

# LOCK & LOCK

1Q 16 Earnings Release

**3 May 2016**

# 1Q 16 Preliminary Earnings

| [Unit: Wmm]              | 2015   | 2015    | 2016    | QoQ    | YoY    |
|--------------------------|--------|---------|---------|--------|--------|
|                          | 1Q     | 4Q      | 1Q      |        |        |
| <b>Sales</b>             | 89,122 | 109,892 | 104,008 | -5.4%  | 16.7%  |
| %                        | 100.0% | 100.0%  | 100.0%  |        |        |
| <b>COGS</b>              | 46,554 | 58,162  | 54,234  | -6.8%  | 16.5%  |
| %                        | 52.2%  | 52.9%   | 52.1%   |        |        |
| <b>Gross Profit</b>      | 42,567 | 51,730  | 49,773  | -3.8%  | 16.9%  |
| %                        | 47.8%  | 47.1%   | 47.9%   |        |        |
| <b>Sg&amp;A Expenses</b> | 36,542 | 38,565  | 35,880  | -7.0%  | -1.8%  |
| %                        | 41.0%  | 35.1%   | 34.5%   |        |        |
| <b>Operating Profit</b>  | 6,025  | 13,165  | 13,893  | 5.5%   | 130.6% |
| %                        | 6.8%   | 12.0%   | 13.4%   |        |        |
| <b>Pretax income</b>     | 5,543  | 6,605   | 13,635  | 106.4% | 146.0% |
| %                        | 6.2%   | 6.0%    | 13.1%   |        |        |
| <b>Net Profit</b>        | 3,424  | 3,836   | 8,465   | 120.7% | 147.2% |
| %                        | 3.8%   | 3.5%    | 8.1%    |        |        |

# 1Q 16 Preliminary Earnings – Sales & Profit Highlights

- Total sales have been up 16.7% YoY to W104.0bn.
  - China domestic sales increased 5.3% YoY to W43.2bn due to Internet and hyper markets channel sales increased.
    - Internet channel sales increased 30.9% YoY(Thermos, Glass container sales increased)**
  - Korea domestic sales increased 2.4% YoY to W27.4bn.(Homeshopping and Internet sales increased)
    - Korea export sales increased 81.7% YoY to W23.4bn(US QVC Homeshopping sales increased)
  - Southeast Asia regional sales increased 12.7% YoY to W8.0bn.(Vietnam domestic sales increased 31.2% YoY)
- Operating profit increased 130.6% YoY to W13.9bn (13.4% OPM)
  - Fixed costs(production cost) offset by increased sales.

| [Unit: Wmm]               | 2015          | 2016          | YoY    |
|---------------------------|---------------|---------------|--------|
|                           | 1Q            | 1Q            |        |
| Payroll                   | 10,213        | 11,509        | 12.7%  |
| Advertising               | 2,083         | 795           | -61.8% |
| Transportation            | 2,369         | 2,462         | 3.9%   |
| Rent                      | 3,829         | 3,786         | -1.1%  |
| Sales Commission          | 3,008         | 2,449         | -18.6% |
| Others                    | 15,041        | 14,878        | -1.1%  |
| <b>Operating Expenses</b> | <b>36,542</b> | <b>35,880</b> | -1.8%  |

※ Based on K-IFRS

| [Unit: Wmm]                           | 2015         | 2016         | YoY    |
|---------------------------------------|--------------|--------------|--------|
|                                       | 1Q           | 1Q           |        |
| <b>Other Operating profit</b>         | <b>1,316</b> | <b>4,209</b> | 219.7% |
| Gain on Foreign currency translations | 320          | 1,305        | 307.7% |
| Gain Foreign currency transactions    | 604          | 1,834        | 203.7% |
| Others                                | 392          | 1,069        | 172.6% |
| <b>Other Operating loss</b>           | <b>2,037</b> | <b>5,039</b> | 147.4% |
| Loss on Foreign currency translations | 797          | 1,059        | 32.8%  |
| Loss Foreign currency transactions    | 948          | 1,986        | 109.5% |
| Others                                | 292          | 1,994        | 583.0% |
| <b>Net Other Operating profit</b>     | <b>-721</b>  | <b>-830</b>  | 15.2%  |

