




LOCK & LOCK

3Q12 Earnings Release

November 6, 2012



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1. 3Q12 Preliminary Earnings

In 3Q12, sales increased 5% YoY to W128.9bn and operating profit fell 13% YoY to W21.4bn.

China sales were W68.8bn (+23% YoY or +15% YoY on RMB terms) while Korea registered W39.2bn (-19% YoY) in revenue.

[Unit: Wmm]	2011	2011	2012	QoQ	YoY
	3Q	2Q	3Q		
Sales	122,721	136,430	128,878	-6%	5%
%	100%	100%	100%		
COGS	58,701	72,477	65,841	-9%	12%
%	48%	53%	51%		
Gross Profit	64,020	63,953	63,037	-1%	-2%
%	52%	47%	49%		
Operating Profit	24,590	20,021	21,384	7%	-13%
%	20%	15%	17%		
Pretax income	21,576	20,715	21,675	5%	0%
%	18%	15%	17%		
Net Profit	16,104	16,125	17,153	6%	7%
%	13%	12%	13%		

※ Based on K-IFRS

1. 3Q12 Preliminary Earnings – Sales & OP Highlights

- Total sales grew 5% YoY to W128.9bn.
 - Korea domestic sales decreased 19% YoY to W39.2bn. Sales through TV shopping remained particularly sluggish.
 - China sales continued a solid growth of 23% YoY to W68.8bn (15% YoY growth in RMB). Sales were upbeat across all distribution channels; by product category, sales were driven by glass food containers, *Hot&Cool* (thermos), *Aqua* (regular plastic water bottle) and household goods organizers.
- Operating profit climbed 7% QoQ but dropped 13% YoY to W21.4bn.
 - Transportation cost grew by W1.3bn (35% YoY) due to rising Internet and TV shopping sales in China and the franchisee store expansion in Korea/China.
 - Rent increased by W1.6bn (58% YoY) as overall rent for owned brand shops edged up in both Korea and China.

[Unit: Wmm]	2011	2012	YoY
	3Q	3Q	
Payroll	10,647	11,573	9%
Advertising	1,178	1,727	47%
Transportation	3,640	4,916	35%
Rent	2,762	4,365	58%
Sales Commission	7,702	5,257	-32%
Others	12,895	15,371	19%
Operating Expenses	38,824	43,210	11%

