

LOCK & LOCK

3Q 14 Earnings Release

7 November 2014

3Q 14 Preliminary Earnings

[Unit: Wmm]	2013	2014	2014	QoQ	YoY
	3Q	2Q	3Q		
Sales	126,939	102,842	101,670	-1%	-20%
%	100%	100%	100%		
COGS	69,461	54,559	60,425	11%	-13%
%	55%	53%	59%		
Gross Profit	57,479	48,283	41,245	-15%	-28%
%	45%	47%	41%		
Sg&A Expenses	40,398	38,141	39,088	2%	-3%
%	32%	37%	38%		
Operating Profit	17,081	10,142	2,157	-79%	-87%
%	13%	10%	2%		
Pretax income	20,577	8,911	3,592	-60%	-83%
%	16%	9%	4%		
Net Profit	14,153	8,621	1,026	-88%	-93%
%	11%	8%	1%		

3Q 14 Preliminary Earnings – Sales & OP Highlights

- Total sales down 20% YoY to W101.7bn.
 - China domestic sales dropped 34% YoY to W45.2bn due to hypermarket channel adjusted until July 2014.
 - Korea domestic sales dropped YoY to W34.6bn due to Special sales Team.
 - Southeast Asia regional sales dropped 12% YoY to W7.4bn.(sales up 5.5% YoY without thailand sales branches)
- Operating profit fell 87% YoY to W2.2bn (2% OPM),
 - Fixed costs increase due to China domestic sales decreased. (discontinue & adjusted delivery because of hypermarket channel transfer to wholesale channel until July 14))
China sales reduce YoY to approximately 23.8bn(total sales channel)
 - Cost of goods sold increased 2% due to reflect loss from valuation of inventories 2.2bn in the COGS.
(Vietnam manufacturing factory 1.5bn, Korea sales 0.5bn, China sales 0.2bn)

[Unit: Wmm]	2013	2014	YoY
	3Q	3Q	
Payroll	10,561	10,455	-1%
Advertising	1,329	805	-39%
Transportation	4,045	3,228	-20%
Rent	4,071	3,687	-9%
Sales Commission	7,463	6,008	-19%
Others	12,929	14,905	15%
Operating Expenses	40,398	39,088	-3%

※ Based on K-IFRS

[Unit: Wmm]	2013	2014	YoY
	3Q	3Q	
Other Operating profit	2,344	2,770	18%
Gain on Foreign currency translations	-58	-547	842%
Gain Foreign currency transactions	1,299	1,436	11%
Others	1,102	1,880	71%
Other Operating loss	205	1,002	388%
Loss on Foreign currency translations	-2,035	-222	-89%
Loss Foreign currency transactions	1,223	882	-28%
Others	1,017	341	-66%
Net Other Operating profit	2,138	1,768	-17%

※ Based on K-IFRS

Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2014 3Q	2013	Increase/ Decrease
Current Assets	376,580	435,030	-58,450
Quick Assets	224,564	287,534	-62,970
Inventories	132,859	126,920	5,940
Other Current Assets	19,157	20,577	-1,420
Non-Current Assets	380,987	362,437	18,550
Investments	22,852	27,431	-4,579
Property&Equipment	307,090	295,566	11,525
Intangible Assets	10,322	11,354	-1,033
Deferred Tax Assets	5,167	5,483	-316
Other Non-Current Assets	35,555	22,602	12,953
TOTAL ASSETS	757,567	797,468	-39,900
Current Liabilities	138,746	176,283	-37,536
Non-Current Liabilities	672	5,912	-5,240
TOTAL LIABILITIES	139,418	182,195	-42,777
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	-28,904	-20,879	-8,025
Earned Surplus	328,030	317,107	10,923
External Shareholder's Equity	86	108	-22
TOTAL EQUITY	618,149	615,273	2,876
TOTAL LIABILITIES & EQUITY	757,567	797,468	-39,900

※ Based on K-IFRS

Summary Financials – Income Statement

[Unit: Wmm]

