

LOCK & LOCK

1Q14 Earnings Release

9 May 2014

1Q14 Preliminary Earnings

[Unit: Wmm]	2013	2013	2014	QoQ	YoY
	1Q	4Q	1Q		
Sales	114,022	126,288	110,922	-12%	-3%
%	100%	100%	100%		
COGS	60,175	72,222	60,615	-16%	1%
%	53%	57%	55%		
Gross Profit	53,847	54,066	50,307	-7%	-7%
%	47%	43%	45%		
Operating Profit	20,001	10,087	8,048	-20%	-60%
%	18%	8%	7%		
Pretax income	17,221	2,596	7,781	200%	-55%
%	15%	2%	7%		
Net Profit	13,427	145	6,732	4543%	-50%
%	12%	0%	6%		

1Q14 Preliminary Earnings – Sales & OP Highlights

- Total sales edged down 3% YoY to W110.9bn.
 - China domestic sales dropped 17% YoY to W52.3bn (19% YoY decline in RMB) due to sluggish corporate gifts and hypermarket sales.
 - Korea domestic sales surged 41% YoY to W37bn on a strong recovery in TV shopping sales.
 - Southeast Asia regional sales rose 13% YoY to W8.2bn. 27% YoY growth excluding Thailand.
=> Vietnam and Indonesia continued strong growth (57% and 51% increase respectively in local currency).
- Operating profit fell 60% YoY to W8bn (7% OPM)
 - Sales commission burden increased on rising TV shopping sales (up 101% YoY).
 - A&P expenses rose due to new product releases including baby products (up 113% YoY).
- Net profit decreased 50% YoY to W6.7bn.

[Unit: Wmm]	2013	2014	YoY
	1Q	1Q	
Payroll	9,912	11,338	14%
Advertising	588	1,251	113%
Transportation	3,136	3,268	4%
Rent	3,970	4,399	11%
Sales Commission	4,439	8,937	101%
Others	11,801	13,067	11%
Operating Expenses	33,846	42,260	25%

※ Based on K-IFRS

[Unit: Wmm]	2013	2014	YoY
	1Q	1Q	
Other Operating profit	2,107	1,766	-16%
Gain on Foreign currency	1,304	1,184	-9%
Others	803	582	-28%
Other Operating loss	4,373	1,773	-59%
Loss on Foreign currency	2,244	1,409	-37%
Others	2,129	364	-83%
Net Other Operating profit	-2,266	-7	N/A

※ Based on K-IFRS

Summary Financials – Balance Sheet

[Unit: Wmm]

Descriptions	2014 1Q	2013	Increase/ Decrease
Current Assets	432,697	435,030	-2,333
Quick Assets	268,183	287,533	-19,350
Inventories	142,291	126,920	15,371
Other Current Assets	22,223	20,577	1,646
Non-Current Assets	389,017	362,437	26,580
Investments	27,107	27,432	-325
Property&Equipment	314,682	295,566	19,116
Intangible Assets	13,522	11,354	2,168
Deferred Tax Assets	4,987	5,483	-496
Other Non-Current Assets	28,719	22,602	6,117
TOTAL ASSETS	821,714	797,467	24,247
Current Liabilities	199,780	176,283	23,497
Non-Current Liabilities	5,073	5,912	-839
TOTAL LIABILITIES	204,853	182,195	22,658
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	(20,580)	(20,879)	299
Earned Surplus	318,397	317,107	1,290
External Shareholder's Equity	101	106	-5
TOTAL EQUITY	616,861	615,272	1,589
TOTAL LIABILITIES & EQUITY	821,714	797,467	24,247

※ Based on K-IFRS

Summary Financials – Income Statement

[Unit: Wmm]

