

LocknLock

1Q21 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



2004~2021

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



2008~2021

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**)



2014~2020

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)

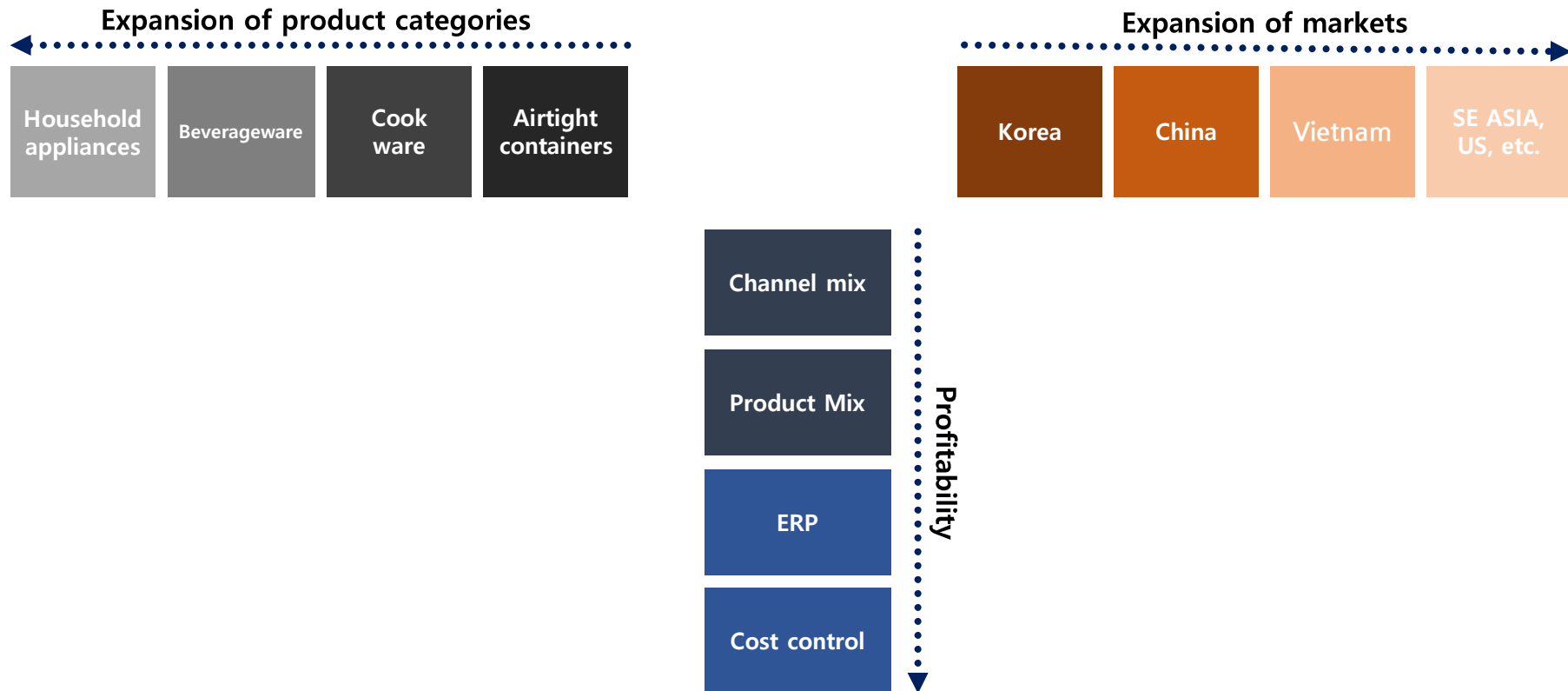


2011

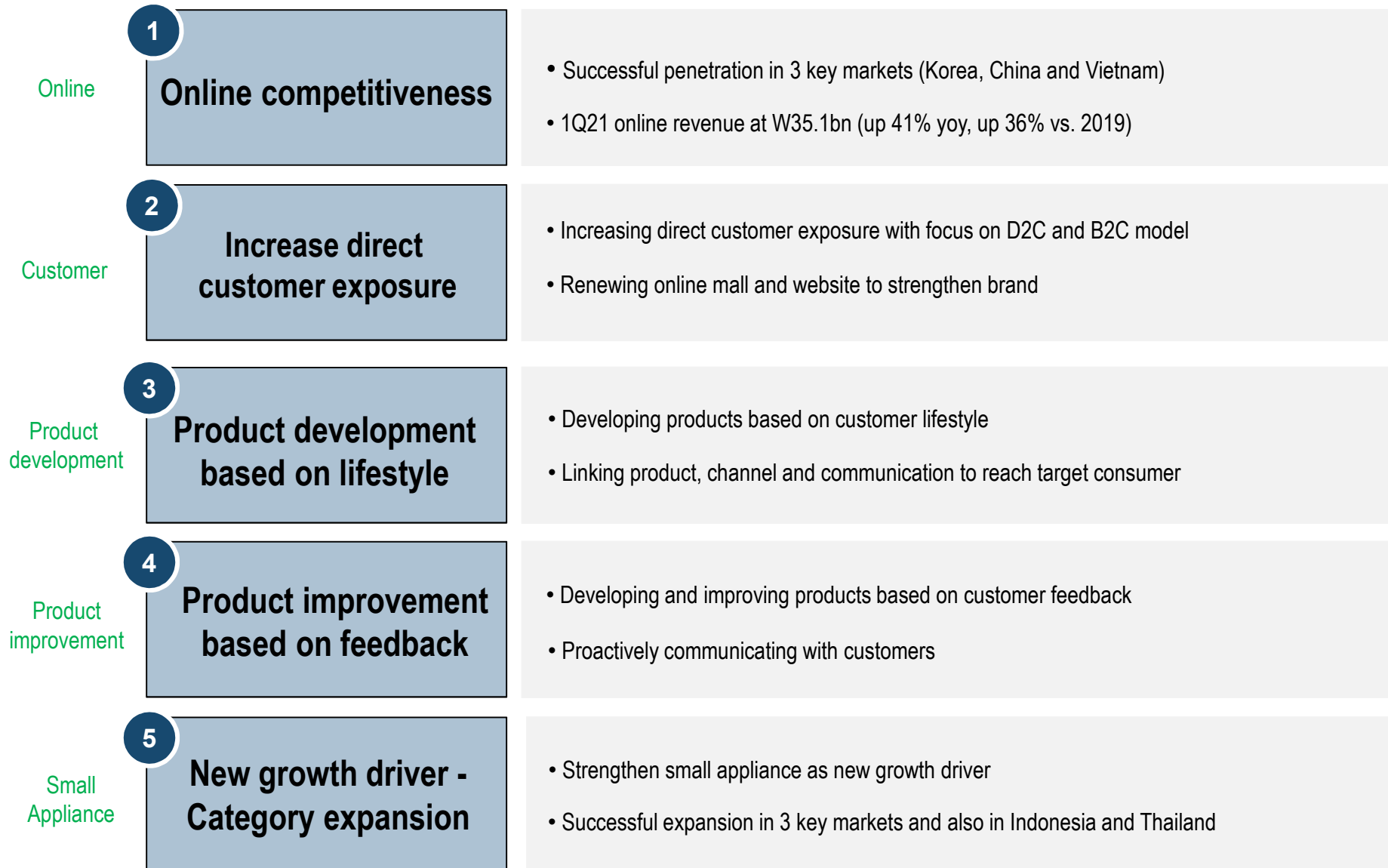
ÖKO-TEST, the most representative consumer organization in Germany: **Received the highest rating**

