

# LOCK & LOCK

3Q 15 Earnings Release

4 Nov 2015

## 3Q 15 Preliminary Earnings

[Unit: Wmm]	2014	2014	2015	QoQ	YoY
	3Q	2Q	3Q		
<b>Sales</b>	101,670	104,454	103,618	-0.8%	1.9%
%	100.0%	100.0%	100.0%		
<b>COGS</b>	60,425	56,372	56,362	0.0%	-6.7%
%	59.4%	54.0%	54.4%		
<b>Gross Profit</b>	41,245	48,082	47,256	-1.7%	14.6%
%	40.6%	46.0%	45.6%		
<b>Sg&amp;A Expenses</b>	39,088	38,413	40,787	6.2%	4.3%
%	38.4%	36.8%	39.4%		
<b>Operating Profit</b>	2,157	9,668	6,469	-33.1%	199.9%
%	2.1%	9.3%	6.2%		
<b>Pretax income</b>	3,592	9,212	3,298	-64.2%	-8.2%
%	3.5%	8.8%	3.2%		
<b>Net Profit</b>	1,026	3,877	1,411	-63.6%	37.5%
%	1.0%	3.7%	1.4%		

## 3Q 15 Preliminary Earnings – Sales & Profit Highlights

- Total sales have been up 1.9% YoY to W103.6bn.
  - China domestic sales increased 4.4% YoY to W47.4bn due to the Shenzhen sales branch sales increased. On-line sales increased 27.8% YoY(China internet market is slow season during Jul~Aug)
  - Korea domestic sales dropped 20.9% YoY to W27.3bn.(homeshopping sales decreased.)
  - Southeast Asia regional sales increased 5.7% YoY to W7.9bn. (Vietnam domestic sales increased 40.9% YoY, B2B sales increased)
- Operating profit increased 199.9% YoY to W6.5bn (6.2% OPM)

[Unit: Wmm]	2014	2015	YoY
	3Q	3Q	
Payroll	10,455	12,000	14.8%
Advertising	805	1,540	91.2%
Transportation	3,228	2,732	-15.4%
Rent	3,687	4,061	10.1%
Sales Commission	6,008	3,272	-45.5%
Others	14,905	17,182	15.3%
<b>Operating Expenses</b>	<b>39,088</b>	<b>40,787</b>	4.3%

※ Based on K-IFRS

[Unit: Wmm]	2014	2015	YoY
	3Q	3Q	
<b>Other Operating profit</b>	<b>2,770</b>	<b>3,994</b>	44.2%
Gain on Foreign currency translations	-547	-12	-97.8%
Gain Foreign currency transactions	1,436	3,457	140.7%
Others	1,880	549	-70.8%
<b>Other Operating loss</b>	<b>1,002</b>	<b>7,179</b>	616.6%
Loss on Foreign currency translations	-222	3,697	-1768.7%
Loss Foreign currency transactions	882	1,765	100.0%
Others	341	1,717	403.6%
<b>Net Other Operating profit</b>	<b>1,768</b>	<b>-3,185</b>	-280.2%

※ Based on K-IFRS

# Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	3Q 2015	2014	Increase/ Decrease
Current Assets	357,848	394,679	-36,831
Quick Assets	201,525	241,665	-40,140
Inventories	143,052	133,387	9,664
Other Current Assets	13,272	19,626	-6,355
Non-Current Assets	404,975	403,818	1,157
Investments	48,026	48,295	-269
Property&Equipment	302,220	299,921	2,299
Intangible Assets	10,360	10,210	150
Deferred Tax Assets	4,999	8,218	-3,219
Other Non-Current Assets	39,370	37,174	2,196
<b>TOTAL ASSETS</b>	<b>762,823</b>	<b>798,497</b>	<b>-35,674</b>
Current Liabilities	103,693	151,508	-47,814
Non-Current Liabilities	9,823	16,619	-6,796
<b>TOTAL LIABILITIES</b>	<b>113,516</b>	<b>168,126</b>	<b>-54,610</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	4,794	-13,583	18,378
Earned Surplus	325,515	324,959	556
External Shareholder's Equity	60	57	3
<b>TOTAL EQUITY</b>	<b>649,307</b>	<b>630,370</b>	<b>18,936</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>762,823</b>	<b>798,497</b>	<b>-35,674</b>

※ Based on K-IFRS

# Summary Financials – Income Statement

[Unit: Wmm]

