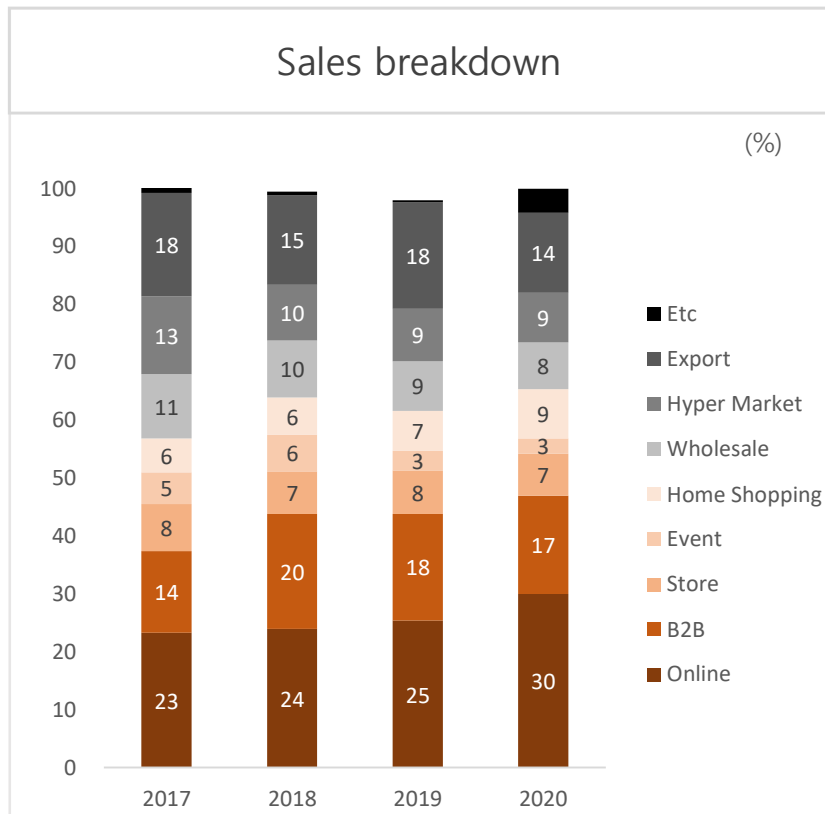
- Small kitchen appliance emerging as a new growth driver
- YoY beverageware growth turned positive from 4Q20
- Continuous improvement of product design and functionality to drive top line growth



05-3 Sales by channel

Smooth online transition

- Online has been the fastest growing channel
- Online focus will continue due to channel evolution in key markets and to improve profitability
- Also planning to improve revenue and efficiencies in traditional channels