Focused on top line growth and profitability improvement

LocknLock



04-2 Growth strategy – Strategic focus



04-3 Growth strategy – Online strategy

Past (~'19) : Wholesale(online), B2B/Store focus



- Strong position in T-mall, JD
- Online was 49% of total revenue in 2019



- High reliance on wholesalers for online business (Online wholesale portion 66% in '18, 46% in '19)



- Weak presence in No.1 platform (Sophee)
- B2B/, offline store focus

Now ('20~) : Greater competitiveness in online



- Maintain strong position in T-mall, JD
- Proactive entry into new platforms (PDD, TikTok)

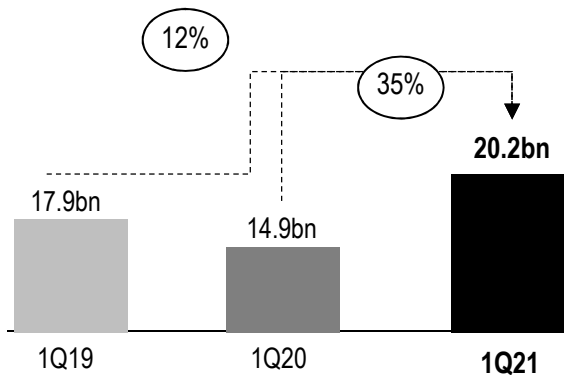


- Increase direct sales within key platforms (91% in '20)
- Proactive entered new platforms : D2C + live commerce (Naver, etc)
Naver smart store + Kakao commerce, etc
- Increase direct customer exposure

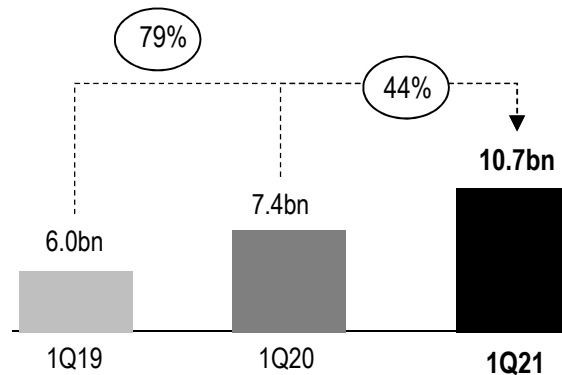


- Leading position in key platforms
- Linking online/offline marketing based on brand power