※ Based on K-IFRS

# Summary Financials – Balance Sheet

[Unit: Wmm]

| Descriptions                           | 2015           | 2016 1Q        | Increase/<br>Decrease |
|--|----------------|----------------|-----------------------|
| Current Assets                         | 367,062        | 352,626        | 14,437                |
| Quick Assets                           | 220,297        | 210,069        | 10,228                |
| Inventories                            | 135,362        | 123,293        | 12,070                |
| Other Current Assets                   | 11,403         | 19,264         | -7,861                |
| Non-Current Assets                     | 389,407        | 385,761        | 3,647                 |
| Investments                            | 45,172         | 45,756         | -584                  |
| Property&Equipment                     | 289,815        | 285,185        | 4,631                 |
| Intangible Assets                      | 10,060         | 9,719          | 341                   |
| Deferred Tax Assets                    | 5,520          | 6,864          | -1,344                |
| Other Non-Current Assets               | 38,840         | 38,237         | 603                   |
| <b>TOTAL ASSETS</b>                    | <b>756,470</b> | <b>738,387</b> | <b>18,083</b>         |
| Current Liabilities                    | 110,896        | 99,094         | 11,802                |
| Non-Current Liabilities                | 5,644          | 6,306          | -662                  |
| <b>TOTAL LIABILITIES</b>               | <b>116,540</b> | <b>105,400</b> | <b>11,140</b>         |
| Capital Stock                          | 27,500         | 27,500         | 0                     |
| Additional Paid-in and Other Capital   | 314,809        | 314,809        | 0                     |
| Capital Adjustment                     | -23,371        | -23,371        | 0                     |
| Accumulated Other Comprehensive Income | -8,482         | -13,045        | 4,563                 |
| Earned Surplus                         | 329,394        | 327,013        | 2,381                 |
| External Shareholder's Equity          | 80             | 81             | -1                    |
| <b>TOTAL EQUITY</b>                    | <b>639,930</b> | <b>632,987</b> | <b>6,943</b>          |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <b>756,470</b> | <b>738,387</b> | <b>18,083</b>         |

※ Based on K-IFRS

# Summary Financials – Income Statement

[Unit: Wmm]

| Descriptions                           | 2015 1Q      | 2016 1Q      | Increase/<br>Decrease |
|--|--------------|--------------|-----------------------|
| Sales                                  | 89,122       | 104,008      | 14,886                |
| Cost of Goods Sold                     | 46,554       | 54,234       | 7,680                 |
| Gross Profit                           | 42,567       | 49,773       | 7,206                 |
| Selling and Administrative Expenses    | 36,542       | 35,880       | -662                  |
| Operating Income                       | 6,025        | 13,893       | 7,868                 |
| Other Operating Profit and Loss        | -721         | -830         | -109                  |
| Financial Profit and Loss and the rest | 239          | 572          | 333                   |
| Income and Loss Before Income Taxes    | 5,543        | 13,635       | 8,092                 |
| Income Tax Expenses                    | 2,119        | 5,170        | 3,051                 |
| <b>Net Income</b>                      | <b>3,424</b> | <b>8,465</b> | <b>5,040</b>          |