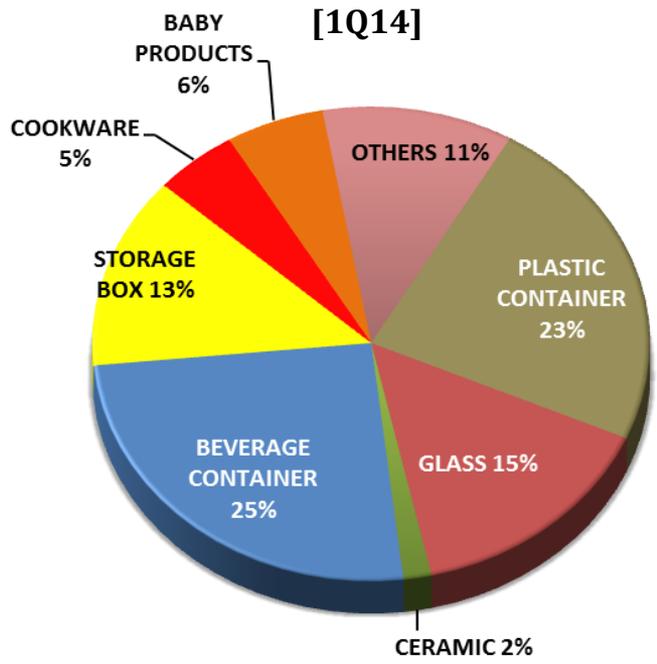
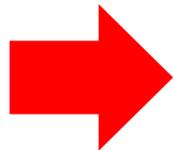
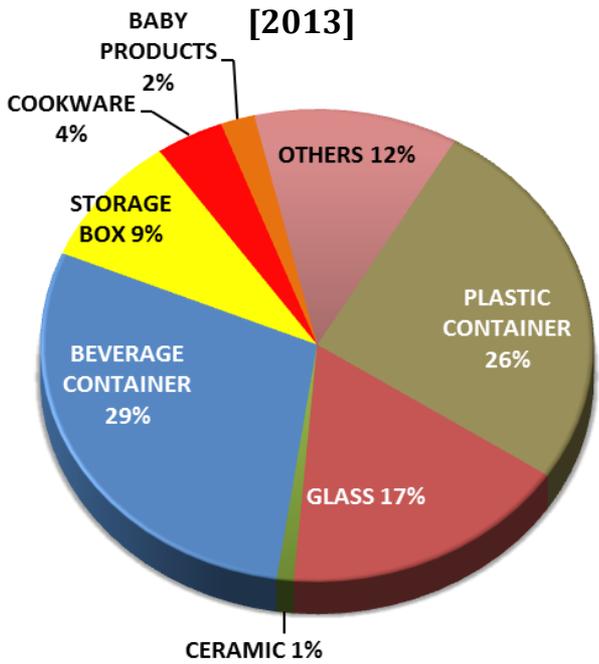
Descriptions	2014 1Q	2013 1Q	Increase/ Decrease	%
Sales	110,922	114,022	-3,100	-3%
Cost of Goods Sold	60,614	60,175	439	1%
Gross Profit	50,308	53,847	-3,539	-7%
GPM	45%	47%		
Selling and Administrative Expenses	42,260	33,846	8,414	25%
Operating Income	8,048	20,001	-11,953	-60%
OPM	7%	18%		
Other Operating Profit and Loss	-7	-2,265	2,272	N/A
Financial Profit and Loss and the rest	-260	-516	256	N/A
Income and Loss Before Income Taxes	7,781	17,220	-9,439	-55%
Income Tax Expenses	1,049	3,793	-2,744	-72%
Net Income	6,732	13,427	-6,695	-50%

