




# LOCK & LOCK

3Q13 Earnings Release

8 November 2013



# Contents

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1. 3Q13 Preliminary Earnings
  2. Sales Breakdown by Region
  3. Sales Breakdown by Channel
  4. Sales Breakdown by Product Category
  5. Summary Financials

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# 1. 3Q13 Preliminary Earnings

[Unit: Wmm]	2012	2012	2013	QoQ	YoY
	3Q	2Q	3Q		
<b>Sales</b>	128,878	134,479	126,939	-6%	-2%
%	100%	100%	100%		
<b>COGS</b>	66,632	73,007	69,461	-5%	4%
%	52%	54%	55%		
<b>Gross Profit</b>	62,246	61,472	57,479	-6%	-8%
%	48%	46%	45%		
<b>Operating Profit</b>	19,036	23,728	17,081	-28%	-10%
%	15%	18%	13%		
<b>Pretax income</b>	21,674	23,505	20,577	-12%	-5%
%	17%	17%	16%		
<b>Net Profit</b>	17,153	17,310	14,153	-18%	-17%
%	13%	13%	11%		

※ Based on K-IFRS

# 1. 2Q13 Preliminary Earnings – Sales & OP Highlights

- Total sales edged down 2% YoY to W126.9bn.
  - China domestic sales rose 7% YoY to W65.5bn (7% YoY growth in RMB).
    - => Seasonal demand for Mid-Autumn Festival was weak due to the on-going anti-corruption campaign. Corporate gift sales, in particular, were increasingly affected (order cancellations).
  - Southeast Asia regional sales surged 37% YoY to W8.7bn (41% YoY growth in USD).
  - Korea domestic sales decreased 11% YoY to W34.9bn (the magnitude of the decrease in sales visibly reduced QoQ).
- Operating profit fell 10% YoY to W17.1bn, yielding 13% in margins.
  - COGS and fixed cost burdens rose over slower sales.
- Net profit fell 18% YoY to W14.1bn, yielding 11% in margins.
  - One-off corporate tax of W2.6bn was imposed on the production output exceeding the tax exemption ceiling in Vietnam.

[Unit: Wmm]	2012	2013	YoY
	3Q	3Q	
Payroll	11,573	10,561	-9%
Advertising	1,727	1,329	-23%
Transportation	4,916	4,045	-18%
Rent	4,365	4,071	-7%
Sales commission	5,257	7,463	42%
Others	15,371	12,929	-16%
<b>Operating Expenses</b>	<b>43,210</b>	<b>40,398</b>	-7%