※ Based on K-IFRS

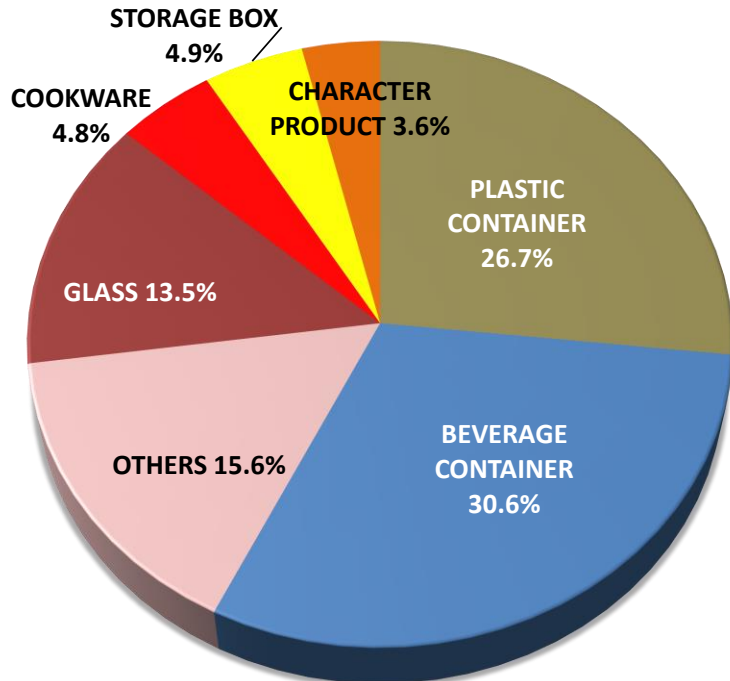
# Sales Breakdown by Region

| Region | 2012  | 2013  | 1Q 14 | 2014  | 1Q 15 | 2015  | 1Q 2016 |
|--------|-------|-------|-------|-------|-------|-------|---------|
| China  | 51.0% | 55.0% | 47.0% | 45.0% | 46.1% | 46.7% | 41.6%   |
| Korea  | 31.0% | 26.0% | 33.0% | 33.0% | 30.0% | 27.4% | 26.4%   |
| Asia   | 11.0% | 12.0% | 12.0% | 14.0% | 14.9% | 15.3% | 13.6%   |
| ROW    | 7.0%  | 7.0%  | 8.0%  | 8.0%  | 9.0%  | 10.7% | 18.4%   |

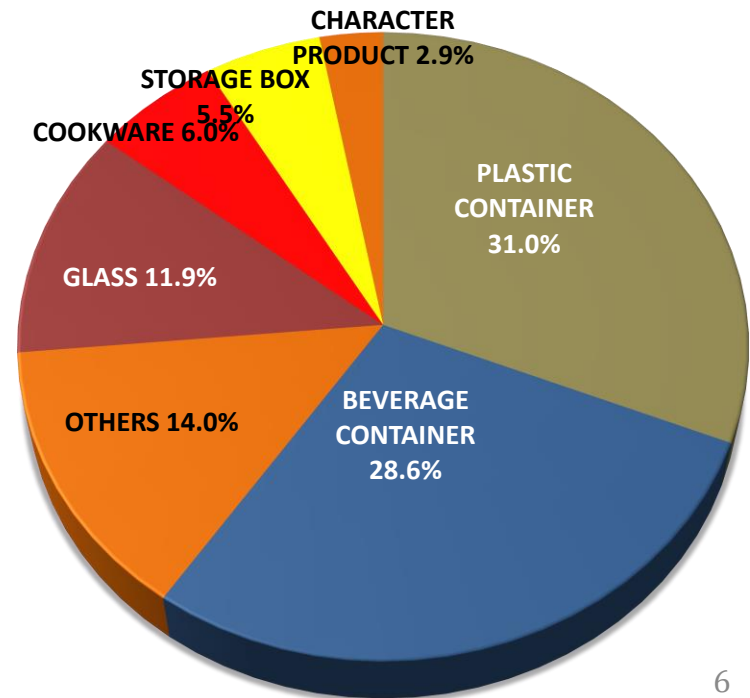
※ KOREA: Domestic sales application,

# Sales Breakdown by Product

[2015]

