

LOCK & LOCK

1Q 17 Earnings Release

10 May 2017

1Q 17 Preliminary Earnings

[Unit: Wmm]	2016	2016	2017	QoQ	YoY
	1Q	4Q	1Q		
Sales	104,008	119,881	93,105	-22.3%	-10.5%
%	100.0%	100.0%	100.0%		
COGS	54,234	63,808	47,786	-25.1%	-11.9%
%	52.1%	53.2%	51.3%		
Gross Profit	49,773	56,073	45,319	-19.2%	-8.9%
%	47.9%	46.8%	48.7%		
Sg&A Expenses	35,880	37,772	34,584	-8.4%	-3.6%
%	34.5%	31.5%	37.1%		
Operating Profit	13,893	18,301	10,735	-41.3%	-22.7%
%	13.4%	15.3%	11.5%		
Pretax income	13,635	26,888	11,856	-55.9%	-13.0%
%	13.1%	22.4%	12.7%		
Net Profit	8,465	22,377	8,360	-62.6%	-1.2%
%	8.1%	18.7%	9.0%		

1Q 17 Preliminary Earnings – Sales & Profit Highlights

- Total sales have been down 10.5% YoY to W93.1bn.
 - China domestic sales decreased 5.9% YoY to W40.7bn.(2.6% YoY growth in RMB)
(Internet channel sales increased 37.5% YoY, B2B channel postponed an orders due to THHAD impact in March)
 - Korea domestic sales decreased 0.1% YoY to W27.4bn.
Korea export sales decreased 49.9% YoY to W11.7bn(US QVC Homeshopping sales decreased, 1Q was low season)
 - Southeast Asia regional sales increased 21.9% YoY to W9.7bn.(44.6% YoY growth include export sales)
Vietnam domestic sales increased 25.5% YoY due to B2B sales & Hypermarkets increased. (57.5% YoY growth include export sales)
- Operating profit decreased 22.7% YoY to W10.7bn (11.5% OPM)
- Income Tax Expenses increased around W 0.7bn(due to China subsidiary dividends to W15.8bn)

[Unit: Wmm]	2016	2017	YoY
	1Q	1Q	
Payroll	11,509	11,970	4.0%
Advertising	795	675	-15.2%
Transportation	2,462	2,193	-10.9%
Rent	3,786	3,064	-19.1%
Sales Commission	2,449	3,423	39.8%
Others	14,878	13,259	-10.9%
Operating Expenses	35,880	34,584	-3.6%

※ Based on K-IFRS

[Unit: Wmm]	2016	2017	YoY
	1Q	1Q	
Other Operating profit	4,209	3,075	-26.9%
Gain on Foreign currency translations	1,305	1,142	-12.5%
Gain Foreign currency transactions	1,834	801	-56.3%
Others	1,069	1,132	5.8%
Other Operating loss	5,039	2,844	-43.6%
Loss on Foreign currency translations	1,059	762	-28.0%
Loss Foreign currency transactions	1,986	1,290	-35.1%
Others	1,994	792	-60.3%
Net Other Operating profit	-830	231	-127.9%

※ Based on K-IFRS

Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2016	1Q 17	Increase/ Decrease
Current Assets	386,822	366,623	-20,199
Quick Assets	251,575	223,252	-28,323
Inventories	120,563	122,250	1,687
Other Current Assets	14,684	21,122	6,438
Non-Current Assets	364,075	347,167	-16,908
Investments	30,975	30,491	-483
Property&Equipment	281,432	267,771	-13,661
Intangible Assets	9,204	8,973	-231
Deferred Tax Assets	3,731	3,664	-68
Other Non-Current Assets	38,733	36,268	-2,465
TOTAL ASSETS	750,897	713,790	-37,107
Current Liabilities	73,105	86,786	13,681
Non-Current Liabilities	5,801	7,171	1,370
TOTAL LIABILITIES	78,906	93,958	15,051
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	-11,958	-45,321	-33,363
Earned Surplus	364,619	345,846	-18,773
External Shareholder's Equity	392	370	-23
TOTAL EQUITY	671,991	619,833	-52,158
TOTAL LIABILITIES & EQUITY	750,897	713,790	-37,107

※ Based on K-IFRS

Summary Financials – Income Statement

[Unit: Wmm]