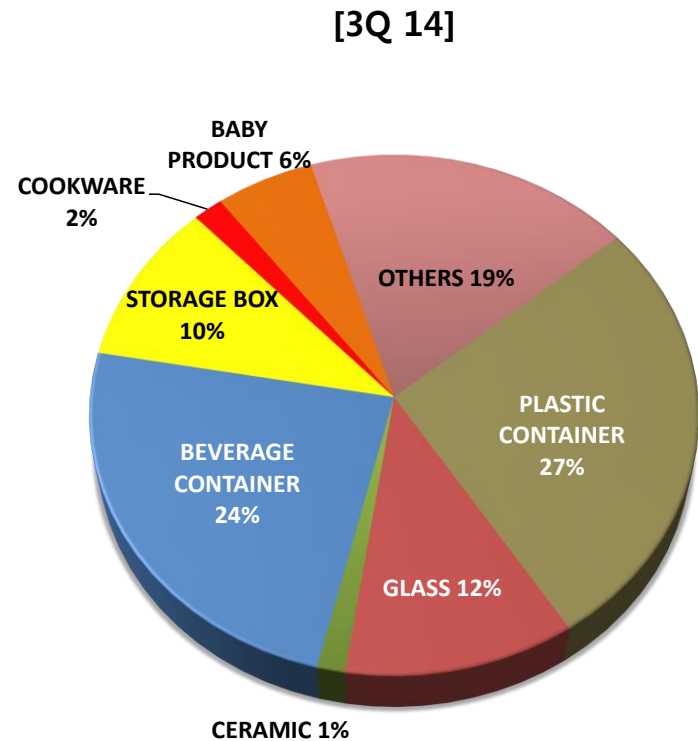
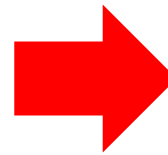
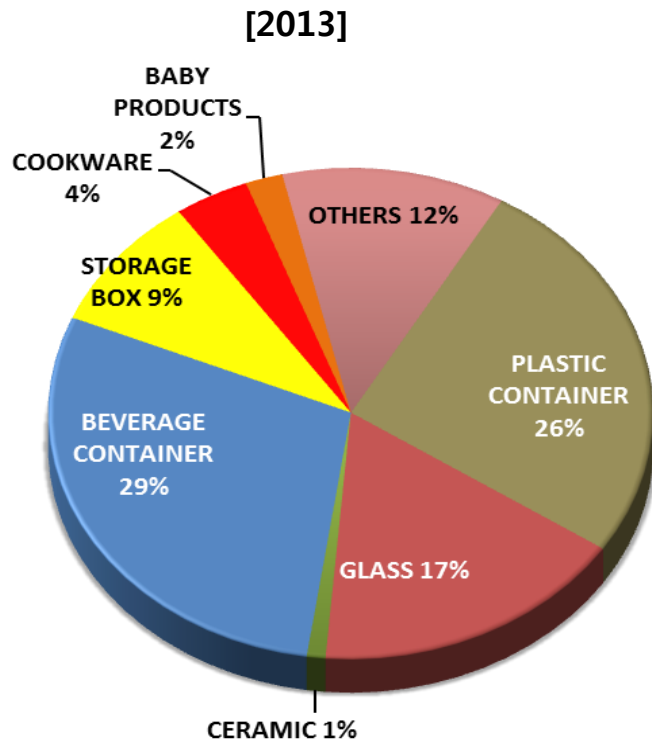
Descriptions	2Q 14	2Q 13	Increase/ Decrease
Sales	101,670	126,939	-25,270
Cost of Goods Sold	60,425	69,461	-9,036
Gross Profit	41,245	57,479	-16,234
Selling and Administrative Expenses	39,088	40,398	-1,309
Operating Income	2,157	17,081	-14,924
Other Operating Profit and Loss	1,768	2,138	-3,906
Financial Profit and Loss and the rest	-333	1,358	-1,690
Income and Loss Before Income Taxes	3,592	20,577	-16,985
Income Tax Expenses	2,566	6,424	-3,858
Net Income	1,026	14,153	-13,127