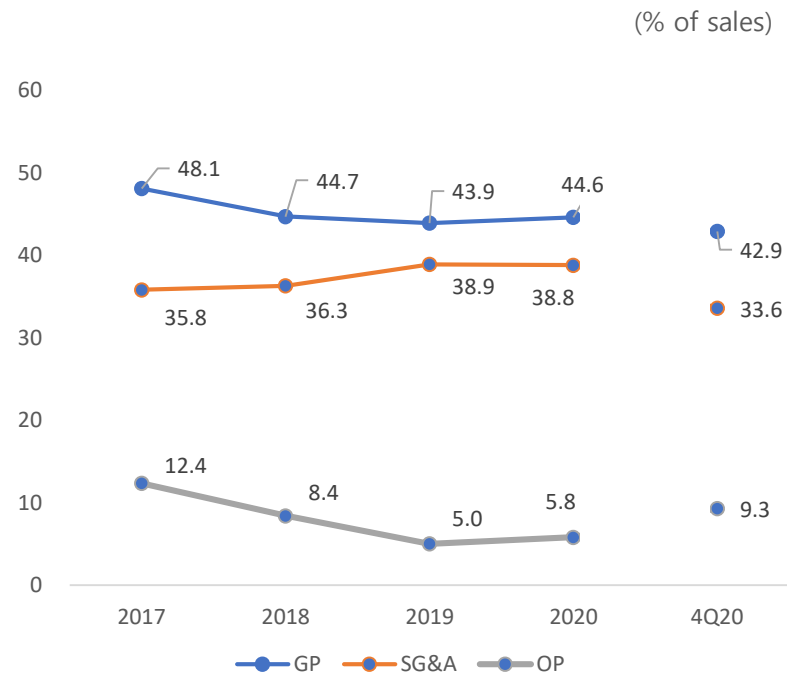


05-4 Profitability & cost

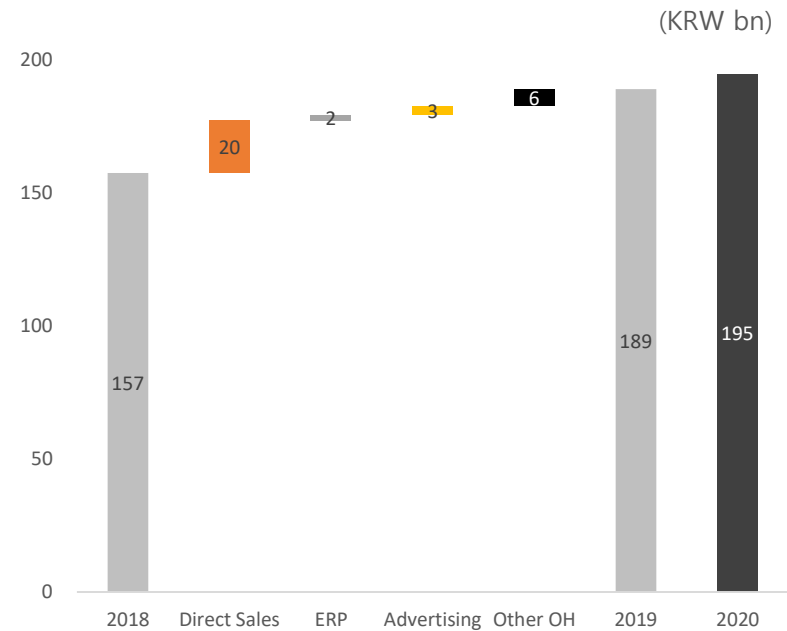
Focused on cost control and profitability

- Initial investment in ERP, Brand, Human resource, etc. is approaching an end
- SG&A started to stabilize from 2020
- Focused on improving the efficiency of direct sales expense (optimize channel mix)

Cost trend



SG&A breakdown



06 Company history



Brand integration&Growth (1998~2005)

1998

- ✓ Launched the food container LocknLock
- ✓ Integrated the brand LocknLock by choice & concentration strategy
- ✓ Grown as a world's leading food container brand



Global No.1 2018~

2018~

- ✓ Acquisition of LocknLock by Affinity Equity Partners
- ✓ Expanding brand image with the lifestyle shop, Place^{LL}
- ✓ Making a detailed strategy for each country
- ✓ Aiming to be the Global No.1 brand in kitchenware & household goods



Establishmen 1978~1997

1978

- ✓ Founded Kukjin Distribution Co.

1994

- ✓ Changed the company name to HanaCobi
- ✓ Distributed kitchen, bath, children wares (more than 600 products)



Global Operation (2006~2017)