Descriptions	1Q 16	1Q 17	Increase/ Decrease
Sales	104,008	93,105	-10,903
Cost of Goods Sold	54,234	47,786	-6,449
Gross Profit	49,773	45,319	-4,454
Selling and Administrative Expenses	35,880	34,584	-1,297
Operating Income	13,893	10,735	-3,158
Other Operating Profit and Loss	-830	232	1,062
Financial Profit and Loss and the rest	572	889	317
Income and Loss Before Income Taxes	13,635	11,856	-1,779
Income Tax Expenses	5,170	3,496	-1,674
Net Income	8,465	8,360	-105

※ Based on K-IFRS

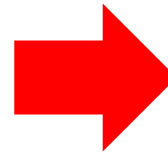
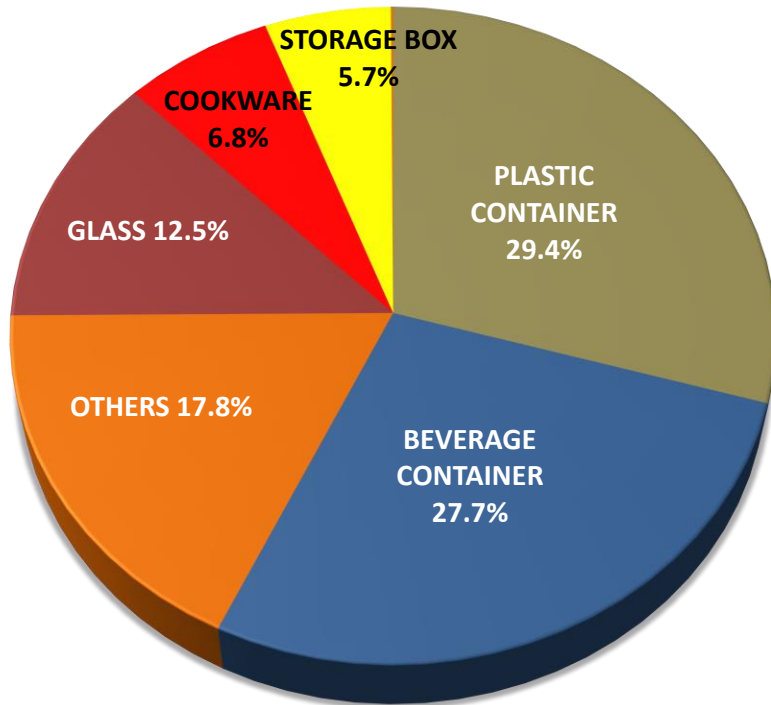
Sales Breakdown by Region

Region	2014	2015	1Q 16	2Q 16	3Q 16	4Q 16	2016	1Q 17
China	45.0%	46.7%	41.6%	43.4%	37.1%	41.4%	40.9%	43.7%
Korea	33.0%	27.4%	26.4%	28.9%	29.6%	24.5%	27.2%	29.4%
Asia	14.0%	15.3%	13.6%	15.7%	17.4%	22.9%	17.6%	17.4%
ROW	8.0%	10.7%	18.5%	12.0%	15.9%	11.1%	14.2%	9.5%

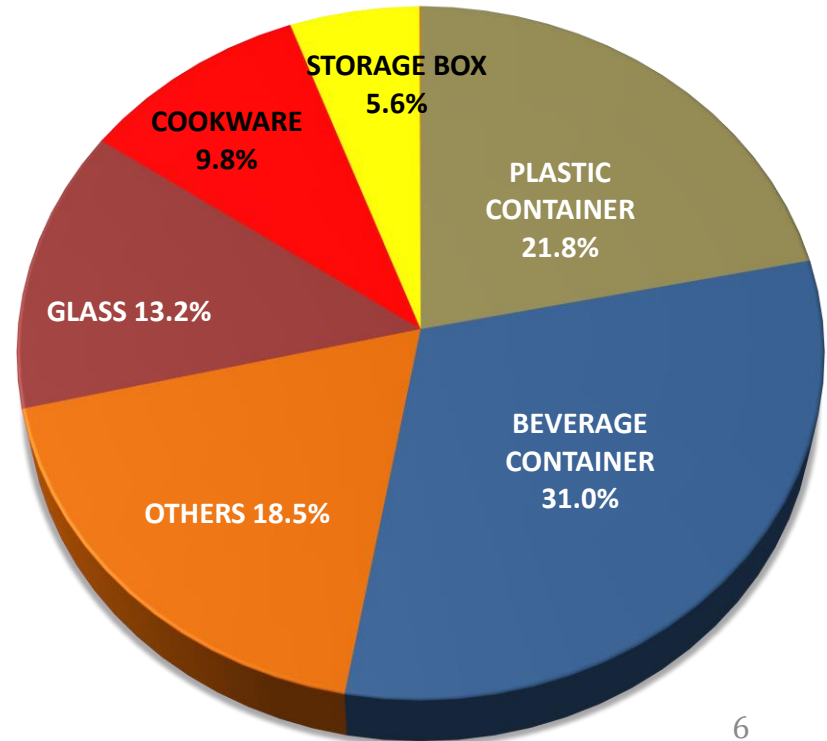
※ KOREA: The only Domestic sales application

