

LocknLock

2Q21 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)

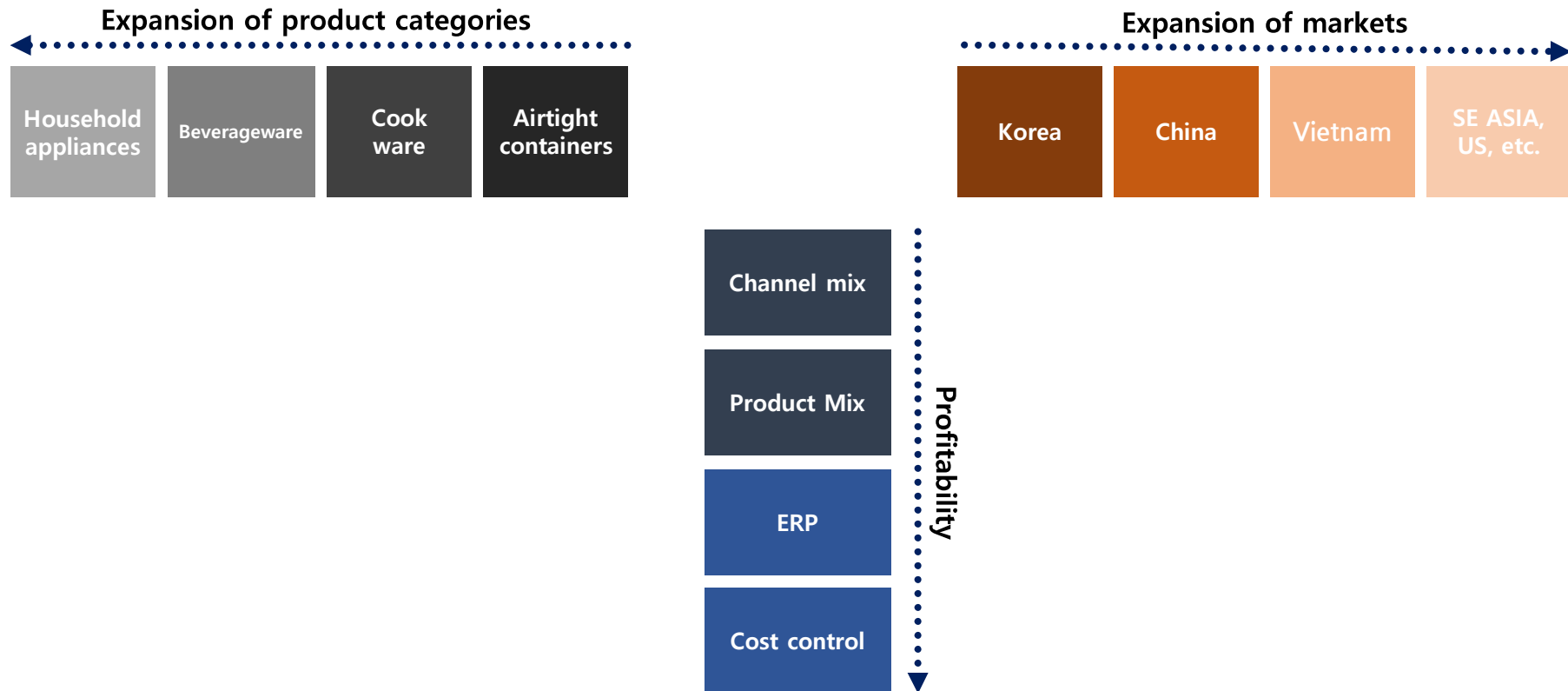


2011

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

Online	1 Online competitiveness	<ul style="list-style-type: none">• Successful penetration in 3 key markets (Korea, China and Vietnam)• 1H21 online revenue at W76.5bn (up 30% yoy, up 46% vs. 2019)
Customer	2 Increase direct customer exposure	<ul style="list-style-type: none">• Increasing direct customer exposure with focus on D2C and B2C model• Renewing online mall and website to strengthen brand
Product development	3 Product development based on lifestyle	<ul style="list-style-type: none">• Developing products based on customer lifestyle• Linking product, channel and communication to reach target consumer
Product improvement	4 Product improvement based on feedback	<ul style="list-style-type: none">• Developing and improving products based on customer feedback• Proactively communicating with customers
Small Appliance	5 New growth driver - Category expansion	<ul style="list-style-type: none">• Strengthen small appliance as new growth driver• Successful expansion in 3 key markets and also in Indonesia and Thailand

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)

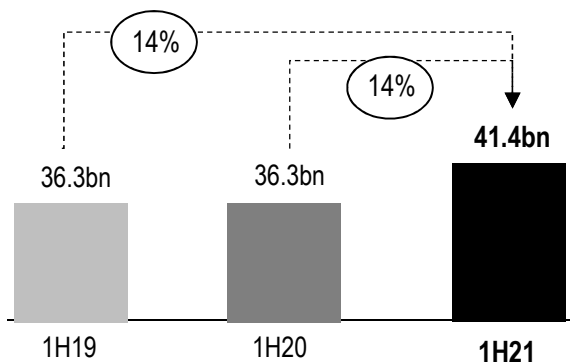


- Increase direct sales within key platforms (91% in '20)
- Proactively entered new platforms : D2C + live commerce (Naver, etc)
Naver smart store + Kakao commerce, etc
- Increase direct customer exposure

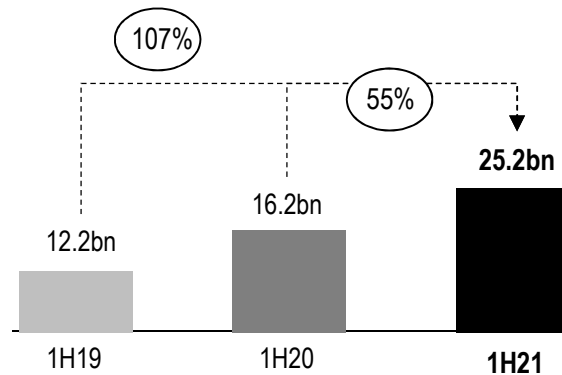


- Leading position in key platforms
- Linking online/offline marketing based on brand power

