

LOCK & LOCK

1Q 15 Earnings Release

8 May 2015

1Q 15 Preliminary Earnings

[Unit: Wmm]	2014	2014	2015	QoQ	YoY
	1Q	4Q	1Q		
Sales	110,922	106,178	89,122	-16.1%	-19.7%
%	100.0%	100.0%	100.0%		
COGS	60,615	60,805	46,554	-23.4%	-23.2%
%	54.6%	57.3%	52.2%		
Gross Profit	50,308	45,373	42,567	-6.2%	-15.4%
%	45.4%	42.7%	47.8%		
Sg&A Expenses	42,260	38,400	36,542	-4.8%	-13.5%
%	38.1%	36.2%	41.0%		
Operating Profit	8,048	6,972	6,025	-13.6%	-25.1%
%	7.3%	6.6%	6.8%		
Pretax income	7,781	6,007	5,543	-7.7%	-28.8%
%	7.0%	5.7%	6.2%		
Net Profit	6,732	-1,403	3,424	-344.1%	-49.1%
%	6.1%	-1.3%	3.8%		

1Q 15 Preliminary Earnings – Sales & OP Highlights

- Total sales down 19.7% YoY to W89.3bn.
 - China domestic sales dropped 21.4% YoY to W41.1bn due to the Beijing sales branch slowdown in sale B2B & Homeshopping channel. Additionally Beijing sales branch adjusted delay Hypermarket channel until Jan 2015.
 - Korea domestic sales dropped 27.7% YoY to W26.8bn due to home shopping channel.
 - Southeast Asia regional sales dropped 17.2% YoY to W7.1bn(Thailand sales branch downsized business & Indonesia sales branch transferred hypermarket channel & brand shop to a wholesaler end of last year.)
- Operating profit fell 25.9% YoY to W6.0bn (6.8% OPM),
 - Overseas wholesaler increased allowance for bad debts 1.3bn(Korea 0.6bn, China 0.7bn)

[Unit: Wmm]	2014	2015	YoY
	1Q	1Q	
Payroll	11,338	10,213	-9.9%
Advertising	1,251	2,083	66.4%
Transportation	3,268	2,369	-27.5%
Rent	4,399	3,829	-13.0%
Sales Commission	8,937	3,008	-66.3%
Others	13,066	15,041	15.1%
Operating Expenses	42,260	36,542	-13.5%

※ Based on K-IFRS

[Unit: Wmm]	2014	2015	YoY
	1Q	1Q	
Other Operating profit	1,766	1,316	-25.4%
Gain on Foreign currency translations	380	320	-15.7%
Gain Foreign currency transactions	804	604	-24.9%
Others	581	392	-32.5%
Other Operating loss	1,773	2,037	14.9%
Loss on Foreign currency translations	980	797	-18.6%
Loss Foreign currency transactions	429	948	120.7%
Others	364	292	-19.8%
Net Other Operating profit	-7	-721	9517.8%

※ Based on K-IFRS

Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2015 1Q	2014	Increase/ Decrease
Current Assets	362,233	394,679	-32,446
Quick Assets	203,257	241,665	-38,408
Inventories	139,959	133,387	6,572
Other Current Assets	19,017	19,626	-610
Non-Current Assets	402,145	403,818	-1,673
Investments	48,309	48,295	14
Property&Equipment	298,625	299,921	-1,295
Intangible Assets	9,891	10,210	-319
Deferred Tax Assets	8,420	8,218	202
Other Non-Current Assets	36,899	37,174	-276
TOTAL ASSETS	764,378	798,497	-34,119
Current Liabilities	116,572	151,508	-34,936
Non-Current Liabilities	22,670	16,619	6,052
TOTAL LIABILITIES	139,242	168,126	-28,884
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	-14,099	-13,583	-515
Earned Surplus	320,237	324,959	-4,722
External Shareholder's Equity	60	57	3
TOTAL EQUITY	625,136	630,370	-5,234
TOTAL LIABILITIES & EQUITY	764,378	798,497	-34,119