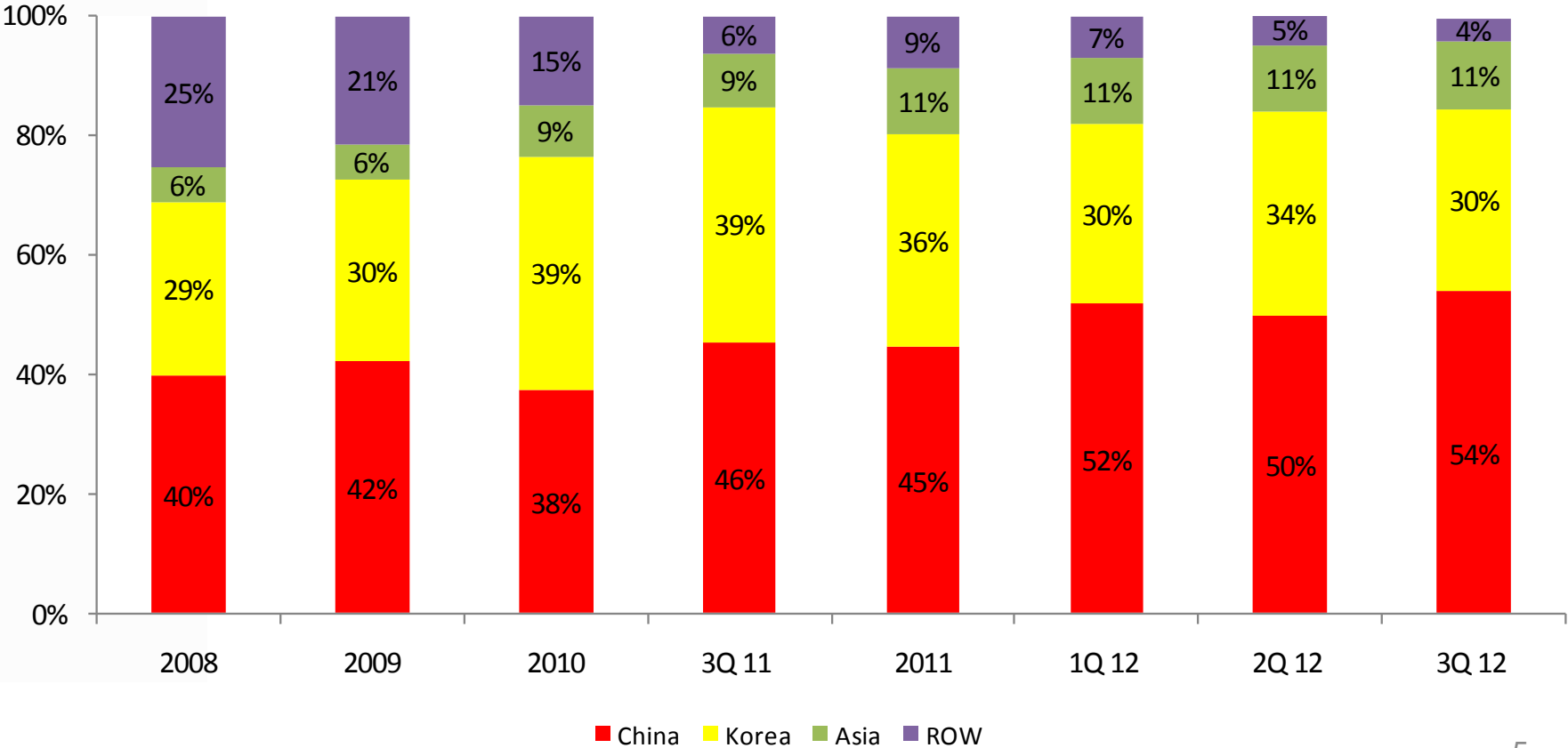
※ Based on K-IFRS

[Unit: Wmm]	2011	2012	YoY
	3Q	3Q	
Other Operating profit	6,397	3,017	-53%
Gain on Foreign currency translations	1,995	1,551	-22%
Gain Foreign currency transactions	3,946	131	-97%
Others	456	1,335	193%
Other Operating loss	6,705	1,461	-78%
Loss on Foreign currency translations	1,818	21	-99%
Loss Foreign currency transactions	3,754	315	-92%
Others	1,133	1,126	-1%
Net Other Operating profit	-308	1,556	N/A

※ Based on K-IFRS

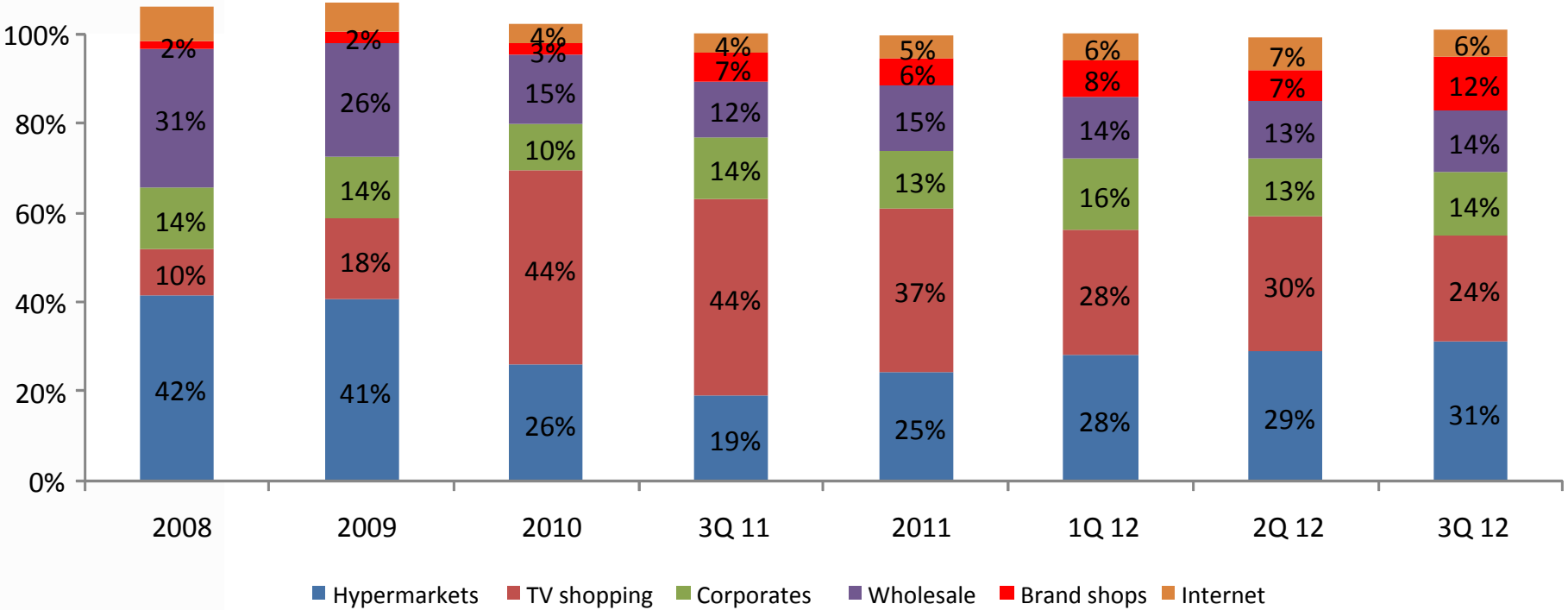
2. Sales Breakdown by Region

Region	2008	2009	2010	3Q 11	2011	1Q 12	2Q 12	3Q 12
China	40%	42%	38%	46%	45%	52%	50%	54%
Korea	29%	30%	39%	39%	36%	30%	34%	30%
Asia	6%	6%	9%	9%	11%	11%	11%	11%
ROW	25%	21%	15%	6%	9%	7%	5%	4%