Descriptions	3Q 2015	3Q 2014	Increase/ Decrease
Sales	103,618	101,670	1,948
Cost of Goods Sold	56,362	60,425	-4,063
Gross Profit	47,256	41,245	6,011
Selling and Administrative Expenses	40,787	39,088	1,699
Operating Income	6,469	2,157	4,312
Other Operating Profit and Loss	-3,185	1,768	1,417
Financial Profit and Loss and the rest	14	-333	347
Income and Loss Before Income Taxes	3,298	3,592	-293
Income Tax Expenses	1,887	2,566	-679
<b>Net Income</b>	<b>1,411</b>	<b>1,026</b>	<b>386</b>

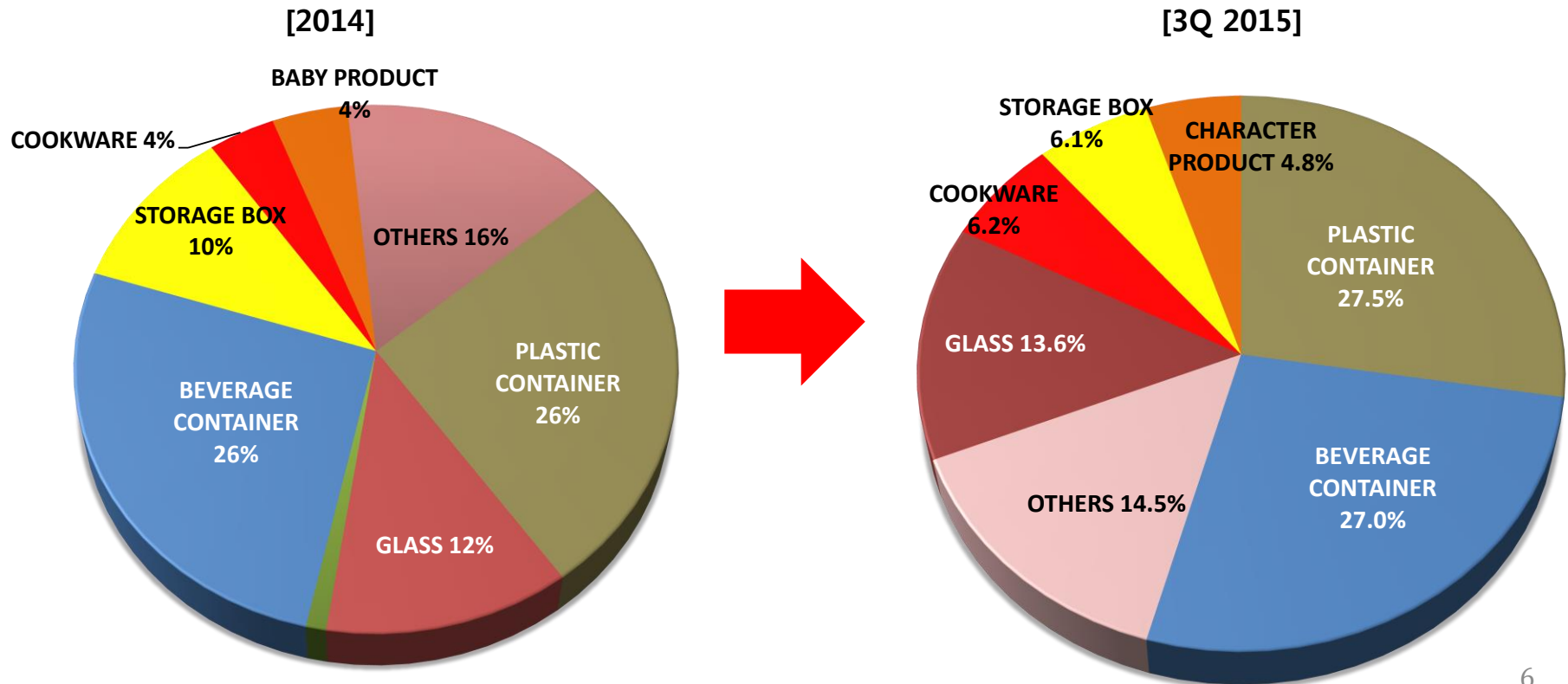
※ Based on K-IFRS

# Sales Breakdown by Region

Region	2012	2013	3Q 14	4Q 14	2014	1Q 15	2Q 15	3Q 15
China	51.0%	55.0%	44.5%	47.0%	45.0%	46.1%	47.4%	45.8%
Korea	31.0%	26.0%	34.0%	29.0%	33.0%	30.0%	27.9%	26.4%
Asia	11.0%	12.0%	13.8%	17.0%	14.0%	17.0%	19.0%	17.6%
ROW	7.0%	7.0%	7.6%	7.0%	8.0%	6.8%	5.7%	10.2%