※ Based on K-IFRS

Summary Financials – Income Statement

[Unit: Wmm]

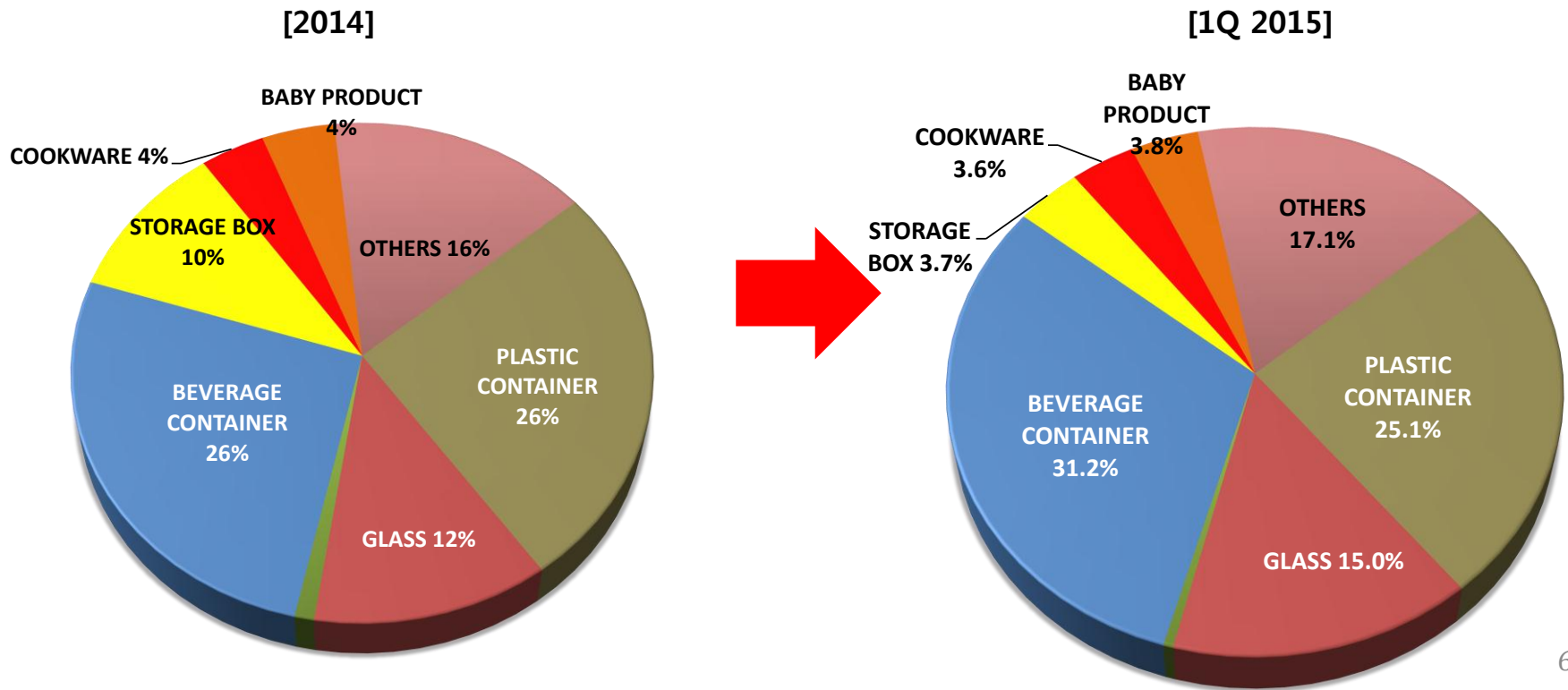
Descriptions	1Q 15	1Q 14	Increase/ Decrease
Sales	89,122	110,922	-21,801
Cost of Goods Sold	46,554	60,615	-14,060
Gross Profit	42,567	50,308	-7,740
Selling and Administrative Expenses	36,542	42,260	-5,718
Operating Income	6,025	8,048	-2,023
Other Operating Profit and Loss	-721	-7	728
Financial Profit and Loss and the rest	239	-258	498
Income and Loss Before Income Taxes	5,543	7,782	-2,238
Income Tax Expenses	2,119	1,049	1,070
Net Income	3,424	6,732	-3,308