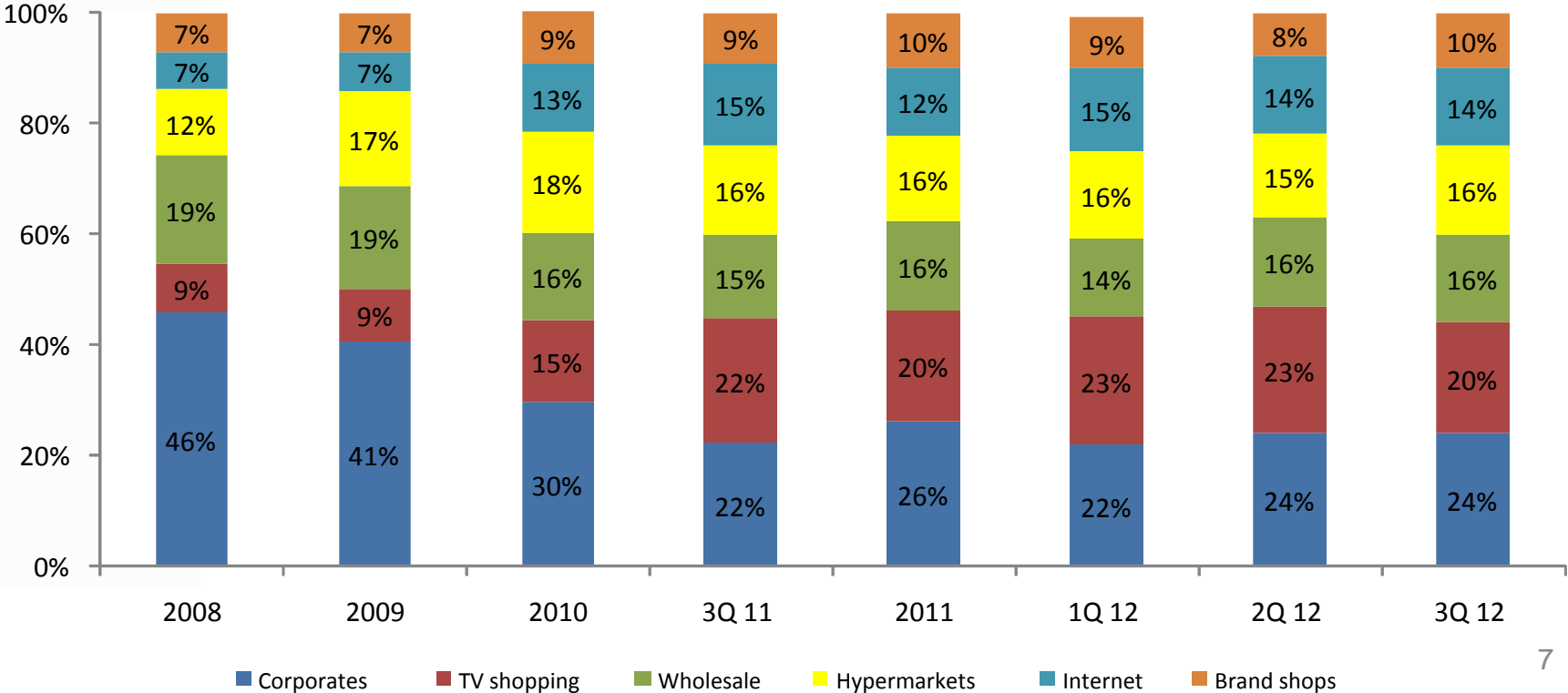
3. Sales Breakdown by Channel – Korea

	2008	2009	2010	3Q 11	2011	1Q 12	2Q 12	3Q 12
Hypermarkets	42%	41%	26%	19%	25%	28%	29%	31%
TV shopping	10%	18%	44%	44%	37%	28%	30%	24%
Corporates	14%	14%	10%	14%	13%	16%	13%	14%
Wholesale	31%	26%	15%	12%	15%	14%	13%	14%
Brand shops	2%	2%	3%	7%	6%	8%	7%	12%
Internet	8%	7%	4%	4%	5%	6%	7%	6%