Sales Breakdown by Product

[2016]



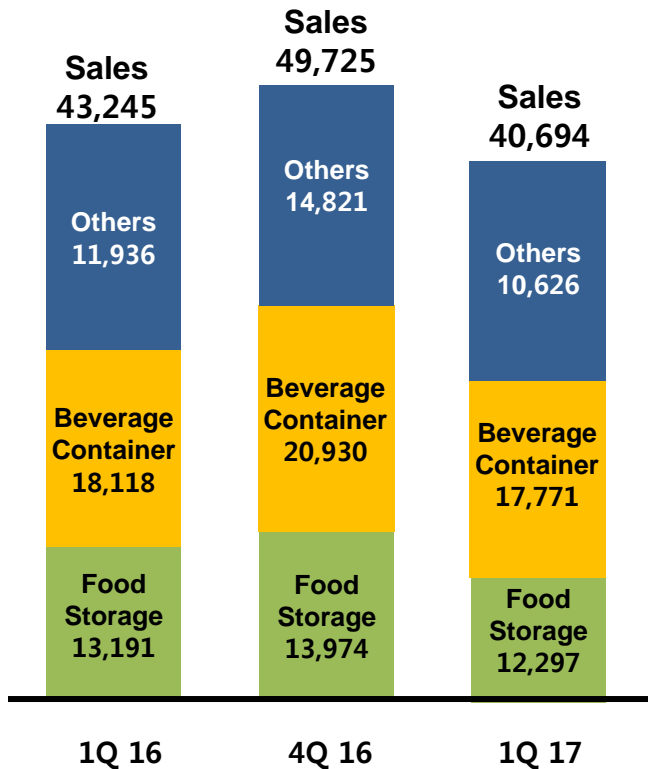
[1Q 17]



China – Sales Analysis

Food storage sales decreased 6.8% YoY to W12.3bn and beverage container sales decreased 1.9% YoY to W17.8bn, while others (kitchen/ living/cookware) sales have been down 10.9% YoY to W10.6bn.

[Unit: Wmn]



■ Food storage

Plastic container sales decreased 4.4% YoY to W5.1bn.

Glass container sales decreased 8.3% YoY to W7.2bn.

■ Beverage container

Plastic bottle sales fell 9.3% YoY to W4.4bn.