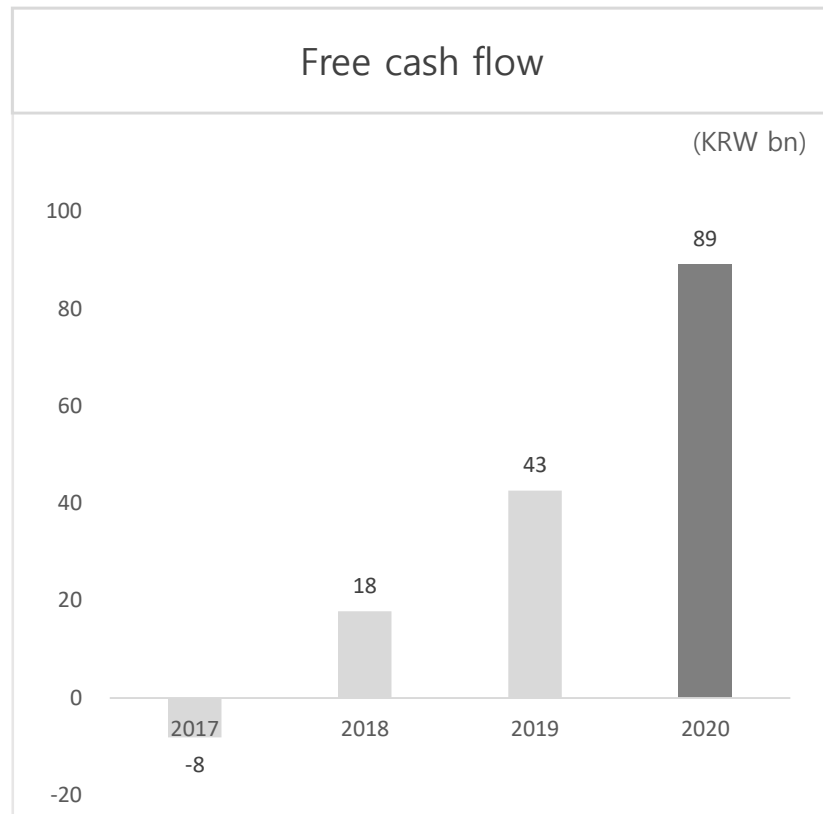
2010

- ✓ IPO on Korean Stock Market
- ✓ Actively targeting overseas markets
- ✓ Expanding its brand toward Total Living-Kitchenware

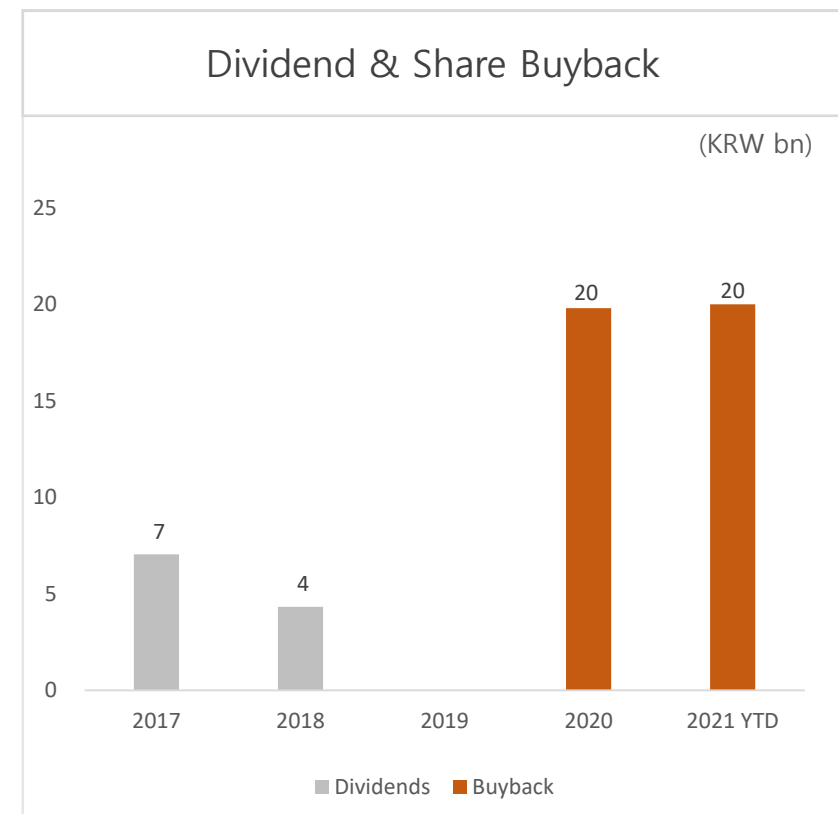
07 Free cash flow, capital management

Searching for the best option to deploy cash

- Free cash flow improvement continues
- Company searching for the best option to deploy cash (growth vs. capital management)
- We have decided to buyback W20bn shares in 2021