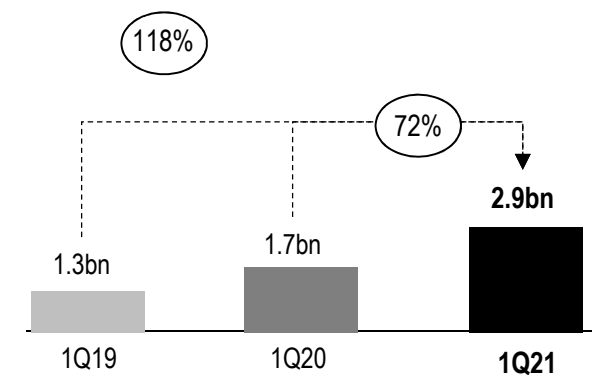
China



Korea

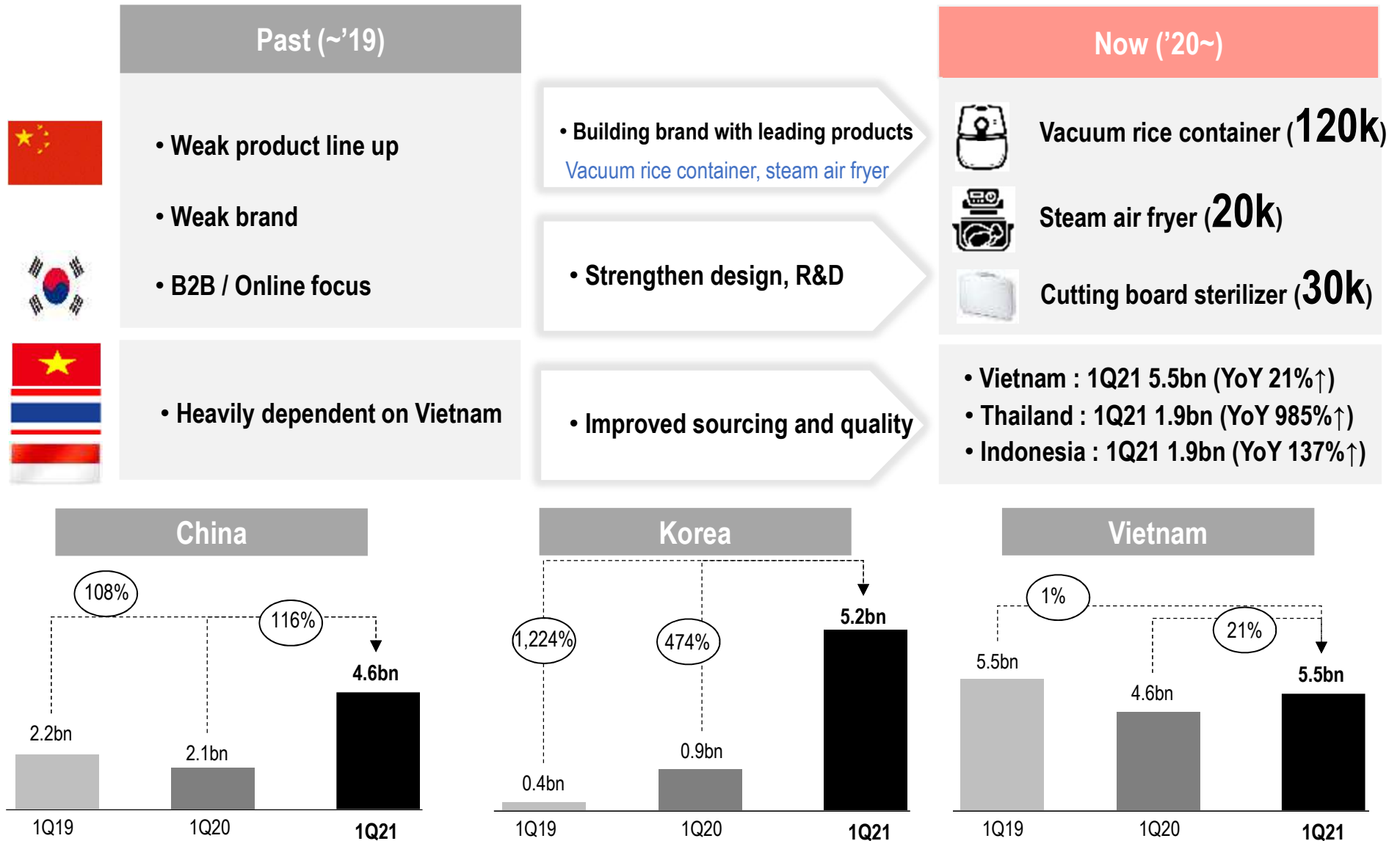


Vietnam



04-4 Growth strategy – Small appliance strategy

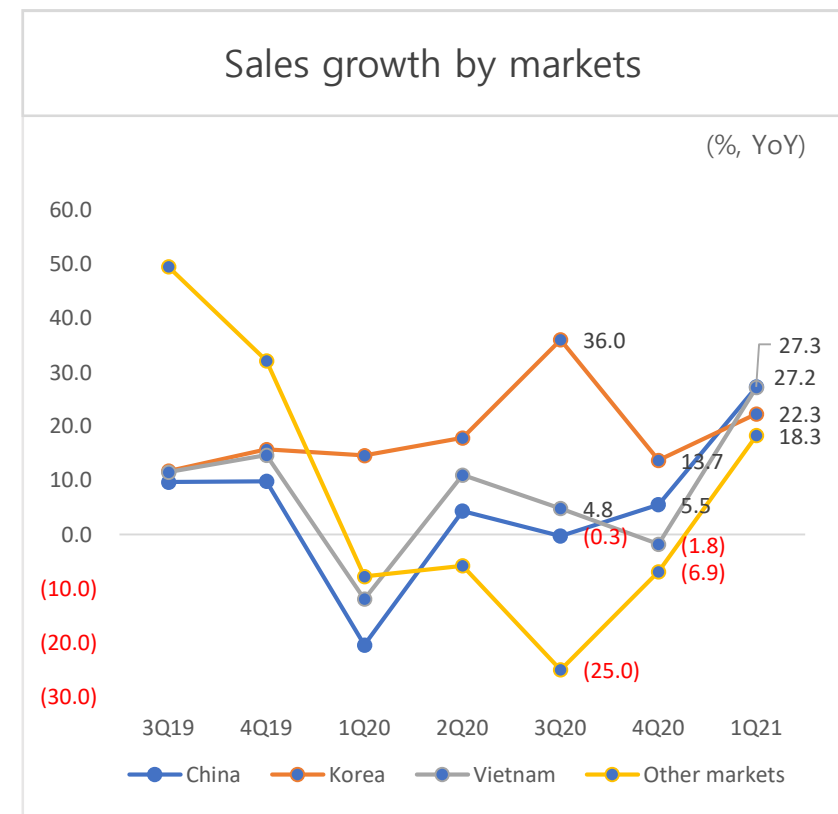
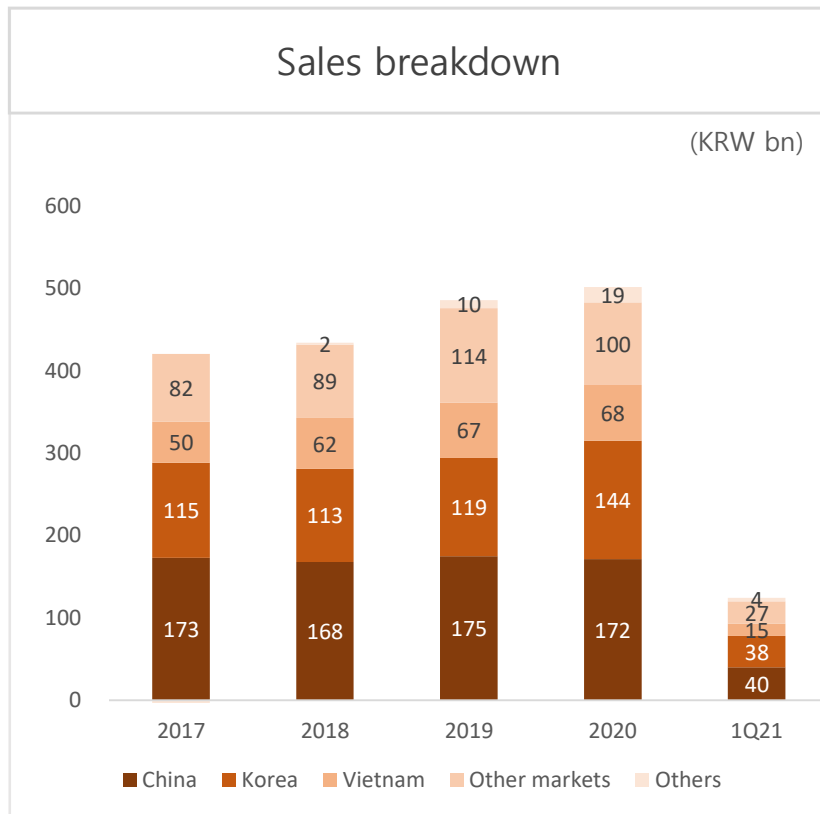
Building brand and expanding revenue with strategic products



05-1 Sales by geography

Strengthening position in key markets, expanding into new areas

- All key areas posted strong growth in 1Q21
- Efforts to diversify products and strengthen online channels are starting to show positive results
- Exports started to improve, SE Asia markets continues to show healthy growth