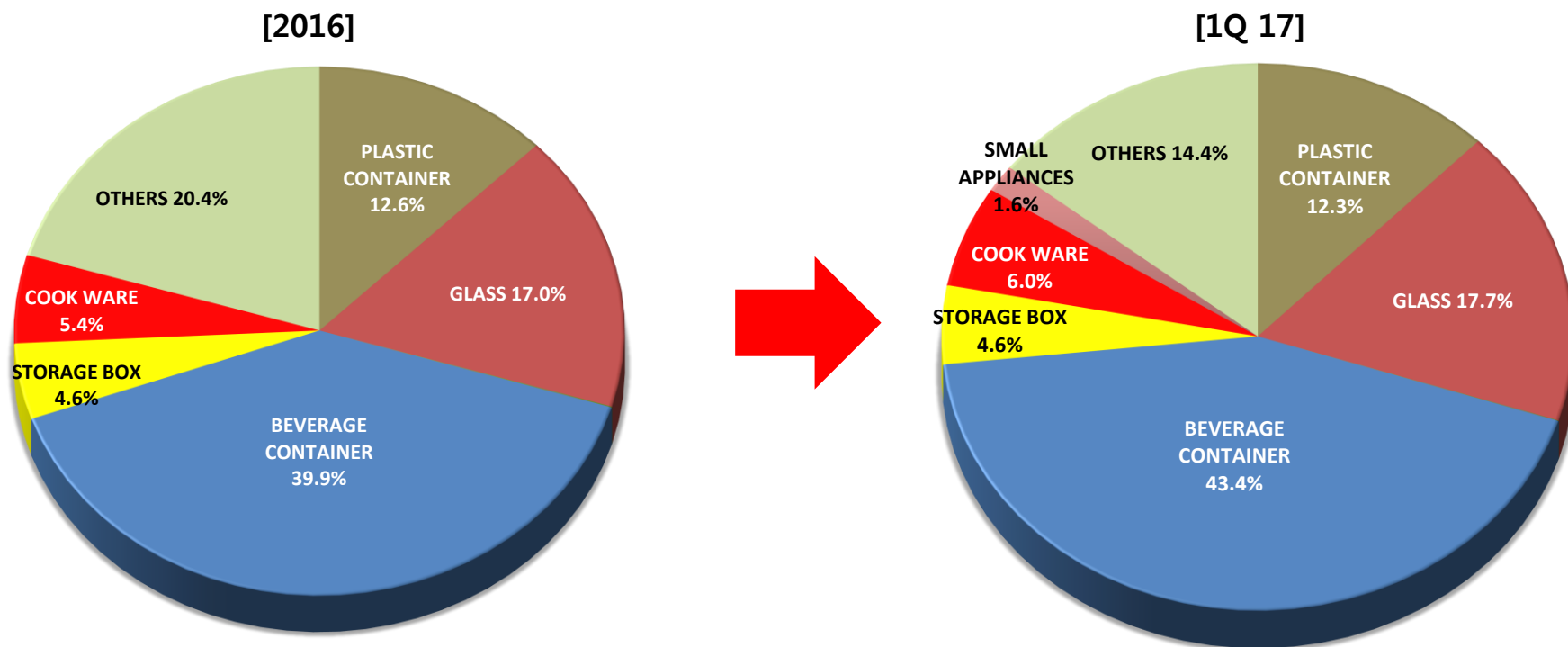
Thermal bottle sales decreased 4.4% YoY to W12.6bn.

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

Cookware sales increased 10.7% YoY to W2.5bn.

Livingbox sales decreased 24.9% YoY to W1.1bn.