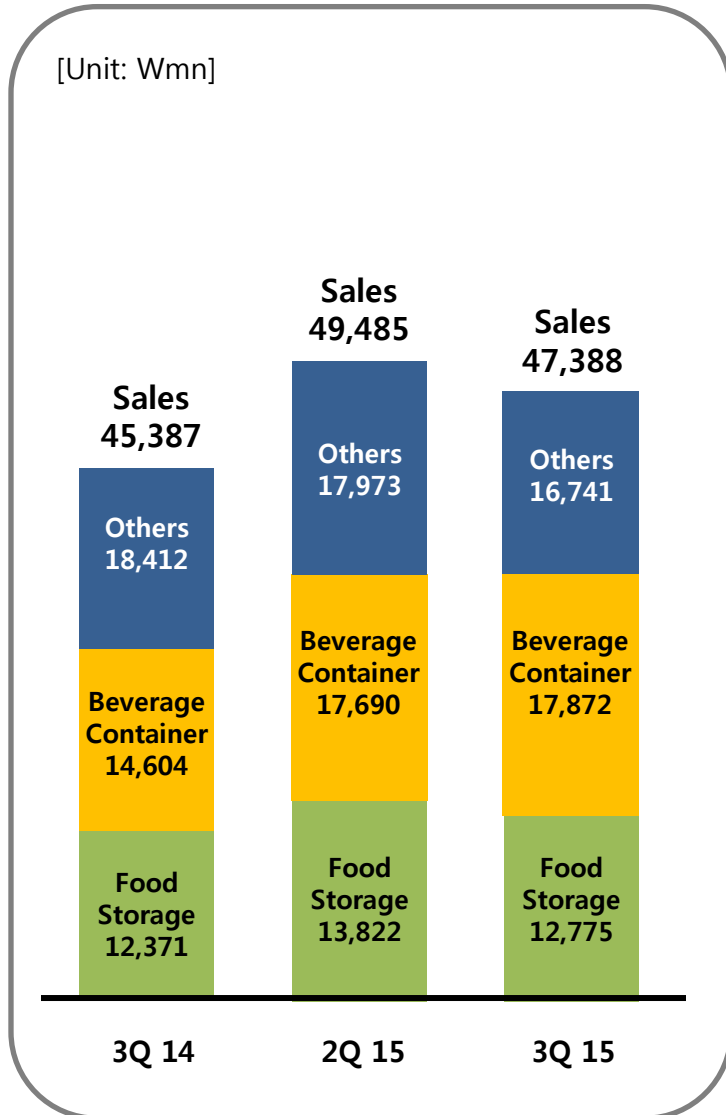
※ KOREA: Domestic sales application,

# Sales Breakdown by Product



# China – Sales Analysis

Food storage sales increased 3.3% YoY to W12.8bn and beverage container sales increased 22.4% YoY to W17.9bn, while others (kitchen/ living/cookware) sales have been down 9.1% YoY to W16.7bn.



## ■ Food storage

Plastic container sales increased 8.1% YoY to W5.2bn.

Glass container sales increased 1.9% YoY to W7.4bn.

## ■ Beverage container

Plastic bottle sales fell 1.0% YoY to W7.5bn.

Thermal bottle sales increased 36.4% YoY to W9.4bn.

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

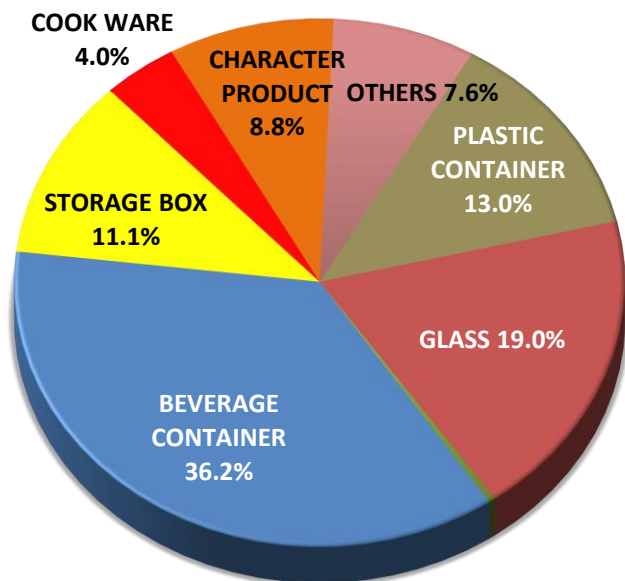
Character product sales decreased 18.7% YoY to W4.6bn.