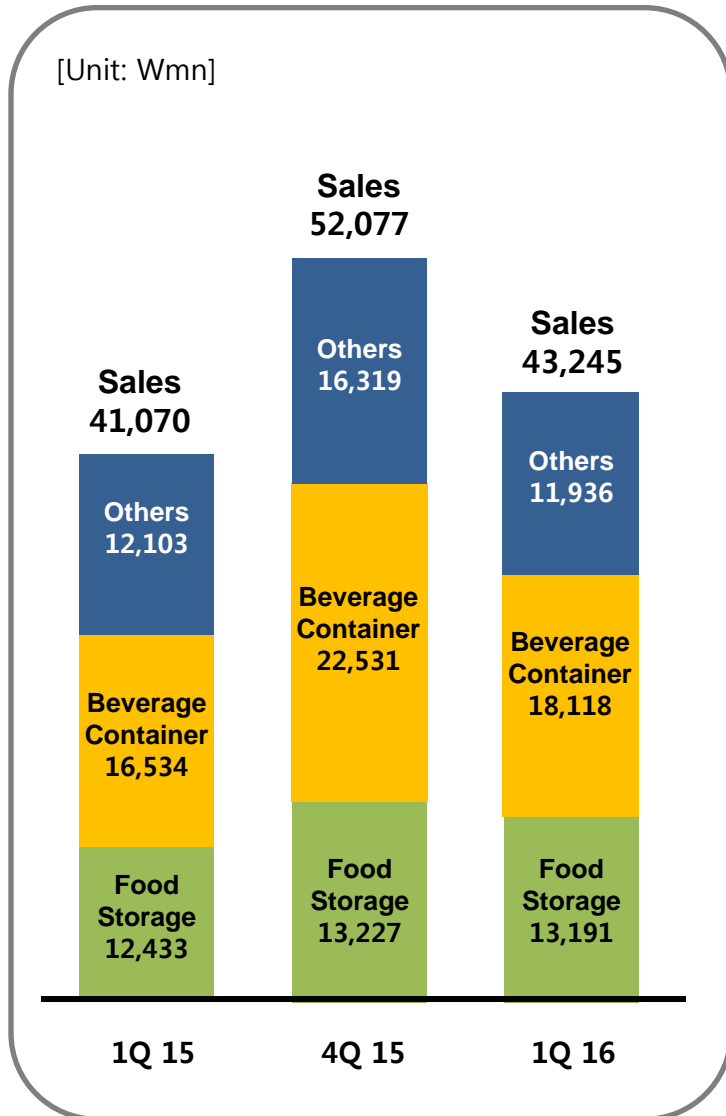


[2016 1Q]



# China – Sales Analysis

Food storage sales increased 6.1% YoY to W13.2bn and beverage container sales increased 9.6% YoY to W18.1bn, while others (kitchen/ living/cookware) sales have been down 1.6% YoY to W11.9bn.



## ■ Food storage

Plastic container sales increased 14.3% YoY to W5.3bn.

Glass container sales increased 2.4% YoY to W7.9bn.

## ■ Beverage container

Plastic bottle sales fell 11.3% YoY to W4.8bn.

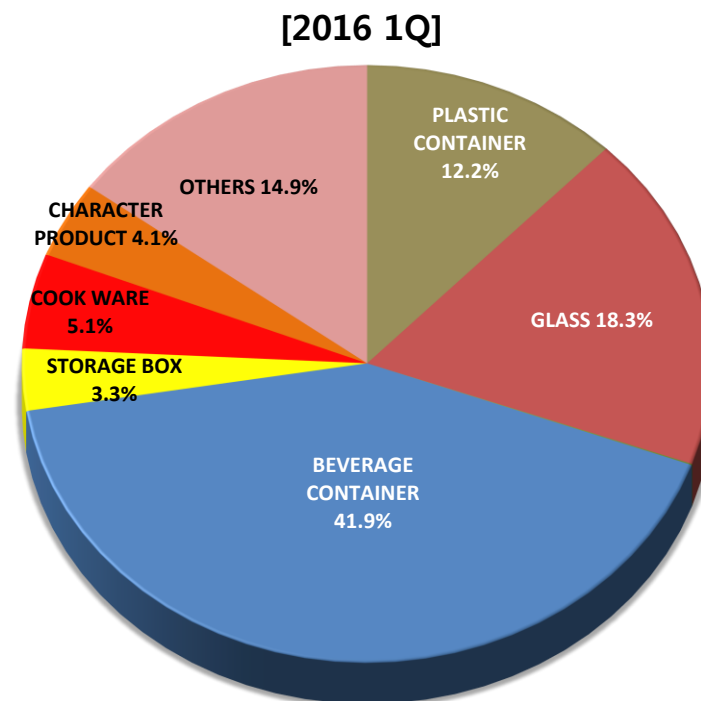
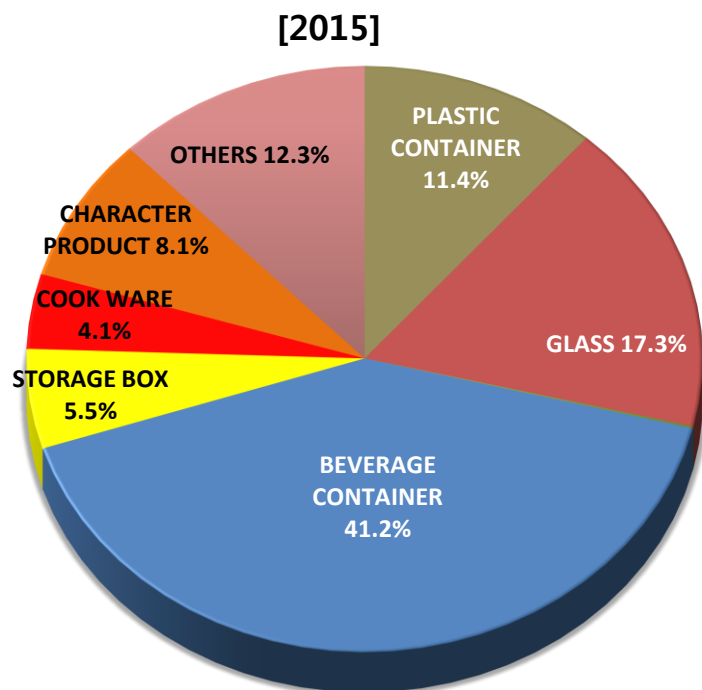
Thermal bottle sales increased 25.1% YoY to W13.1bn.