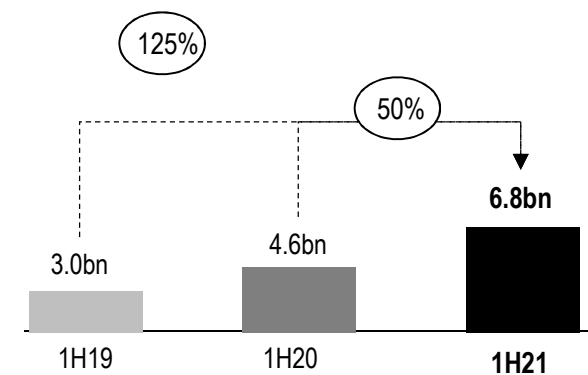
China



Korea

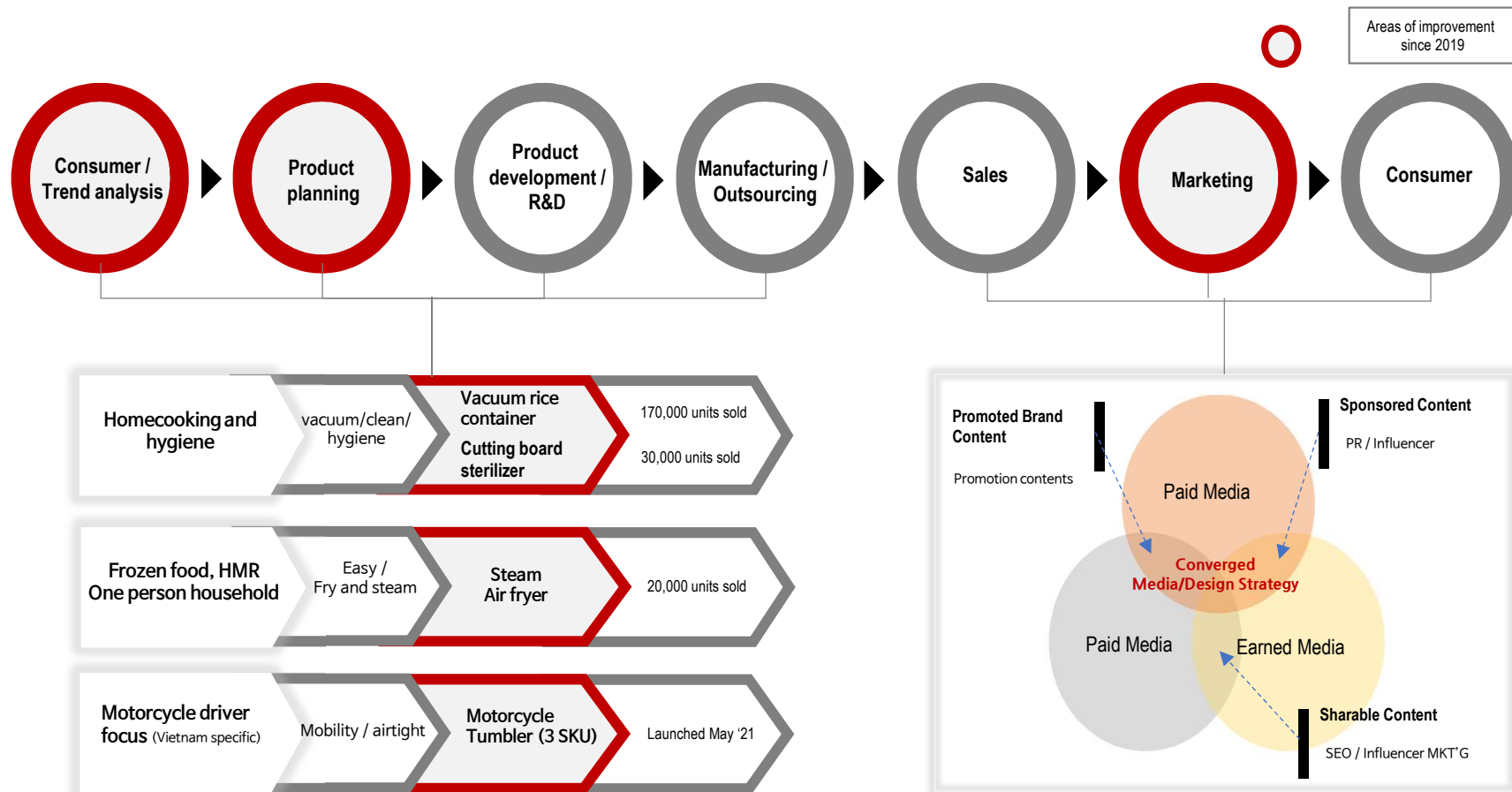


Vietnam

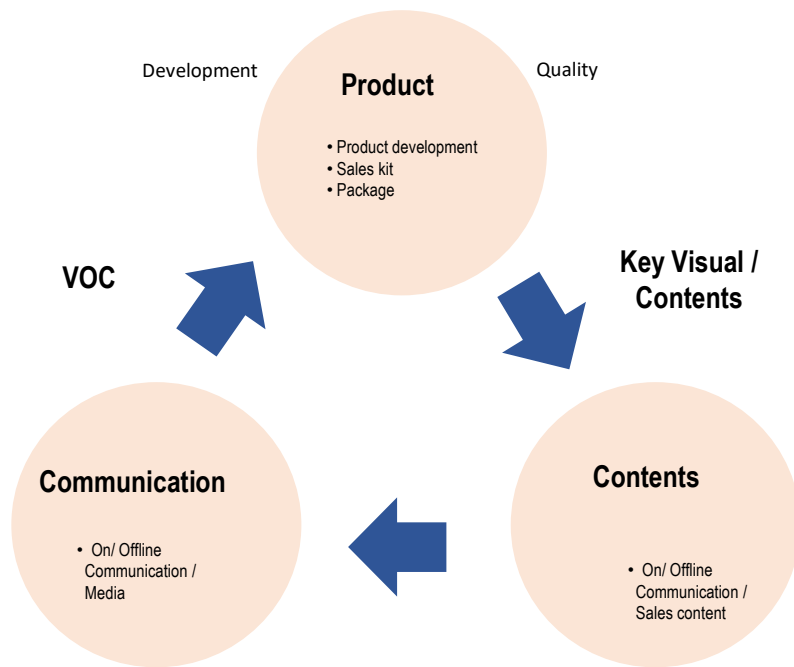


04-4 Growth Strategy – Improve product development with focus on target customers

Improve product development and marketing by better understanding our customers



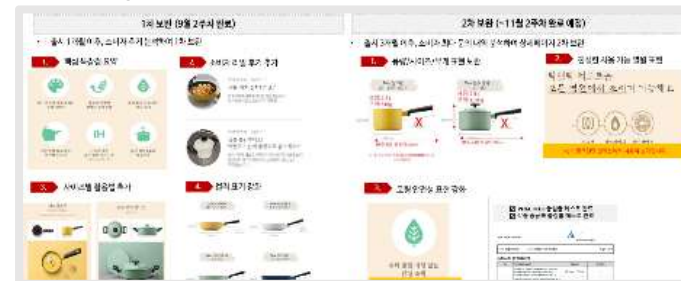
Reflect customer feedback to improve quality of product and communication



