

LOCK & LOCK

3Q 16 Earnings Release

2 Nov 2016

3Q 16 Preliminary Earnings

[Unit: Wmm]	2015	2015	2016	QoQ	YoY
	3Q	2Q	3Q		
Sales	103,618	101,781	99,394	-2.3%	-4.1%
%	100.0%	100.0%	100.0%		
COGS	56,362	52,269	50,387	-3.6%	-10.6%
%	54.4%	51.4%	50.7%		
Gross Profit	47,256	49,512	49,007	-1.0%	3.7%
%	45.6%	48.6%	49.3%		
Sg&A Expenses	40,787	35,213	35,270	0.2%	-13.5%
%	39.4%	34.6%	35.5%		
Operating Profit	6,469	14,299	13,737	-3.9%	112.3%
%	6.2%	14.0%	13.8%		
Pretax income	3,298	13,575	12,720	-6.3%	285.6%
%	3.2%	13.3%	12.8%		
Net Profit	1,411	9,930	6,203	-37.5%	339.5%
%	1.4%	9.8%	6.2%		

3Q 16 Preliminary Earnings(Cumulative amount)

[Unit: Wmm]	2015 (Jan to Sep Total)	2016 (Jan to Sep Total)	YoY
Sales	297,194	305,183	2.7%
%	100.0%	100.0%	
COGS	159,288	156,891	-1.5%
%	53.6%	51.4%	
Gross Profit	137,905	148,292	7.5%
%	46.4%	48.6%	
Sg&A Expenses	115,743	106,363	-8.1%
%	38.9%	34.9%	
Operating Profit	22,163	41,929	89.2%
%	7.5%	13.7%	
Pretax income	18,053	39,930	121.2%
%	6.1%	13.1%	
Net Profit	8,713	24,598	182.3%
%	2.9%	8.1%	

3Q 16 Preliminary Earnings – Sales & Profit Highlights

- Total sales have been down 4.1% YoY to W99.4bn.
 - China domestic sales decreased 22.2% YoY to W36.9bn.
 - Internet channel sales increased 39.2% YoY.
 - Korea domestic sales increased 7.8% YoY to W29.5bn.(Homeshopping sales increased)
 - Korea export sales increased 13.7% YoY to W22.7bn(US QVC Homeshopping sales increased)
 - Southeast Asia regional sales increased 12.5% YoY to W8.9bn.(Vietnam domestic sales increased 32.1% YoY)
- Operating profit increased 112.3% YoY to W13.7bn (13.7% OPM)
- Net Other Operating loss increased
 - Living & Life(Glass factory) subsidiary happened tangible assets impairment losses W1.3bn.(Gas furnace scrapped)
- Income Tax Expenses increased W2.2bn(due to China subsidiary dividends to W28.2bn)

[Unit: Wmm]	2015	2016	YoY
	3Q	3Q	
Payroll	12,000	11,306	-5.8%
Advertising	1,540	782	-49.2%
Transportation	2,732	2,485	-9.0%
Rent	4,061	3,189	-21.5%
Sales Commission	3,272	3,148	-3.8%
Others	17,182	14,360	-16.4%
Operating Expenses	40,787	35,270	-13.5%

※ Based on K-IFRS

[Unit: Wmm]	2015	2016	YoY
	3Q	3Q	
Other Operating profit	3,994	2,441	-38.9%
Gain on Foreign currency translations	-12	444	-3818.0%
Gain Foreign currency transactions	3,457	1,528	-55.8%
Others	549	469	-14.6%
Other Operating loss	7,179	3,677	-48.8%
Loss on Foreign currency translations	3,697	475	-87.2%
Loss Foreign currency transactions	1,765	840	-52.4%
Others	1,717	2,363	37.6%
Net Other Operating profit	-3,185	-1,236	-61.2%

