



LOCK & LOCK

2Q 14 Earnings Release

8 Aug 2014

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2Q 14 Preliminary Earnings

[Unit: Wmm]	2013	2014	2014	QoQ	YoY
	2Q	1Q	2Q		
Sales	134,478	110,922	102,842	-7%	-24%
%	100%	100%	100%		
COGS	73,007	60,615	54,559	-10%	-25%
%	54%	55%	53%		
Gross Profit	61,471	50,307	48,283	-4%	-21%
%	46%	45%	47%		
Operating Profit	23,728	8,048	10,142	26%	-57%
%	18%	7%	10%		
Pretax income	23,504	7,781	8,911	15%	-62%
%	17%	7%	9%		
Net Profit	17,310	6,732	8,621	28%	-50%
%	13%	6%	8%		

2Q 14 Preliminary Earnings – Sales & OP Highlights

- Total sales down 24% YoY to W102.8bn.
 - China domestic sales dropped 45% YoY to W43.5bn (38% YoY decline in RMB) due to hypermarket channel adjusted.
 - Korea domestic sales have been up 10% YoY to W35bn due to TV shopping sales.
 - Southeast Asia regional sales rose 17% YoY to W7.8bn.
- Operating profit fell 57% YoY to W10.1bn (10% OPM), It has been up 26% QoQ
 - Fixed costs increase due to China domestic sales decreased. (discontinue & adjusted delivery because of hypermarket channel transfer to wholesale channel in 2Q)
China sales reduce YoY to approximately 27.9bn(total sales channel)
 - Sales commission increased on rising TV shopping sales.
- Net profit decreased 50% YoY to W8.6bn-

[Unit: Wmm]	2013	2014	YoY
	2Q	2Q	
Payroll	10,113	9,563	-5%
Advertising	1,602	718	-55%
Transportation	4,587	3,263	-29%
Rent	4,383	3,881	-11%
Sales Commission	5,449	6,672	22%
Others	11,611	14,045	21%
Operating Expenses	37,743	38,141	1%

※ Based on K-IFRS

[Unit: Wmm]	2013	2014	YoY
	2Q	2Q	
Other Operating profit	3,249	2,906	-11%
Gain on Foreign currency translations	890	1,611	81%
Gain Foreign currency transactions	1,534	980	-36%
Others	825	315	-62%
Other Operating loss	3,167	2,942	-7%
Loss on Foreign currency translations	1,331	323	-76%
Loss Foreign currency transactions	1,335	1,226	-8%
Others	502	1,393	178%
Net Other Operating profit	82	-36	-143%

※ Based on K-IFRS

Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2014 2Q	2013	Increase/ Decrease
Current Assets	391,427	435,030	-43,603
Quick Assets	237,358	287,534	-50,176
Inventories	140,908	126,920	13,989
Other Current Assets	13,161	20,577	-7,416
Non-Current Assets	379,178	362,437	16,741
Investments	27,416	27,431	-16
Property&Equipment	301,539	295,566	5,974
Intangible Assets	10,582	11,354	-772
Deferred Tax Assets	5,088	5,483	-396
Other Non-Current Assets	34,553	22,602	11,951
TOTAL ASSETS	770,605	797,468	-26,862
Current Liabilities	167,209	176,283	-9,074
Non-Current Liabilities	3,872	5,912	-2,041
TOTAL LIABILITIES	171,081	182,195	-11,114
Capital Stock	27,500	27,500	0
Additional Paid-in and Other Capital	314,809	314,809	0
Capital Adjustment	-23,366	-23,371	5
Accumulated Other Comprehensive Income	-46,519	-20,879	-25,639
Earned Surplus	327,014	317,107	9,908
External Shareholder's Equity	86	108	-22
TOTAL EQUITY	599,524	615,273	-15,748
TOTAL LIABILITIES & EQUITY	770,605	797,468	-26,862

※ Based on K-IFRS

Summary Financials – Income Statement

[Unit: Wmm]