- **Product quality improvement based on customer feedback**

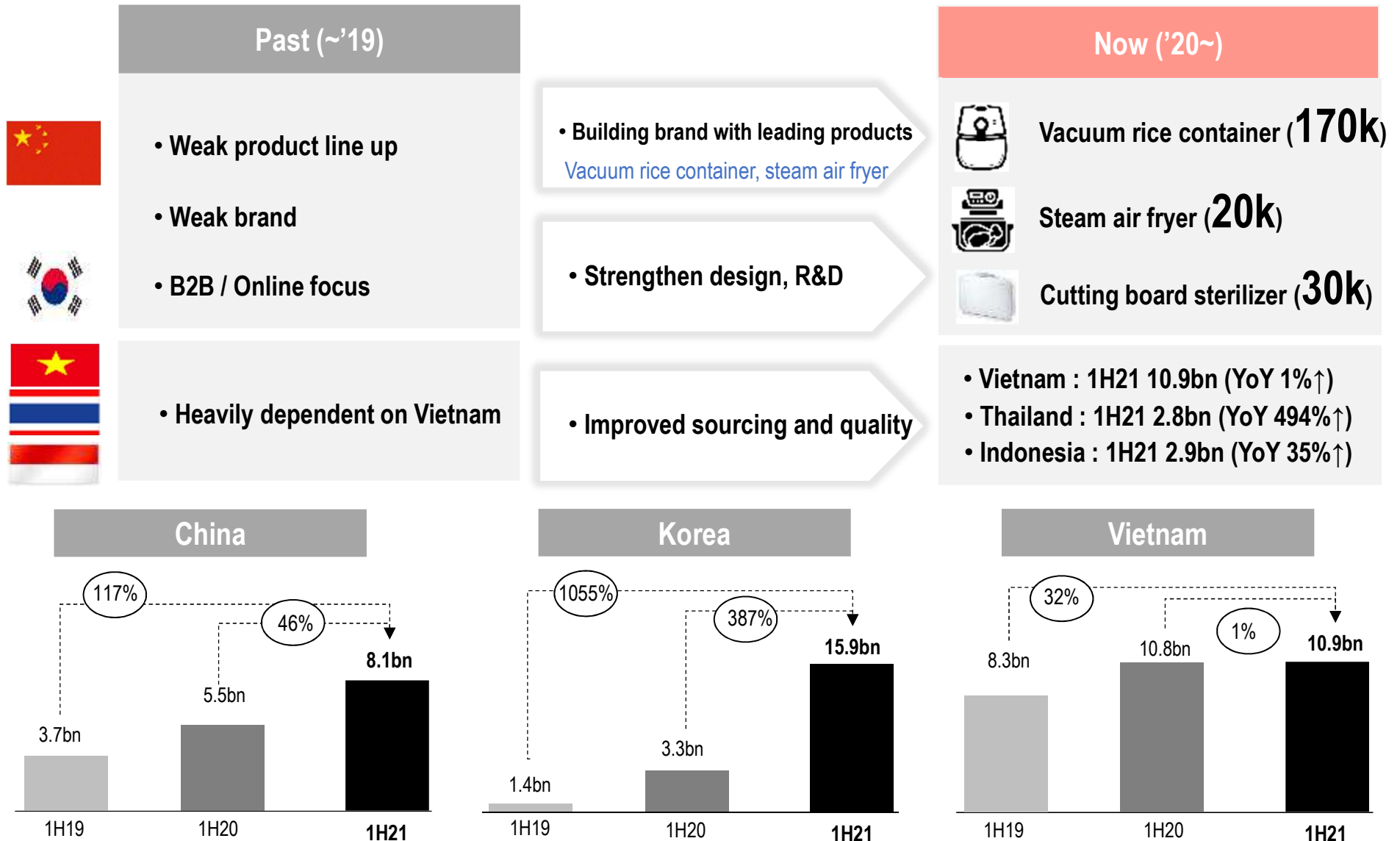
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- **Homepage improvement based on customer feedback**



04-6 Growth Strategy – Small appliance strategy

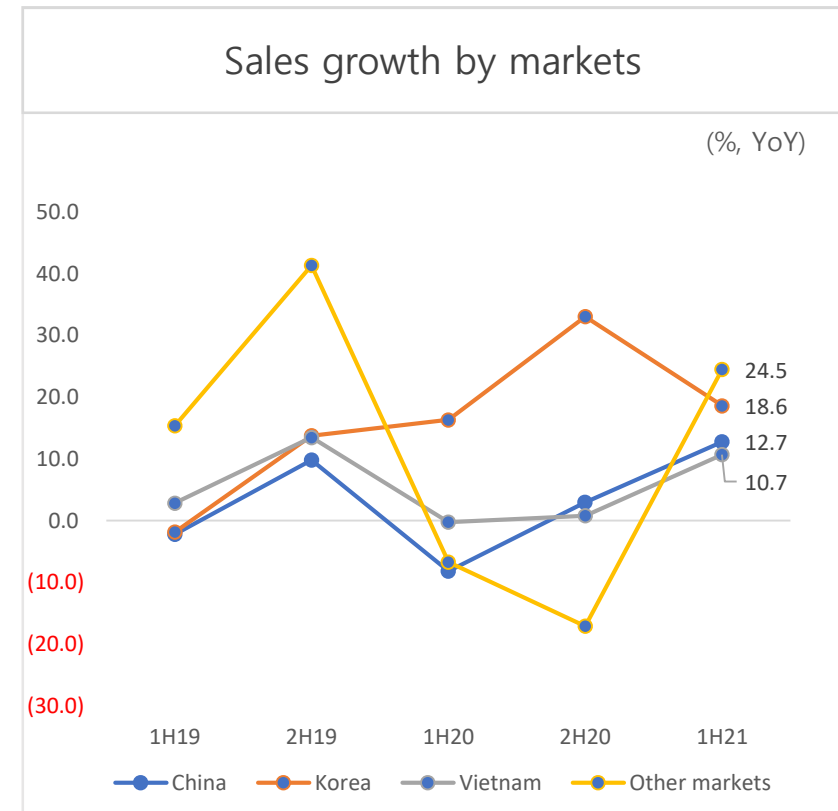
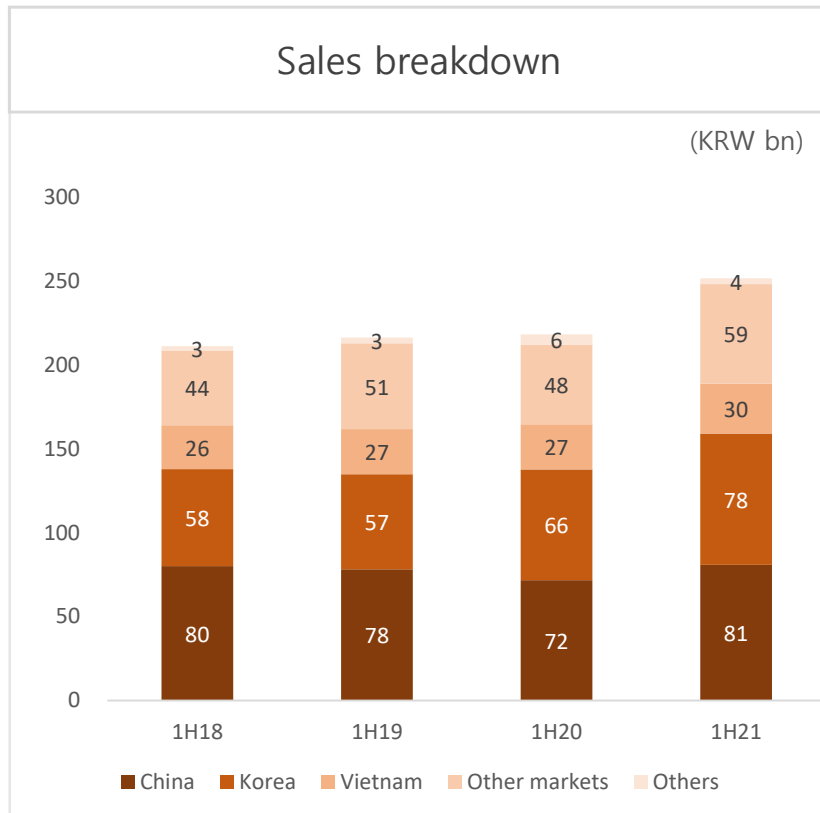
Building brand and expanding revenue with strategic products



05-1 Sales by Geography

Strengthening position in key markets, expanding into new areas

- Revenue growth continues despite difficult conditions (spread of covid 19, change in inventory policy by key customers, etc)
- Geographical diversification providing stability to revenue
- Exports continue to improve thanks to demand recovery in developed markets