※ Based on K-IFRS

Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2015	2016 3Q	Increase/ Decrease
Current Assets	367,062	318,534	48,528
Quick Assets	220,297	195,755	24,542
Inventories	135,362	112,521	22,841
Other Current Assets	11,403	10,258	1,145
Non-Current Assets	389,407	365,360	24,048
Investments	45,172	45,601	-429
Property&Equipment	289,815	270,044	19,771
Intangible Assets	10,060	9,126	934
Deferred Tax Assets	5,520	4,899	621
Other Non-Current Assets	38,840	35,690	3,150
TOTAL ASSETS	756,470	683,894	72,576
Current Liabilities	110,896	57,428	53,468
Non-Current Liabilities	5,644	5,228	416
TOTAL LIABILITIES	116,540	62,657	53,884
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	-8,482	-40,928	32,446
Earned Surplus	329,394	343,148	-13,753
External Shareholder's Equity	80	80	0
TOTAL EQUITY	639,930	621,237	18,692
TOTAL LIABILITIES & EQUITY	756,470	683,894	72,576

※ Based on K-IFRS

Summary Financials – Income Statement

[Unit: Wmm]

Descriptions	2015 3Q	2016 3Q	Increase/ Decrease
Sales	103,618	99,394	-4,224
Cost of Goods Sold	56,362	50,387	-5,975
Gross Profit	47,256	49,007	1,751
Selling and Administrative Expenses	40,787	35,270	-5,517
Operating Income	6,469	13,737	7,267
Other Operating Profit and Loss	-3,185	-1,236	1,949
Financial Profit and Loss and the rest	14	219	205
Income and Loss Before Income Taxes	3,298	12,720	9,421
Income Tax Expenses	1,887	6,516	4,629
Net Income	1,411	6,203	4,792