FCF is the sum of cashflow from operation and cash flow from investing



Results & Financials

Overview

- Sales: W149.7bn, up 5.9% YoY / 11.5% QoQ
- Operating profit: W13.9bn, up 34.4% YoY / 44.0% QoQ
- Strong seasonality, recovery of beverageware sales were key drivers
- GPM declined slightly due to increase in promotion but SG&A control led to better OPM
- Extraordinary items include 1) W5bn impairment of subsidiaries and W5.4bn deferred tax expense

(KRW mn)	4Q19	3Q20	4Q20	YoY	QoQ
Sales	141,261	134,165	149,656	5.9%	11.5%
COGS	80,090	72,843	85,413	6.6%	17.3%
Gross profit	61,171	61,322	64,243	5.0%	4.8%
GPM (%)	43.3%	45.7%	42.9%	-0.4%p	-2.8%p
SG&A	50,823	51,667	50,340	-1.0%	-2.6%
Operating profit	10,347	9,655	13,903	34.4%	44.0%
OPM (%)	7.3%	7.2%	9.3%	2.0%p	2.1%p
Net profit	4,937	5,607	2,758	-44.1%	-50.8%
NPM (%)	3.5%	4.2%	1.8%	-1.7%p	-2.3%p

Sales by region

China – Sales up 5.5% YoY

- Beverageware growth was strong due to 1) seasonality and 2) successful launch of hit products
- Appliance growth continues, plan to introduce more products in 2021 that were successful in the Korea
- Online now 62.2% of total revenues
- Online growth continues to offset weakness in offline

Korea – Sales up 13.7% YoY

- Strong Beverageware growth driven by increase of point of sales (Online, B2B)
- Appliance declined QoQ from high base in 3Q20, but YoY growth continues. New product launched planned in 1Q21
- Online now 33.5% of total revenues
- Home shopping revenues were strategically reduced in order to improve profitability

(KRW mn)	4Q19	3Q20	4Q20	YoY	QoQ
China	53,698	43,154	56,660	5.5%	31.3%
Container	11,605	11,828	12,099	4.3%	2.3%
Beverage	30,873	22,131	34,385	11.4%	55.4%
Cookware	4,374	3,014	3,584	-18.1%	18.9%
Appliance	2,525	2,267	3,415	35.2%	50.6%
Others	4,321	3,914	3,177	-26.5%	-18.8%
Online	29,405	24,351	35,232	19.8%	44.7%
B2B (특판)	11,038	9,705	12,030	9.0%	24.0%
Home shopping	797	408	332	-58.3%	-18.5%
Wholesale	4,956	3,680	4,223	-14.8%	14.8%
Hyper, Store, Event	7,186	4,935	4,774	-33.6%	-3.3%
Others	316	74	68	-78.4%	-8.0%
Korea	31,641	42,141	35,984	13.7%	-14.6%
Container	12,747	14,532	15,010	17.8%	3.3%
Beverage	5,951	4,223	7,491	25.9%	77.4%
Cookware	8,274	9,626	6,277	-24.1%	-34.8%
Appliance	618	9,306	3,809	516.3%	-59.1%
Others	4,050	4,453	3,397	-16.1%	-23.7%
Online	7,465	10,309	12,045	61.4%	16.8%
B2B (특판)	4,295	3,476	4,924	14.6%	41.7%
Home shopping	6,955	15,054	4,909	-29.4%	-67.4%
Wholesale	3,379	3,566	3,543	4.8%	-0.7%
Hyper, Store, Event	9,532	9,600	10,303	8.1%	7.3%
Others	15	136	259	1609.9%	90.6%