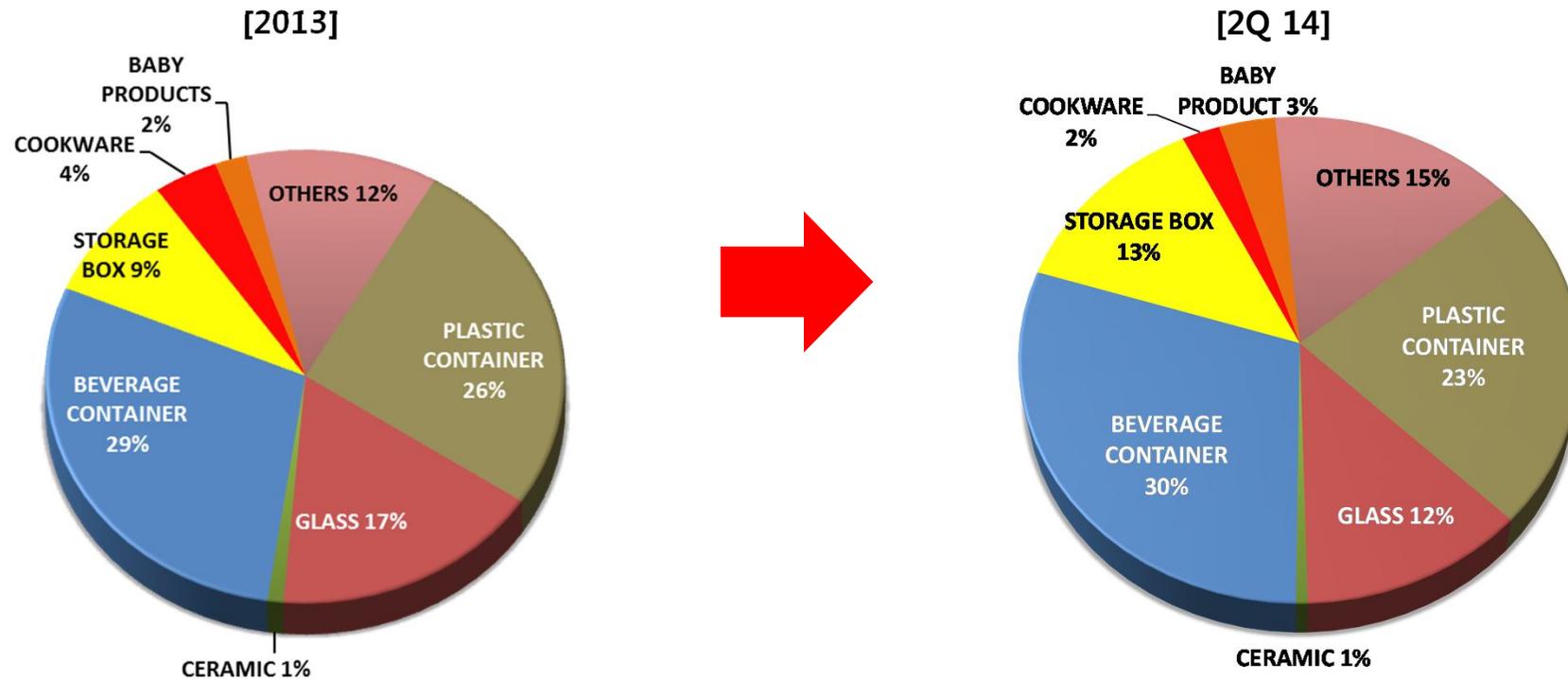
Descriptions	2Q 14	2Q 13	Increase/ Decrease
Sales	102,842	134,478	-31,636
Cost of Goods Sold	54,559	73,007	-18,448
Gross Profit	48,283	61,471	-13,188
Selling and Administrative Expenses	38,141	37,743	398
Operating Income	10,142	23,727	-13,586
Other Operating Profit and Loss	-36	82	-47
Financial Profit and Loss and the rest	-1,195	-306	-889
Income and Loss Before Income Taxes	8,911	23,504	-14,593
Income Tax Expenses	290	6,194	-5,905
Net Income	8,621	17,310	-8,689