※ Based on K-IFRS

Sales Breakdown by Region

Region	2012	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15
China	51.0%	55.0%	47.0%	42.3%	44.5%	47.0%	45.0%	46.0%
Korea	31.0%	26.0%	33.0%	34.0%	34.0%	29.0%	33.0%	30.0%
Asia	11.0%	12.0%	12.0%	14.4%	13.8%	17.0%	14.0%	17.2%
ROW	7.0%	7.0%	8.0%	9.0%	7.6%	7.0%	8.0%	6.8%

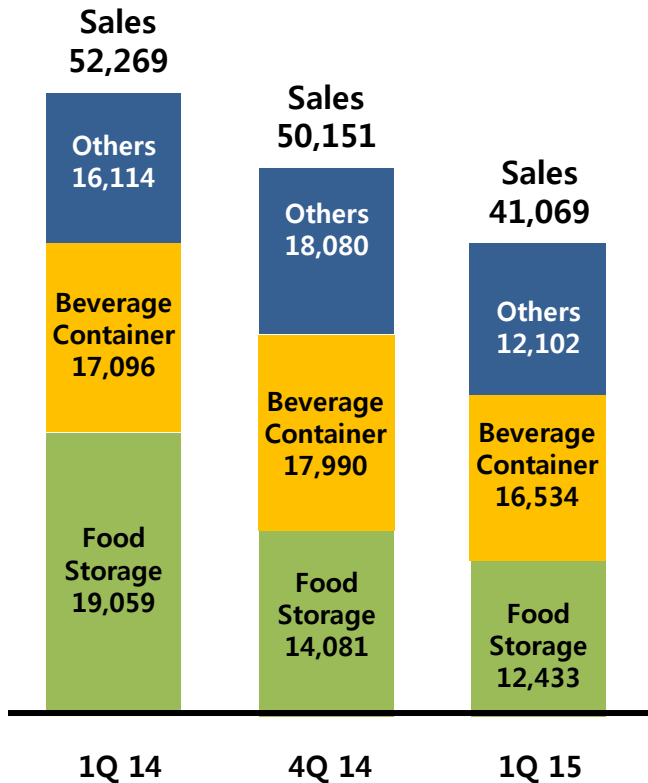
Sales Breakdown by Product



China – Sales Analysis

Food storage sales fell 34.8% YoY to W12.4bn and beverage container sales fell 3.3% YoY to W16.5bn, while others (kitchen/ living/cookware) sales have been up 24.9% YoY to W12.1bn.

[Unit: Wmn]



■ Food storage

Plastic container sales decreased 42.5% YoY to W4.7bn.
Glass container sales dropped 27.2% YoY to W7.7bn.

■ Beverage container

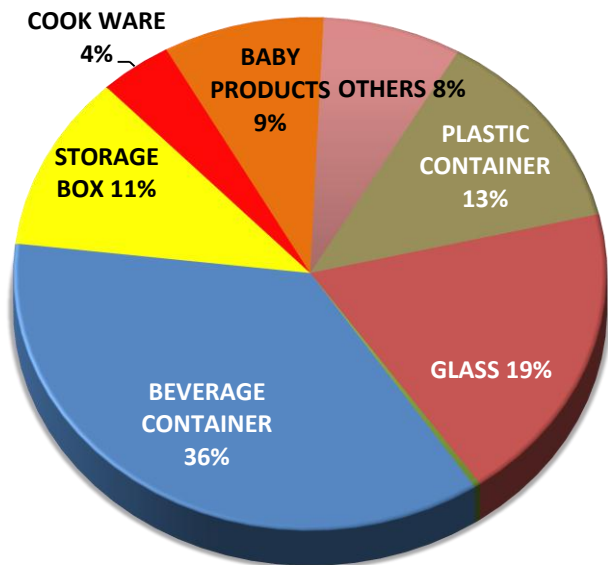
Plastic bottle sales fell 35.9% YoY to W5.4bn.
Thermal bottle sales increased 23.5% YoY to W10.5bn.