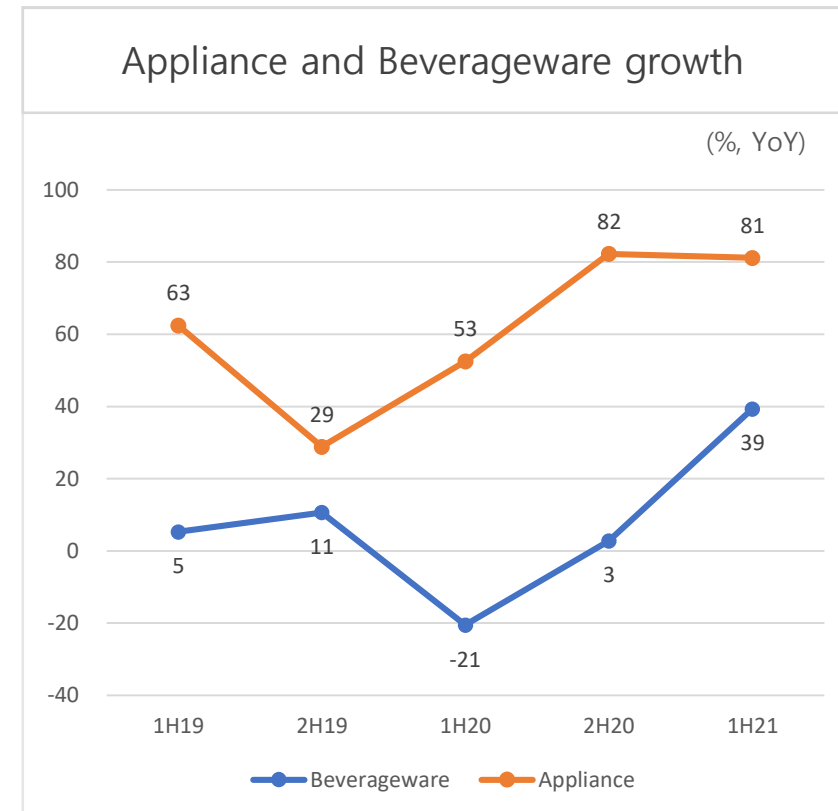
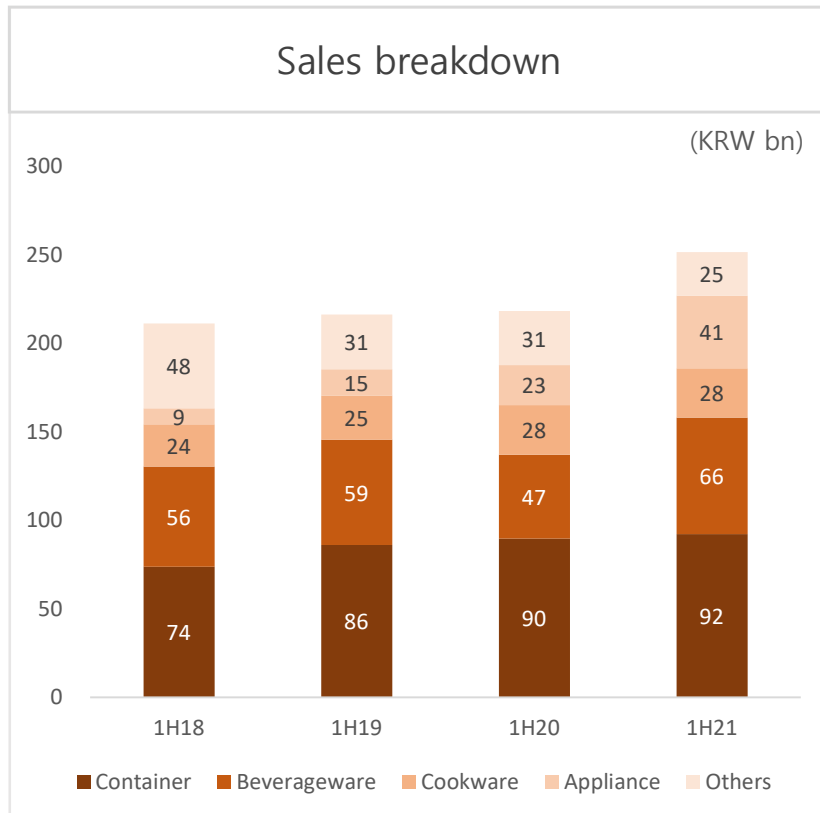


*Korea sales including Jennifer Room

06 Sales by Product

Multiple products driving growth

- Small kitchen appliance has become a major category in key markets
(1H21 YoY growth, Korea: 387% ↑, China: 46% ↑, Thailand: 494% ↑)
- Strong beverageware growth thanks to successful new product launch in China
- Continuous improvement of product design and functionality to drive top line growth

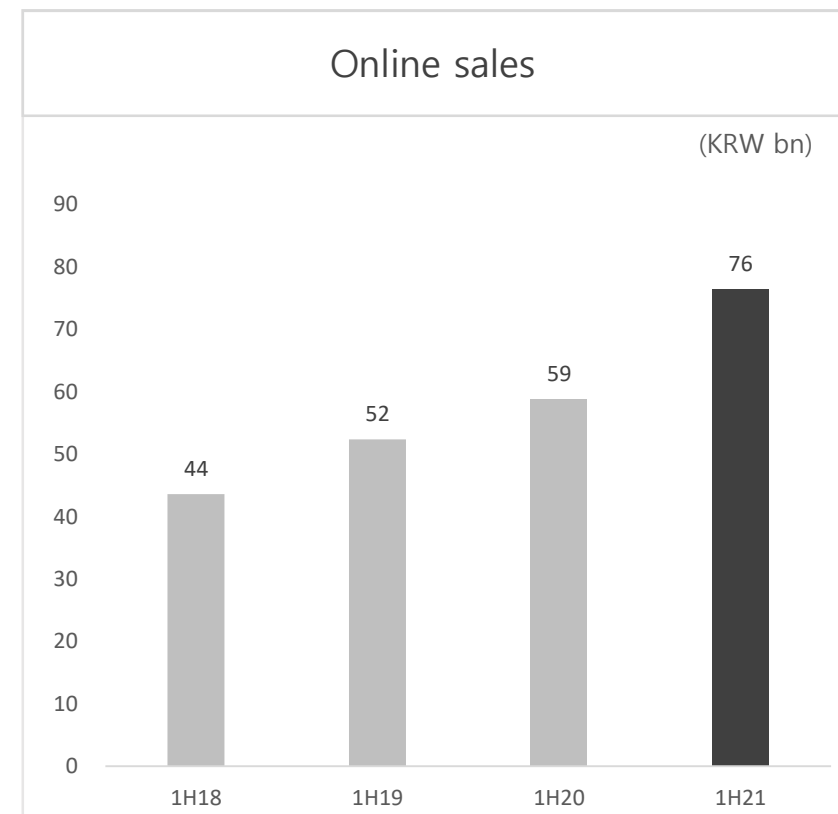
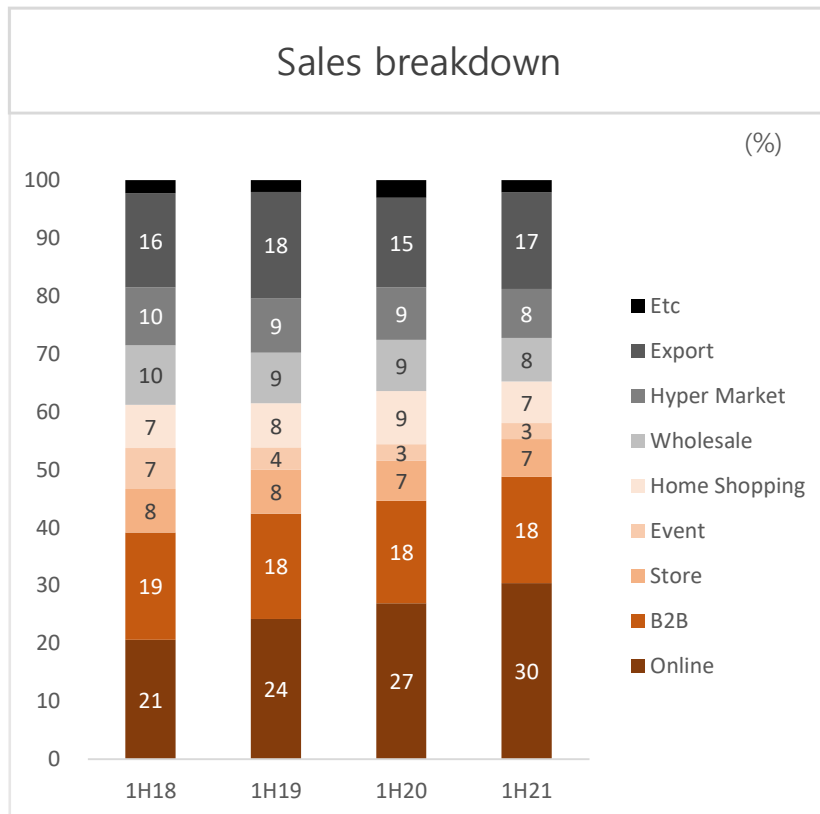