Cookware sales increased 853.6% YoY to W2.3bn.

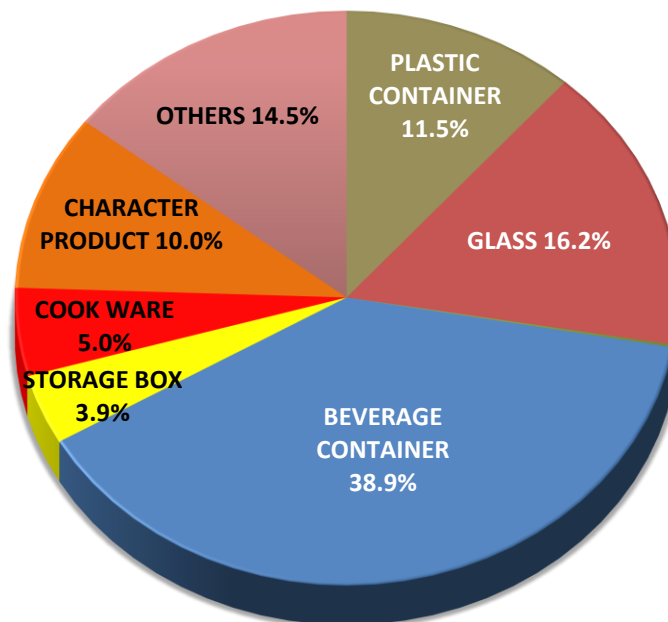
Livingbox sales decreased 50.5% YoY to W1.8bn.

# China – Sales by Product & Channel

[2014]



[3Q 2015]