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

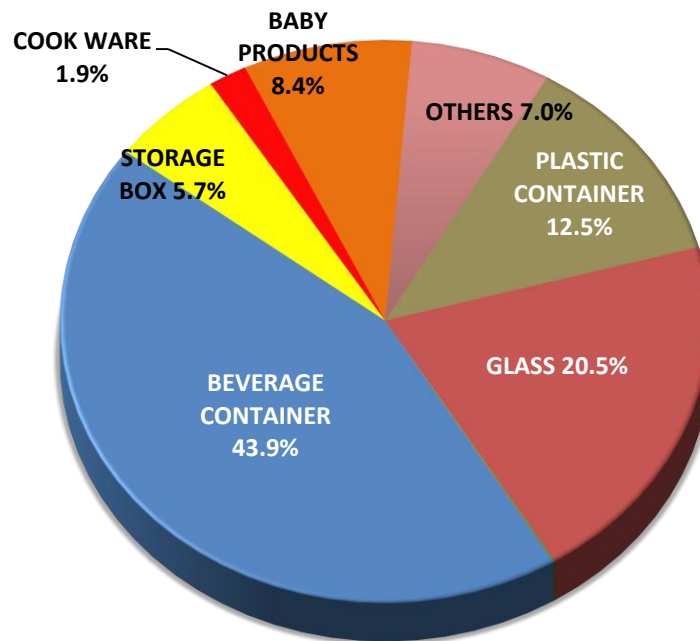
Baby product sales increased 36.5% YoY to W3.2bn.
Cookware sales decreased 71.3% YoY to W0.7bn.
Livingbox sales decreased 65.2% YoY to W2.1bn.

China – Sales by Product & Channel

[2014]



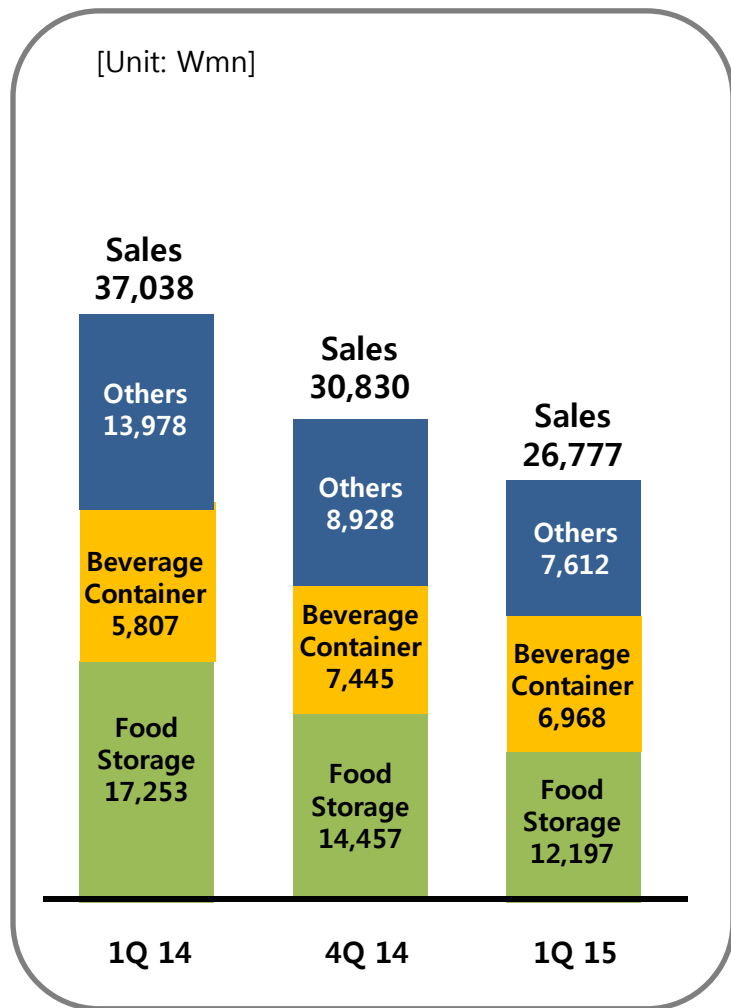
[1Q 2015]