Sales by region

Vietnam – Sales down 1.8% YoY

- Strong growth in online and wholesale offset large decline in B2B revenue.
- Online growth is faster than expected, L&L had #1 revenue for small appliance and home/living in top 3 platforms
- Growth in container and decline in Appliance is mainly due to change in B2B product mix

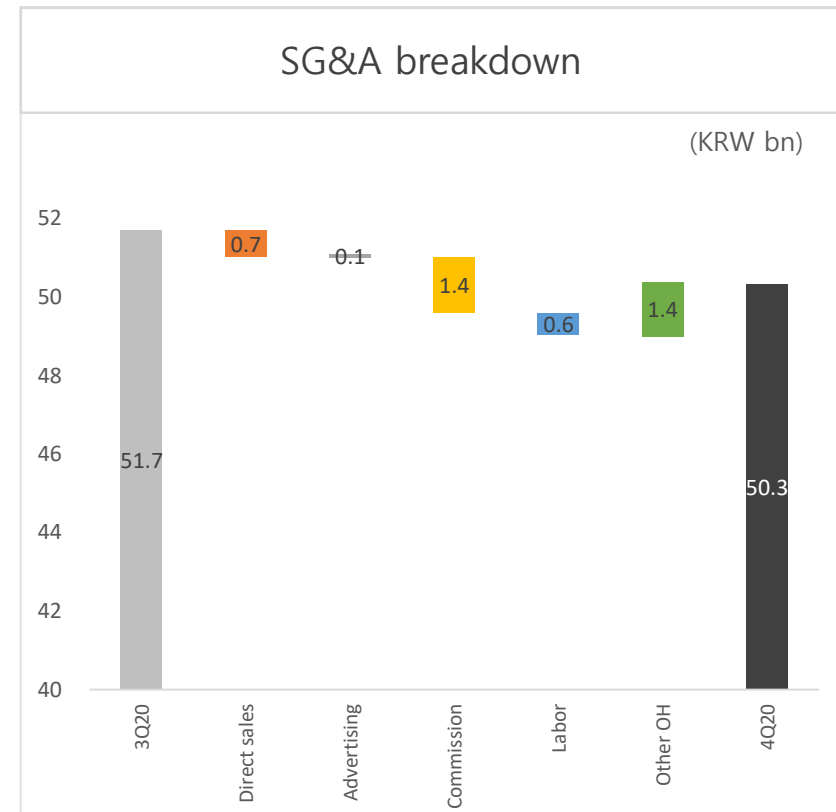
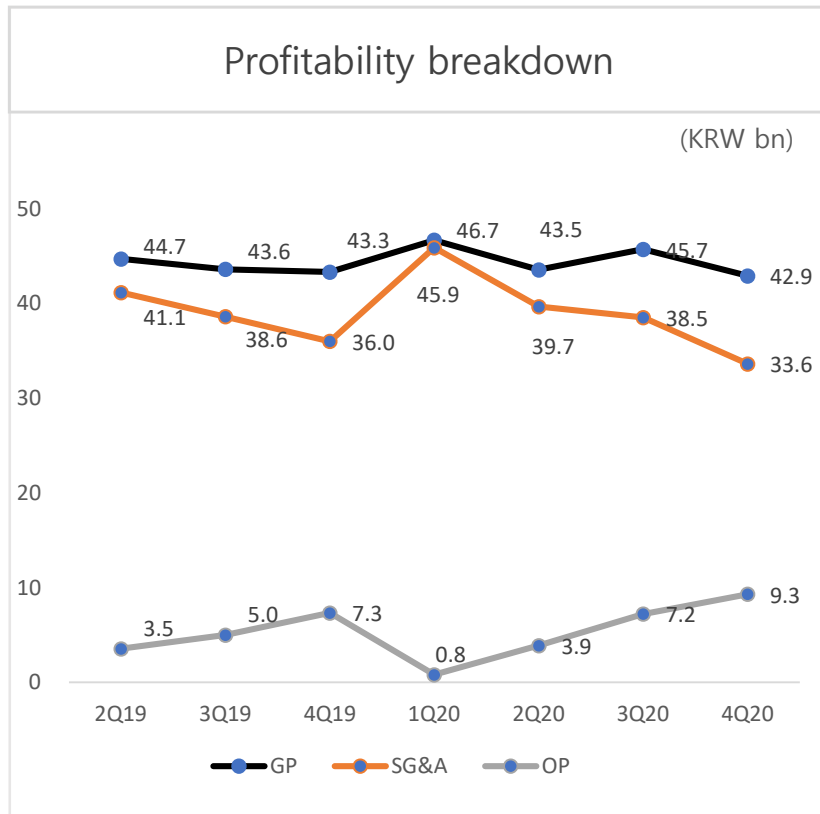
Other markets – Sales down 6.9% YoY