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

Cookware sales increased 207.0% YoY to W2.2bn.

Livingbox sales decreased 32.4% YoY to W1.4bn.

# China – Sales by Product & Channel

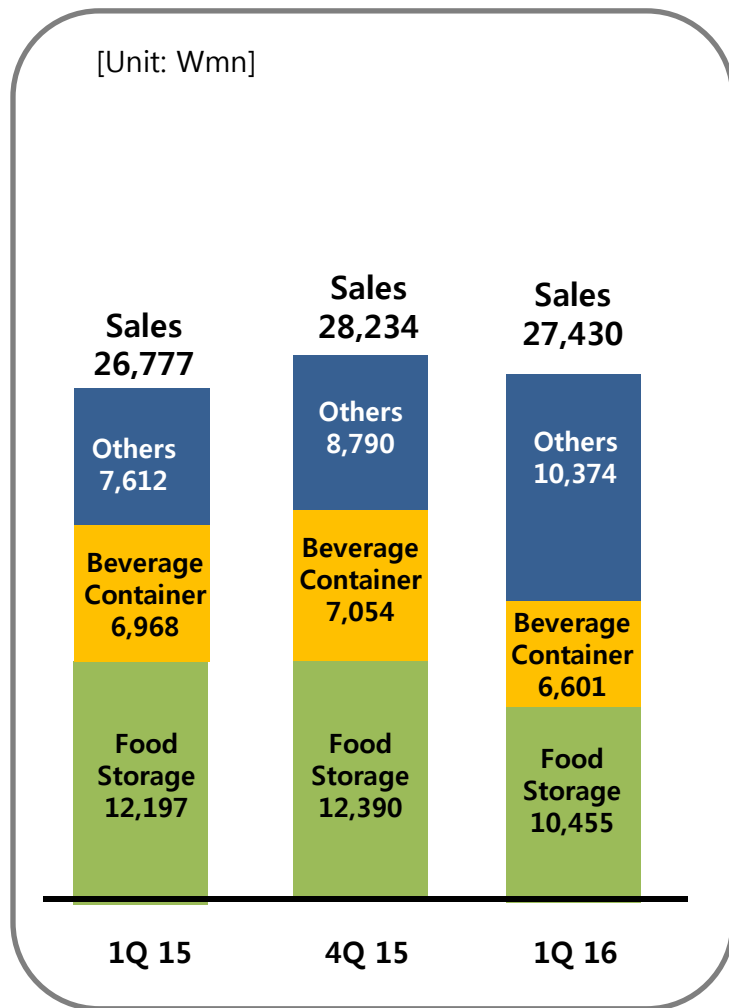


| Division      | 2013  | 2014  | 1Q 15 | 2Q 15 | 3Q 15 | 4Q 15 | 2015  | 1Q 16 |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| TV shopping   | 22.0% | 21.0% | 9.6%  | 9.6%  | 6.5%  | 4.4%  | 7.3%  | 3.8%  |
| Special(B2B)  | 23.0% | 18.0% | 17.1% | 16.1% | 17.6% | 13.6% | 15.9% | 16.3% |
| Internet      | 17.0% | 19.0% | 28.6% | 32.7% | 25.1% | 38.5% | 31.8% | 32.6% |
| Wholesale     | 16.0% | 20.0% | 23.2% | 23.2% | 19.2% | 15.7% | 20.0% | 16.2% |
| Hyper markets | 15.0% | 11.0% | 14.4% | 12.0% | 17.2% | 11.5% | 13.6% | 15.3% |
| Brand shop    | 7.0%  | 11.0% | 7.0%  | 6.3%  | 14.4% | 16.3% | 11.4% | 15.8% |



# Korea – Sales Analysis

Food storage sales fell 14.3% YoY to W10.5bn and beverage container sales decreased 5.3% YoY to W6.6bn. others (kitchen/living/cookware) sales increased 36.3% YoY to 10.4bn.