Division	2012	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15
TV shopping	23.0%	22.0%	21.0%	27.0%	23.0%	14.0%	21.0%	9.6%
Special(B2B)	22.0%	23.0%	19.0%	22.0%	17.0%	16.0%	18.0%	17.1%
Internet	15.0%	17.0%	18.0%	16.0%	18.0%	23.0%	19.0%	28.6%
Wholesale	15.0%	16.0%	18.0%	18.0%	22.0%	20.0%	20.0%	23.2%
Hyper markets	16.0%	15.0%	15.0%	8.0%	12.0%	10.0%	11.0%	14.4%
Brand shop	10.0%	7.0%	9.0%	9.0%	8.0%	17.0%	11.0%	7.0%

Korea – Sales Analysis

Food storage sales fell 29.3% YoY to W12.2bn and beverage container sales increased 19.9% YoY to W7.0bn. others (kitchen/living/cookware) sales dropped 45.5% YoY to 7.6bn.



■ Food storage

Plastic container sales increased 17.9% YoY to W1.7bn.

Premium plastic container sales decreased 49.8% YoY to W3.2bn.

Interlock (new plastic container) sales decreased 60% YoY to W1.1bn.

■ Beverage containers

Thermal bottle sales increased 63.8% YoY to W2.9bn.

Premium plastic bottle sales increased 24.0% YoY to W2.3bn.

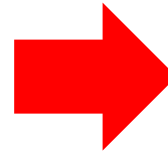
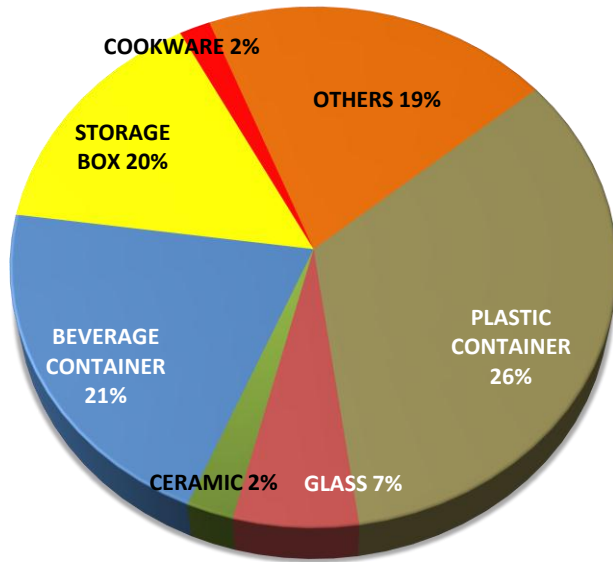
■ Others (kitchen/living/cookware, etc.)

Plastic organizer box sales decreased 39.9% YoY to W2.6bn.