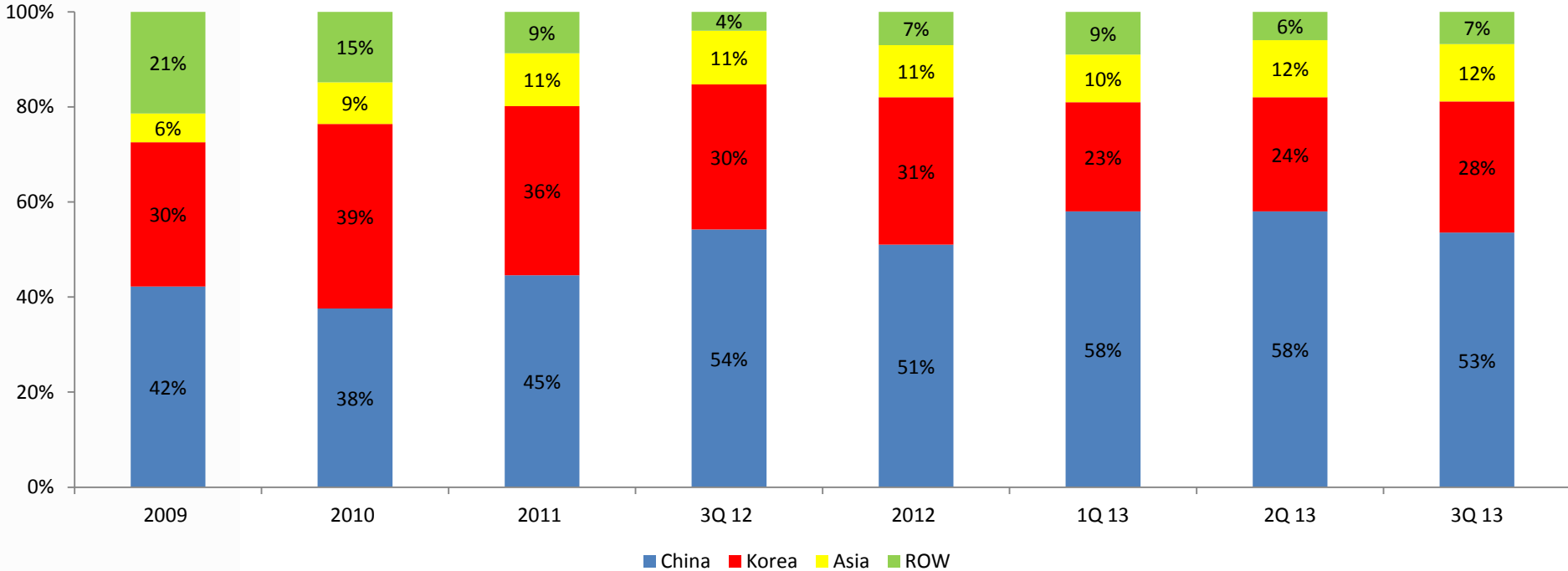
※ Based on K-IFRS

[Unit: Wmm]	2012	2013	YoY
	3Q	3Q	
<b>Other non-operating profit</b>	<b>3,017</b>	<b>2,344</b>	-22%
Foreign currency translation gains	1,551	-58	N/A
Foreign currency transaction gains	131	1,299	891%
Others	1,335	1,102	-17%
<b>Other non-operating expenses</b>	<b>1,461</b>	<b>205</b>	-86%
Foreign currency translation loss	21	-2,035	N/A
Foreign currency transaction loss	315	1,223	289%
Others	1,126	1,017	-10%
<b>Net other non-operating profit</b>	<b>1,556</b>	<b>2,138</b>	37%

※ Based on K-IFRS

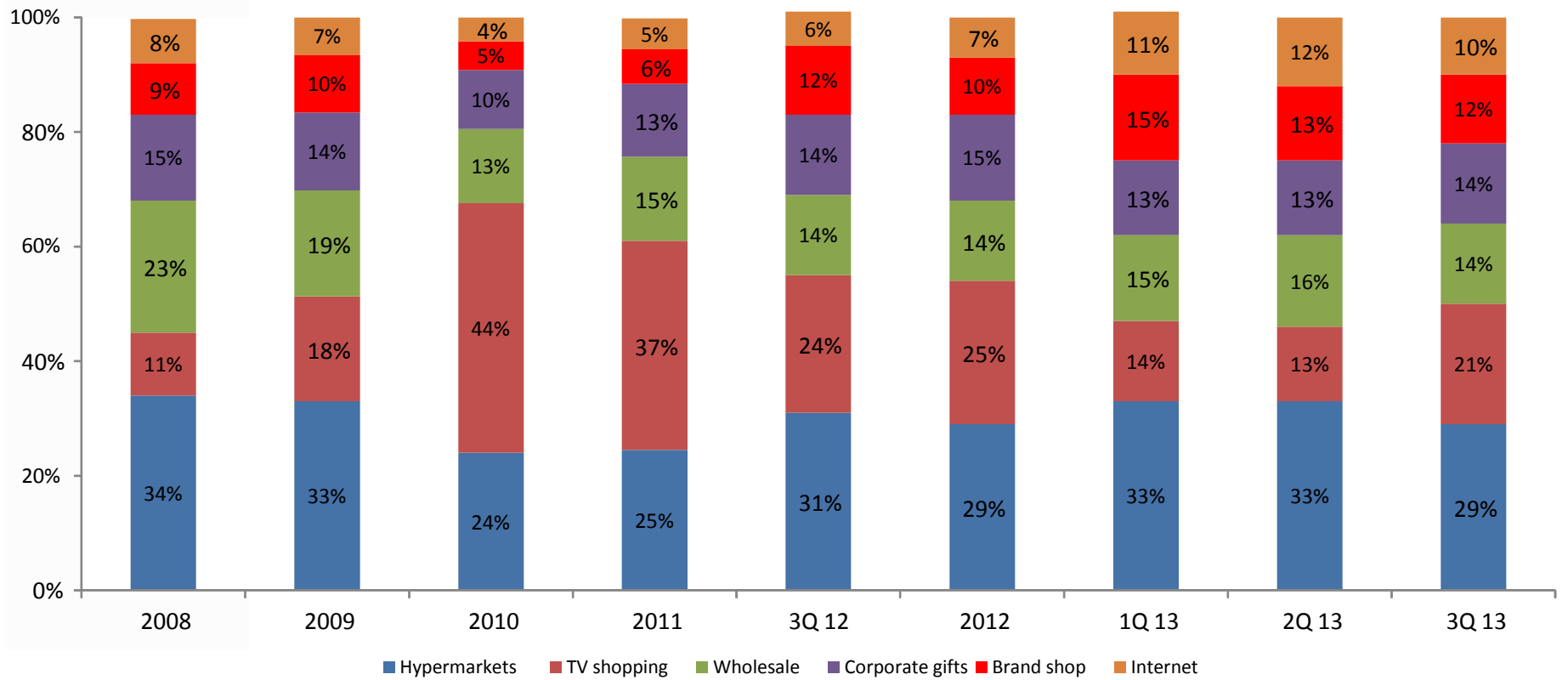
# 2. Sales Breakdown by Region

Region	2009	2010	2011	3Q 12	2012	1Q 13	2Q 13	3Q 13
China	42%	38%	45%	54%	51%	58%	58%	53%
Korea	30%	39%	36%	30%	31%	23%	24%	28%
Asia	6%	9%	11%	11%	11%	10%	12%	12%
ROW	21%	15%	9%	4%	7%	9%	6%	7%