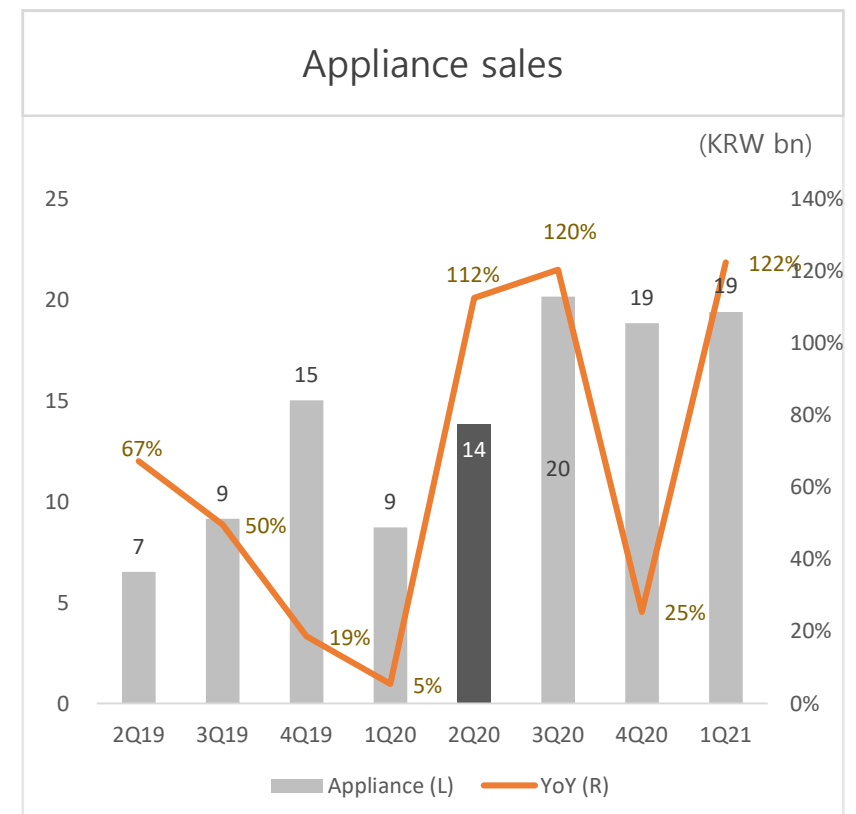
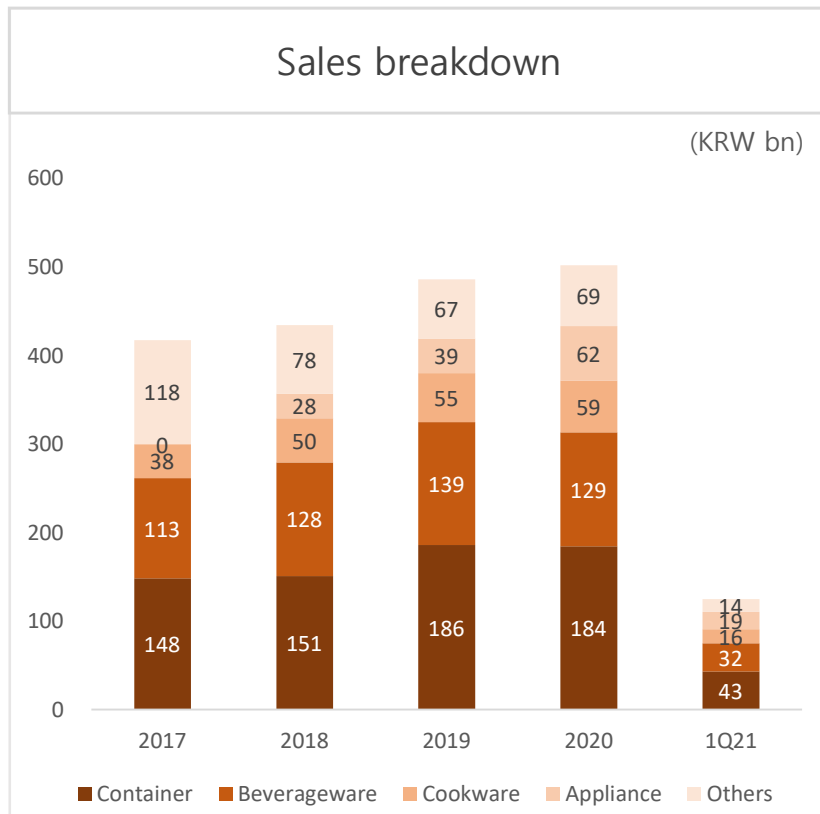


*Korea sales KRW41bn, YoY growth at 31.0% including Jennifer Room

06 Sales by product

Multiple products driving growth

- Small kitchen appliance emerging as a new growth driver (15.6% of 1Q21 sales, vs. 8.7% in 1Q20)
- Strong beverageware growth (46.4% YoY) thanks to successful new product launch in China
- Continuous improvement of product design and functionality to drive top line growth

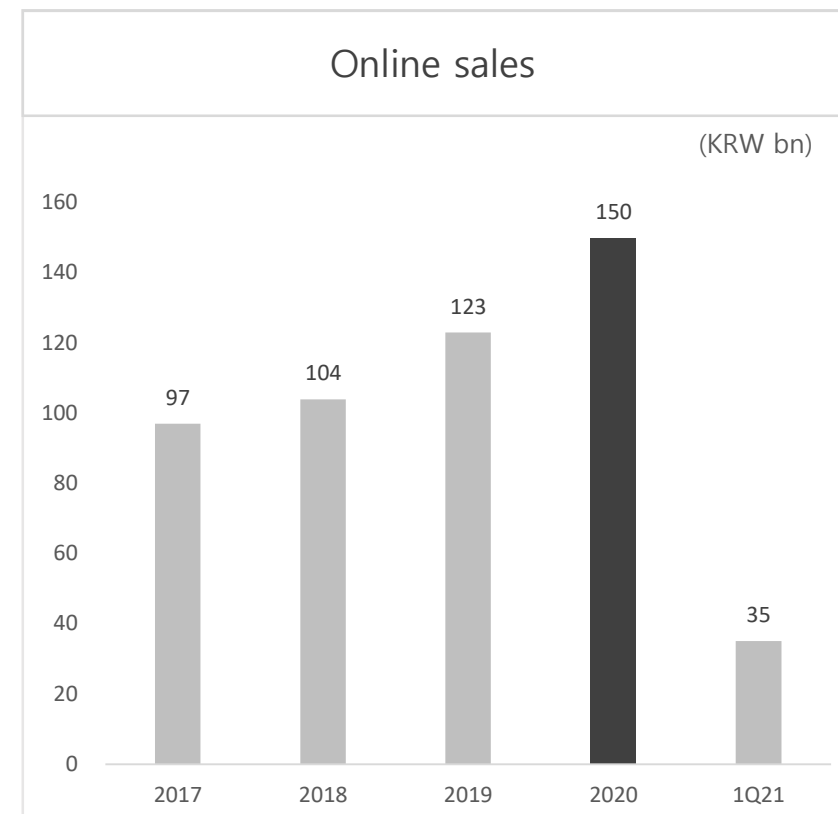
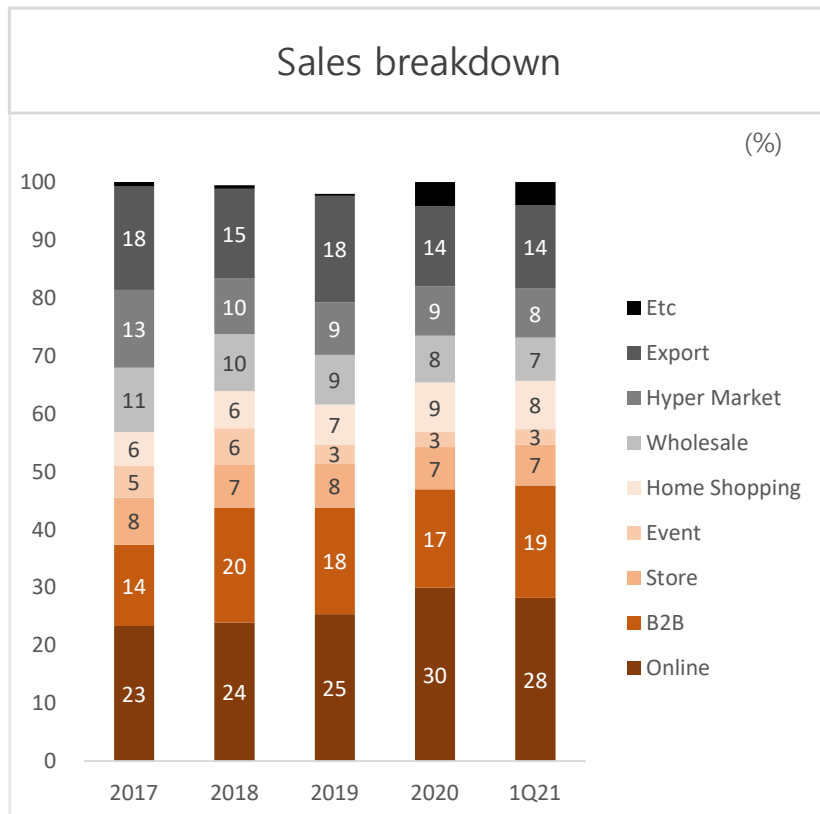