※ Based on K-IFRS

Sales Breakdown by Region

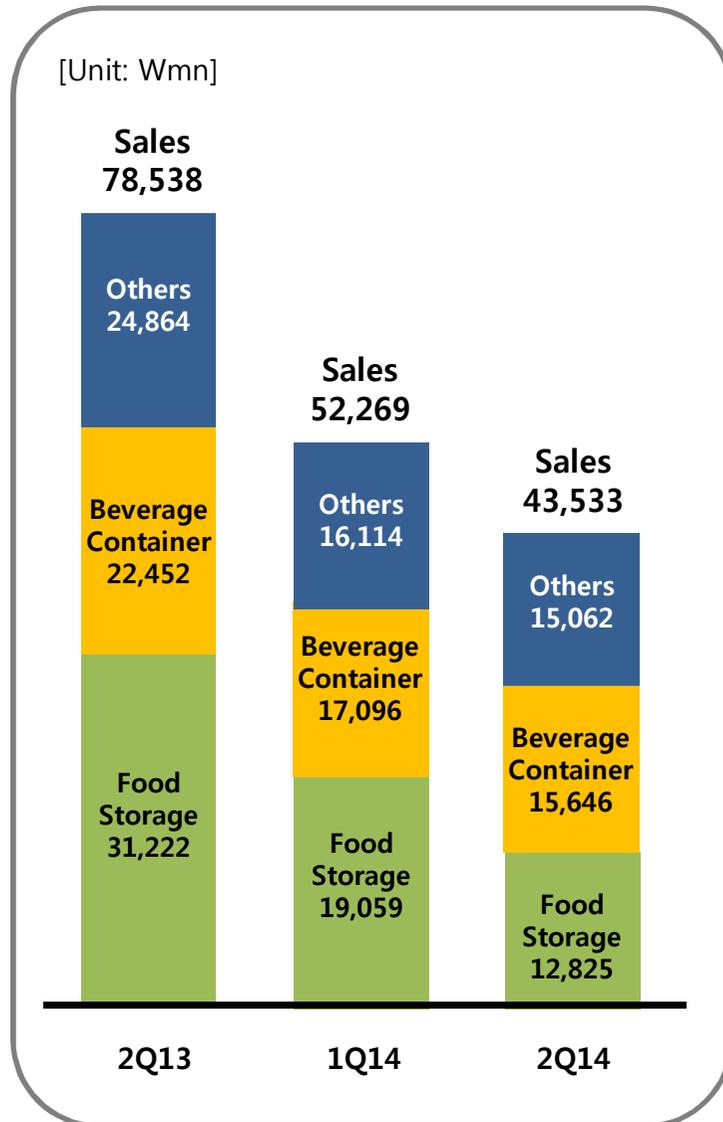
Region	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14
China	51%	58%	58%	53%	49%	55%	47%	42%
Korea	31%	23%	24%	27%	30%	26%	33%	34%
Asia	11%	10%	12%	12%	12%	12%	12%	14%
ROW	7%	9%	6%	7%	8%	7%	8%	9%

Sales Breakdown by Product



China – Sales Analysis

Food storage sales fell 59% YoY to W12.8bn and beverage container sales fell 30% YoY to W15.6bn, while others (kitchen/ living/cookware) sales have been up 39% YoY to W15.1bn.



■ Food storage

Plastic container sales decreased 71% YoY to W4.3bn.
Glass container sales dropped 48% YoY to W8.2bn.