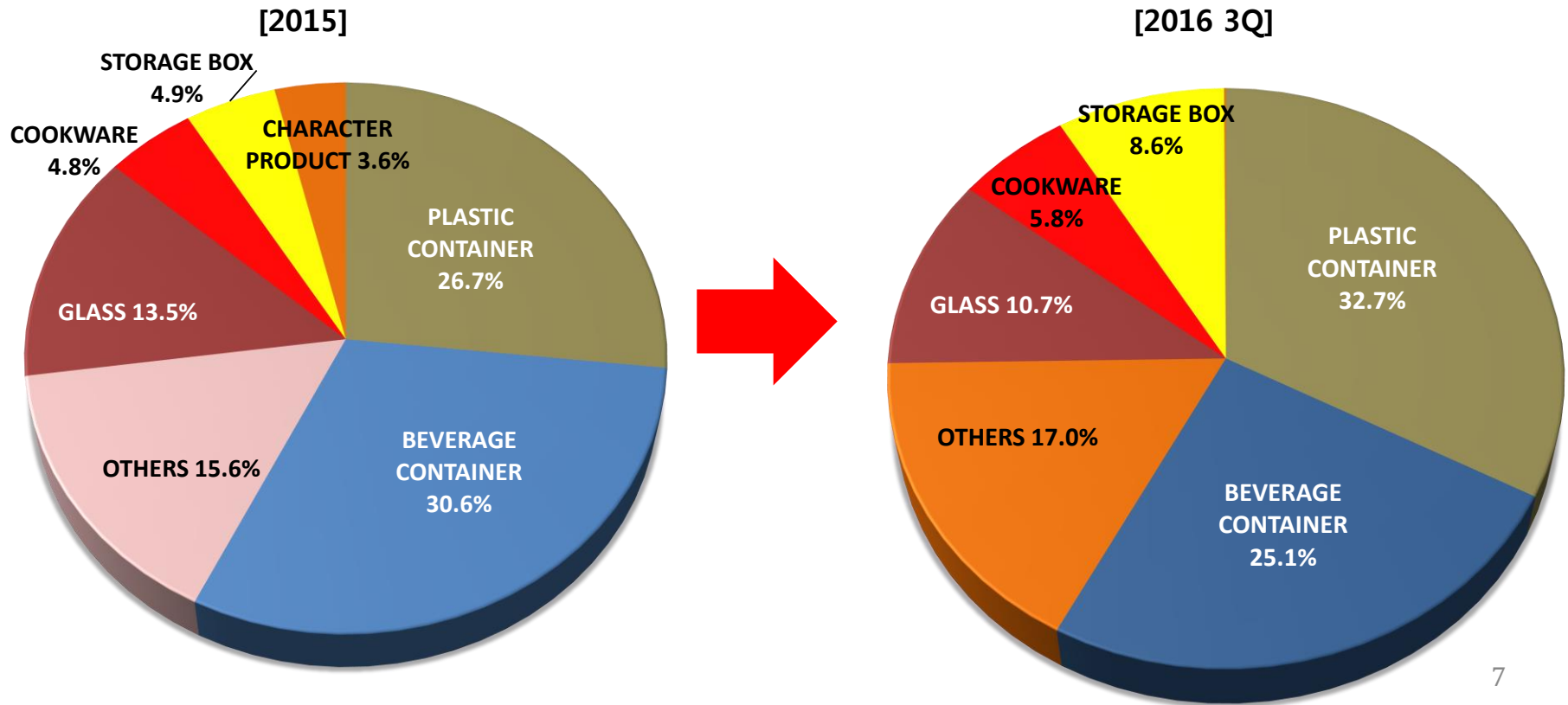
※ Based on K-IFRS

Sales Breakdown by Region

Region	2013	2014	3Q 15	2015	1Q 16	2Q 16	3Q 16
China	55.0%	45.0%	45.8%	46.7%	41.6%	43.4%	37.1%
Korea	26.0%	33.0%	26.4%	27.4%	26.4%	28.9%	29.6%
Asia	12.0%	14.0%	17.6%	15.3%	13.6%	15.7%	17.4%
ROW	7.0%	8.0%	10.2%	10.7%	18.5%	12.0%	15.9%

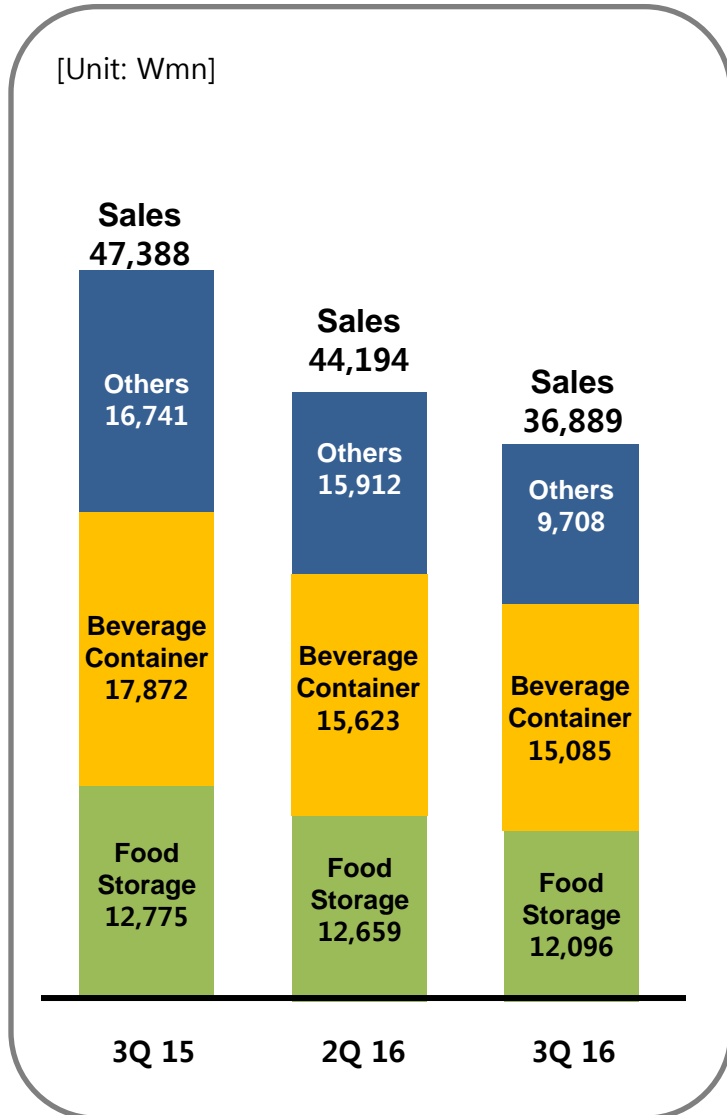
※ KOREA: The only Domestic sales application