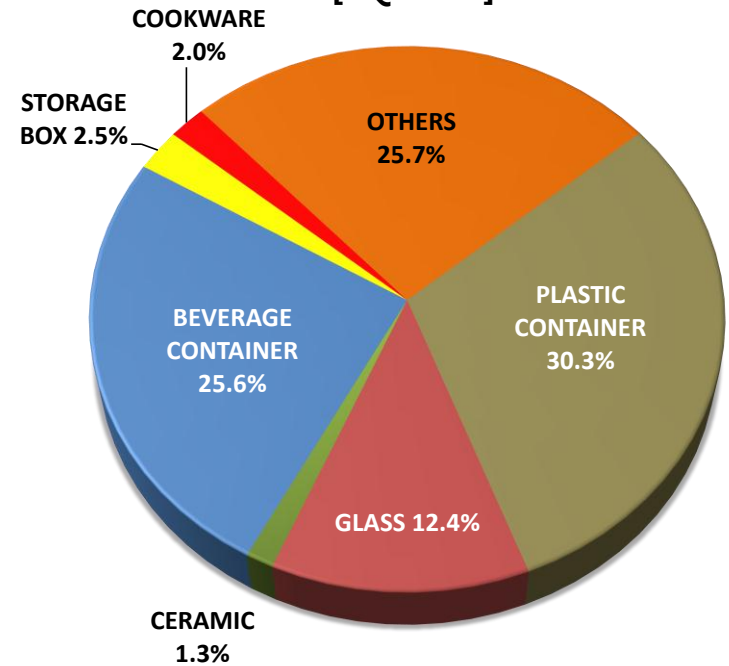
Fabric organizer box sales down 64.4% YoY to W0.7bn.

Korea – Sales by Product & Channel

[2014]



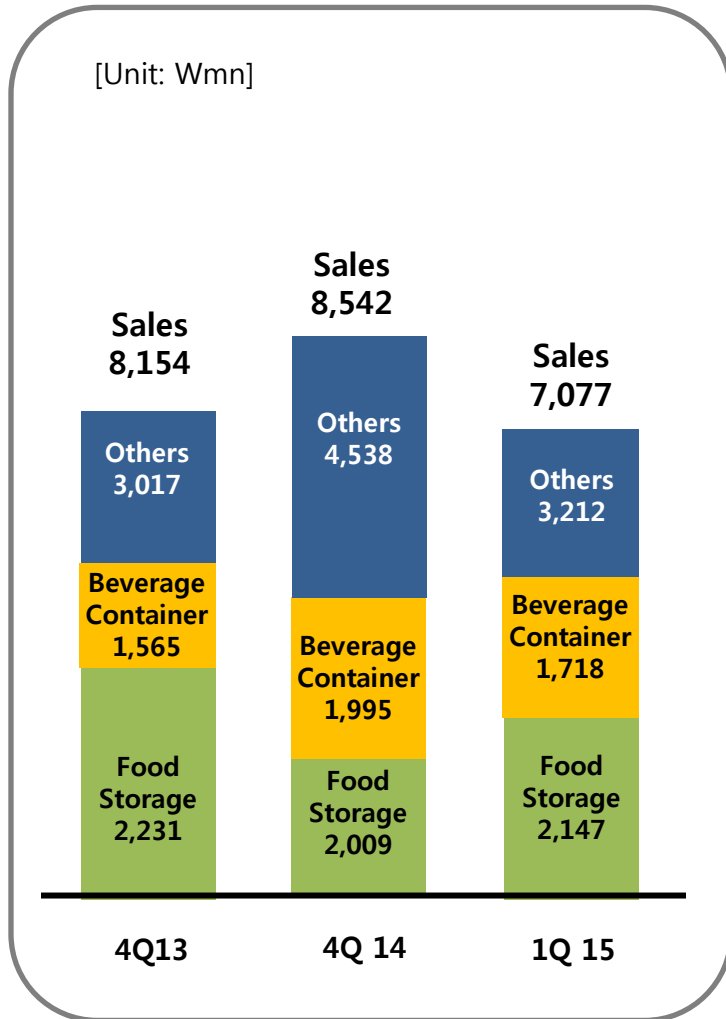
[1Q 2015]



Division	2012	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15
Hyper markets	29.0%	30.0%	24.0%	31.4%	28.7%	28.0%	27.9%	31.4%
TV shopping	25.0%	18.0%	30.0%	18.3%	21.6%	10.9%	20.8%	11.2%
Wholesale	14.0%	15.0%	12.0%	17.1%	15.0%	18.5%	15.3%	15.9%
Special(B2B)	15.0%	14.0%	12.0%	8.5%	9.1%	16.1%	11.3%	14.1%
Brand shop	10.0%	12.0%	9.0%	8.3%	11.8%	10.9%	9.9%	12.6%
Internet	7.0%	11.0%	12.0%	15.1%	12.8%	14.6%	13.4%	14.7%

Southeast Asia – Sales Analysis

Food storage sales decreased 3.8% YoY to W2.1bn, beverage container sales increased 9.8% to YoY W1.7bn, others (kitchen/living/cookware) sales increased 26.3% YoY to W3.2bn.