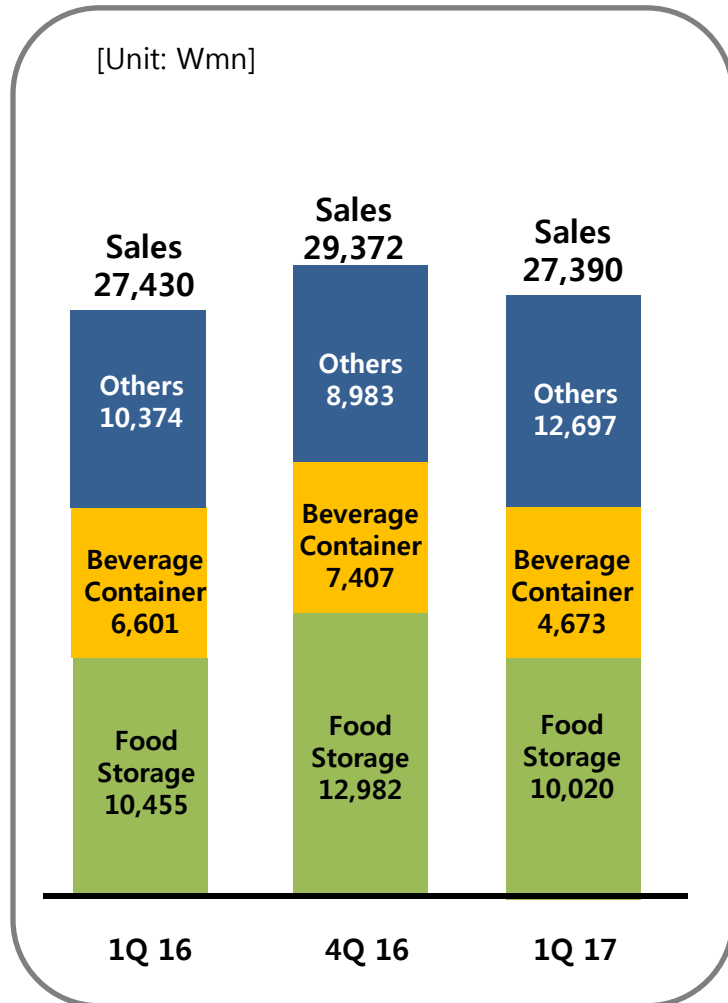
China – Sales by Product & Channel



Division	2014	2015	1Q 16	2Q 16	3Q 16	4Q 16	2016	1Q 17
TV shopping	21.0%	7.3%	3.8%	3.8%	3.4%	1.6%	3.1%	2.4%
Special(B2B)	18.0%	15.9%	16.3%	13.7%	13.0%	13.3%	14.0%	13.4%
Internet	19.0%	31.8%	32.6%	31.4%	35.1%	45.2%	36.5%	43.1%
Wholesale	20.0%	20.0%	16.2%	16.8%	16.6%	14.4%	15.9%	15.5%
Hyper markets	11.0%	13.6%	15.3%	13.4%	15.2%	11.4%	13.7%	13.2%
Brand shop	11.0%	11.4%	15.8%	20.9%	16.7%	14.2%	16.8%	12.4%

Korea – Sales Analysis

Food storage sales decreased 4.2% YoY to W10.0bn and beverage container sales decreased 29.2% YoY to W4.7bn. others (kitchen/living/cookware) sales increased 22.4% YoY to 12.7bn.



■ Food storage

Plastic container sales decreased 7.8% YoY to W1.7bn.

Premium plastic container sales decreased 15.7% YoY to W2.9bn.

Glass container sales decreased 19.9% YoY to W1.9bn.

■ Beverage containers

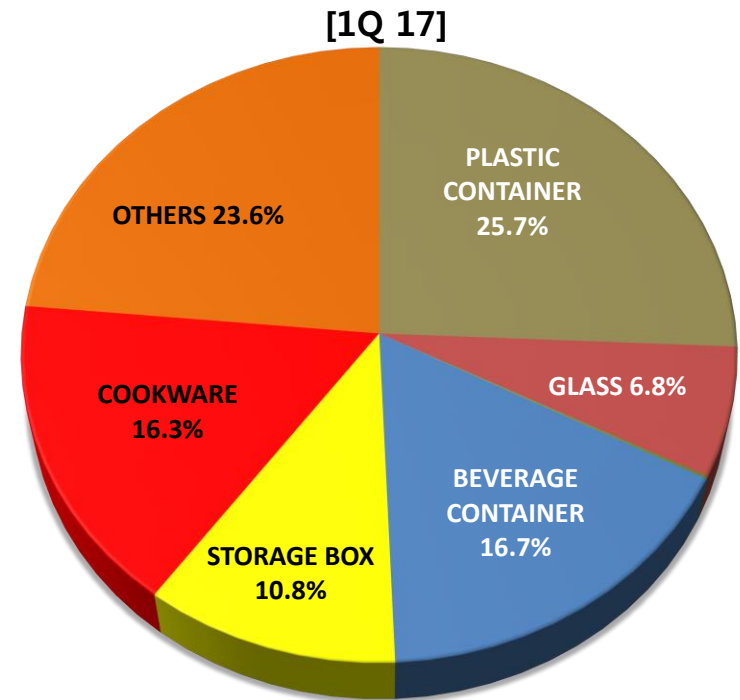
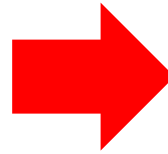
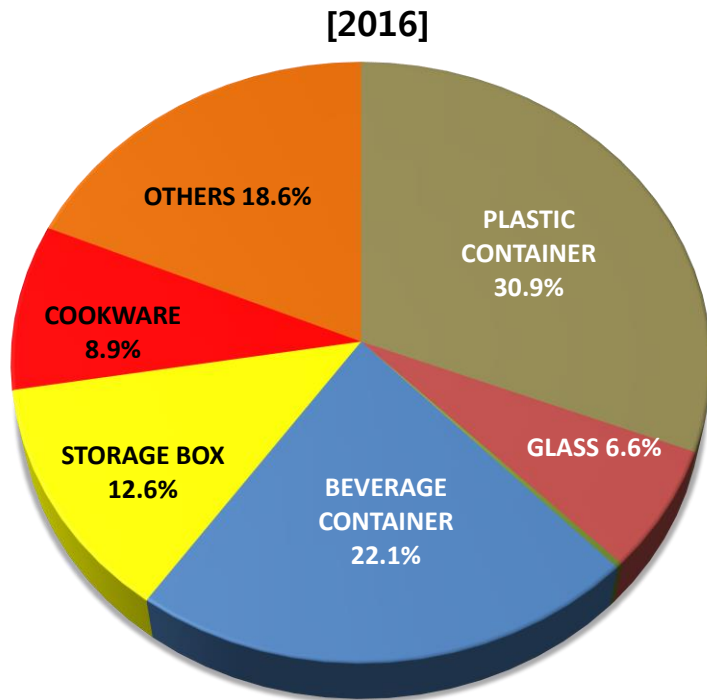
Thermal bottle sales decreased 51.7% YoY to W1.6bn.