Sales Breakdown by Product



China – Sales Analysis

Food storage sales decreased 5.3% YoY to W12.1bn and beverage container sales decreased 15.6% YoY to W15.1bn, while others (kitchen/ living/cookware) sales have been down 42.0% YoY to W9.7bn.



■ Food storage

Plastic container sales increased 2.8% YoY to W5.3bn.

Glass container sales decreased 9.2% YoY to W6.8bn.

■ Beverage container

Plastic bottle sales fell 22.5% YoY to W5.8bn.

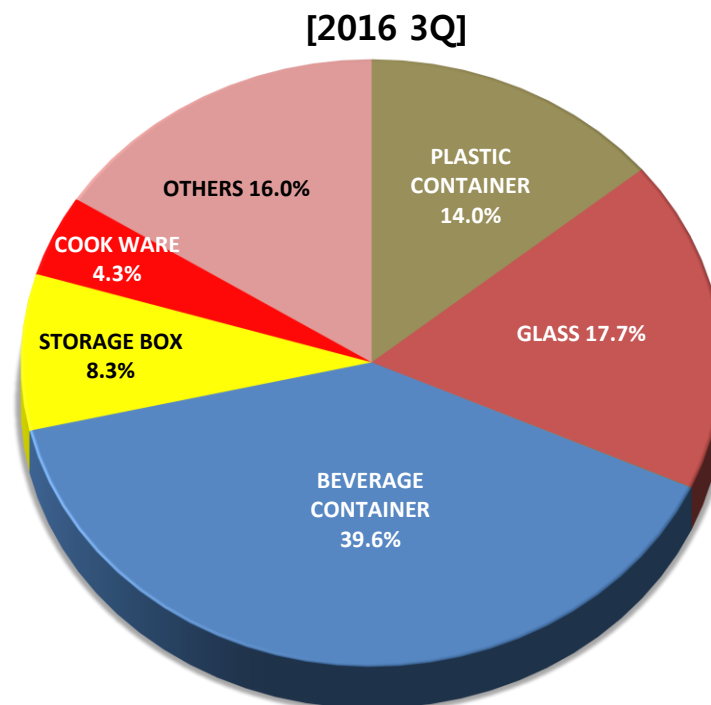
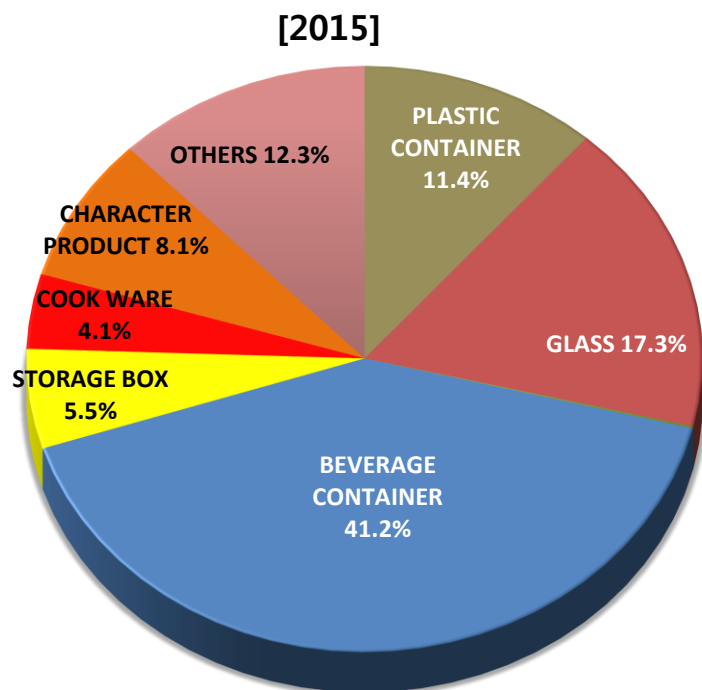
Thermal bottle sales decreased 2.8% YoY to W9.1bn.