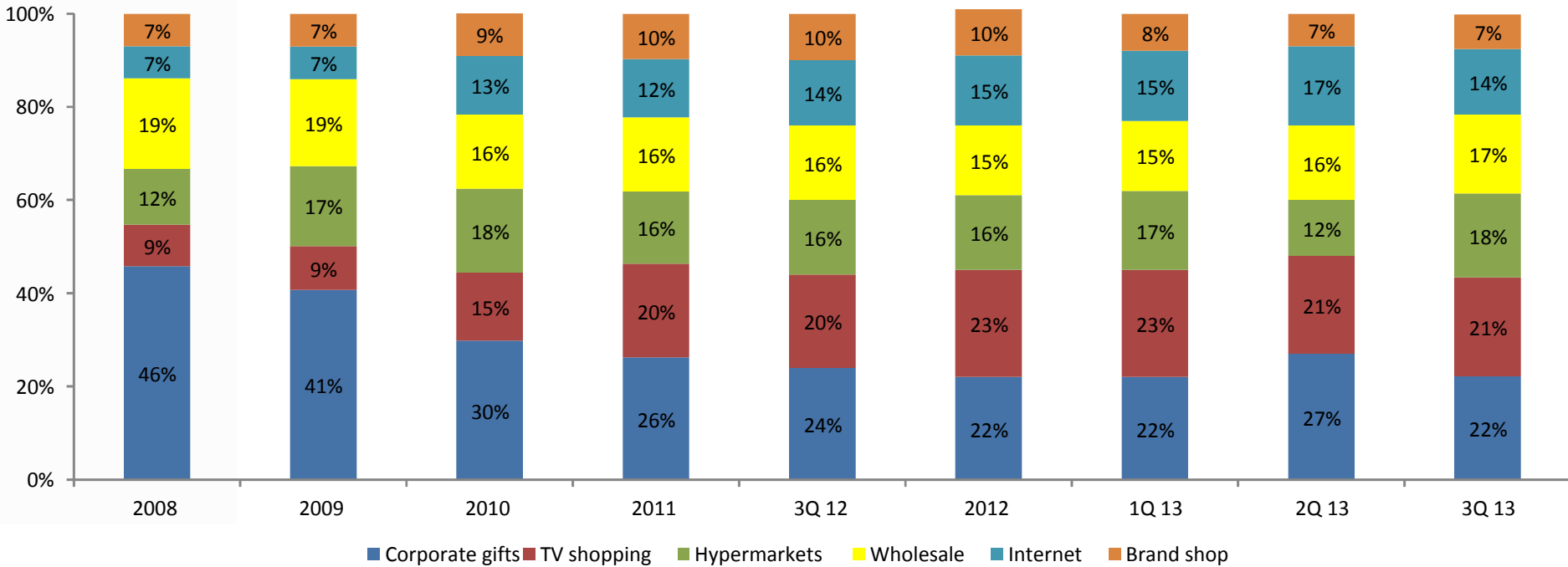
# 3. Sales Breakdown by Channel – Korea

	2008	2009	2010	2011	3Q 12	2012	1Q 13	2Q 13	3Q 13
Hypermarkets	34%	33%	24%	25%	31%	29%	33%	33%	29%
TV shopping	11%	18%	44%	37%	24%	25%	14%	13%	21%
Wholesale	23%	19%	13%	15%	14%	14%	15%	16%	14%
Corporate gifts	15%	14%	10%	13%	14%	15%	13%	13%	14%
Brand shop	9%	10%	5%	6%	12%	10%	15%	13%	12%
Internet	8%	7%	4%	5%	6%	7%	11%	12%	10%