※ Based on K-IFRS

Sales Breakdown by Region

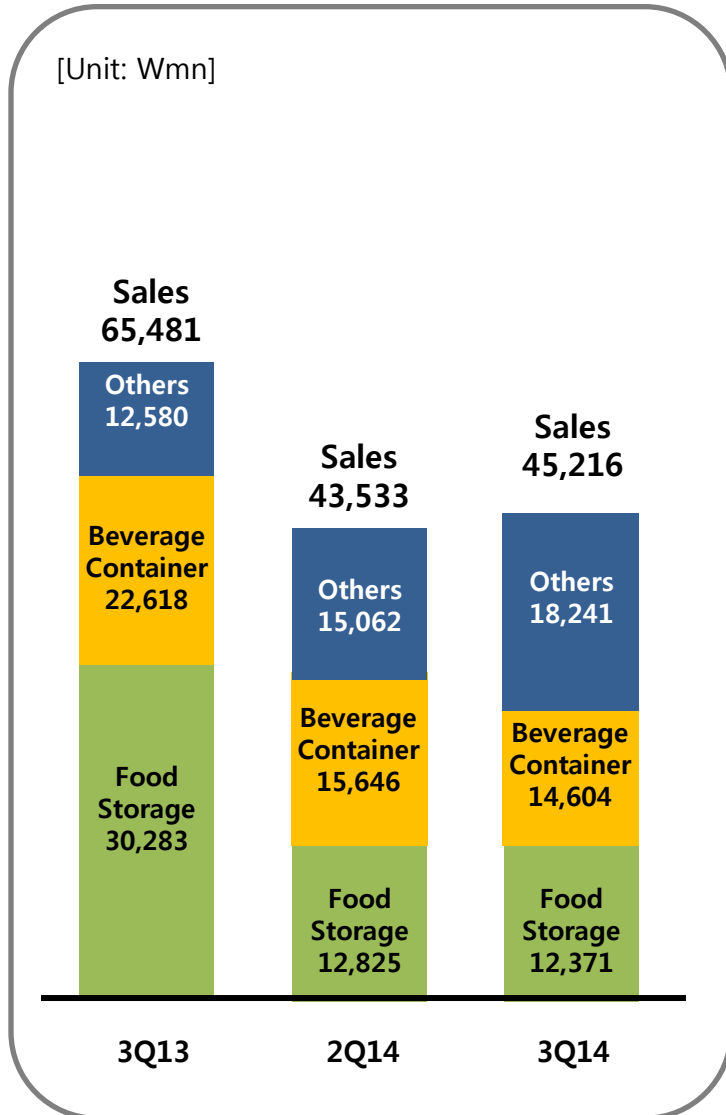
Region	2012	3Q 13	4Q 13	2013	1Q 14	2Q 14	3Q 14
China	51%	53%	49%	55%	47%	42%	45%
Korea	31%	27%	30%	26%	33%	34%	34%
Asia	11%	12%	12%	12%	12%	14%	14%
ROW	7%	7%	8%	7%	8%	9%	8%

Sales Breakdown by Product



China – Sales Analysis

Food storage sales fell 59% YoY to W12.4bn and beverage container sales fell 35% YoY to W14.6bn, while others (kitchen/ living/cookware) sales have been up 45% YoY to W18.2bn.



■ Food storage

Plastic container sales decreased 61% YoY to W4.9bn.
Glass container sales dropped 57% YoY to W7.3bn.