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

Cookware sales decreased 27.5% YoY to W1.7bn.

Livingbox sales decreased 12.7% YoY to W1.6bn.

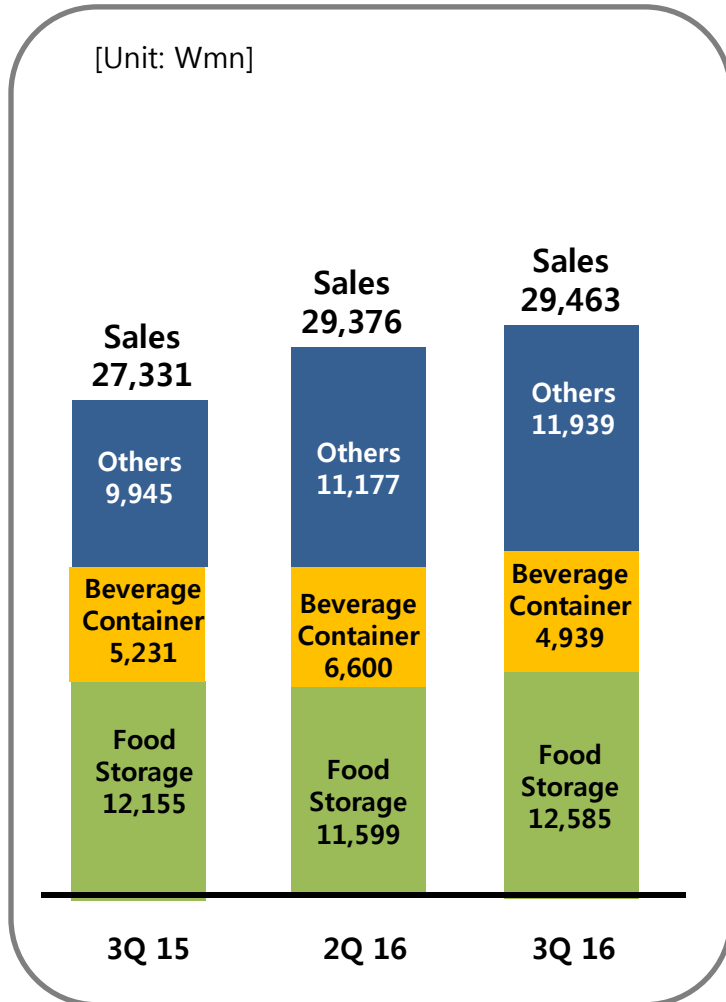
China – Sales by Product & Channel



Division	2013	2014	3Q 15	2015	1Q 16	2Q 16	3Q 16
TV shopping	22.0%	21.0%	6.5%	7.3%	3.8%	3.8%	3.4%
Special(B2B)	23.0%	18.0%	17.6%	15.9%	16.3%	13.7%	13.0%
Internet	17.0%	19.0%	25.1%	31.8%	32.6%	31.4%	35.1%
Wholesale	16.0%	20.0%	19.2%	20.0%	16.2%	16.8%	16.6%
Hyper markets	15.0%	11.0%	17.2%	13.6%	15.3%	13.4%	15.2%
Brand shop	7.0%	11.0%	14.4%	11.4%	15.8%	20.9%	16.7%

Korea – Sales Analysis

Food storage sales increased 3.5% YoY to W12.6bn and beverage container sales decreased 5.6% YoY to W74.9bn. others (kitchen/living/cookware) sales increased 20.1% YoY to 11.9bn.