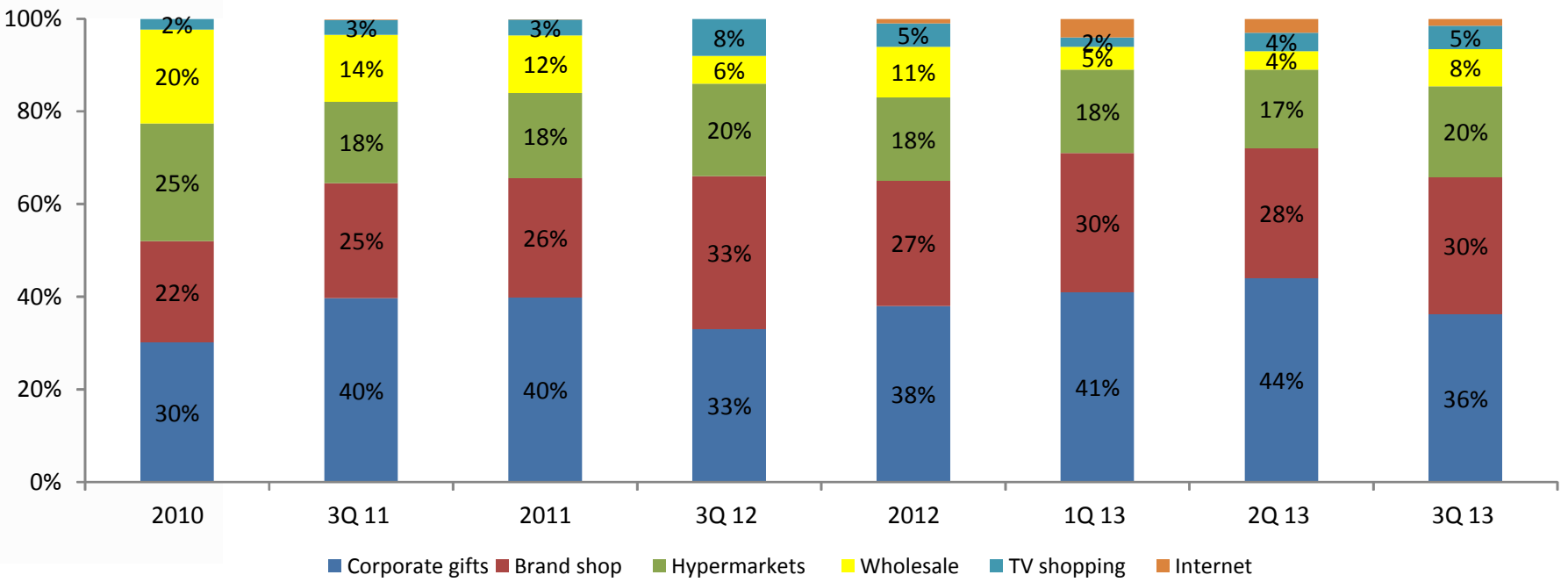
# 3. Sales Breakdown by Channel – China

	2008	2009	2010	2011	3Q 12	2012	1Q 13	2Q 13	3Q 13
Corporate gifts	46%	41%	30%	26%	24%	22%	22%	27%	22%
TV shopping	9%	9%	15%	20%	20%	23%	23%	21%	21%
Hypermarkets	12%	17%	18%	16%	16%	16%	17%	12%	18%
Wholesale	19%	19%	16%	16%	16%	15%	15%	16%	17%
Internet	7%	7%	13%	12%	14%	15%	15%	17%	14%
Brand shop	7%	7%	9%	10%	10%	10%	8%	7%	7%



# 3. Sales Breakdown by Channel – Southeast Asia

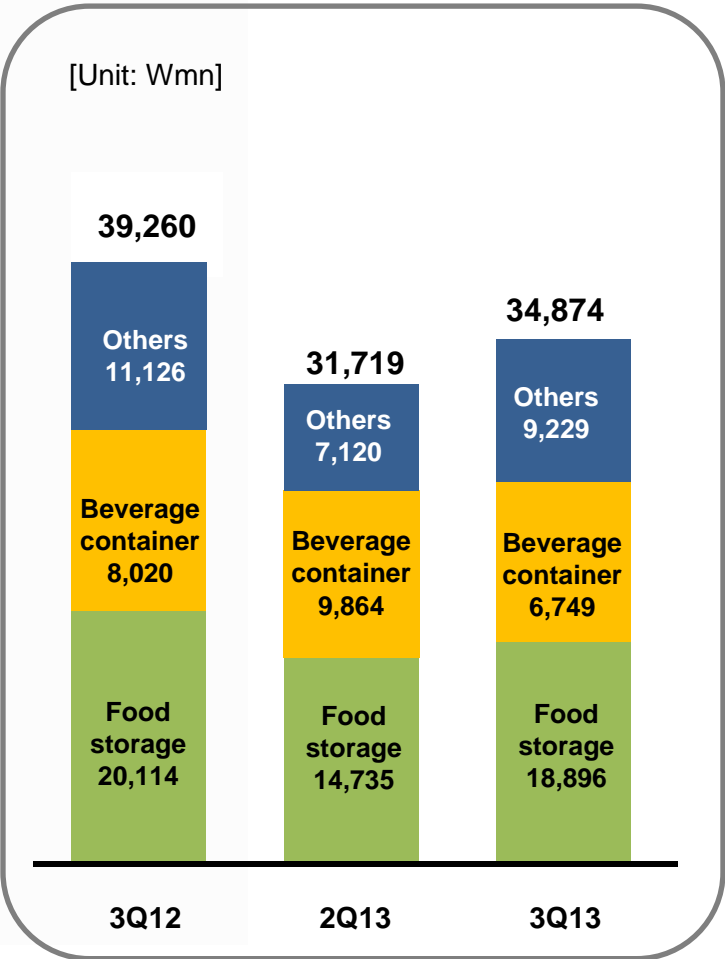
	2010	3Q 11	2011	3Q 12	2012	1Q 13	2Q 13	3Q 13
Corporate gifts	30%	40%	40%	33%	38%	41%	44%	36%
Brand shop	22%	25%	26%	33%	27%	30%	28%	30%
Hypermarkets	25%	18%	18%	20%	18%	18%	17%	20%
Wholesale	20%	14%	12%	6%	11%	5%	4%	8%
TV shopping	2%	3%	3%	8%	5%	2%	4%	5%
Internet	0%	0%	0%	0%	1%	4%	3%	2%