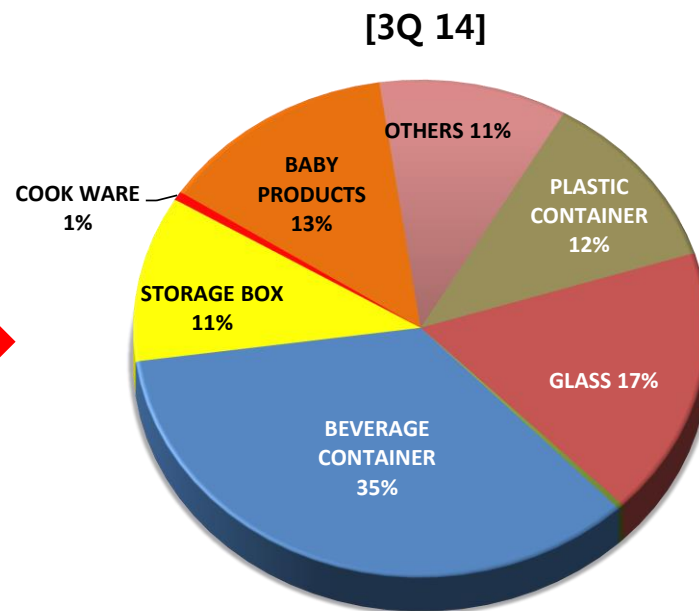
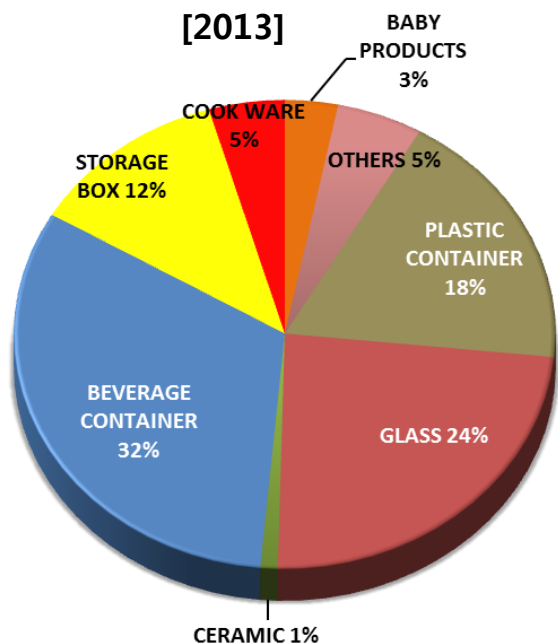
■ Beverage container

Plastic bottle sales fell 40% YoY to W7.6bn.
Thermal bottle sales fell 28% YoY to W6.9bn.

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

Cookware sales decreased 91% YoY to W0.2bn.
Livingbox sales decreased 48% YoY to W3.7bn.
Baby product sales increased 79% YoY to W5.6bn.