■ Food storage

Plastic container sales decreased 18.7% YoY to W1.1bn.

■ Beverage container

Lunch container sales increased 77.4% YoY to W0.3bn.

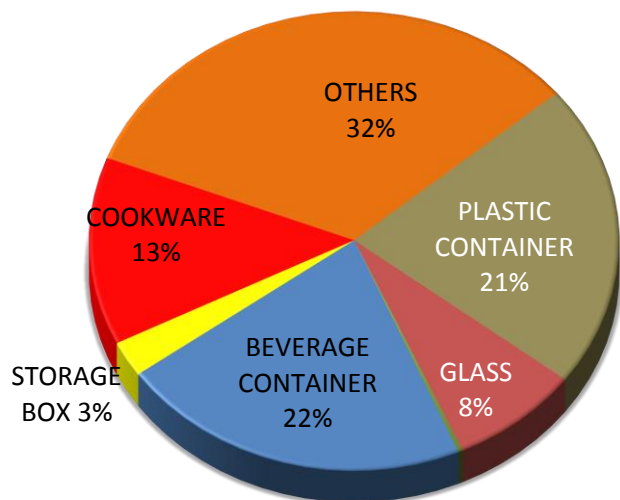
Thermal bottle sales increased 22.7% YoY to W0.5bn.

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

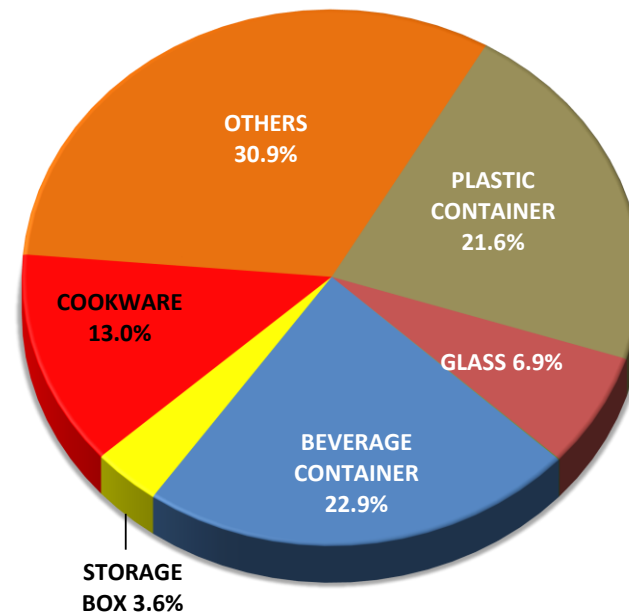
Fabric organizer box sales decreased 75.7% YoY to W0.5bn.

Southeast Asia – Sales by Product & Channel

[2014]



[1Q 2015]



Division	2012	2013	1Q 14	2Q 14	3Q 14	4Q 14	2014	1Q 15
Special(B2B)	38.0%	45.0%	44.0%	50.0%	37.7%	50.1%	45.6%	33.3%
Brand shop	27.0%	26.0%	26.0%	20.0%	27.9%	24.8%	24.6%	42.0%
Hyper markets	18.0%	15.0%	13.0%	14.0%	12.9%	9.7%	12.5%	9.9%
Wholesale	11.0%	7.0%	11.0%	11.0%	17.2%	12.6%	12.7%	12.4%
TV shopping	5.0%	4.0%	4.0%	3.0%	3.5%	2.1%	3.4%	1.6%
Internet	1.0%	3.0%	2.0%	2.0%	0.9%	0.7%	1.2%	0.9%