■ Food storage

Plastic container sales decreased 15.3% YoY to W1.7bn.

Premium plastic container sales increased 25.8% YoY to W4.8bn.

Glass container sales decreased 47.2% YoY to W1.8bn.

■ Beverage containers

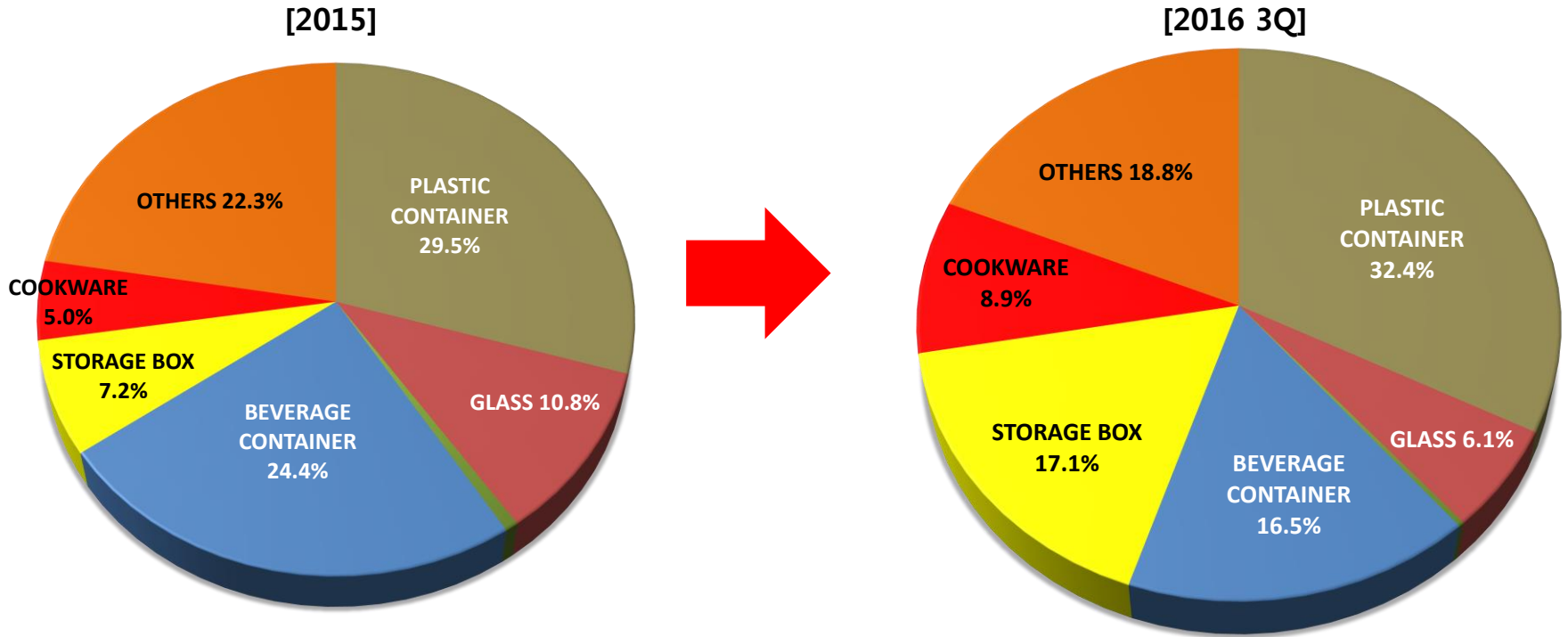
Thermal bottle sales increased 9.1% YoY to W1.5bn.

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

Plastic organizer box sales increased 36.7% YoY to W4.6bn.