*Appliance sales KRW 22bn, YoY growth at 152.6% when including Jennifer Room

07 Sales by channel

Smooth online transition

- Online has been the fastest growing channel (1Q21 28.2% vs. 1Q20 24.9%)
- Online focus will continue due to channel evolution in key markets and to improve profitability
- Also planning to improve profitability in traditional channels



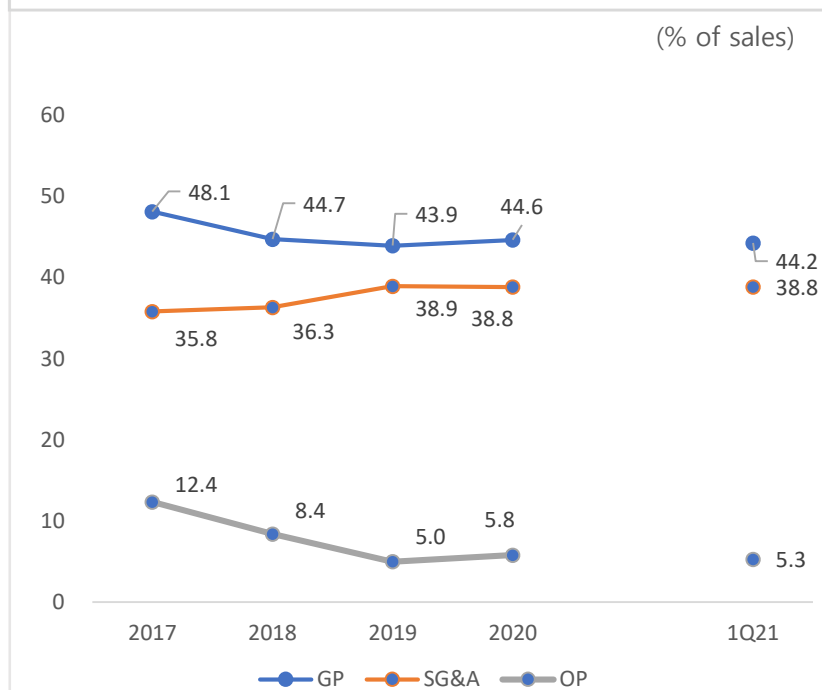
*Online sales at KRW 38bn, YoY growth 51.8% when including Jennifer Room

08 Profitability & cost

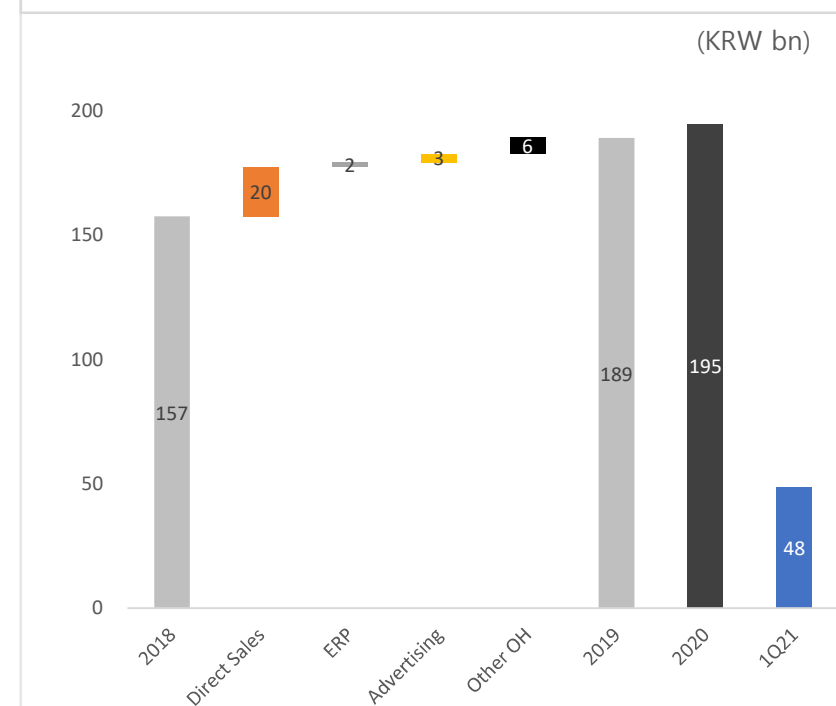
Focused on cost control and profitability

- 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



09 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)