- Exports remain weak but backlog is improving. Expect to see recovery ahead
- Thailand and Indonesia continues to show strong growth. Thailand revenue KRW3.1bn (up 52.2% YoY), Indonesia revenue KRW3.5bn (up 11.5% YoY)

(KRW mn)	4Q19	3Q20	4Q20	YoY	QoQ
Vietnam	25,036	16,256	24,596	-1.8%	51.3%
Container	2,397	1,778	3,438	43.4%	93.4%
Beverage	3,920	2,922	4,726	20.6%	61.7%
Cookware	3,742	1,811	3,095	-17.3%	70.9%
Appliance	11,255	5,636	9,047	-19.6%	60.5%
Others	3,722	4,109	4,291	15.3%	4.4%
Online	2,593	2,956	4,161	60.5%	40.8%
B2B (특판)	11,678	4,382	6,775	-42.0%	54.6%
Home shopping	-	-	-	n/a	n/a
Wholesale	565	1,026	1,105	95.7%	7.8%
Hyper, Store, Event	10,197	7,303	12,235	20.0%	67.5%
Others	4	590	321		
Other markets	27,917	26,558	25,994	-6.9%	-2.1%
Container	20,620	17,915	17,955	-12.9%	0.2%
Beverage	4,294	2,961	2,769	-35.5%	-6.5%
Cookware	769	1,587	1,410	83.2%	-11.2%
Appliance	622	2,937	2,565	312.7%	-12.7%
Others	1,611	1,158	1,295	-19.6%	11.9%
Online	922	1,233	1,337	45.0%	8.4%
B2B (특판)	1,759	2,823	2,525	43.6%	-10.6%
Home shopping	459	1,065	989	115.3%	-7.2%
Wholesale	2,677	1,493	2,491	-6.9%	66.9%
Hyper, Store, Event	796	1,175	1,628	104.5%	38.5%
Export	21,296	18,686	16,914	-20.6%	-9.5%
Others	8	82	111		

Profitability

- 4Q20 GP at W64.2bn, up 5.0% YoY, 4.8% QoQ
- GPM at 42.9%, down 0.4%pt YoY, 2.8%pt QoQ
- GPM declined QoQ due to increased promotion activities but GP increased due to higher revenues
- 4Q20 SG&A at W50.3bn, down 1.0% YoY, 2.6% QoQ due to decrease in direct sales expense and commissions
- OPM at 9.3%, up 2.0%pt YoY, 2.1%pt QoQ