Cookware sales increased 36.1% YoY to W2.7bn.

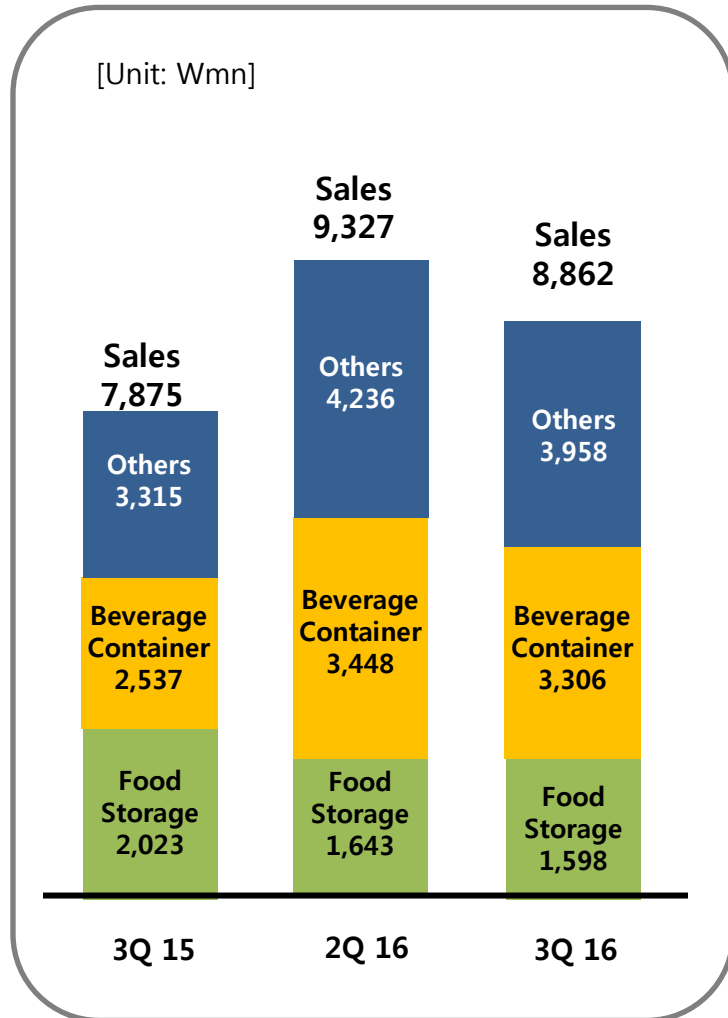
Korea – Sales by Product & Channel



Division	2013	2014	3Q 15	2015	1Q 16	2Q 16	3Q 16
Hyper markets	30.0%	27.9%	27.9%	30.0%	27.3%	31.2%	24.1%
TV shopping	18.0%	20.8%	14.3%	12.0%	12.6%	10.4%	19.9%
Wholesale	15.0%	15.3%	15.4%	16.1%	15.2%	12.3%	14.0%
Special(B2B)	14.0%	11.3%	10.0%	12.4%	13.7%	9.9%	13.4%
Brand shop	12.0%	9.9%	16.0%	13.3%	13.1%	18.1%	10.8%
Internet	11.0%	13.4%	16.3%	16.2%	18.1%	18.1%	17.8%

Southeast Asia – Sales Analysis

Food storage sales decreased 21.0% YoY to W1.6bn, beverage container sales increased 30.3% to YoY W3.3bn, others(kitchen/living/cookware) sales increased 19.4% YoY to W4.0bn.



■ Food storage

Plastic container sales decreased 28.1% YoY to W0.8bn.

Glass container sales increased 23.8% YoY to W0.7bn.