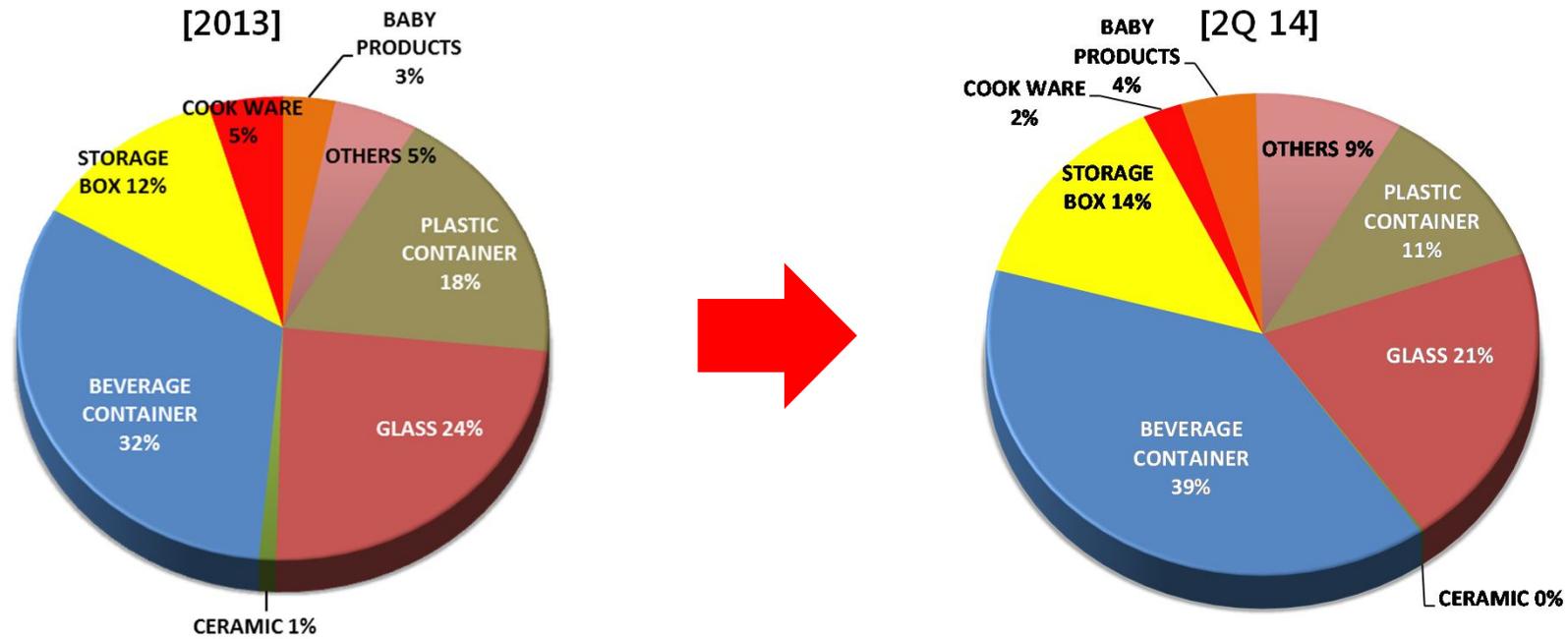
■ Beverage container

Plastic bottle sales fell 37% YoY to W10.3bn.
Thermal bottle sales fell 13% YoY to W5.2bn.

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

Cookware sales decreased 66% YoY to W0.9bn.
Livingbox sales decreased 48% YoY to W4.9bn.
Baby product sales increased 48% YoY to W1.8bn.