Income statement

(KRW mn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2019	2020
Sales	105,787	110,485	128,461	141,261	100,106	118,058	134,165	149,656	485,993	501,985
China	39,566	38,577	43,284	53,698	31,473	40,241	43,154	56,660	175,125	171,528
Korea	27,297	29,411	30,950	31,641	31,282	34,665	42,141	35,984	119,298	144,071
Vietnam	13,205	13,675	15,510	25,036	11,627	15,177	16,256	24,596	67,427	67,657
Other markets	24,931	26,162	35,432	27,917	22,992	24,642	26,558	25,994	114,442	100,185
Others	787	2,660	3,285	2,969	2,732	3,333	6,056	6,422	9,702	18,544
COGS	58,963	61,115	72,466	80,090	53,401	66,666	72,843	85,413	272,634	278,323
Gross profit	46,824	49,370	55,994	61,171	46,705	51,391	61,322	64,243	213,358	223,662
GPM	44.3%	44.7%	43.6%	43.3%	46.7%	43.5%	45.7%	42.9%	43.9%	44.6%
SG&A	43,181	45,458	49,580	50,823	45,912	46,814	51,667	50,340	189,042	194,734
% of sales	40.8%	41.1%	38.6%	36.0%	45.9%	39.7%	38.5%	33.6%	38.9%	38.8%
Operating profit	3,643	3,912	6,414	10,347	793	4,577	9,655	13,903	24,316	28,928
OPM	3.4%	3.5%	5.0%	7.3%	0.8%	3.9%	7.2%	9.3%	5.0%	5.8%
EBITDA	12,913	13,734	16,028	19,208	10,018	13,692	18,688	22,819	61,884	65,217
EBITDA margin	12.2%	12.4%	12.5%	13.6%	10.0%	11.6%	13.9%	15.2%	12.7%	13.0%
Non operating income	2,759	312	1,104	(76)	3,349	(150)	(196)	(3,320)	4,099	(317)
Pretax income	6,402	4,224	7,518	10,272	4,142	4,427	9,459	10,583	28,415	28,611
Tax	1,898	2,019	2,786	5,335	3,652	2,028	3,852	7,825	12,038	17,358
Tax rate	29.6%	47.8%	37.1%	51.9%	88.2%	45.8%	40.7%	73.9%	42.4%	60.7%
Net profit	4,504	2,205	4,732	4,937	490	2,399	5,607	2,758	16,377	11,253
NPM	4.3%	2.0%	3.7%	3.5%	0.5%	2.0%	4.2%	1.8%	3.4%	2.2%

Sales by product

(백만원, KRW mn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2019	2020
한국 (Korea)	27,297	29,411	30,950	31,641	31,282	34,665	42,141	35,984	119,298	144,071
Container	10,153	12,136	13,420	12,747	11,713	14,207	14,532	15,010	48,456	55,462
Beverageware	3,613	5,553	4,186	5,951	3,440	5,530	4,223	7,491	19,303	20,684
Cookware	8,062	6,967	8,032	8,274	8,533	7,697	9,626	6,277	31,334	32,132
Appliance	394	983	1,246	618	909	2,357	9,306	3,809	3,242	16,382
Others	5,074	3,773	4,065	4,050	6,687	4,874	4,453	3,397	16,962	19,411
중국 (China)	39,566	38,577	43,284	53,698	31,473	40,241	43,154	56,660	175,125	171,528
Container	10,666	10,758	10,809	11,605	12,360	13,180	11,828	12,099	43,839	49,468
Beverageware	20,593	18,228	21,067	30,873	12,945	15,406	22,131	34,385	90,761	84,868
Cookware	2,478	3,238	2,812	4,374	2,119	5,327	3,014	3,584	12,902	14,044
Appliance	2,218	1,511	2,035	2,525	2,139	3,396	2,267	3,415	8,289	11,215
Others	3,611	4,843	6,560	4,321	1,911	2,932	3,914	3,177	19,333	11,933
베트남 (Vietnam)	13,205	13,675	15,510	25,036	11,627	15,177	16,256	24,596	67,427	67,657
Container	1,581	2,503	1,886	2,397	1,569	1,579	1,778	3,438	8,368	8,365
Beverageware	1,887	2,816	3,565	3,920	2,144	2,817	2,922	4,726	12,189	12,610
Cookware	1,362	1,280	1,223	3,742	994	1,432	1,811	3,095	7,607	7,332
Appliance	5,473	2,789	4,880	11,255	4,569	6,272	5,636	9,047	24,396	25,524
Others	2,903	4,287	3,956	3,722	2,351	3,075	4,109	4,291	14,867	13,827
Other markets	24,931	26,162	35,432	27,917	22,992	24,642	26,558	25,994	114,442	100,185
Container	18,880	19,388	26,357	20,620	16,877	18,195	17,915	17,955	85,245	70,942
Beverageware	3,728	3,034	5,547	4,294	3,141	1,833	2,961	2,769	16,604	10,705
Cookware	954	662	949	769	496	1,526	1,587	1,410	3,335	5,019
Appliance	193	1,230	986	622	1,108	1,813	2,937	2,565	3,031	8,423
Others	1,176	1,847	1,592	1,611	1,370	1,274	1,158	1,295	6,227	5,097