*Appliance sales including Jennifer Room

07 Sales by Channel

Strong online channel growth continues

- 1H21 online channel YoY sales growth, Korea: 55% ↑, China: 14% ↑, Vietnam: 50% ↑
- Online growth will likely continue due to channel development in key markets

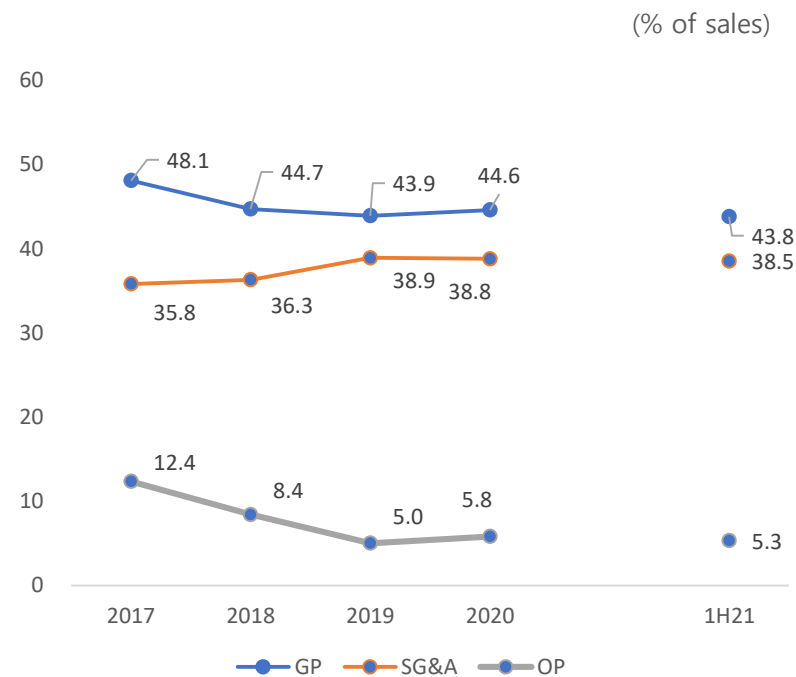


08 Profitability & Cost

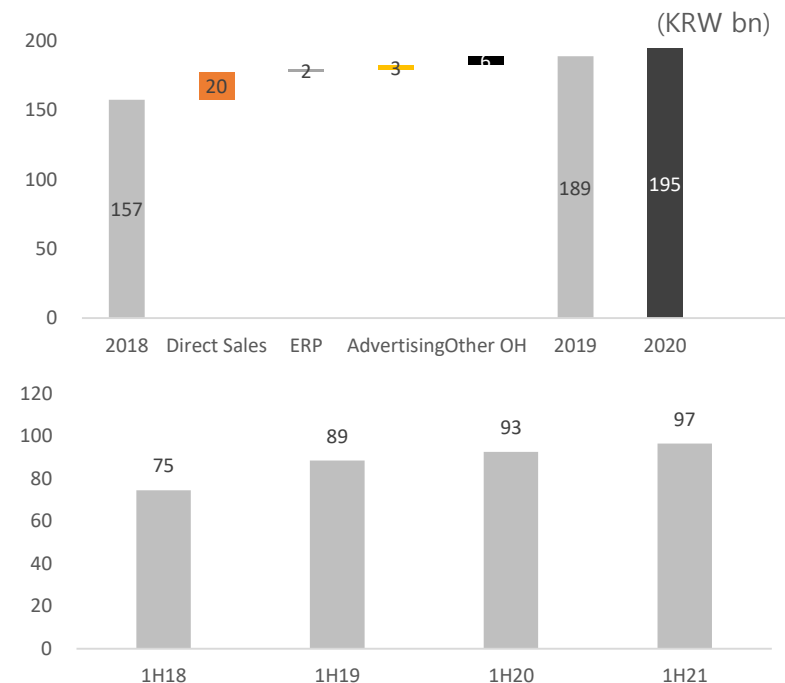
Focused on cost control and profitability

- 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)