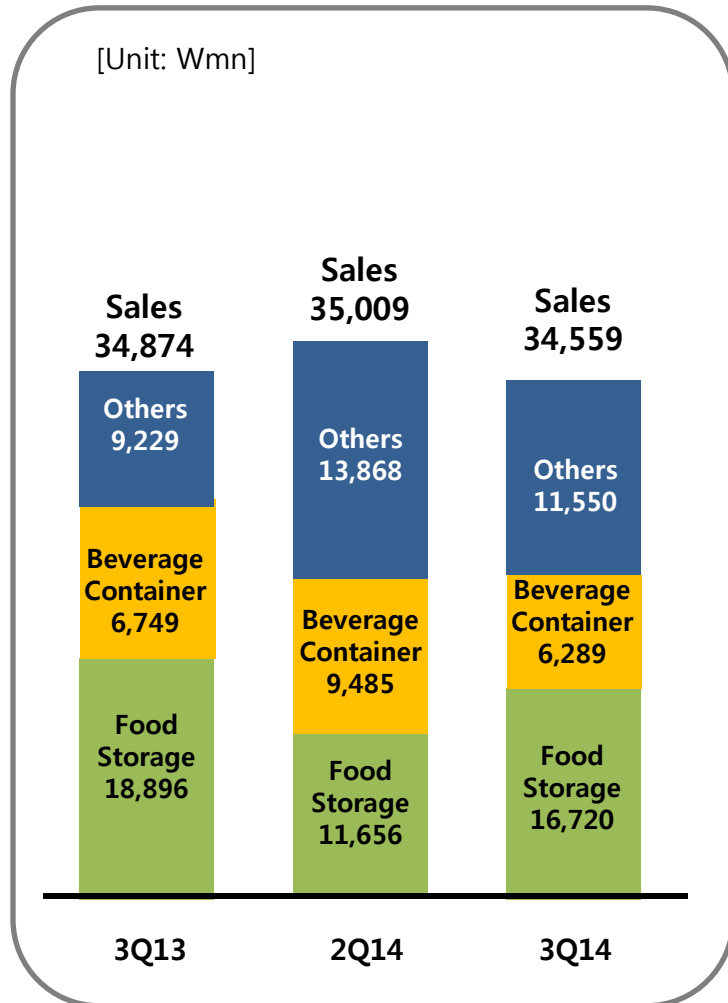
China – Sales by Product & Channel



Division	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14	3Q 14
TV shopping	23%	23%	21%	21%	21%	22%	21%	27%	23%
Special(B2B)	22%	22%	27%	22%	19%	23%	19%	22%	17%
Internet	15%	15%	17%	14%	20%	17%	18%	16%	18%
Wholesale	15%	15%	16%	17%	16%	16%	18%	18%	22%
Hyper markets	16%	17%	12%	18%	15%	15%	15%	8%	12%
Brand shop	10%	8%	7%	7%	9%	7%	9%	9%	8%

Korea – Sales Analysis

Food storage sales fell 59% YoY to W12.4bn and beverage container sales dropped 35% YoY to W14.6bn. others (kitchen/living/cookware) sales have been up 45% YoY to 18.2bn.



■ Food storage

Premium plastic container sales decreased 18% YoY to W6.7bn.

Interlock (new plastic container) sales decreased 60% YoY to W1.7bn.

Glass container sales increased 49% YoY to W2.3bn.

■ Beverage containers

Thermal bottle sales increased slightly YoY to W1.9bn.

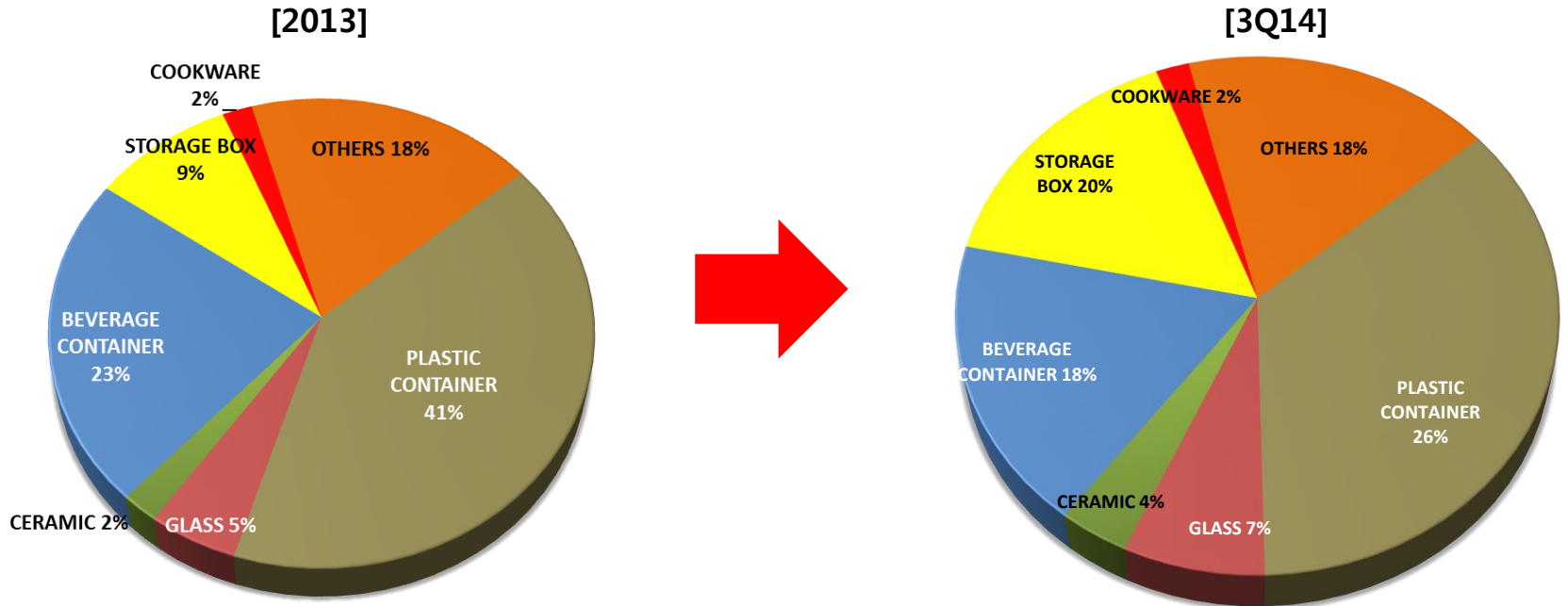
Premium plastic bottle sales increased 20% YoY to W2.5bn.