# 4. Sales Breakdown by Product Category – Korea

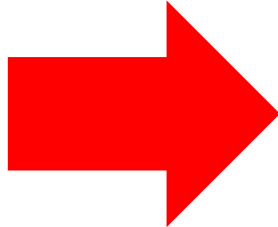
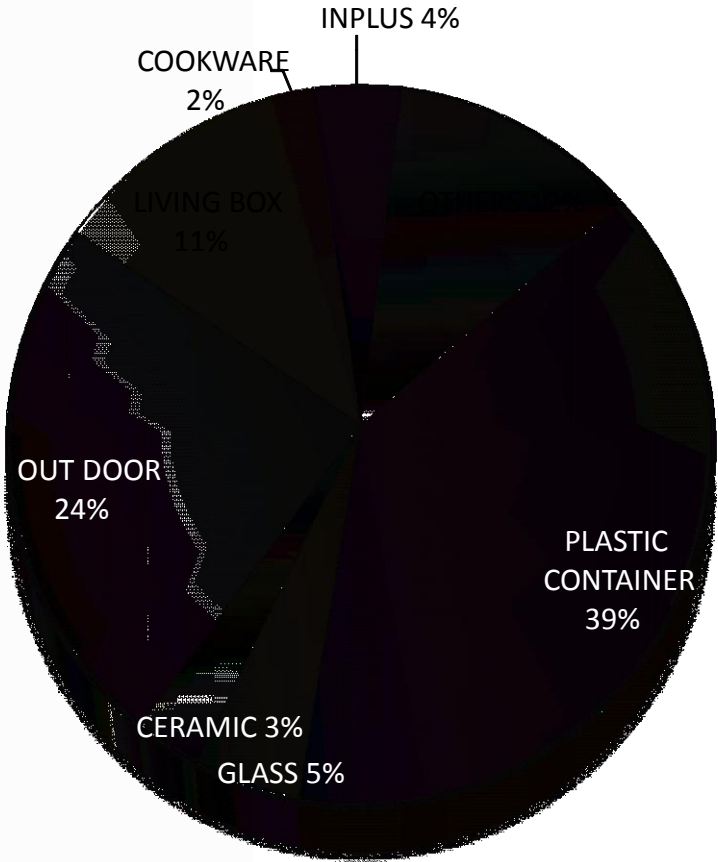
The sales of food storage, beverage container and kitchen/living/cookware fell 6% YoY, 16% YoY and 17% YoY to W18.9bn, W6.7bn and W9.2bn, respectively.



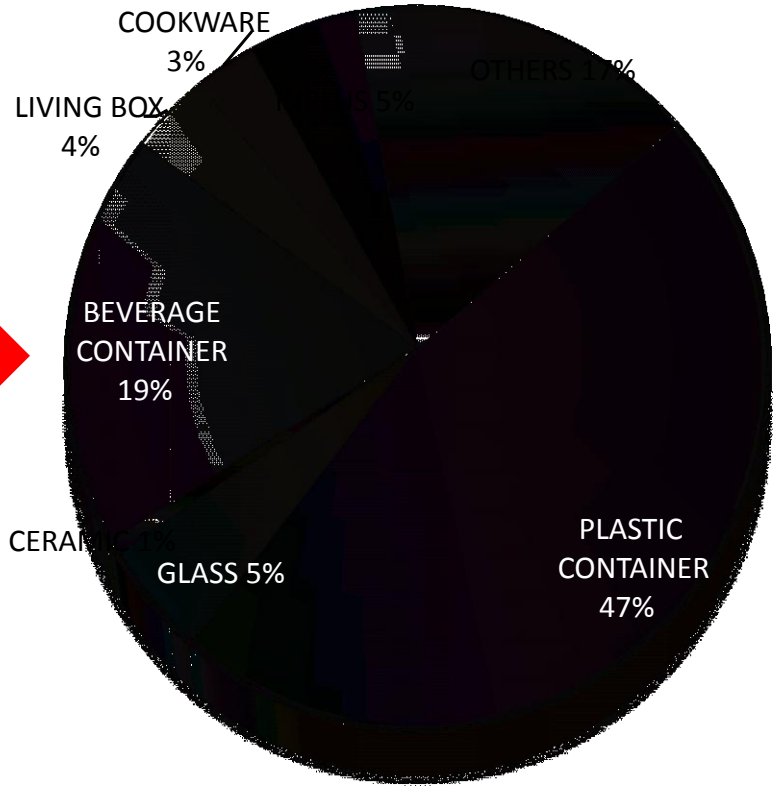
- Food storage**  
*Bisfree* (premium plastic) sales dropped 31% YoY to W8.1bn.  
*Interlock* (new plastic container) sales reached W4.1bn on growing demand from TV shopping.
  
- Beverage containers**  
*Hot&Cool* (thermos) sales fell 15% YoY to W1.8bn.
  
- Others (kitchen/living/cookware, etc.)**  
*Cookplus* (cookware) sales grew 19% YoY to W1.1bn.