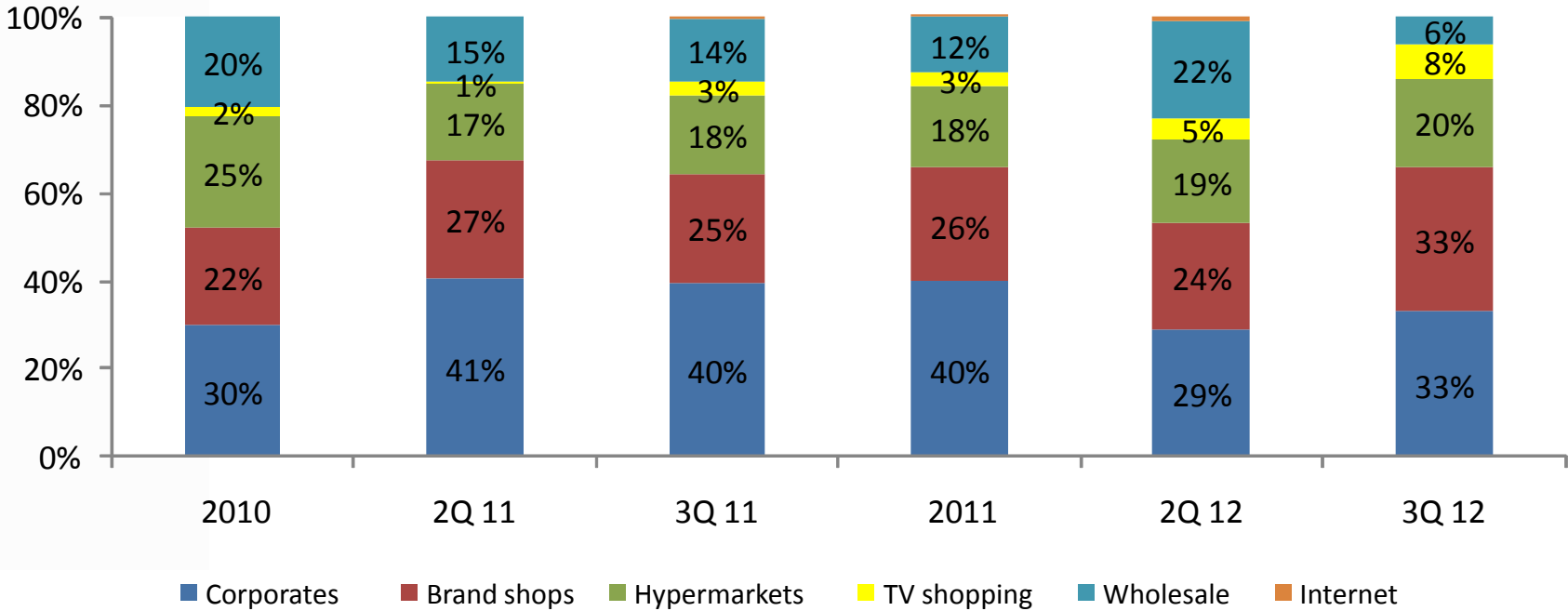
3. Sales Breakdown by Channel – China

	2008	2009	2010	3Q 11	2011	1Q 12	2Q 12	3Q 12
Corporates	46%	41%	30%	22%	26%	22%	24%	24%
TV shopping	9%	9%	15%	22%	20%	23%	23%	20%
Wholesale	19%	19%	16%	15%	16%	14%	16%	16%
Hypermarkets	12%	17%	18%	16%	16%	16%	15%	16%
Internet	7%	7%	13%	15%	12%	15%	14%	14%
Brand shops	7%	7%	9%	9%	10%	9%	8%	10%



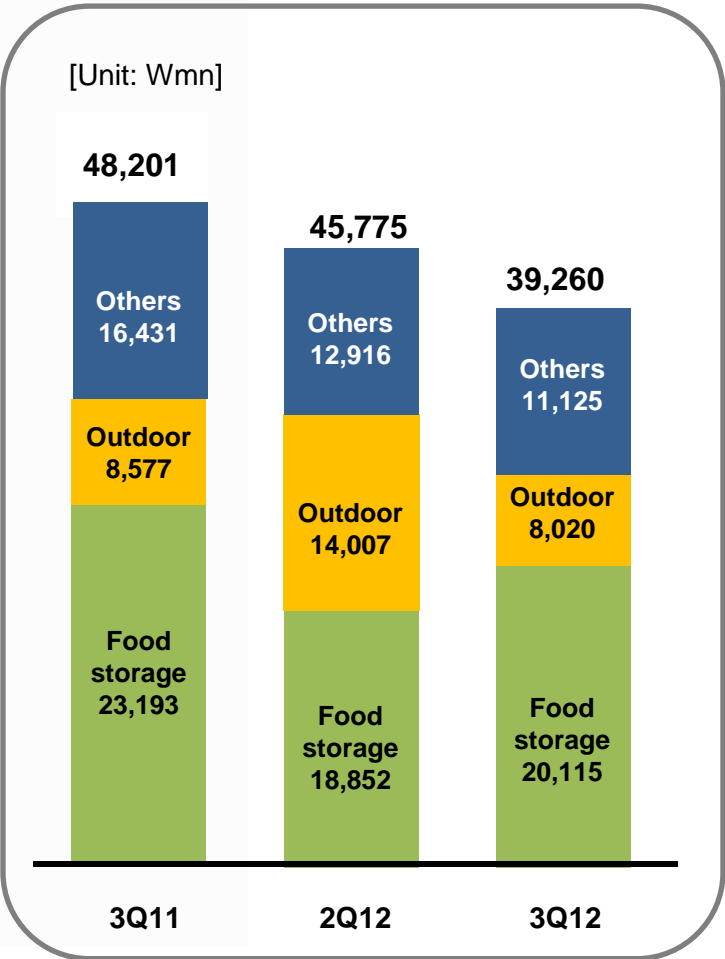
3. Sales Breakdown by Channel – Southeast Asia

	2010	2Q 11	3Q 11	2011	2Q 12	3Q 12
Corporates	30%	41%	40%	40%	29%	33%
Brand shops	22%	27%	25%	26%	24%	33%
Hypermarkets	25%	17%	18%	18%	19%	20%
TV shopping	2%	1%	3%	3%	5%	8%
Wholesale	0%	0%	0%	0%	1%	0%
Internet	0%	0%	0%	0%	1%	0%



4. Sales Breakdown by Product Category – Korea

The sales of food storage container, outdoor and kitchen/living/cookware fell 13% YoY, 6% YoY, 33% YoY to W20.1bn, W8bn and W11.1bn, respectively.



■ Food storage containers

Bisfree (premium plastic) sales dropped 7% YoY to W11.8bn, while *Classic* (regular plastic) sales climbed 19% YoY to W3.4bn.

■ Outdoor

The sales of *Bisfree Aqua* (premium plastic water bottle) soared 65% YoY to W2.6bn. *Aqua* (regular plastic water bottle) sales decreased 24% YoY to W1.8bn.