## ■ Food storage

Plastic container sales decreased 9.0% YoY to W1.9bn.

Premium plastic container sales increased 5.2% YoY to W3.4bn.

Glass container sales decreased 29.4% YoY to W2.4bn.

## ■ Beverage containers

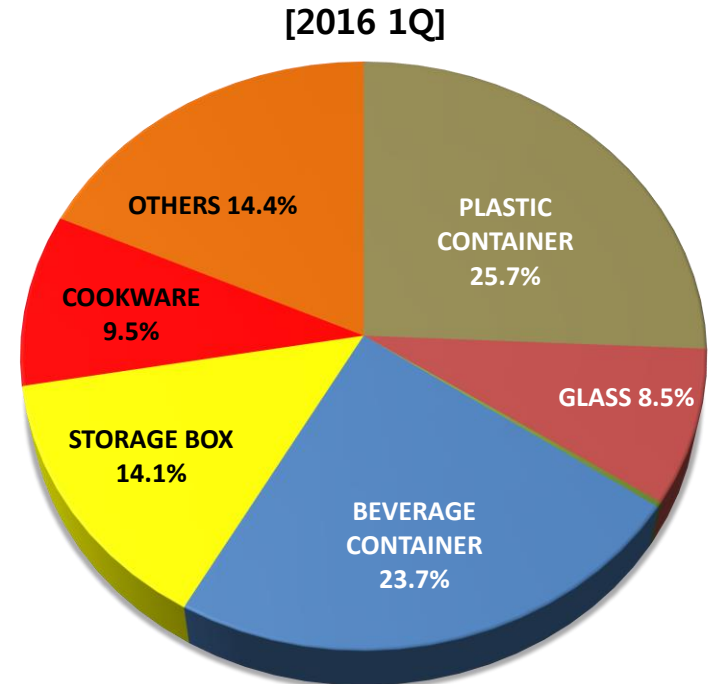
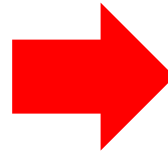
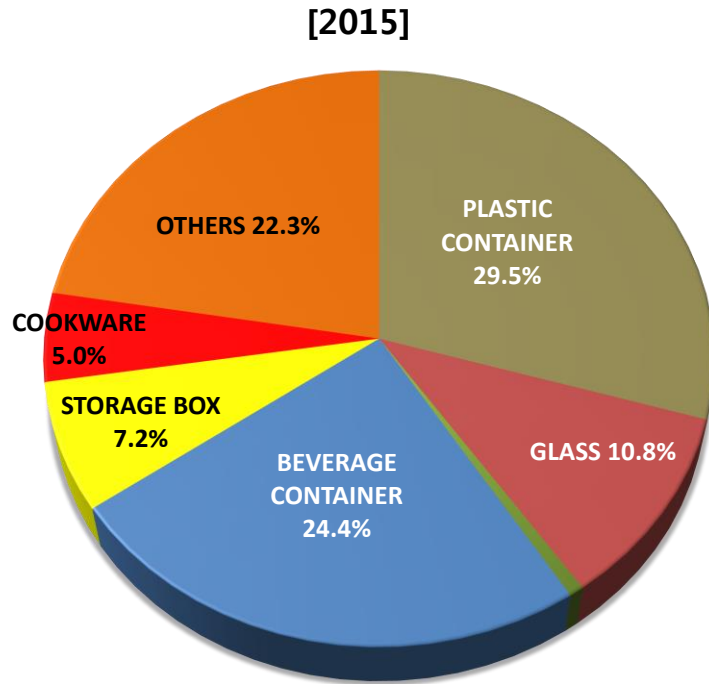
Thermal bottle sales increased 12.5% YoY to W3.3bn.