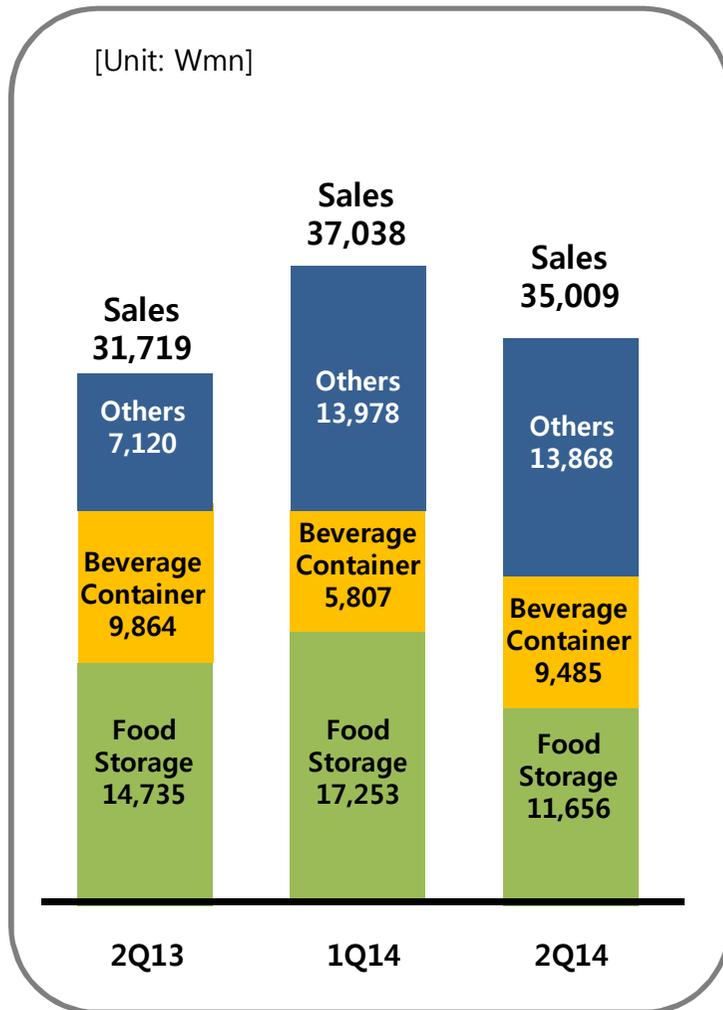
China – Sales by Product & Channel



Division	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14
TV shopping	23%	23%	21%	21%	21%	22%	21%	27%
Special(B2B)	22%	22%	27%	22%	19%	23%	19%	22%
Internet	15%	15%	17%	14%	20%	17%	18%	16%
Wholesale	15%	15%	16%	17%	16%	16%	18%	18%
Hyper markets	16%	17%	12%	18%	15%	15%	15%	8%
Brand shop	10%	8%	7%	7%	9%	7%	9%	9%

Korea – Sales Analysis

Food storage sales fell 21% YoY to W11.7bn and beverage container sales dropped 4% YoY to W9.5bn. others (kitchen/living/cookware) sales have been up 95% YoY to 13.9bn.



■ Food storage

Premium plastic container sales decreased 52% YoY to W6.4bn.

Interlock (new plastic container) sales decreased 28% YoY to W1.3bn.

Glass container sales increased 13% YoY to W1.0bn

■ Beverage containers

Thermal bottle sales fell 8% YoY to W2.4bn.

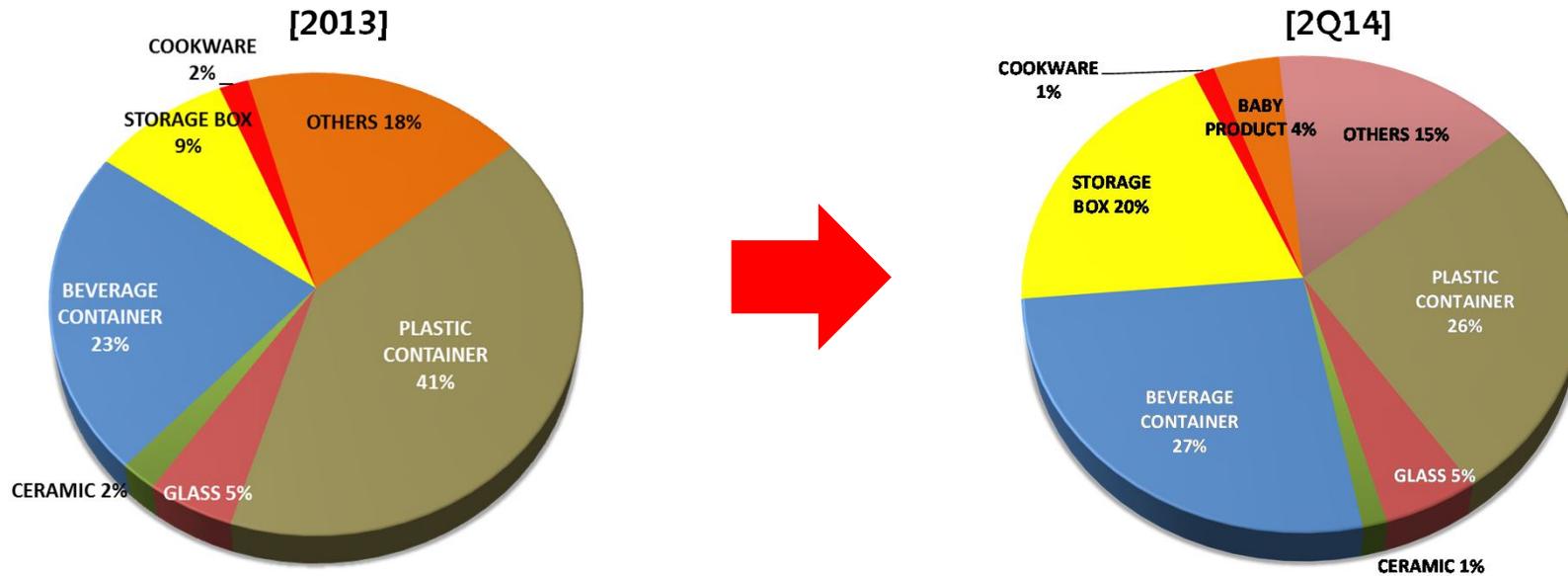
Premium plastic bottle sales increased 13% YoY to W4.1bn.