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

Plastic organizer box sales decreased 23.4% YoY to W2.4bn.

Cookware sales increased 72.9% YoY to W4.6bn.

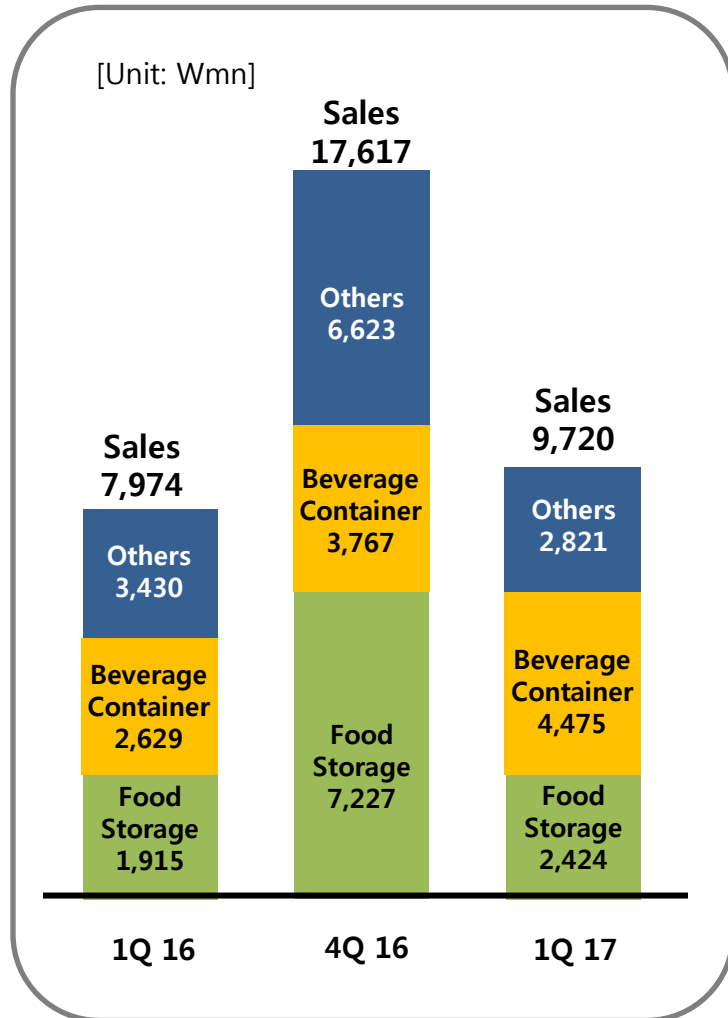
Korea – Sales by Product & Channel



Division	2014	2015	1Q 16	2Q 16	3Q 16	4Q 16	2016	1Q 17
Hyper markets	27.9%	30.0%	27.3%	31.2%	24.1%	24.0%	26.6%	23.7%
TV shopping	20.8%	12.0%	12.6%	10.4%	19.9%	9.5%	13.1%	13.2%
Wholesale	15.3%	16.1%	15.2%	12.3%	14.0%	14.3%	13.9%	18.2%
Special(B2B)	11.3%	12.4%	13.7%	9.9%	13.4%	15.2%	13.0%	11.0%
Brand shop	9.9%	13.3%	13.1%	18.1%	10.8%	19.0%	15.3%	15.8%
Internet	13.4%	16.2%	18.1%	18.1%	17.8%	18.0%	18.0%	18.1%

Southeast Asia – Sales Analysis

Food storage sales increased 26.6% YoY to W2.4bn, beverage container sales increased 70.2% to YoY W4.5bn, others(kitchen/living/cookware) sales decreased 17.8% YoY to W2.8bn.