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

Plastic organizer box sales jumped 129% YoY to W4.3bn.

Fabric organizer box sales down 7% YoY to W1.3bn.

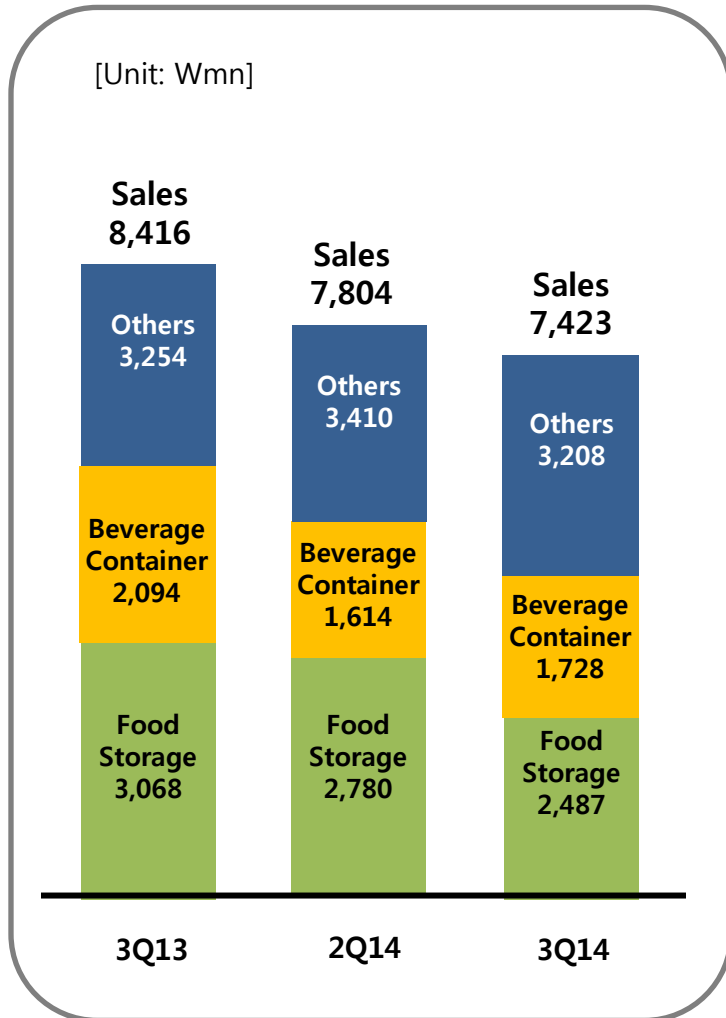
Korea – Sales by Product & Channel



Division	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14	3Q 14
Hyper markets	29%	33%	33%	29%	26%	30%	24%	31%	29%
TV shopping	25%	14%	13%	21%	22%	18%	30%	18%	22%
Wholesale	14%	15%	16%	14%	14%	15%	12%	17%	15%
Special(B2B)	15%	13%	13%	14%	17%	14%	12%	9%	9%
Brand shop	10%	15%	13%	12%	9%	12%	9%	8%	12%
Internet	7%	11%	12%	10%	12%	11%	12%	15%	13%