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

Plastic organizer box sales jumped 214% YoY to W5.1bn.

Fabric organizer box sales grew 39% YoY to W1.9bn.

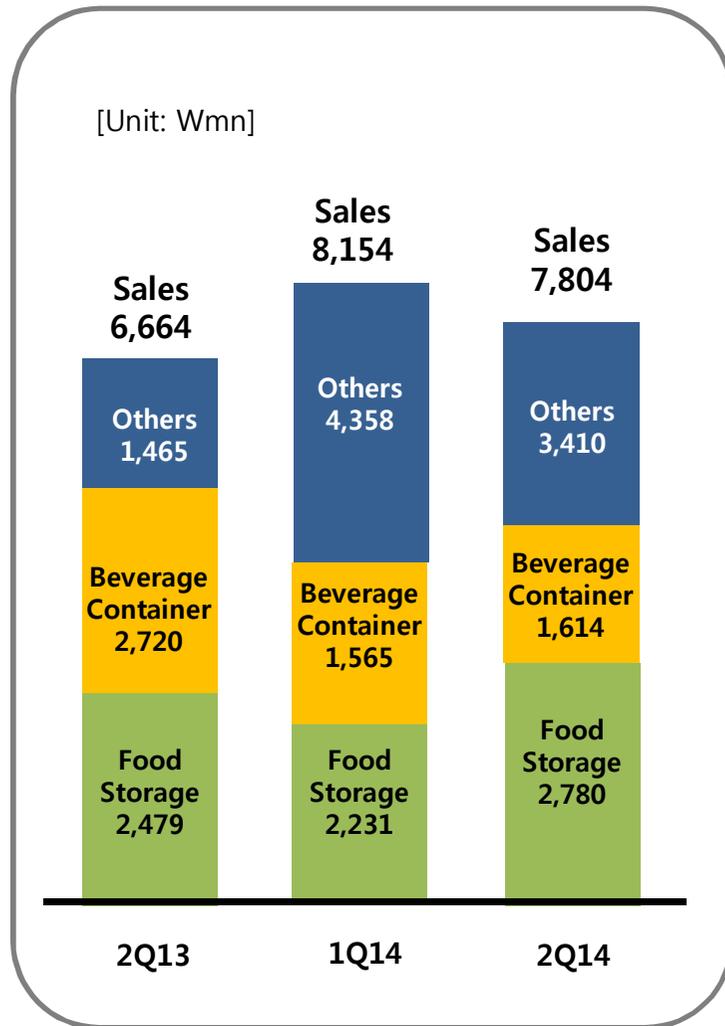
Korea – Sales by Product & Channel



Division	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14
Hyper markets	29%	33%	33%	29%	26%	30%	24%	31%
TV shopping	25%	14%	13%	21%	22%	18%	30%	18%
Wholesale	14%	15%	16%	14%	14%	15%	12%	17%
Special(B2B)	15%	13%	13%	14%	17%	14%	12%	9%
Brand shop	10%	15%	13%	12%	9%	12%	9%	8%
Internet	7%	11%	12%	10%	12%	11%	12%	15%

Southeast Asia – Sales Analysis

Food storage sales increased 12% YoY to W2.8bn, beverage container sales decreased 41% to YoY W1.6bn, others (kitchen/living/cookware) sales increased 133% YoY to W3.4bn.