■ Beverage container

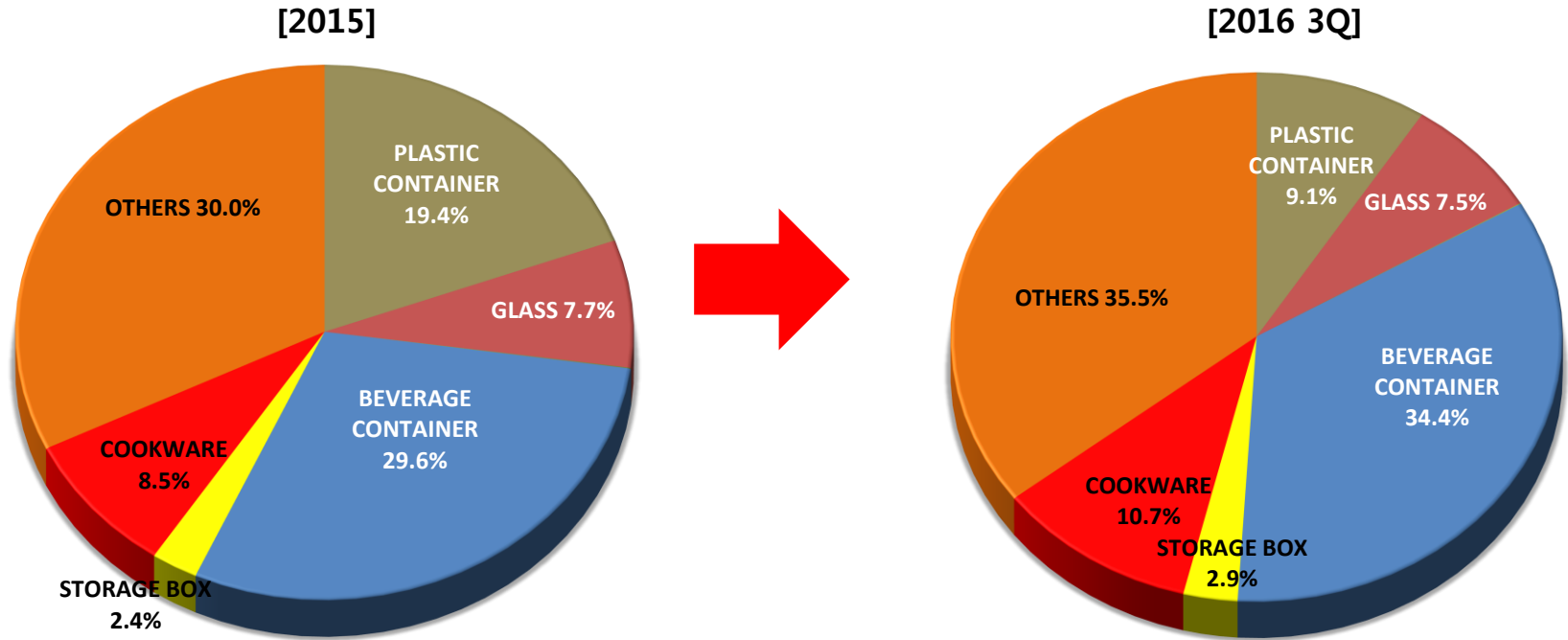
Plastic bottle sales decreased 8.3% YoY to W1.1bn.

Thermal bottle sales increased 49.6% YoY to W1.2bn.

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

Cookware sales increased 25.9% YoY to W1.0bn.

Southeast Asia – Sales by Product & Channel



Division	2013	2014	3Q 15	2015	1Q 16	2Q 16	3Q 16
Special(B2B)	45.0%	45.6%	39.4%	41.3%	34.1%	46.2%	28.8%
Brand shop	26.0%	24.6%	35.7%	36.3%	34.3%	26.3%	32.6%
Hyper markets	15.0%	12.5%	10.9%	9.5%	13.0%	16.2%	23.4%
Wholesale	7.0%	12.7%	11.0%	10.0%	15.2%	9.1%	11.6%
TV shopping	4.0%	3.4%	2.5%	2.3%	0.0%	0.0%	0.0%
Internet	3.0%	1.2%	0.5%	0.6%	3.3%	2.2%	3.6%