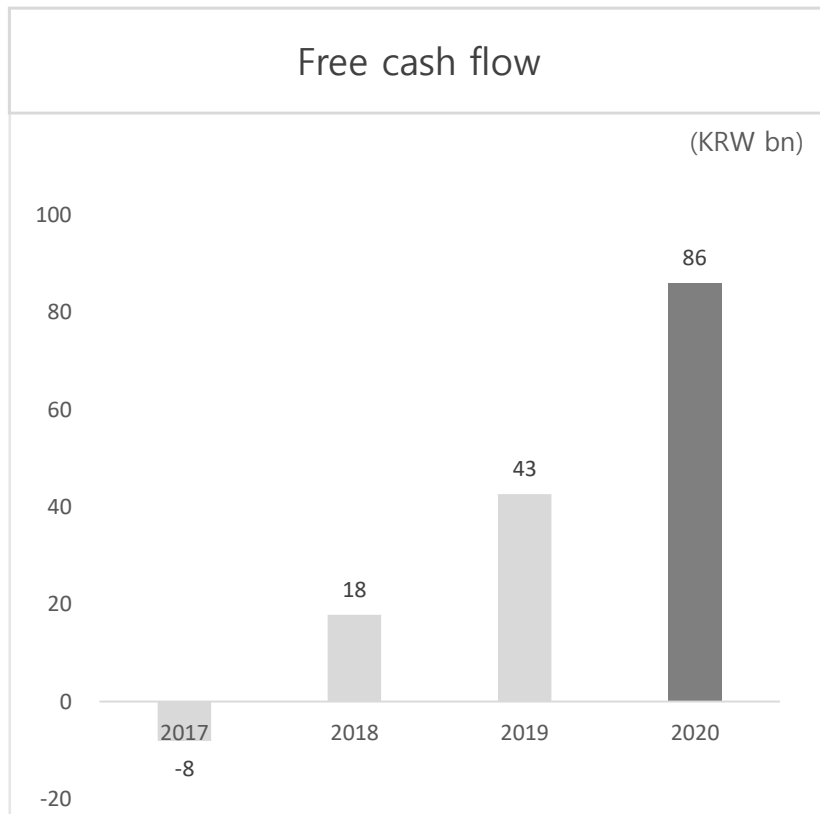
2010

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

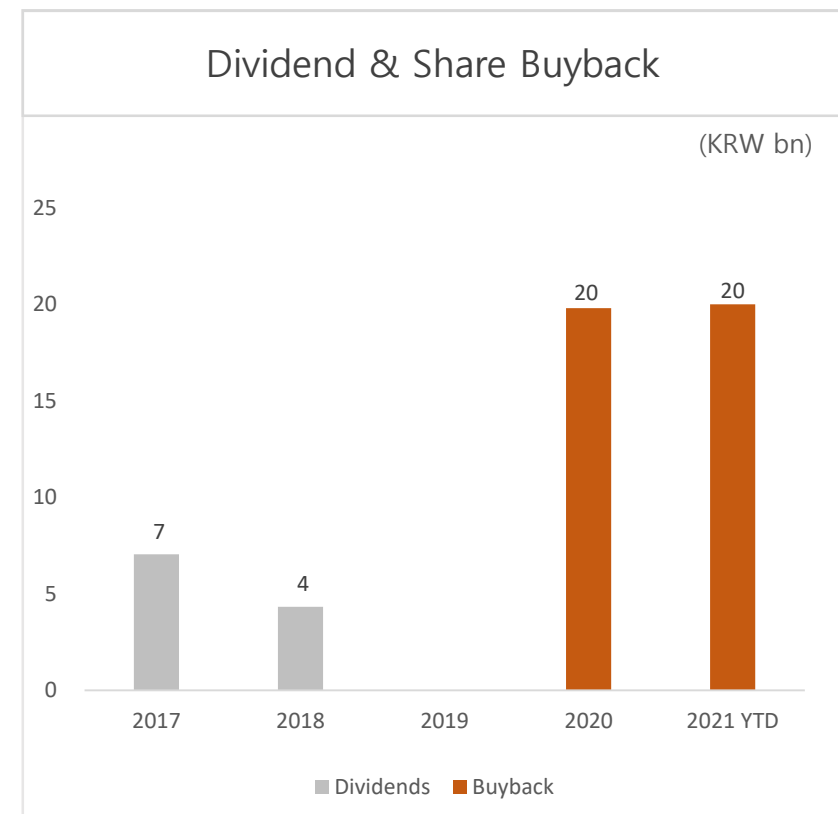
10 Free cash flow, Capital management

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: W126.9bn, up 7.5% YoY, 1.8% QoQ
- Operating profit: W6.8bn, up 48.3% YoY. 1H21 up 150.5% YoY
- Revenue growth continues despite difficult conditions (spread of covid 19, change in inventory policy by key customers, etc)
- GPM declined slightly due to cost pressure (logistics etc.) but OPM improved as SG&A control continues

(KRW mn)	2Q20	2Q21	YoY	1H20	1H21	YoY
Sales	118,058	126,878	7.5%	218,164	251,478	15.3%
Cost of goods sold	66,666	71,776	7.7%	120,067	141,330	17.7%
Gross profit	51,391	55,102	7.2%	98,097	110,147	12.3%
<i>GPM (%)</i>	<i>43.5%</i>	<i>43.4%</i>	<i>-0.1%p</i>	<i>45.0%</i>	<i>43.8%</i>	<i>-1.2%p</i>
SG&A	46,814	48,313	3.2%	92,727	96,698	4.3%
Operating profit	4,577	6,789	48.3%	5,370	13,449	150.5%
<i>OPM (%)</i>	<i>3.9%</i>	<i>5.4%</i>	<i>1.5%p</i>	<i>2.5%</i>	<i>5.3%</i>	<i>2.9%p</i>
EBITDA	13,692		9.1%	23,710		26.6%
<i>EBITDA margin (%)</i>	<i>11.6%</i>		<i>0.2%p</i>	<i>10.9%</i>		<i>1.1%p</i>
Pretax profit	4,427		19.8%	8,569		40.9%
Net profit	2,399		35.4%	2,889		135.3%
<i>NPM (%)</i>	<i>2.0%</i>		<i>0.5%p</i>	<i>1.3%</i>		<i>1.4%p</i>

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

Sales by Region

China – Sales up 1.3% YoY

- Strong Beverageware growth thanks to successful new product launch.
- Container growth was weak due to high base in 2Q20 (Covid 19 related demand). Expect demand to normalize going forward
- Online now 52% of total revenues in 2Q21

Korea – Sales up 7.3% YoY

- Cookware revenue was negatively impacted as we reduced lower margin home shopping sales
- Online revenue declined QoQ, but started to recover from June thanks to customer diversification
- Expect higher appliance revenue in 2H due to new product launch

(KRW mn)	2Q20	2Q21	YoY	1H20	1H21	YoY
China	40,241	40,758	1.3%	71,714	80,839	12.7%
Container	13,180	9,001	-31.7%	25,540	18,699	-26.8%
Beverage	15,406	21,935	42.4%	28,351	42,162	48.7%
Cookware	5,327	2,985	-44.0%	7,446	6,074	-18.4%
Appliance	3,396	3,466	2.1%	5,534	8,099	46.4%
Others	2,932	3,371	15.0%	4,842	5,805	19.9%
Online	21,361	21,197	-0.8%	36,283	41,367	14.0%
B2B (특판)	10,466	11,899	13.7%	18,840	24,036	27.6%
Home shopping	709	-	n/a	1,508	-	n/a
Wholesale	3,251	3,344	2.9%	6,085	6,597	8.4%
Hyper, Store, Event	4,316	4,287	-0.7%	8,743	8,758	0.2%
Others	138	30	-78.0%	255	81	-68.4%
Korea	34,665	37,200	7.3%	65,946	78,190	18.6%
Container	14,207	14,236	0.2%	25,919	28,622	10.4%
Beverage	5,530	5,685	2.8%	8,971	11,081	23.5%
Cookware	7,697	5,883	-23.6%	16,230	15,383	-5.2%
Appliance	2,357	7,974	238.2%	3,266	15,910	387.1%
Others	4,874	3,423	-29.8%	11,561	7,194	-37.8%
Online	8,804	11,833	34.4%	16,205	25,156	55.2%
B2B (특판)	4,268	5,690	33.3%	9,463	10,552	11.5%
Home shopping	7,447	6,970	-6.4%	15,906	16,531	3.9%
Wholesale	3,581	3,341	-6.7%	5,826	6,682	14.7%
Hyper, Store, Event	10,565	9,016	-14.7%	18,547	18,650	0.6%
Others	(0)	350	n/a	(0)	618	n/a

Sales by Region

Vietnam – Sales down 2.0% YoY

- Offline revenue was negatively impacted by spread of Covid 19
- Strong online growth offset weakness in offline
- 2H recovery depends on Covid 19 conditions

Exports – Sales up 36.1% YoY

- Strong container growth thanks to demand recovery in developed markets
- Expect strong recovery to continue considering backlog