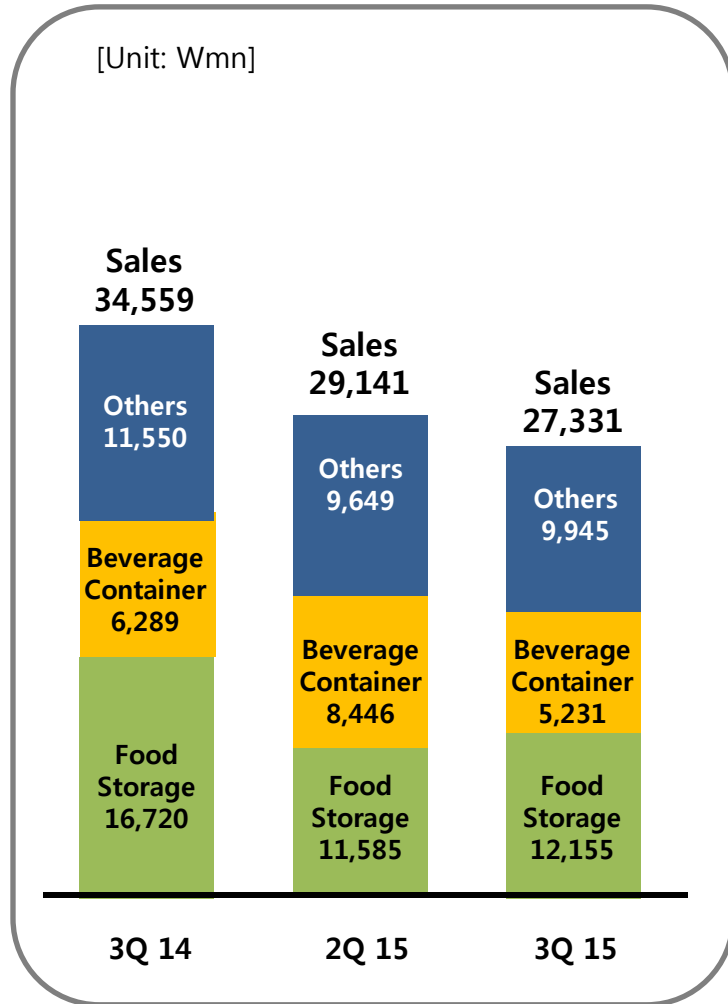


Division	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15	2Q 15	3Q 15
TV shopping	22.0%	21.0%	27.0%	23.0%	14.0%	21.0%	9.6%	9.6%	6.5%
Special(B2B)	23.0%	19.0%	22.0%	17.0%	16.0%	18.0%	17.1%	16.1%	17.6%
Internet	17.0%	18.0%	16.0%	18.0%	23.0%	19.0%	28.6%	32.7%	25.1%
Wholesale	16.0%	18.0%	18.0%	22.0%	20.0%	20.0%	23.2%	23.2%	19.2%
Hyper markets	15.0%	15.0%	8.0%	12.0%	10.0%	11.0%	14.4%	12.0%	17.2%
Brand shop	7.0%	9.0%	9.0%	8.0%	17.0%	11.0%	7.0%	6.3%	14.4%



# Korea – Sales Analysis

Food storage sales fell 27.3% YoY to W12.2bn and beverage container sales decreased 16.8% YoY to W5.2bn. others (kitchen/living/cookware) sales dropped 13.9% YoY to 9.9bn.



## ■ Food storage

Plastic container sales increased 1.8% YoY to W2.0bn.

Premium plastic container sales decreased 42.8% YoY to W3.8bn.

Glass container sales increased 47.8% YoY to W3.5bn.

## ■ Beverage containers

Thermal bottle sales decreased 24.6% YoY to W1.4bn.

Premium plastic bottle sales decreased 27.4% YoY to W1.8bn.

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

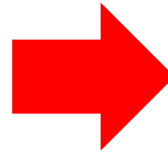
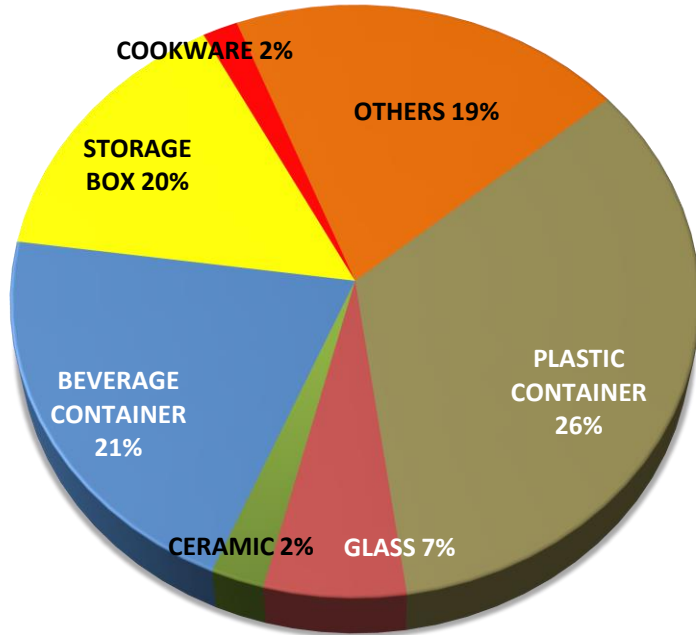
Plastic organizer box sales decreased 22.7% YoY to W3.3bn.

Fabric organizer box sales down 53.1% YoY to W0.6bn.

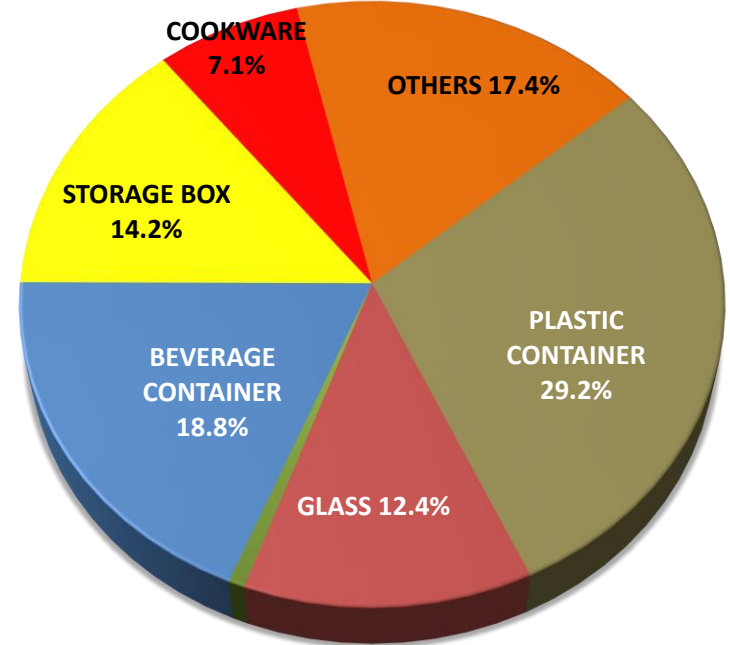
Cookware sales increased 165.2% YoY to W1.8bn.