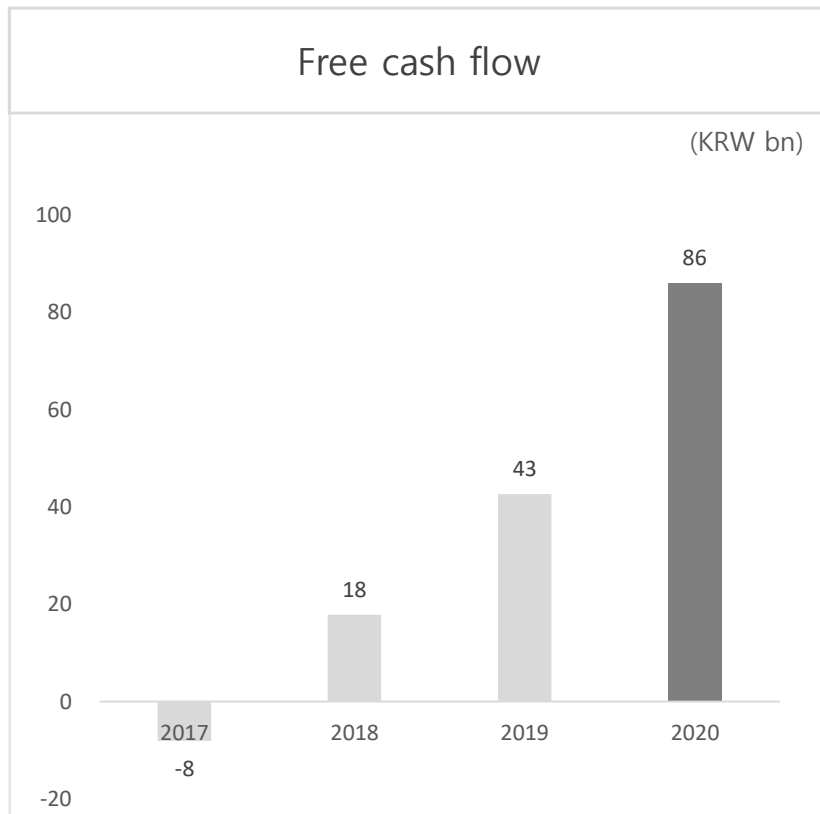
2010

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

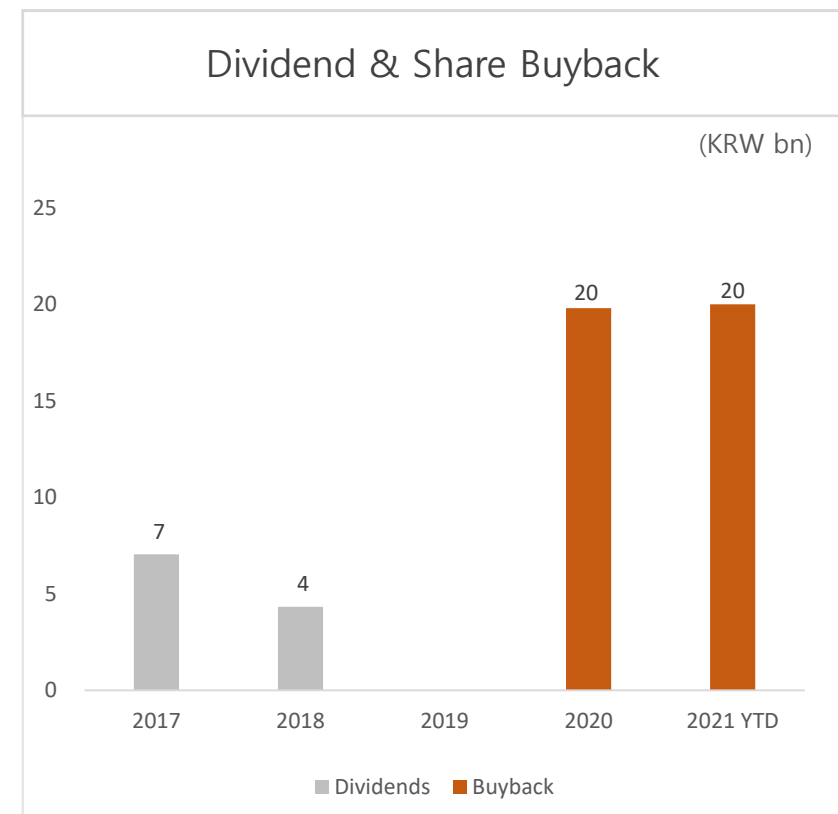
10 Free cash flow, capital management

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 are buying another W20bn of treasury shares in 2021



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



Results & Financials

Overview

- Sales: W124.6bn, up 24.5% YoY / down 16.7% QoQ
- Operating profit: W6.7bn, up 740.2% YoY / down 52.1% QoQ
- Strong seasonality seen in all key areas. Small appliance and beverage showing strong growth
- GPM declined slightly due to cost pressure (logistics etc.) but OPM improved as SG&A control continues

(KRW mn)	1Q20	4Q20	1Q21	YoY	QoQ
Sales	100,106	149,656	124,600	24.5%	-16.7%
Cost of goods sold	53,401	85,412	69,555	30.2%	-18.6%
Gross profit	46,705	64,243	55,045	17.9%	-14.3%
<i>GPM (%)</i>	<i>46.7%</i>	<i>42.9%</i>	<i>44.2%</i>	<i>-2.5%p</i>	<i>1.3%p</i>
SG&A	45,912	50,340	48,385	5.4%	-3.9%
Operating profit	793	13,903	6,660	740.2%	-52.1%
<i>OPM (%)</i>	<i>0.8%</i>	<i>9.3%</i>	<i>5.3%</i>	<i>4.6%p</i>	<i>-3.9%p</i>
EBITDA	6,670	19,542	11,979	79.6%	-38.7%
<i>EBITDA margin (%)</i>	<i>6.7%</i>	<i>13.1%</i>	<i>9.6%</i>	<i>3.0%p</i>	<i>-3.4%p</i>
Pretax profit	4,142	12,828	6,769	63.4%	-47.2%
Net profit	490	3,260	3,548	624.6%	8.9%
<i>NPM (%)</i>	<i>0.5%</i>	<i>2.2%</i>	<i>2.8%</i>	<i>2.4%p</i>	<i>0.7%p</i>

*EBITDA is the sum of operating profit, depreciation and amortization

Sales by region

China – Sales up 27.3% YoY

- Strong Beverageware growth thanks to successful new product launch
- Appliance growth continues, plan to introduce more products in 2021 that were successful in the Korea
- Online now 50.3% of total revenues in 1Q21 (vs. 47.4% in 1Q20)

Korea – Sales up 22.3% YoY

- Strong appliance growth driven by multiple products (rice container, air fryer, multi cooker, etc)
- Online now 27.9% of total revenues as of 1Q21 (vs. 23.7% in 1Q20)
- Home shopping revenue increased but sales contribution was lower. We plan to strategically control home shopping sales in order to improve profitability

(KRW mn)	1Q20	4Q20	1Q21	YoY	QoQ
China	31,473	56,660	40,081	27.3%	-29.3%
Container	12,360	12,099	9,703	-21.5%	-19.8%
Beverage	12,945	34,385	20,244	56.4%	-41.1%
Cookware	2,119	3,584	3,080	45.4%	-14.0%
Appliance	2,139	3,415	4,624	116.2%	35.4%
Others	1,911	3,177	2,430	27.2%	-23.5%
Online	14,922	35,232	20,169	35.2%	-42.8%
B2B (특판)	8,374	12,030	12,137	44.9%	0.9%
Home shopping	799	332	-	100.0%	-100.0%
Wholesale	2,834	4,223	3,252	14.8%	-23.0%
Hyper, Store, Event	4,427	4,774	4,471	1.0%	-6.3%
Others	118	68	50	-57.1%	-26.2%
Korea	31,282	35,984	38,270	22.3%	6.4%
Container	11,713	15,010	14,386	22.8%	-4.2%
Beverage	3,440	7,491	5,396	56.9%	-28.0%
Cookware	8,533	6,277	9,500	11.3%	51.3%
Appliance	909	3,809	5,217	474.0%	36.9%
Others	6,687	3,397	3,770	-43.6%	11.0%
Online	7,401	12,045	10,675	44.2%	-11.4%
B2B (특판)	5,195	4,924	4,862	-6.4%	-1.3%
Home shopping	8,458	4,909	9,561	13.0%	94.7%
Wholesale	2,245	3,543	3,342	48.9%	-5.7%
Hyper, Store, Event	7,982	10,562	9,778	22.5%	-7.4%
Others	-	0	52	n/a	n/a

*Korea Appliance YoY growth 773.3%, Online YoY growth 80.0% when including Jennifer Room

Sales by region

Vietnam – Sales up 27.2% YoY

- Both online and offline channel showed strong growth.
- Strong growth of small appliance continues. Cookware revenue was strong especially in offline channels.
- While maintaining strong growth in B2C, we are also working to improve B2B revenue.