■ Food storage

Plastic container sales decreased 10.5% YoY to W1.0bn.
Glass container sales increased 150.1% YoY to W1.3bn.

■ Beverage container

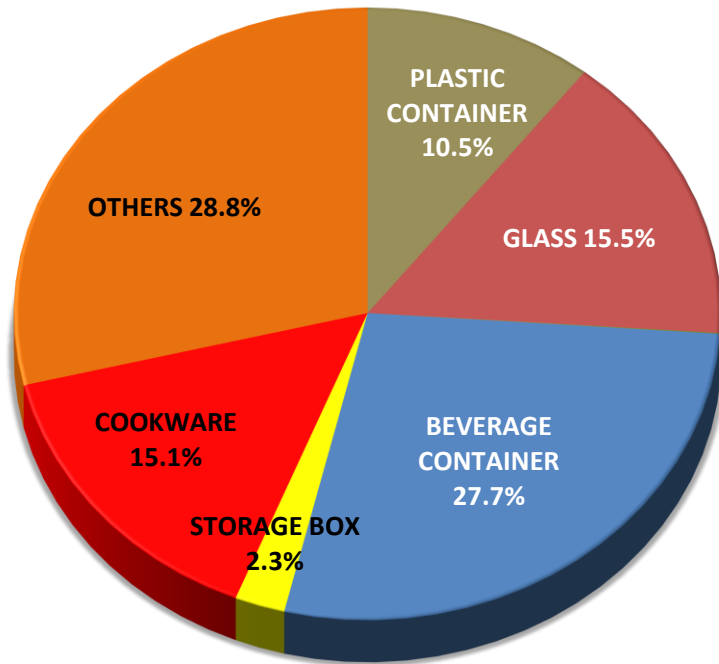
Plastic bottle sales increased 35.8% YoY to W1.3bn.
Thermal bottle sales increased 2.3% YoY to W1.1bn.

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

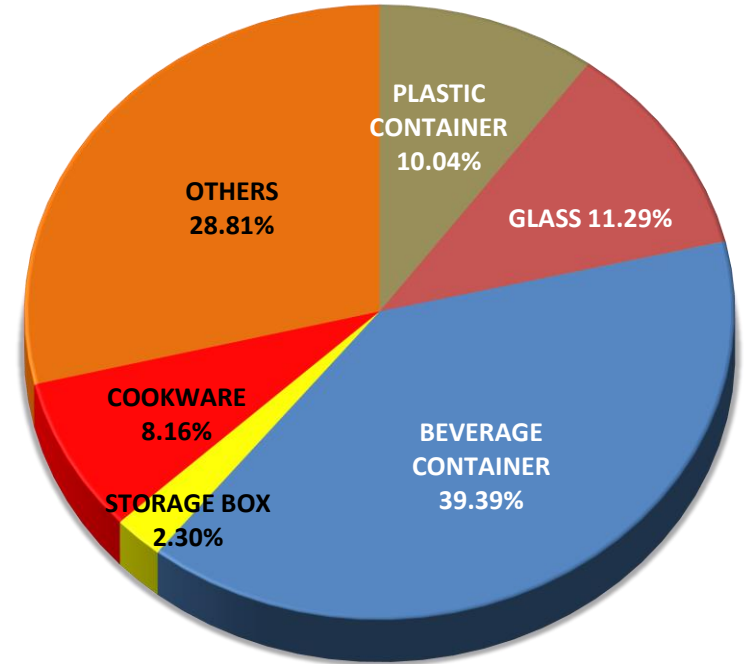
Cookware sales decreased 5.1% YoY to W0.9bn.

Southeast Asia – Sales by Product & Channel

[2016]



[1Q 17]



Division	2014	2015	1Q 16	2Q 16	3Q 16	2016년 4Q	2016년	2017년 1Q
Special(B2B)	45.6%	41.3%	34.1%	46.2%	28.8%	64.8%	48.5%	36.3%
Brand shop	24.6%	36.3%	34.3%	26.3%	32.6%	12.9%	23.3%	34.5%
Hyper markets	12.5%	9.5%	13.0%	16.2%	23.4%	14.0%	16.1%	14.8%
Wholesale	12.7%	10.0%	15.2%	9.1%	11.6%	5.2%	9.0%	9.2%
TV shopping	3.4%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%
Internet	1.2%	0.6%	3.3%	2.2%	3.6%	3.0%	3.0%	4.0%