# Korea – Sales by Product & Channel

[2014]



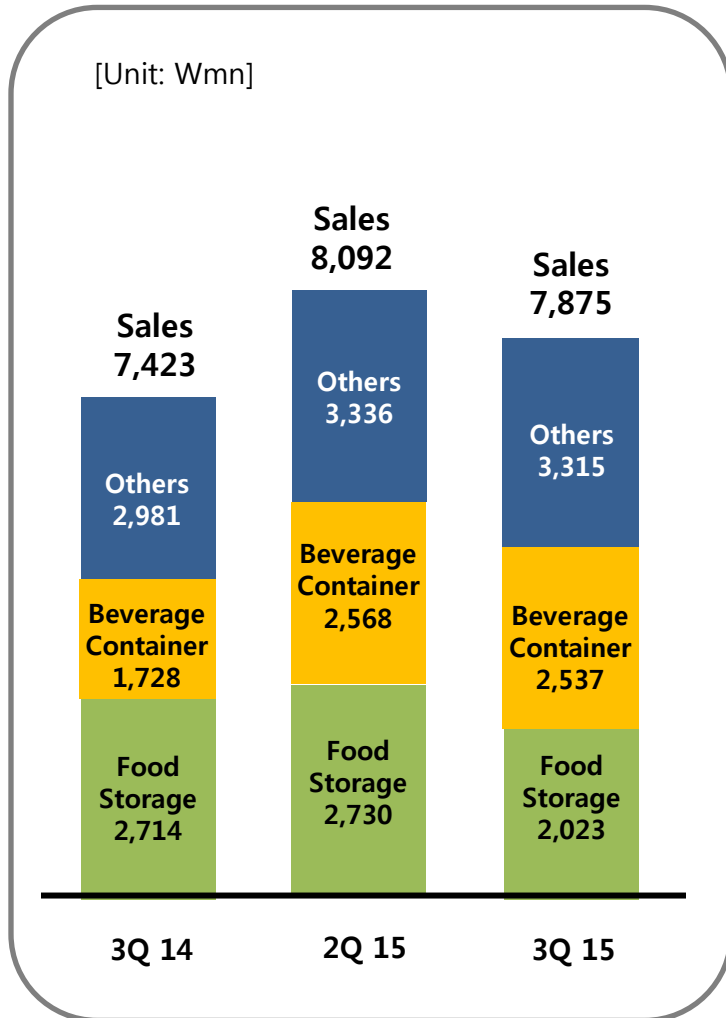
[3Q 2015]



Division	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15	2Q 15	3Q 15
Hyper markets	30.0%	24.0%	31.4%	28.7%	28.0%	27.9%	31.4%	30.2%	27.9%
TV shopping	18.0%	30.0%	18.3%	21.6%	10.9%	20.8%	11.2%	15.4%	14.3%
Wholesale	15.0%	12.0%	17.1%	15.0%	18.5%	15.3%	15.9%	18.3%	15.4%
Special(B2B)	14.0%	12.0%	8.5%	9.1%	16.1%	11.3%	14.1%	10.6%	10.0%
Brand shop	12.0%	9.0%	8.3%	11.8%	10.9%	9.9%	12.6%	11.4%	16.0%
Internet	11.0%	12.0%	15.1%	12.8%	14.6%	13.4%	14.7%	14.1%	16.3%

# Southeast Asia – Sales Analysis

Food storage sales decreased 25.5% YoY to W2.0bn, beverage container sales increased 46.8% to YoY W2.5bn, others (kitchen/living/cookware) sales increased 10.2% YoY to W3.3bn.



- Food storage

Plastic container sales decreased 49.3% YoY to W1.1bn.

- Beverage container

Plastic bottle sales increased 45.6% YoY to W1.2bn.