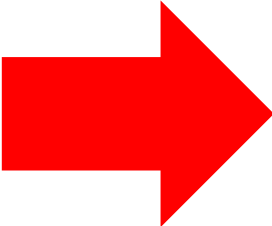
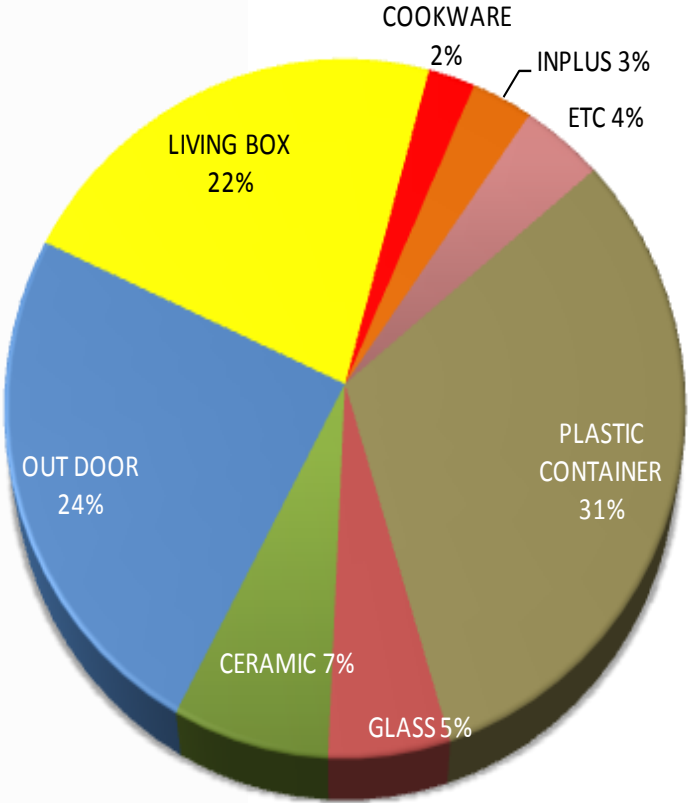
■ Others (kitchen/living/cookware, etc.)

Living Box (household goods containers made of fabric) sales slipped 75% YoY to W3.2bn due to seasonally weak demand from TV shopping, three years after launch.

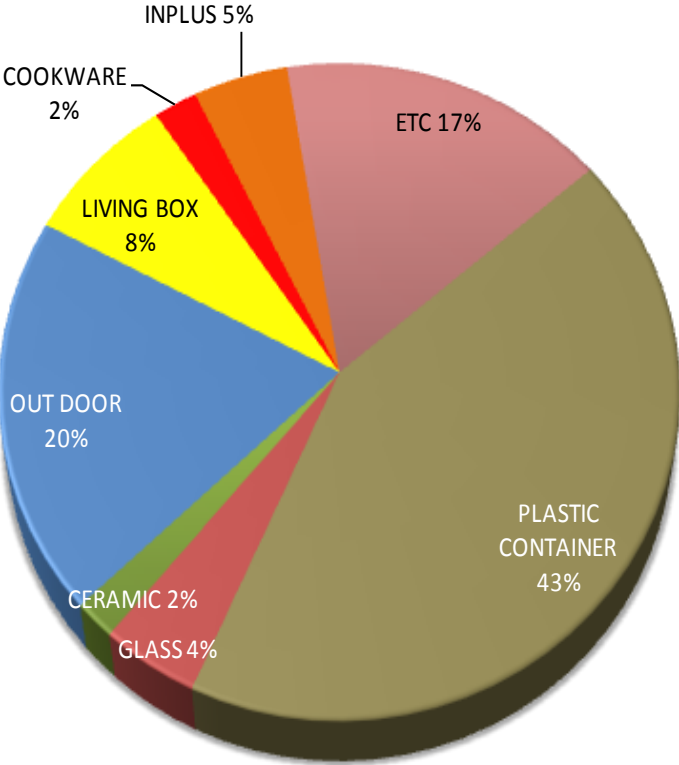
※ Excluding exports

4. Sales Breakdown by Product Category – Korea

[2011]



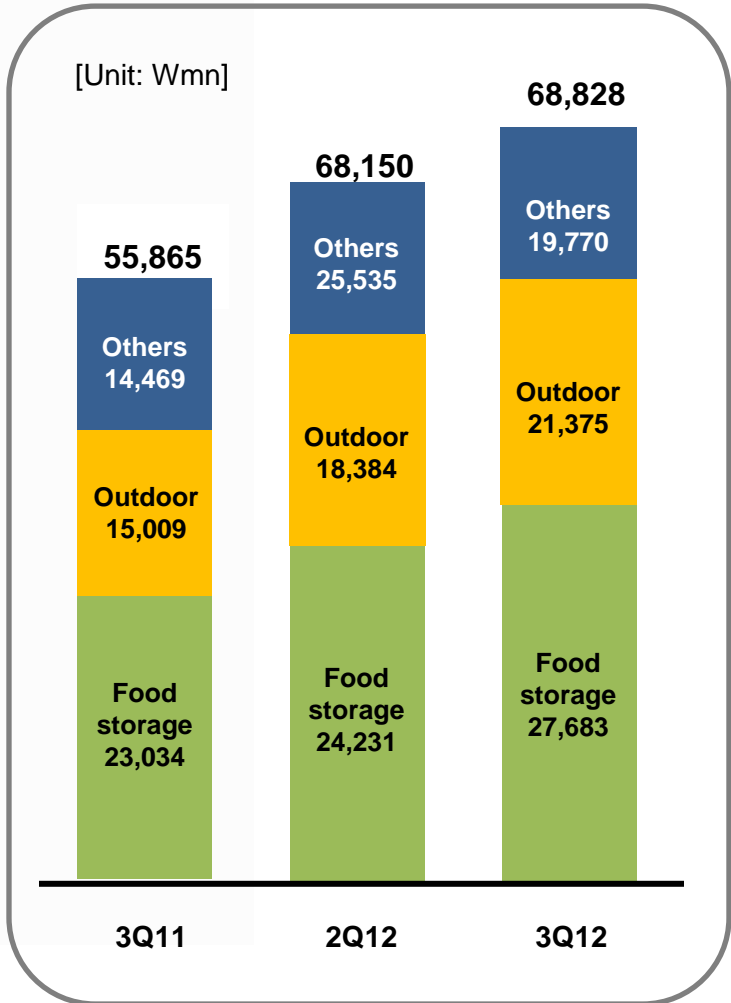
[3Q12]