Southeast Asia – Sales Analysis

Food storage sales decreased 19% YoY to W2.5bn, beverage container sales decreased 17% to YoY W1.7bn, others (kitchen/living/cookware) sales decreased 1.4% YoY to W3.2bn. Southeast Asia sales down due to Thailand sales branches reduced the size.



■ Food storage

Plastic container sales decreased 29% YoY to W1.6bn.

■ Beverage container

Thermal bottle sales fell 21% YoY to W0.4bn.

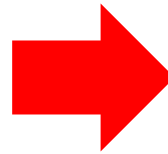
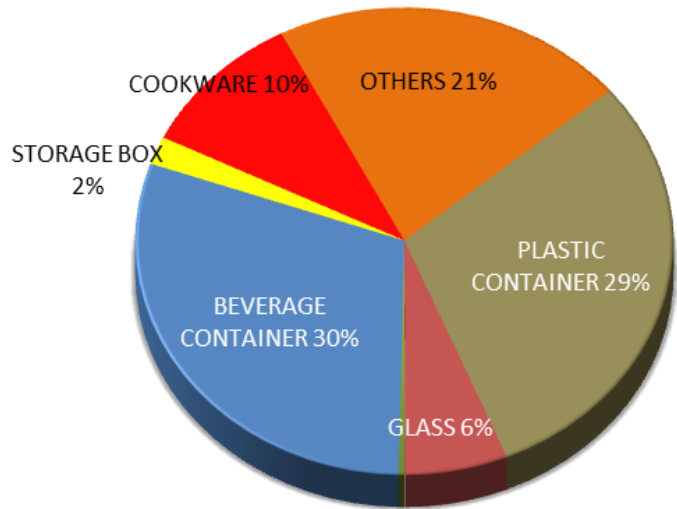
Plastic bottle sales fell 10% YoY to W0.8bn.

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

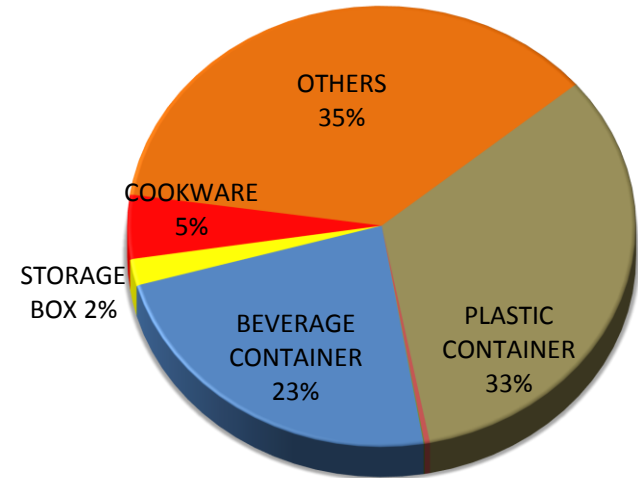
Cookware(pot, pan) sales decreased 72% YoY to W0.4bn.

Southeast Asia – Sales by Product & Channel

[2013]



[3Q14]



Division	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14	3Q 14
Special(B2B)	38%	41%	44%	36%	56%	45%	44%	50%	38%
Brand shop	27%	30%	28%	30%	21%	26%	26%	20%	28%
Hyper markets	18%	18%	17%	20%	9%	15%	13%	14%	13%
Wholesale	11%	5%	4%	8%	9%	7%	11%	11%	17%
TV shopping	5%	2%	4%	5%	5%	4%	4%	3%	4%
Internet	1%	4%	3%	2%	1%	3%	2%	2%	1%