(KRW mn)	2Q20	2Q21	YoY	1H20	1H21	YoY
Vietnam	15,177	14,868	-2.0%	26,804	29,661	10.7%
Container	1,579	1,602	1.4%	3,148	3,562	13.1%
Beverage	2,817	3,275	16.3%	4,962	6,063	22.2%
Cookware	1,432	2,000	39.6%	2,426	4,269	76.0%
Appliance	6,272	5,522	-12.0%	10,842	10,945	1.0%
Others	3,075	2,468	-19.8%	5,427	4,822	-11.1%
Online	2,848	3,903	37.1%	4,551	6,832	50.1%
B2B (특판)	3,548	2,343	-34.0%	6,919	5,539	-19.9%
Home shopping	-	-	n/a	-	-	n/a
Wholesale	1,973	1,027	-48.0%	3,007	2,071	-31.1%
Hyper, Store, Event	6,809	7,390	8.5%	12,328	14,773	19.8%
Others	-	206	n/a	-	447	n/a
Exports	17,701	24,098	36.1%	33,785	42,011	24.3%
Container	15,372	21,310	38.6%	29,343	36,187	23.3%
Beverage	912	1,637	79.5%	1,802	3,414	89.5%
Cookware	427	418	-2.3%	742	942	26.8%
Appliance	177	90	-49.0%	288	181	-37.2%
Others	812	643	-20.9%	1,610	1,288	-20.0%

Sales by Region

Other markets – Sales up 15.0% YoY

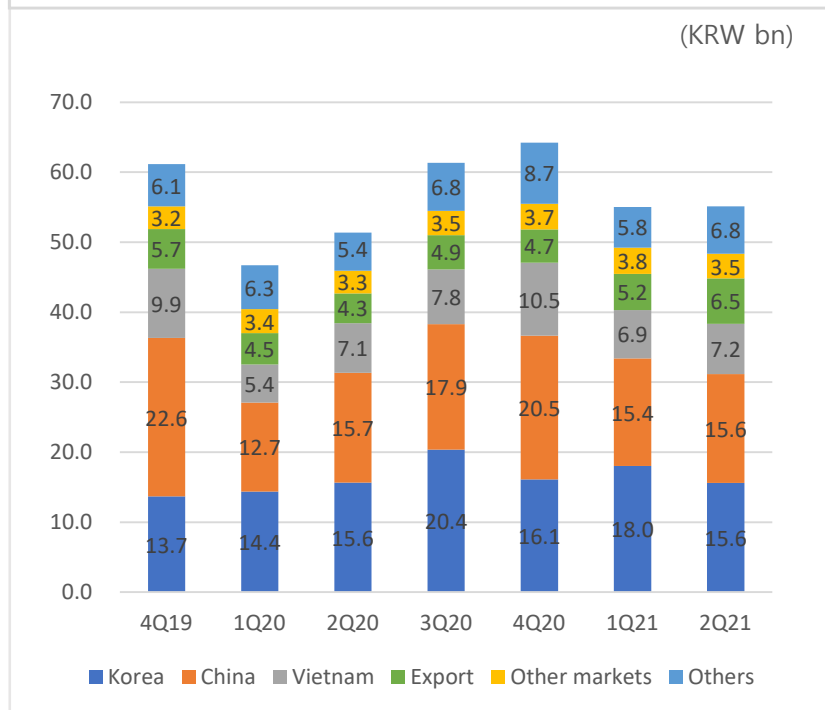
- Revenue growth continues but negative impacted from spread of Covid 19 was seen, especially in Southeast Asia
- 2H recovery depends on Covid 19 conditions

(KRW mn)	2Q20	2Q21	YoY	1H20	1H21	YoY
Other markets	6,941	7,982	15.0%	13,848	17,277	24.8%
Container	2,822	2,852	1.1%	5,729	5,050	-11.8%
Beverage	921	1,471	59.6%	3,173	3,133	-1.3%
Cookware	1,099	719	-34.6%	1,280	1,280	0.0%
Appliance	1,636	1,798	9.9%	2,633	5,750	118.4%
Others	462	1,141	147.0%	1,034	2,064	99.5%
Online	924	1,744	88.6%	1,775	3,097	74.5%
B2B (특판)	1,661	2,014	21.2%	3,383	6,043	78.6%
Home shopping	1,690	672	-60.3%	2,635	1,521	-42.3%
Wholesale	1,937	1,880	-2.9%	4,506	3,513	-22.0%
Hyper, Store, Event	613	1,325	116.0%	1,336	2,573	92.7%
Others	114	347	203.6%	213	529	148.3%

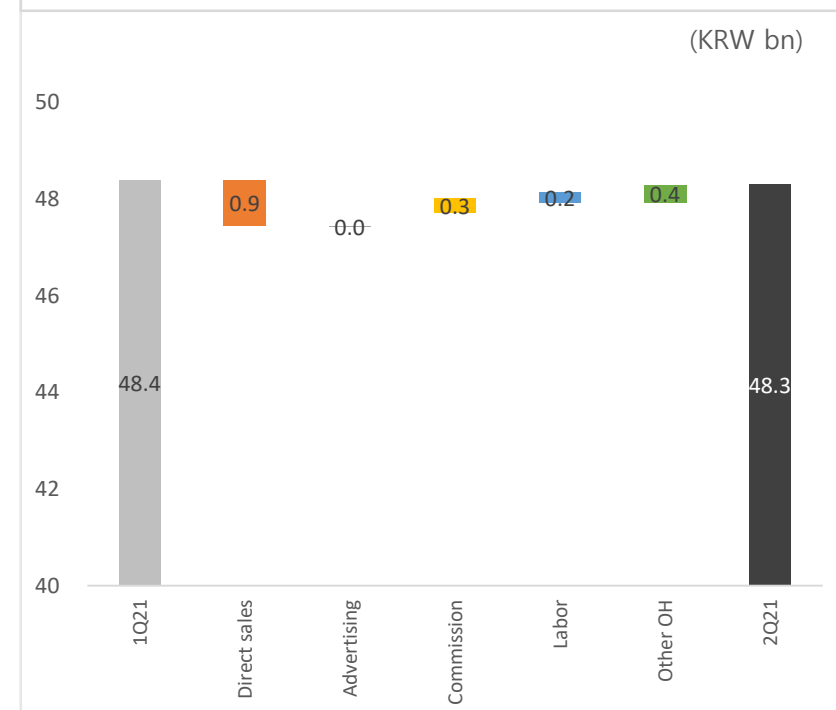
Profitability

- 2Q21 GP up 7.2% YoY, 1H21 GP up 12.3% YoY
- 2Q21 GPM at 43.4%, down 0.1%pt YoY
- GPM declined QoQ due to cost pressure (logistics etc.) but GP increased due to higher revenues
- 2Q21 SG&A up 3.2% YoY. SG&A to sales improvement continues
- OPM at 5.4%, up 1.5%pt YoY