※ Based on K-IFRS

Sales Breakdown by Region

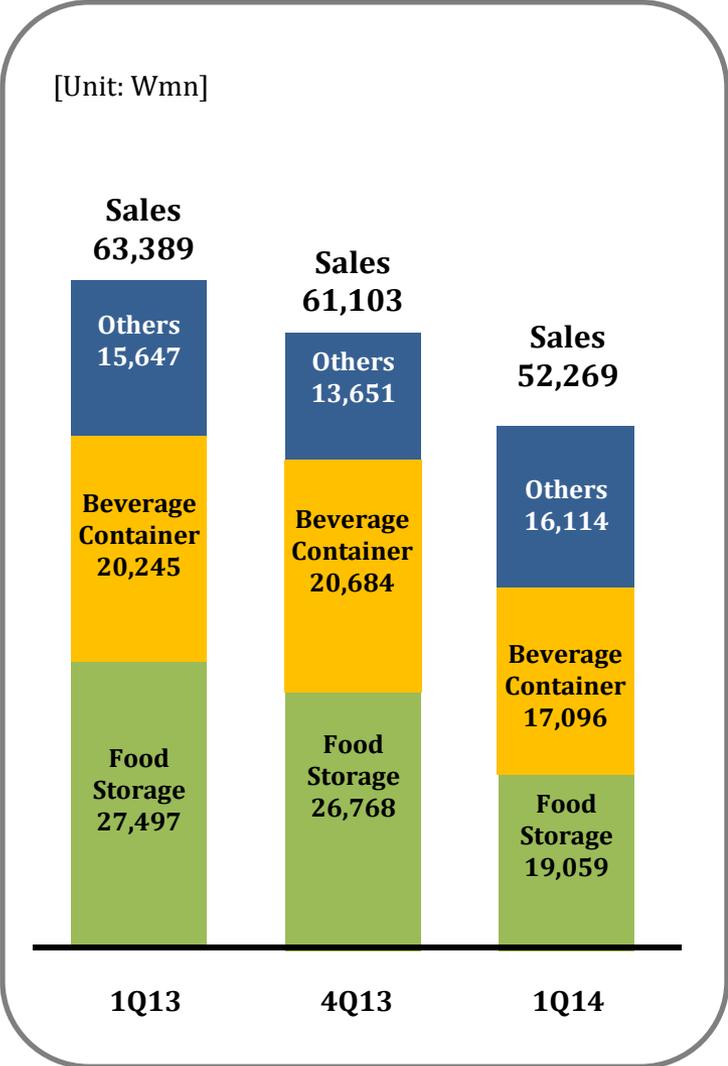
Region	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14
China	46%	56%	54%	52%	48%	52%	47%
Korea	31%	23%	24%	27%	30%	26%	33%
Southeast Asia	6%	6%	5%	7%	8%	7%	7%
ROW	17%	15%	17%	14%	14%	15%	13%

Sales Breakdown by Product



China – Sales Analysis

Food storage sales fell 31% YoY to W19.1bn and beverage container sales slid 16% YoY to W17.1bn, while others (kitchen/living/cookware) sales edged up 3% YoY to W16.1bn.



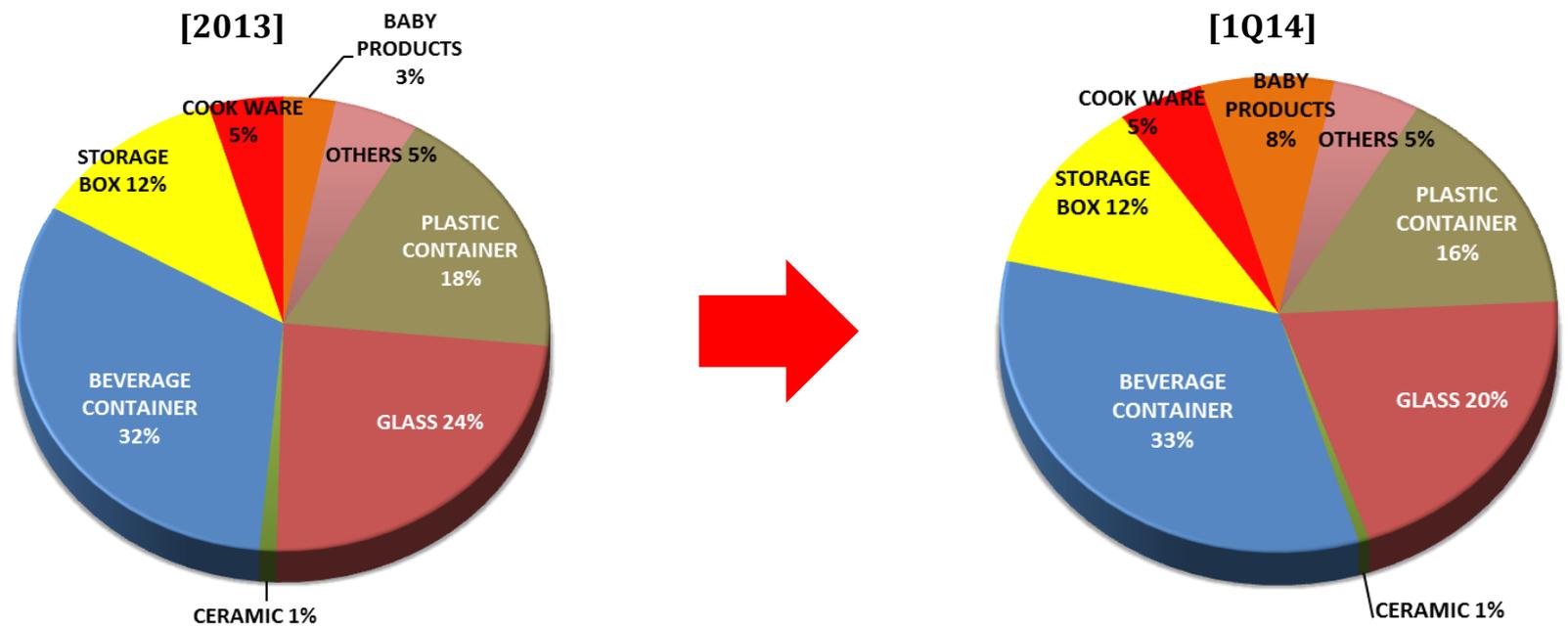
■ Food storage
 Plastic container sales decreased 25% YoY to W8.1bn.
 Glass container sales dropped 31% YoY to W10.6bn.