※ Based on 3Q12 Korea domestic sales

4. Sales Breakdown by Product Category – China

The sales of food storage container, outdoor and kitchen/living/cookware grew 20% YoY, 42% YoY, 37% YoY to W27.7bn, W21.4bn and W19.8bn, respectively.



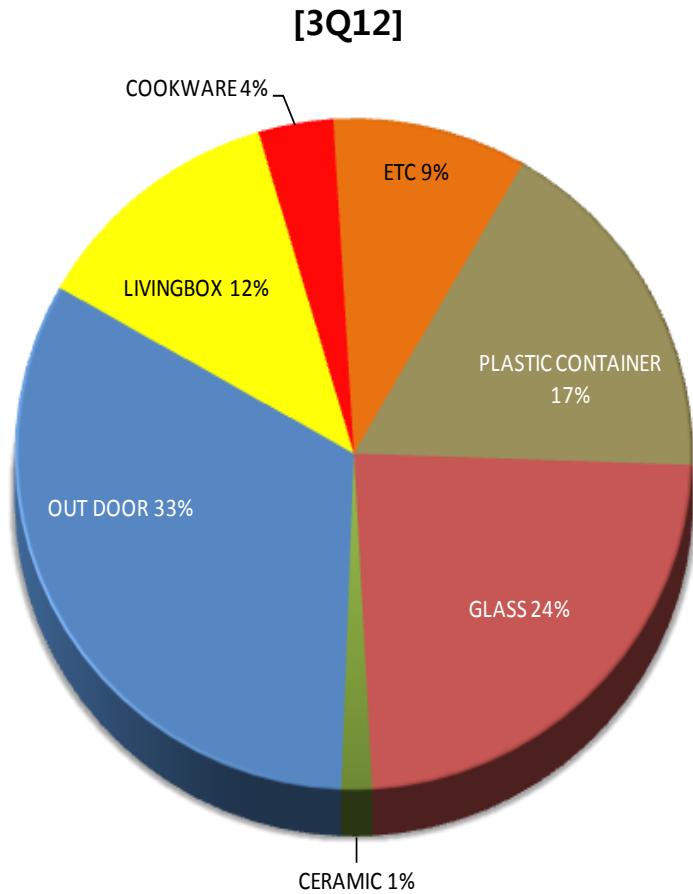
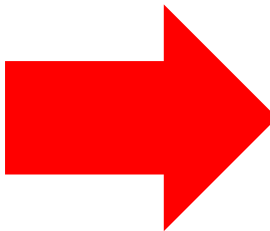
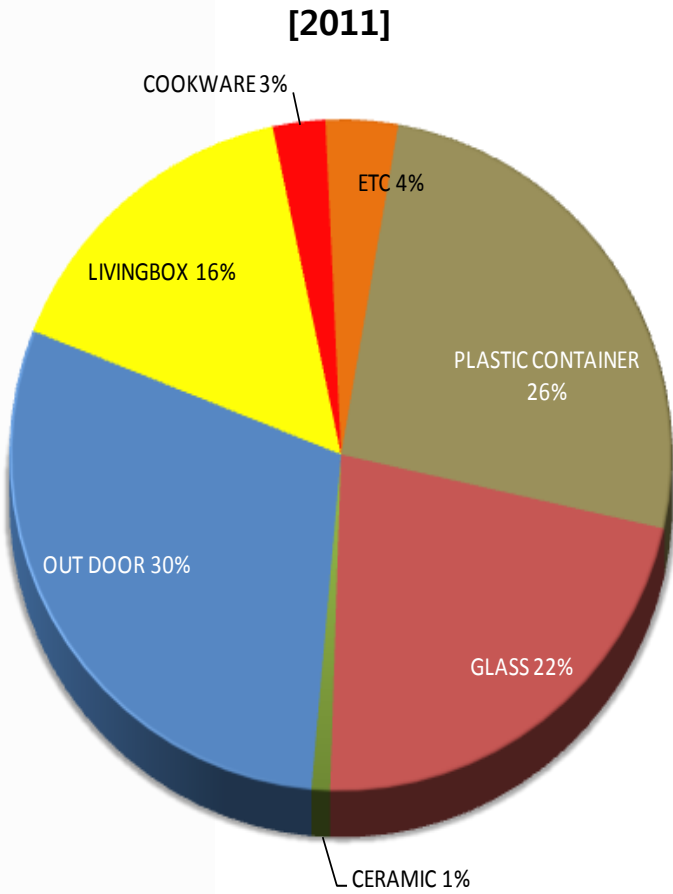
■ Food storage containers
 Glass container sales surged 52% YoY to W15.4bn, showing strong growth across all distribution channels.
Silby (ceramic) showed more than 10-fold sales increase to W1bn (vs 700mn in 3Q11) on rising sales through brand shops and Internet.