Gross profit breakdown



SG&A breakdown



Sales by Product

(백만원, KRW mn)	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	2019	2020
한국 (Korea)	30,950	31,641	31,282	34,665	44,209	39,043	40,989	37,200	119,298	149,198
Container	13,420	12,747	11,713	14,207	14,532	15,010	14,386	14,236	48,456	55,462
Beverageware	4,186	5,951	3,440	5,530	4,223	7,491	5,396	5,685	19,303	20,684
Cookware	8,032	8,274	8,533	7,697	9,626	6,277	9,500	5,883	31,334	32,132
Appliance	1,246	618	909	2,357	11,374	6,868	7,936	7,974	3,242	21,509
Others	4,065	4,050	6,687	4,874	4,453	3,397	3,770	3,423	16,962	19,411
중국 (China)	43,284	53,698	31,473	40,241	43,154	56,660	40,081	40,758	175,125	171,528
Container	10,809	11,605	12,360	13,180	11,828	12,099	9,703	9,001	43,839	49,468
Beverageware	21,067	30,873	12,945	15,406	22,131	34,385	20,244	21,935	90,761	84,868
Cookware	2,812	4,374	2,119	5,327	3,014	3,584	3,080	2,985	12,902	14,044
Appliance	2,035	2,525	2,139	3,396	2,267	3,415	4,624	3,466	8,289	11,215
Others	6,560	4,321	1,911	2,932	3,914	3,177	2,430	3,371	19,333	11,933
베트남 (Vietnam)	15,510	25,036	11,627	15,177	16,256	24,596	14,793	14,868	67,427	67,657
Container	1,886	2,397	1,569	1,579	1,778	3,438	1,970	1,602	8,368	8,365
Beverageware	3,565	3,920	2,144	2,817	2,922	4,726	2,653	3,275	12,189	12,610
Cookware	1,223	3,742	994	1,432	1,811	3,095	2,284	2,000	7,607	7,332
Appliance	4,880	11,255	4,569	6,272	5,636	9,047	5,508	5,522	24,396	25,524
Others	3,956	3,722	2,351	3,075	4,109	4,291	2,378	2,468	14,867	13,826
Other markets	35,432	27,917	22,992	24,642	26,558	25,923	27,208	32,080	114,442	100,114
Container	26,357	20,620	16,877	18,195	17,915	17,924	17,075	24,163	85,245	70,911
Beverageware	5,547	4,294	3,141	1,833	2,961	2,769	3,438	3,108	16,604	10,705
Cookware	949	769	496	1,526	1,587	1,369	1,085	1,137	3,335	4,978
Appliance	986	622	1,108	1,813	2,937	2,565	4,043	1,888	3,031	8,423
Others	1,592	1,611	1,370	1,274	1,158	1,295	1,567	1,784	6,227	5,097

Sales by Channel

(백만원, KRW mn)	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	2019	2020
한국 (Korea)	30,950	31,641	31,282	34,665	44,209	39,043	40,989	37,200	119,298	149,198
Online	7,216	7,465	7,401	8,804	12,161	14,849	13,323	11,833	26,844	43,216
B2B	3,565	4,295	5,195	4,268	3,650	4,924	4,862	5,690	14,323	18,037
Store	1,555	2,366	1,620	2,603	2,116	2,999	2,702	1,502	7,125	9,338
Event	2,125	1,785	1,555	2,237	2,190	1,825	2,064	2,073	7,973	7,807
Home Shopping	7,948	6,955	8,458	7,447	15,054	4,909	9,561	6,970	29,124	35,869
Wholesale	3,742	3,379	2,245	3,581	3,566	3,543	3,342	3,341	13,472	12,935
Hyper Market	4,799	5,380	4,807	5,726	5,335	5,734	4,868	5,440	20,174	21,601
Others	0	15	0	(0)	136	259	268	350	15	395
중국 (China)	43,284	53,698	31,473	40,241	43,154	56,660	40,081	40,758	175,125	171,528
Online	20,764	29,405	14,922	21,361	24,351	35,232	20,169	21,197	86,435	95,867
B2B	10,134	11,038	8,374	10,466	9,705	12,030	12,137	11,899	41,146	40,575
Store	2,008	1,436	557	606	499	358	310	284	7,129	2,021
Event	1,408	1,156	825	982	1,236	1,647	1,283	1,564	5,499	4,690
Home Shopping	715	797	799	709	408	332	0	0	3,449	2,248
Wholesale	3,979	4,956	2,834	3,251	3,680	4,223	3,252	3,344	15,441	13,988
Hyper Market	3,902	4,594	3,045	2,727	3,200	2,769	2,878	2,438	14,774	11,741
Others	373	316	118	138	74	68	50	30	1,253	398
베트남 (Vietnam)	15,510	25,036	11,627	15,177	16,256	24,596	14,793	14,868	67,427	67,657
Online	1,841	2,593	1,703	2,848	2,956	4,161	2,929	3,903	7,469	11,668
B2B	5,096	11,678	3,371	3,548	4,382	6,775	3,196	2,343	25,735	18,076
Store	5,514	6,326	3,472	5,498	5,440	9,280	5,056	5,195	20,582	23,689
Event	396	961	501	0	0	0	0	0	2,748	501
Home Shopping	0	0	0	0	0	0	0	0	1	0
Wholesale	619	565	1,034	1,973	1,026	1,105	1,044	1,027	2,043	5,138
Hyper Market	2,027	2,909	1,547	1,311	1,863	2,955	2,326	2,195	8,800	7,675
Others	17	4	0	0	590	321	242	206	49	910

Income Statement

(KRW mn)	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	2019	2020
Sales	128,461	141,261	100,106	118,058	134,165	149,656	124,600	126,878	485,993	501,984
China	43,284	53,698	31,473	40,241	43,154	56,660	40,081	40,758	175,125	171,528
Korea	30,950	31,641	31,282	34,665	44,209	39,043	40,989	37,200	119,298	149,198
Vietnam	15,510	25,036	11,627	15,177	16,256	24,596	14,793	14,868	67,427	67,657
Other markets	35,432	27,917	22,992	24,642	26,558	25,923	27,208	32,080	114,442	100,114
Others	3,285	2,969	2,732	3,333	3,988	3,434	1,529	1,971	9,702	13,487
COGS	72,466	80,090	53,401	66,666	72,843	85,412	69,555	71,776	272,634	278,323
Gross profit	55,994	61,171	46,705	51,391	61,322	64,243	55,045	55,102	213,358	223,662
GPM	43.6%	43.3%	46.7%	43.5%	45.7%	42.9%	44.2%	43.4%	43.9%	44.6%
SG&A	49,580	50,823	45,912	46,814	51,667	50,340	48,385	48,313	189,042	194,734
% of sales	38.6%	36.0%	45.9%	39.7%	38.5%	33.6%	38.8%	38.1%	38.9%	38.8%
Operating profit	6,414	10,347	793	4,577	9,655	13,903	6,660	6,789	24,316	28,928
OPM	5.0%	7.3%	0.8%	3.9%	7.2%	9.3%	5.3%	5.4%	5.0%	5.8%
EBITDA	16,028	19,208	10,018	13,692	18,688	22,819	15,091		61,884	65,217
EBITDA margin	12.5%	13.6%	10.0%	11.6%	13.9%	15.2%	12.1%		12.7%	13.0%
Non operating income	1,104	(76)	3,349	(150)	(196)	(1,075)	109		4,099	1,928
Pretax income	7,518	10,272	4,142	4,427	9,459	12,828	6,769		28,415	30,856
Tax	2,786	5,335	3,652	2,028	3,852	9,568	3,220		12,038	19,100
Tax rate	37.1%	51.9%	88.2%	45.8%	40.7%	74.6%	47.6%		42.4%	61.9%
Net profit	4,732	4,937	490	2,399	5,607	3,260	3,548		16,377	11,756
NPM	3.7%	3.5%	0.5%	2.0%	4.2%	2.2%	2.8%		3.4%	2.3%

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