Other markets – Sales up 18.3% YoY

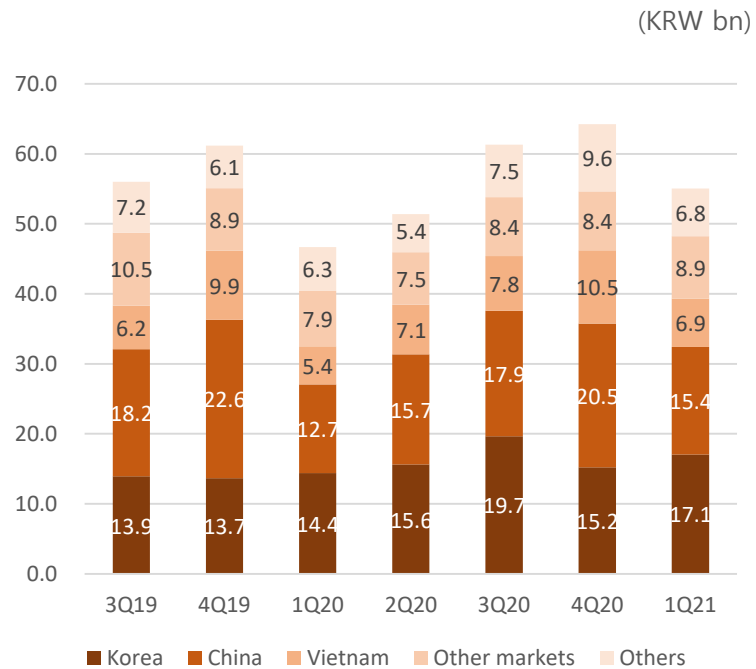
- Exports growth turned positive, first since 4Q19. Recovery likely to continue considering backlog.
- Thailand and Indonesia continues to show strong growth. Thailand revenue KRW3.7bn (up 129.8% YoY), Indonesia revenue KRW4.2bn (up 14.0% YoY).
- Small appliance now best selling category in both Thailand and Indonesia

(KRW mn)	1Q20	4Q20	1Q21	YoY	QoQ
Vietnam	11,627	24,596	14,793	27.2%	-39.9%
Container	1,569	3,438	1,970	25.6%	-42.7%
Beverage	2,144	4,726	2,653	23.7%	-43.9%
Cookware	994	3,095	2,284	129.8%	-26.2%
Appliance	4,569	9,047	5,508	20.6%	-39.1%
Others	2,351	4,291	2,378	1.1%	-44.6%
Online	1,703	4,161	2,929	72.0%	-29.6%
B2B (특판)	3,371	6,775	3,196	-5.2%	-52.8%
Home shopping	-	-	-	n/a	n/a
Wholesale	1,034	1,105	1,044	0.9%	-5.5%
Hyper, Store, Event	5,520	12,235	7,383	33.8%	-39.7%
Others	-	321	242	n/a	-24.6%
Other markets	22,992	25,923	27,208	18.3%	5.0%
Container	16,877	17,924	17,075	1.2%	-4.7%
Beverage	3,141	2,769	3,438	9.5%	24.2%
Cookware	496	1,369	1,085	118.6%	-20.8%
Appliance	1,108	2,565	4,043	265.0%	57.6%
Others	1,370	1,295	1,567	14.4%	21.0%
Online	851	1,337	1,353	59.0%	1.2%
B2B (특판)	1,722	2,525	4,029	134.1%	59.6%
Home shopping	945	989	849	-10.2%	-14.1%
Wholesale	2,569	2,491	1,633	-36.4%	-34.5%
Hyper, Store, Event	722	1,348	1,248	72.8%	-7.4%
Export	16,085	16,914	17,913	11.4%	5.9%
Others	99	319	182	84.3%	-43.0%

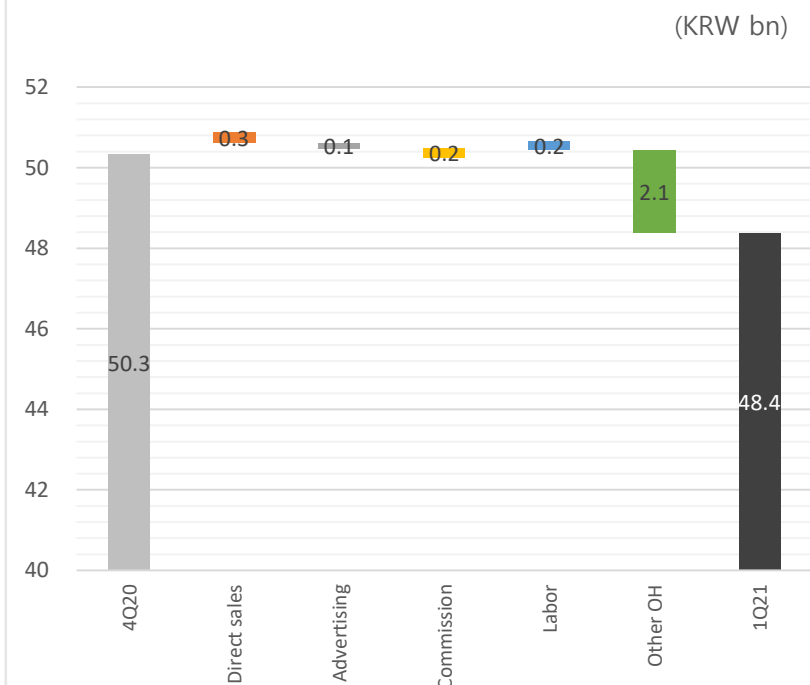
Profitability

- 1Q21 GP at W55.0bn, up 17.9% YoY, down 14.3% QoQ
- GPM at 44.2%, down 2.5%pt YoY, up 1.3%pt QoQ
- GPM declined QoQ due to cost pressure (logistics etc.) but GP increased due to higher revenues
- 4Q20 SG&A up 5.4% YoY, down 3.9% QoQ. YoY SG&A to sales improvement continues
- OPM at 5.3%, up 4.6%pt YoY, down 3.9%pt QoQ