■ Food storage

Glass container sales jumped 291% YoY to W1.4bn due to special channel sales increased.

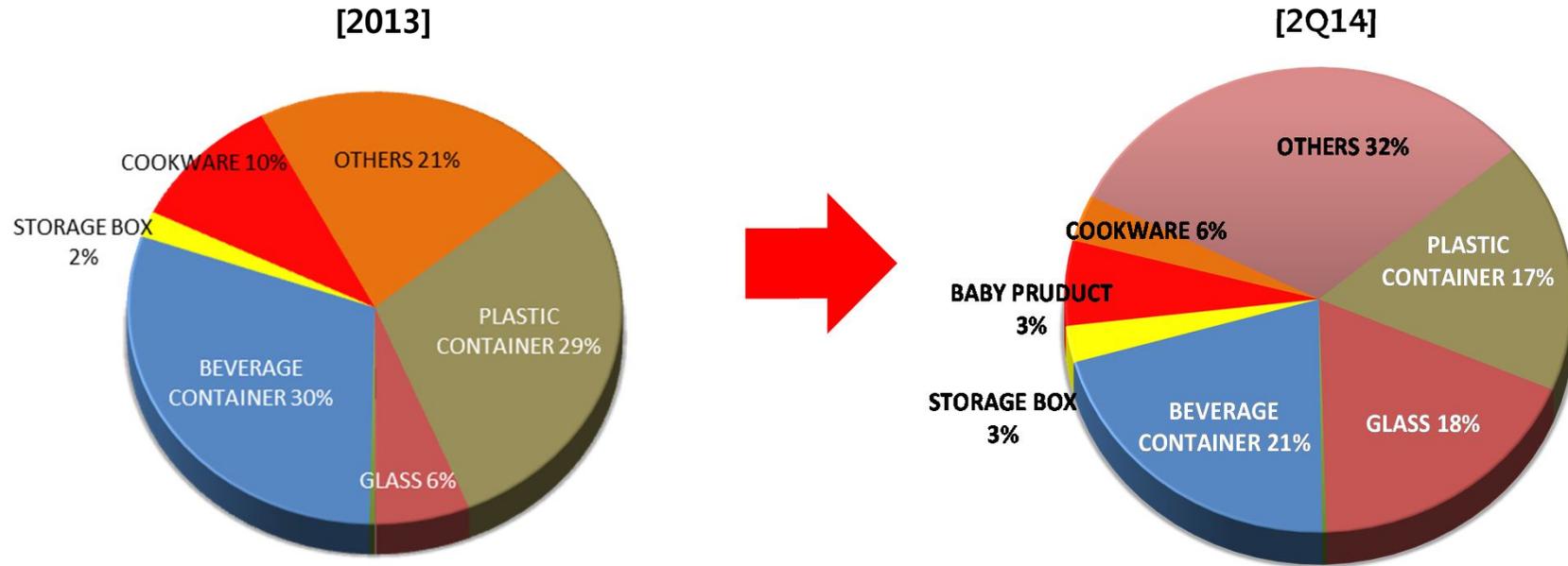
■ Beverage container

Thermal bottle sales fell 41% YoY to W0.4bn.
Plastic bottle sales fell 44% YoY to W0.7bn.

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

Furniture sales increased

Southeast Asia – Sales by Product & Channel



Division	2012	1Q 13	2Q 13	3Q 13	4Q 13	2013	1Q 14	2Q 14
Special(B2B)	38%	41%	44%	36%	56%	45%	44%	50%
Brand shop	27%	30%	28%	30%	21%	26%	26%	20%
Hyper markets	18%	18%	17%	20%	9%	15%	13%	14%
Wholesale	11%	5%	4%	8%	9%	7%	11%	11%
TV shopping	5%	2%	4%	5%	5%	4%	4%	3%
Internet	1%	4%	3%	2%	1%	3%	2%	2%