# 4. Sales Breakdown by Product Category – Korea

[2012]

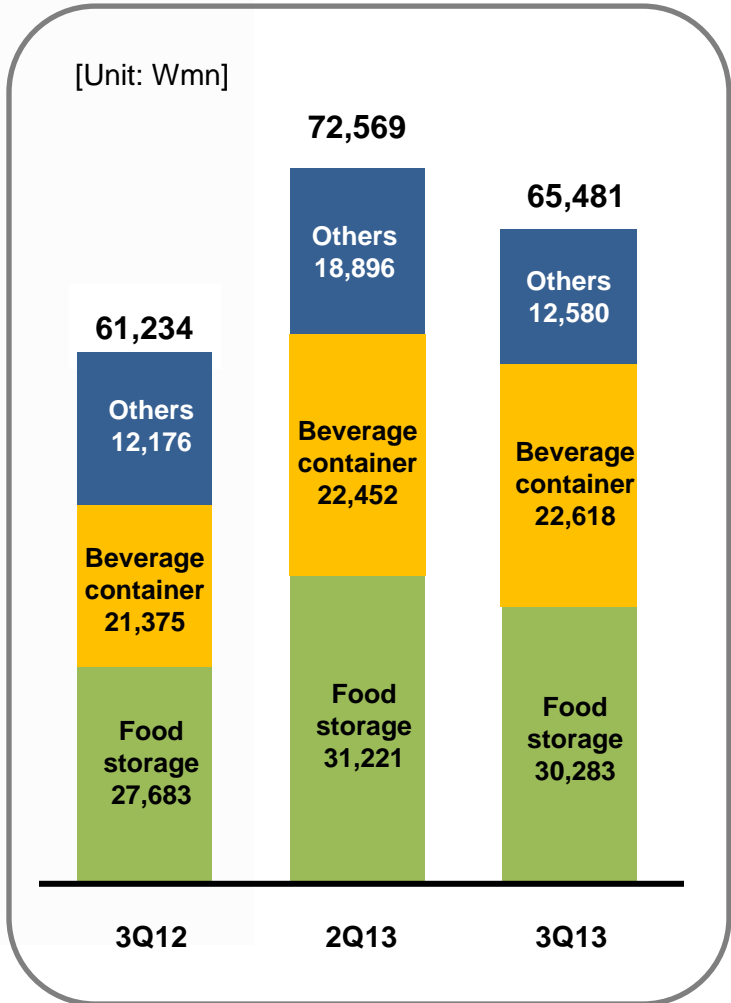


[3Q13]



# 4. Sales Breakdown by Product Category – China

Food storage sales grew 9% YoY to W30.3bn, beverage container 6% YoY to W22.6bn, and kitchen/living/cookware 3% YoY to W12.6bn.



■ Food storage

Glass storage container sales increased 11% YoY to W17.1bn.  
 Plastic storage container sales went up 12% YoY to W12.6bn on increasing shipments to corporate gifts and wholesale customers.

■ Beverage container

*Hot&Cool* (thermos) sales rose 31% YoY to W9.5bn on brisk shipments to corporate gifts and wholesale customers.

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

*Cookplus* (cookware) sales climbed 17% YoY to W2.7bn on wider penetration into hypermarkets and upbeat sales across all distribution channels including TV shopping and corporate gifts.

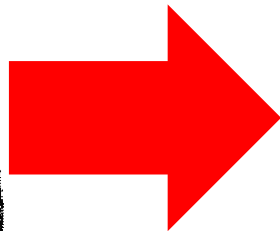
※ Baby products is continuing a strong sales growth each quarter.

# 4. Sales Breakdown by Product Category – China

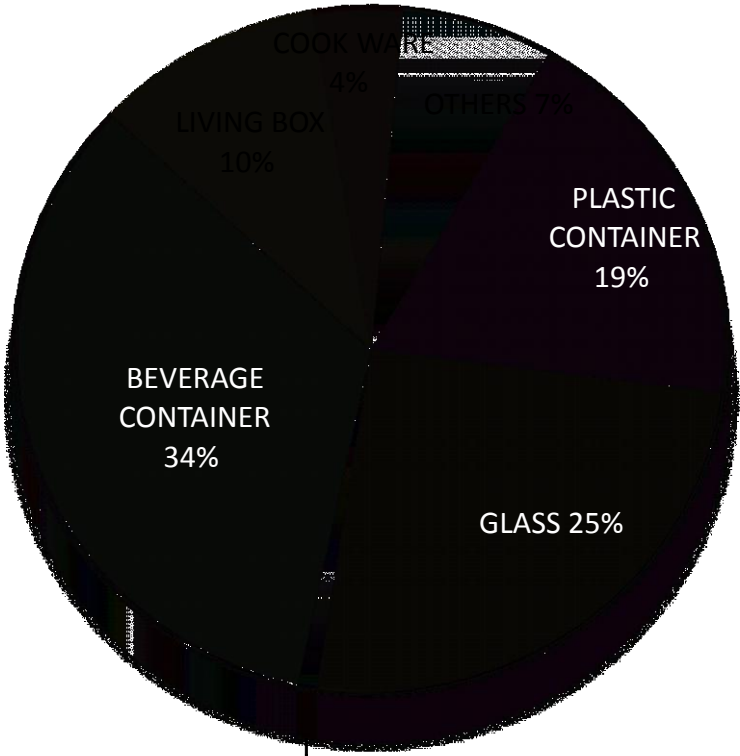
[2012]