Gross profit breakdown



SG&A breakdown



Income statement

(KRW mn)	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
Sales	110,485	128,461	141,261	100,106	118,058	134,165	149,656	124,600	485,993	501,984
China	38,577	43,284	53,698	31,473	40,241	43,154	56,660	40,081	175,125	171,528
Korea	29,411	30,950	31,641	31,282	34,665	42,141	35,984	38,270	119,298	144,071
Vietnam	13,675	15,510	25,036	11,627	15,177	16,256	24,596	14,793	67,427	67,657
Other markets	26,162	35,432	27,917	22,992	24,642	26,558	25,923	27,208	114,442	100,114
Others	2,660	3,285	2,969	2,732	3,333	6,056	6,493	4,248	9,702	18,614
COGS	61,115	72,466	80,090	53,401	66,666	72,843	85,412	69,555	272,634	278,323
Gross profit	49,370	55,994	61,171	46,705	51,391	61,322	64,243	55,045	213,358	223,662
GPM	44.7%	43.6%	43.3%	46.7%	43.5%	45.7%	42.9%	44.2%	43.9%	44.6%
SG&A	45,458	49,580	50,823	45,912	46,814	51,667	50,340	48,385	189,042	194,734
% of sales	41.1%	38.6%	36.0%	45.9%	39.7%	38.5%	33.6%	38.8%	38.9%	38.8%
Operating profit	3,912	6,414	10,347	793	4,577	9,655	13,903	6,660	24,316	28,928
OPM	3.5%	5.0%	7.3%	0.8%	3.9%	7.2%	9.3%	5.3%	5.0%	5.8%
EBITDA	9,744	12,282	15,900	6,670	10,452	15,475	19,542	11,979	47,354	52,139
EBITDA margin	8.8%	9.6%	11.3%	6.7%	8.9%	11.5%	13.1%	9.6%	9.7%	10.4%
Non operating income	312	1,104	(76)	3,349	(150)	(196)	(1,075)	109	4,099	1,928
Pretax income	4,224	7,518	10,272	4,142	4,427	9,459	12,828	6,769	28,415	30,856
Tax	2,019	2,786	5,335	3,652	2,028	3,852	9,568	3,220	12,038	19,100
Tax rate	47.8%	37.1%	51.9%	88.2%	45.8%	40.7%	74.6%	47.6%	42.4%	61.9%
Net profit	2,205	4,732	4,937	490	2,399	5,607	3,260	3,548	16,377	11,756
NPM	2.0%	3.7%	3.5%	0.5%	2.0%	4.2%	2.2%	2.8%	3.4%	2.3%

Sales by product

(백만원, KRW mn)	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
한국 (Korea)	29,411	30,950	31,641	31,282	34,665	42,141	35,984	38,270	119,298	144,071
Container	12,136	13,420	12,747	11,713	14,207	14,532	15,010	14,386	48,456	55,462
Beverageware	5,553	4,186	5,951	3,440	5,530	4,223	7,491	5,396	19,303	20,684
Cookware	6,967	8,032	8,274	8,533	7,697	9,626	6,277	9,500	31,334	32,132
Appliance	983	1,246	618	909	2,357	9,306	3,809	5,217	3,242	16,382
Others	3,773	4,065	4,050	6,687	4,874	4,453	3,397	3,770	16,962	19,411
중국 (China)	38,577	43,284	53,698	31,473	40,241	43,154	56,660	40,081	175,125	171,528
Container	10,758	10,809	11,605	12,360	13,180	11,828	12,099	9,703	43,839	49,468
Beverageware	18,228	21,067	30,873	12,945	15,406	22,131	34,385	20,244	90,761	84,868
Cookware	3,238	2,812	4,374	2,119	5,327	3,014	3,584	3,080	12,902	14,044
Appliance	1,511	2,035	2,525	2,139	3,396	2,267	3,415	4,624	8,289	11,215
Others	4,843	6,560	4,321	1,911	2,932	3,914	3,177	2,430	19,333	11,933
베트남 (Vietnam)	13,675	15,510	25,036	11,627	15,177	16,256	24,597	14,793	67,427	67,658
Container	2,503	1,886	2,397	1,569	1,579	1,778	3,438	1,970	8,368	8,365
Beverageware	2,816	3,565	3,920	2,144	2,817	2,922	4,726	2,653	12,189	12,610
Cookware	1,280	1,223	3,742	994	1,432	1,811	3,095	2,284	7,607	7,332
Appliance	2,789	4,880	11,255	4,569	6,272	5,636	9,047	5,508	24,396	25,524
Others	4,287	3,956	3,722	2,351	3,075	4,109	4,291	2,378	14,867	13,827
Other markets	26,162	35,432	27,917	22,992	24,642	26,558	25,994	27,208	114,442	100,185
Container	19,388	26,357	20,620	16,877	18,195	17,915	17,955	17,075	85,245	70,942
Beverageware	3,034	5,547	4,294	3,141	1,833	2,961	2,769	3,438	16,604	10,705
Cookware	662	949	769	496	1,526	1,587	1,410	1,085	3,335	5,019
Appliance	1,230	986	622	1,108	1,813	2,937	2,565	4,043	3,031	8,423
Others	1,847	1,592	1,611	1,370	1,274	1,158	1,295	1,567	6,227	5,097

Sales by channel

(백만원, KRW mn)	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2019	2020
한국 (Korea)	29,411	30,950	31,641	31,282	34,665	42,141	35,984	38,270	119,298	144,071
Online	6,189	7,216	7,465	7,401	8,804	10,309	12,045	10,675	26,844	38,560
B2B	3,818	3,565	4,295	5,195	4,268	3,476	4,924	4,862	14,323	17,863
Store	1,394	1,555	2,366	1,620	2,603	2,116	2,999	2,702	7,125	9,338
Event	2,169	2,125	1,785	1,555	2,237	2,190	1,825	2,064	7,973	7,807
Home Shopping	6,467	7,948	6,955	8,458	7,447	15,054	4,909	9,561	29,124	35,869
Wholesale	3,611	3,742	3,379	2,245	3,581	3,566	3,543	3,342	13,472	12,935
Hyper Market	5,762	4,799	5,380	4,807	5,726	5,294	5,478	4,796	20,174	21,304
Others	0	0	15	0	(0)	136	259	268	15	395
중국 (China)	38,577	43,284	53,698	31,473	40,241	43,154	56,660	40,081	175,125	171,528
Online	18,322	20,764	29,405	14,922	21,361	24,351	35,232	20,169	86,435	95,867
B2B	9,646	10,134	11,038	8,374	10,466	9,705	12,030	12,137	41,146	40,575
Store	1,712	2,008	1,436	557	606	499	358	310	7,129	2,021
Event	1,480	1,408	1,156	825	982	1,236	1,647	1,283	5,499	4,690
Home Shopping	788	715	797	799	709	408	332	0	3,449	2,248
Wholesale	3,659	3,979	4,956	2,834	3,251	3,680	4,223	3,252	15,441	13,988
Hyper Market	2,631	3,902	4,594	3,045	2,727	3,200	2,769	2,878	14,774	11,741
Others	340	373	316	118	138	74	68	50	1,253	398
베트남 (Vietnam)	13,675	15,510	25,036	11,627	15,177	16,256	24,597	14,793	67,427	67,658
Online	1,691	1,841	2,593	1,703	2,848	2,956	4,161	2,929	7,469	11,668
B2B	3,867	5,096	11,678	3,371	3,548	4,382	6,775	3,196	25,735	18,076
Store	4,660	5,514	6,326	3,472	5,498	5,440	9,280	5,056	20,582	23,689
Event	937	396	961	501	0	0	0	0	2,748	501
Home Shopping	0	0	0	0	0	0	0	0	1	0
Wholesale	374	619	565	1,034	1,973	1,026	1,105	1,044	2,043	5,138
Hyper Market	2,120	2,027	2,909	1,547	1,311	1,863	2,955	2,326	8,800	7,675
Others	27	17	4	0	0	590	321	242	49	911

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