■ Outdoor
Hot&Cool (thermos) sales rose 138% YoY to W7.3bn as consumers in Tier 1 cities increasingly traded up to higher-end products.
Aqua (regular plastic water bottle) sales were up 16% YoY to W13.7bn on seasonal demand.

■ Others (kitchen/living/cookware, etc.)
Living Box (household goods containers made of fabric) sales grew 11% YoY to W8bn on brisk demand from TV shopping, Internet and hypermarkets.
Cookplus (cookware) sales soared 117% YoY to W2.4bn on strong demand from TV shopping, wholesale and corporate customers.

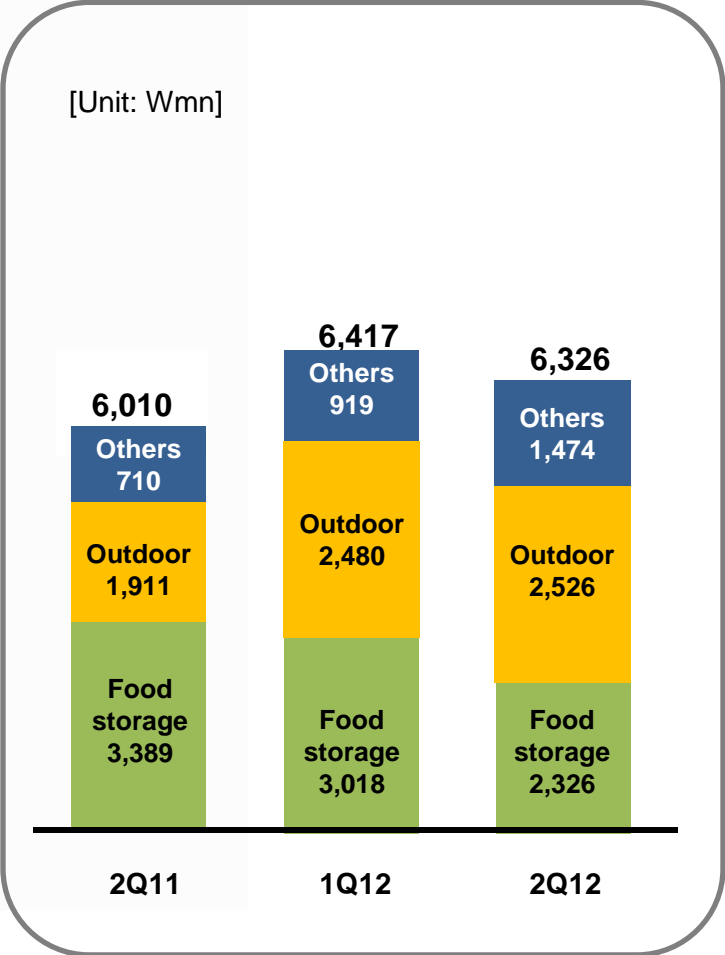
※ Small home appliances showed a steady growth trend, representing 11% of total sales through TV shopping (eg. *Huplus* electric massager, *Eco Fryer* no-oil fryer)

4. Sales Breakdown by Product Category – China



4. Sales Breakdown by Product Category – Southeast Asia

Food storage container sales decreased 31% YoY to W2.3bn, while the sales of outdoor and kitchen/living/cookware rose 32% YoY and 108% YoY to W2.5bn and W1.5bn, respectively.

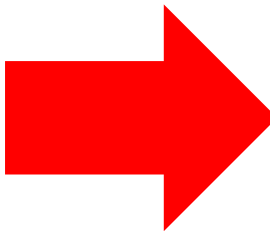
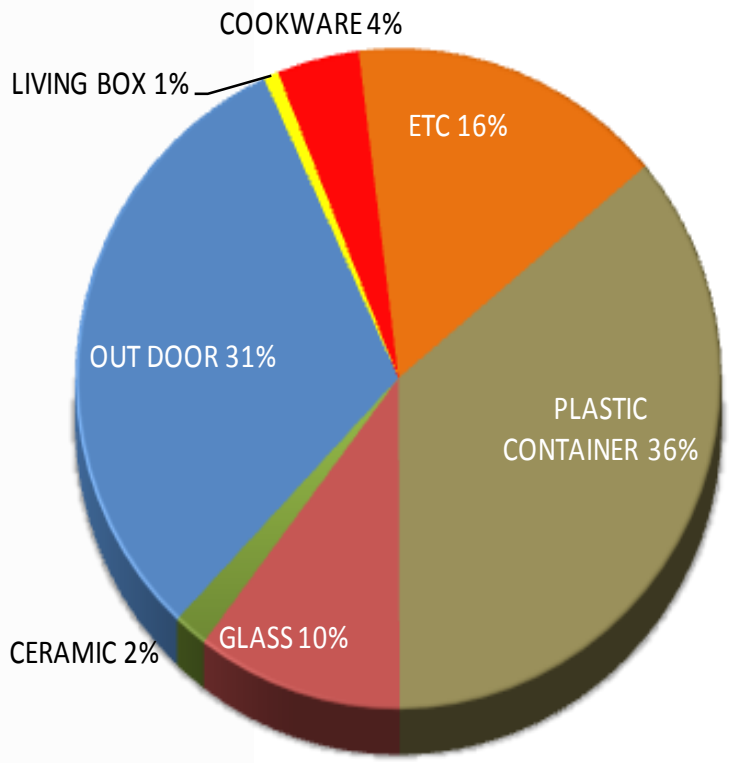