CERAMIC 2%



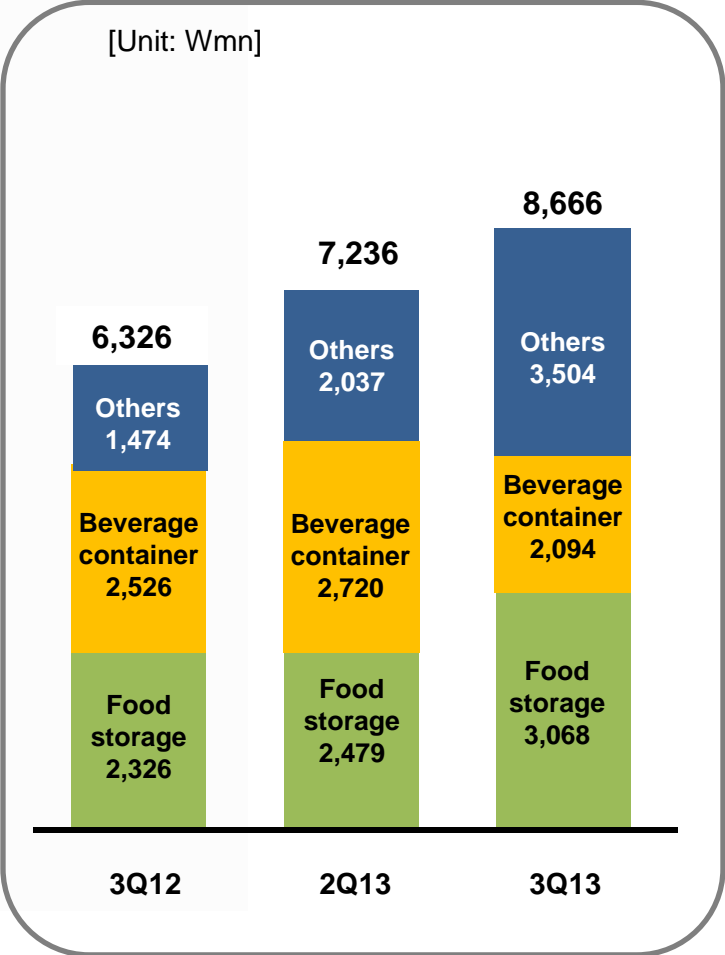
[3Q13]



CERAMIC 1%

# 4. Sales Breakdown by Product Category – Southeast Asia

Food storage sales jumped 32% YoY to W3.1bn and kitchen/living/cookware sales surged 138% YoY to W3.5bn, while beverage container sales fell 17% YoY to W2.1bn.



- Food storage

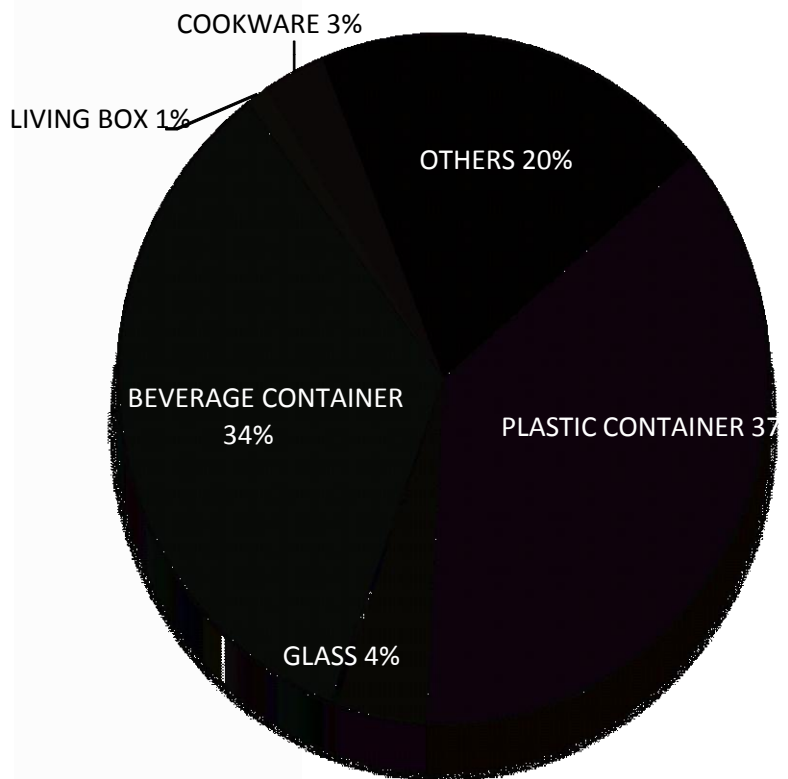
Plastic storage container sales went up 22% YoY to W2.6bn on growing demand from corporate gifts and wholesale customers.
- Beverage container

*Hot&Cool* (thermos) and *Aqua* (regular plastic water bottle) sales fell 17% YoY to W2.1bn due to weak demand from hypermarkets and corporate gifts channels.
- Others (kitchen/living/cookware, etc.)