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

Plastic organizer box sales increased 23.6% YoY to W3.2bn.

Cookware sales increased 361.2% YoY to W2.5bn.

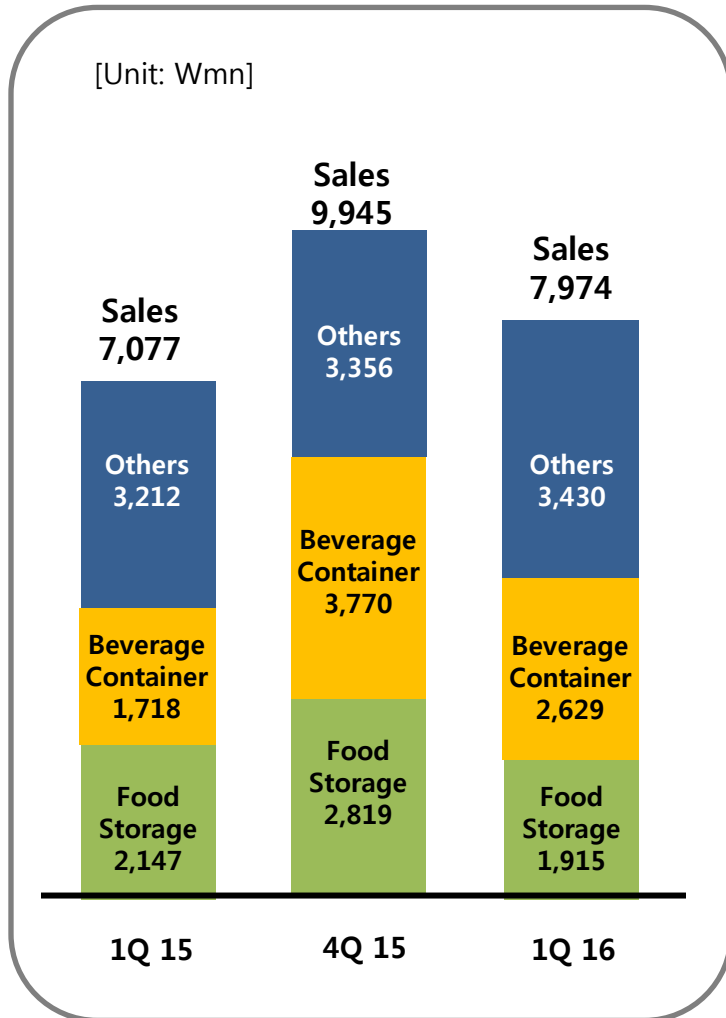
# Korea – Sales by Product & Channel



| Division      | 2013  | 2014  | 1Q 15 | 2Q 15 | 3Q 15 | 4Q 15 | 2015  | 1Q 16 |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Hyper markets | 30.0% | 27.9% | 31.4% | 30.2% | 27.9% | 30.6% | 30.0% | 27.3% |
| TV shopping   | 18.0% | 20.8% | 11.2% | 15.4% | 14.3% | 7.1%  | 12.0% | 12.6% |
| Wholesale     | 15.0% | 15.3% | 15.9% | 18.3% | 15.4% | 14.9% | 16.1% | 15.2% |
| Special(B2B)  | 14.0% | 11.3% | 14.1% | 10.6% | 10.0% | 14.9% | 12.4% | 13.7% |
| Brand shop    | 12.0% | 9.9%  | 12.6% | 11.4% | 16.0% | 13.3% | 13.3% | 13.1% |
| Internet      | 11.0% | 13.4% | 14.7% | 14.1% | 16.3% | 19.2% | 16.2% | 18.1% |

# Southeast Asia – Sales Analysis

Food storage sales decreased 10.8% YoY to W1.9bn, beverage container sales increased 53.0% to YoY W2.6bn, others(kitchen/living/cookware) sales increased 6.8% YoY to W3.4bn.



## ■ Food storage

Plastic container sales increased 1.2% YoY to W1.1bn.

Glass container sales increased 0.6% YoY to W0.5bn.