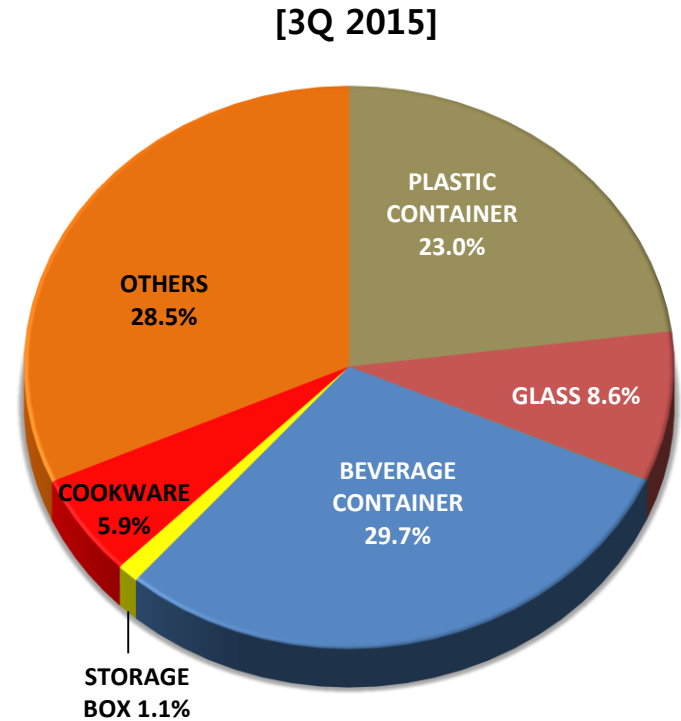
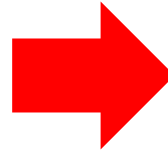
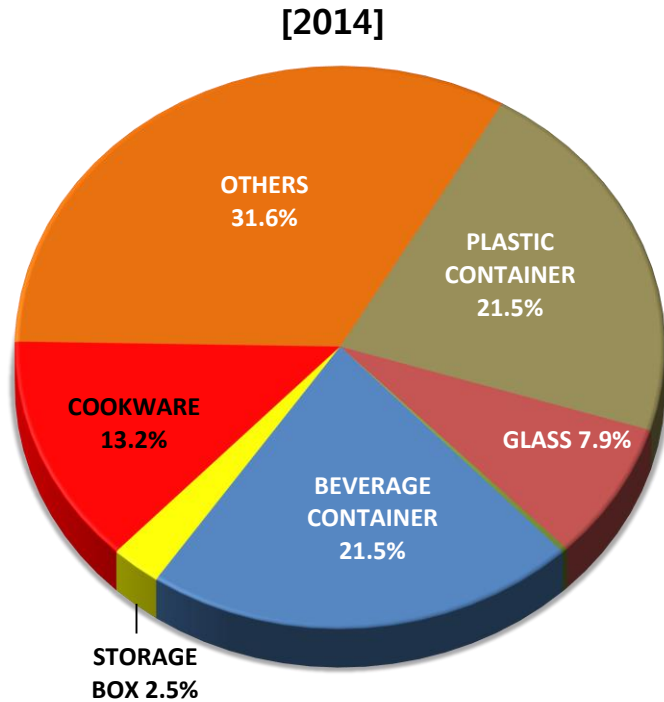
Thermal bottle sales increased 112.4% YoY to W0.8bn.

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

Cookware sales increased 91.5% YoY to W0.8bn.

Plastic organizer box sales increased 193.8% YoY to W0.2bn.

# Southeast Asia – Sales by Product & Channel



Division	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15	2Q 15	3Q 15
Special(B2B)	45.0%	44.0%	50.0%	37.7%	50.1%	45.6%	33.3%	39.9%	39.4%
Brand shop	26.0%	26.0%	20.0%	27.9%	24.8%	24.6%	42.0%	36.1%	35.7%
Hyper markets	15.0%	13.0%	14.0%	12.9%	9.7%	12.5%	9.9%	9.0%	10.9%
Wholesale	7.0%	11.0%	11.0%	17.2%	12.6%	12.7%	12.4%	11.0%	11.0%
TV shopping	4.0%	4.0%	3.0%	3.5%	2.1%	3.4%	1.6%	3.3%	2.5%
Internet	3.0%	2.0%	2.0%	0.9%	0.7%	1.2%	0.9%	0.7%	0.5%