- Outdoor**
Aqua (regular plastic water bottle) sales were up 33% YoY to W1.4bn on brisk demand from brand shops, department stores and corporate customers.

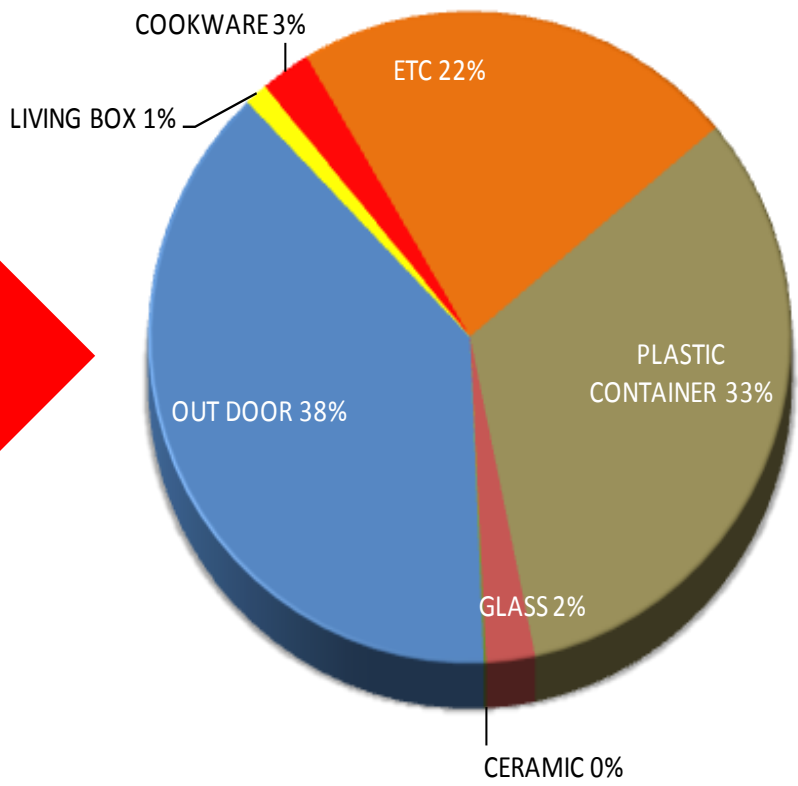
- Others (kitchen/living/cookware, etc.)**
 Various products were introduced including *inplus* (household goods containers made of plastic) and *Eco Mug* (ceramic cups), driving the sales of these categories.

4. Sales Breakdown by Product Category – Southeast Asia

[2011]



[3Q12]



5. Summary Financials – Balance Sheet

[Unit: Wmn]

Descriptions	3Q 12	2011	Increase/ Decrease
Current Assets	442,886	438,641	4,245
Quick Assets	283,361	289,317	-5,956
Inventories	124,724	127,246	-2,522
Other Current Assets	34,801	22,078	12,723
Non-Current Assets	334,153	282,784	51,370
Investments	9,497	7,833	1,664
Property&Equipment	279,026	232,977	46,049
Intangible Assets	11,778	10,870	908
Deferred Tax Assets	7,504	6,762	742
Other Non-Current Assets	26,349	24,342	2,007
TOTAL ASSETS	777,039	721,425	55,615
Current Liabilities	151,909	123,176	28,732
Non-Current Liabilities	35,207	35,535	-328
TOTAL LIABILITIES	187,116	158,711	28,404
Capital Stock	27,500	27,500	0
Additional Paid-in and Other Capital	314,809	314,683	126
Capital Adjustment	-19,117	-14,087	-5,030
Accumulated Other Comprehensive Income	-784	9,358	-10,142
Earned Surplus	267,363	225,058	42,305
External Shareholder's Equity	152	201	-49
TOTAL EQUITY	589,924	562,714	27,210
TOTAL LIABILITIES & EQUITY	777,039	721,425	55,615

※ Based on K-IFRS

5. Summary Financials – Income Statement

	[Unit: Wmn]		
Descriptions	3Q 12	3Q 11	Increase/ Decrease
Sales	128,878	122,721	6,157
Cost of Goods Sold	65,841	58,701	7,140
Gross Profit	63,037	64,020	-983
Selling and Administrative Expenses	43,210	39,123	4,087
Other Operating Profit and Loss	1,556	-308	-1,248
Operating Income	21,384	24,590	-3,206
Financial Profit and Loss and the rest	291	-3,014	3,305
Income and Loss Before Income Taxes	21,675	21,576	99
Income Tax Expenses	4,522	5,472	-950
Net Income	17,153	16,104	1,049

※ Based on K-IFRS