## ■ Beverage container

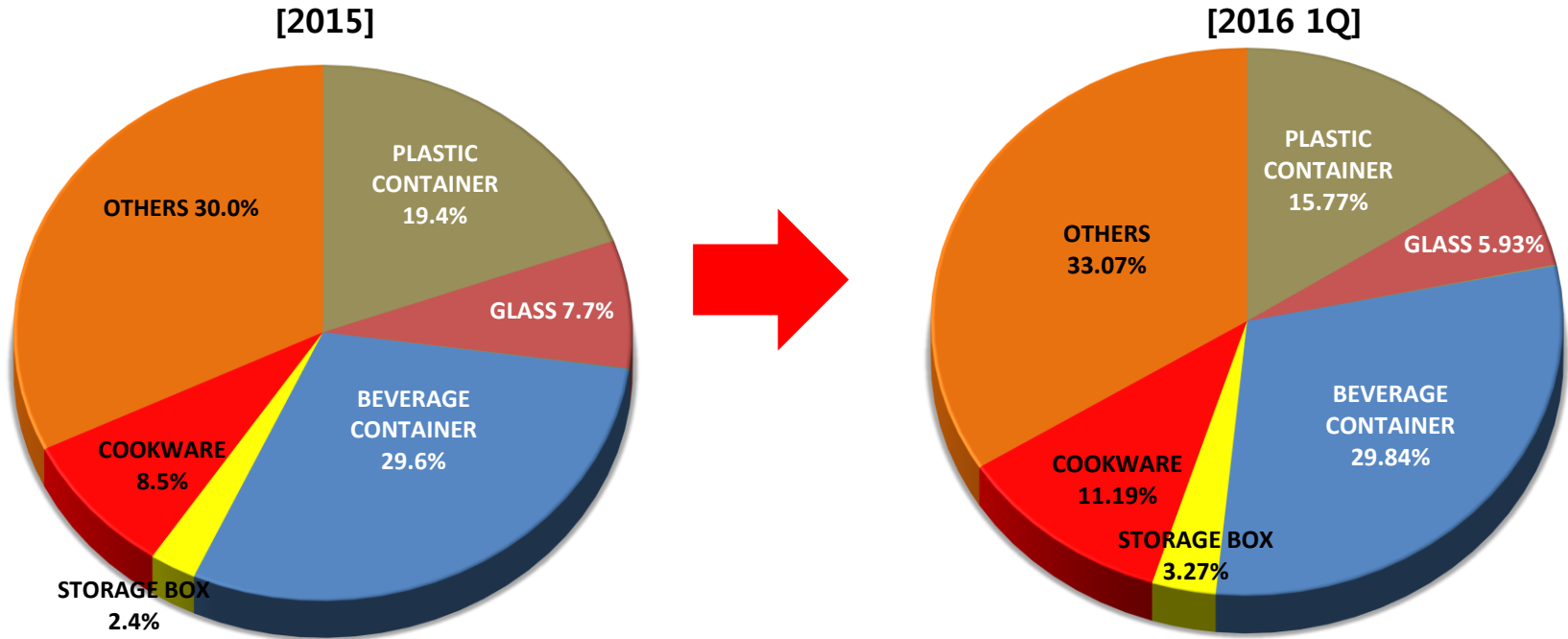
Plastic bottle sales increased 33.5% YoY to W1.0bn.

Thermal bottle sales increased 93.9% YoY to W1.1bn.

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

Cookware sales decreased 1.7% YoY to W1.0bn.

# Southeast Asia – Sales by Product & Channel



| Division      | 2013  | 2014  | 1Q 15 | 2Q 15 | 3Q 15 | 4Q 15 | 2015  | 1Q 16 |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Special(B2B)  | 45.0% | 45.6% | 33.3% | 39.9% | 39.4% | 49.2% | 41.3% | 34.1% |
| Brand shop    | 26.0% | 24.6% | 42.0% | 36.1% | 35.7% | 33.1% | 36.3% | 34.3% |
| Hyper markets | 15.0% | 12.5% | 9.9%  | 9.0%  | 10.9% | 8.5%  | 9.5%  | 13.0% |
| Wholesale     | 7.0%  | 12.7% | 12.4% | 11.0% | 11.0% | 6.8%  | 10.0% | 15.2% |
| TV shopping   | 4.0%  | 3.4%  | 1.6%  | 3.3%  | 2.5%  | 1.9%  | 2.3%  | 0.0%  |
| Internet      | 3.0%  | 1.2%  | 0.9%  | 0.7%  | 0.5%  | 0.5%  | 0.6%  | 3.3%  |