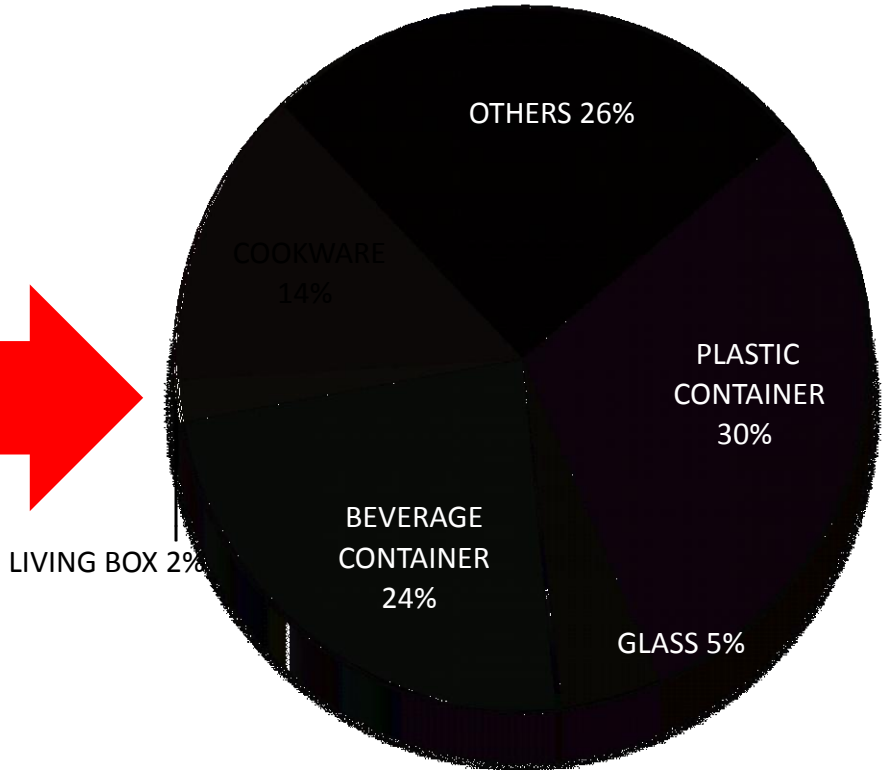
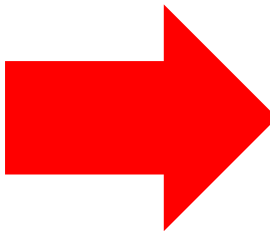
*Cookplus* (cookware) demand was strong from corporate gifts and brand shops, driving the sales of this category by 635% YoY to W1.2bn.

# 4. Sales Breakdown by Product Category – Southeast Asia

[2012]



[3Q13]



# 5. Summary Financials – Balance Sheet

[Unit: Wmn]

Descriptions	3Q 13	2012	Increase/ Decrease
Current Assets	459,123	405,478	53,644
Quick Assets	310,586	279,854	30,732
Inventories	126,250	107,596	18,654
Other Current Assets	22,287	18,028	4,259
Non-Current Assets	368,140	352,427	15,713
Investments	26,890	12,475	14,415
Property&Equipment	293,082	286,873	6,209
Intangible Assets	13,646	14,240	-594
Deferred Tax Assets	5,490	5,398	92
Other Non-Current Assets	29,033	33,440	-4,408
<b>TOTAL ASSETS</b>	<b>827,263</b>	<b>757,905</b>	<b>69,358</b>
Current Liabilities	189,438	142,128	47,311
Non-Current Liabilities	15,062	30,805	-15,742
<b>TOTAL LIABILITIES</b>	<b>204,501</b>	<b>172,932</b>	<b>31,568</b>
Capital Stock	27,500	27,500	0
Additional Paid-in and Other Capital	314,809	314,809	0
Capital Adjustment	-23,403	-19,116	-4,286
Accumulated Other Comprehensive Income	-15,139	-14,770	-369
Earned Surplus	316,925	276,405	40,520
External Shareholder's Equity	2,070	145	1,925
<b>TOTAL EQUITY</b>	<b>622,762</b>	<b>584,973</b>	<b>37,789</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>827,263</b>	<b>757,905</b>	<b>69,358</b>

※ Based on K-IFRS

## 5. Summary Financials – Income Statement

[Unit: Wmn]

Descriptions	3Q 13	3Q 12	Increase/ Decrease
Sales	126,939	128,878	-1,939
Cost of Goods Sold	69,461	66,632	2,829
Gross Profit	57,478	62,246	-4,768
Selling and Administrative Expenses	40,398	43,210	-2,812
Operating Income	17,080	19,036	-1,956
Other Operating Profit and Loss	2,138	2,347	-4,485
Financial Profit and Loss and the rest	1,358	291	1,067
Income and Loss Before Income Taxes	20,576	21,674	-1,098
Income Tax Expenses	6,424	4,522	1,902
<b>Net Income</b>	<b>14,152</b>	<b>17,152</b>	<b>-3,000</b>

※ Based on revised K-IFRS accounting which classifies other operating profit and loss as non-operating items.