Sales by channel

(백만원, KRW mn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2019	2020
한국 (Korea)	27,297	29,411	30,950	31,641	31,282	34,665	42,141	35,984	119,298	144,071
Online	5,974	6,189	7,216	7,465	7,401	8,804	10,309	12,045	26,844	38,560
B2B	2,646	3,818	3,565	4,295	5,195	4,268	3,476	4,924	14,323	17,863
Store	1,810	1,394	1,555	2,366	1,620	2,603	2,116	2,999	7,125	9,338
Event	1,894	2,169	2,125	1,785	1,555	2,237	2,190	1,825	7,973	7,807
Home Shopping	7,755	6,467	7,948	6,955	8,458	7,447	15,054	4,909	29,124	35,869
Wholesale	2,739	3,611	3,742	3,379	2,245	3,581	3,566	3,543	13,472	12,935
Hyper Market	4,233	5,762	4,799	5,380	4,807	5,726	5,294	5,478	20,174	21,304
Others	0	0	0	15	0	(0)	136	259	15	395
중국 (China)	39,566	38,577	43,284	53,698	31,473	40,241	43,154	56,660	175,125	171,528
Online	17,943	18,322	20,764	29,405	14,922	21,361	24,351	35,232	86,435	95,867
B2B	10,328	9,646	10,134	11,038	8,374	10,466	9,705	12,030	41,146	40,575
Store	1,974	1,712	2,008	1,436	557	606	499	358	7,129	2,021
Event	1,455	1,480	1,408	1,156	825	982	1,236	1,647	5,499	4,690
Home Shopping	1,149	788	715	797	799	709	408	332	3,449	2,248
Wholesale	2,847	3,659	3,979	4,956	2,834	3,251	3,680	4,223	15,441	13,988
Hyper Market	3,647	2,631	3,902	4,594	3,045	2,727	3,200	2,769	14,774	11,741
Others	224	340	373	316	118	138	74	68	1,253	398
베트남 (Vietnam)	13,205	13,675	15,510	25,036	11,627	15,177	16,256	24,596	67,427	67,657
Online	1,344	1,691	1,841	2,593	1,703	2,848	2,956	4,161	7,469	11,668
B2B	5,095	3,867	5,096	11,678	3,371	3,548	4,382	6,775	25,735	18,076
Store	4,082	4,660	5,514	6,326	3,472	5,498	5,440	9,280	20,582	23,689
Event	454	937	396	961	501	0	0	0	2,748	501
Home Shopping	1	0	0	0	0	0	0	0	1	0
Wholesale	485	374	619	565	1,034	1,973	1,026	1,105	2,043	5,138
Hyper Market	1,744	2,120	2,027	2,909	1,547	1,311	1,863	2,955	8,800	7,675
Others	1	27	17	4	0	0	590	320	49	910

E.O.D

LocknLock