■ Beverage container
 Plastic bottle sales fell 25% YoY to W8.5bn.
 Thermal bottle sales remained similar YoY at W8.5bn.

■ Others (kitchen/living/cookware, etc.)
 Cookware sales declined 27% YoY to W2.5bn.

※ Baby products: W4bn sales in 1Q14 (8% of total China sales), continuing QoQ growth trend.

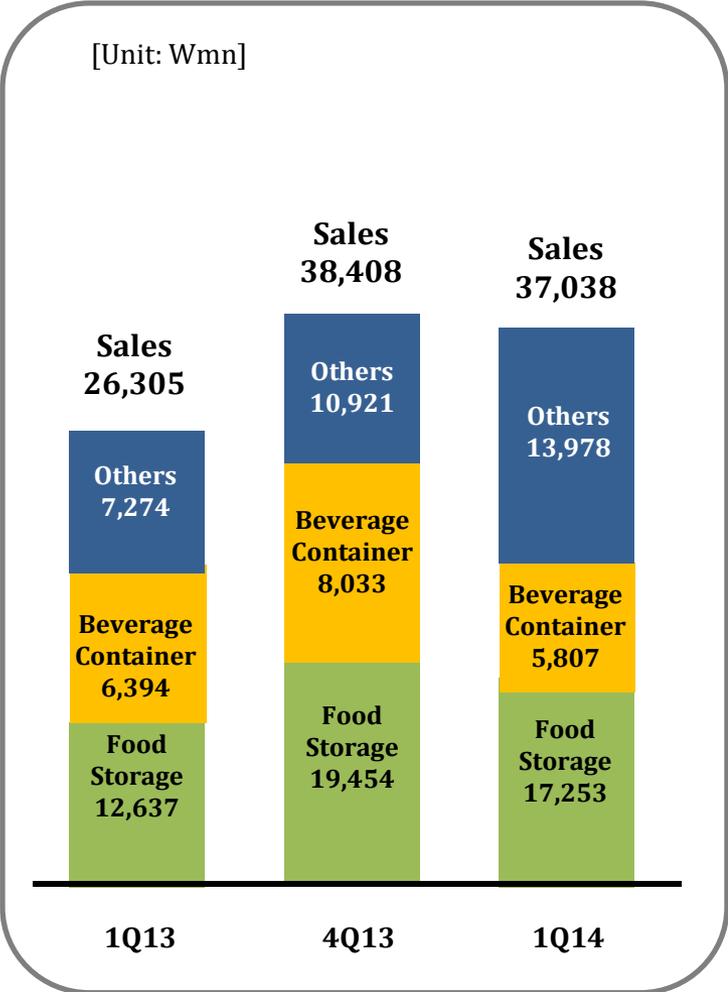
China – Sales by Product & Channel



Channel	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14
TV Shopping	23%	23%	21%	21%	21%	22%	21%
Corporate Gifts	22%	22%	27%	22%	19%	23%	19%
Internet	15%	15%	17%	14%	20%	17%	18%
Wholesale	15%	15%	16%	17%	16%	16%	18%
Hypermarket	16%	17%	12%	18%	15%	15%	15%
Brand Shop	10%	8%	7%	7%	9%	7%	9%

Korea – Sales Analysis

The sales of food storage and others (kitchen/living/cookware) rose 37% YoY and 92% YoY to W17.3bn and W14bn, respectively, while beverage container sales dropped 9% YoY to W5.8bn.



■ Food storage

Premium plastic container sales grew 20% YoY to W6.4bn.
Interlock (new plastic container) sales surged 500% YoY to W3.9bn.
 Glass container sales rose 58% YoY to W1.7bn

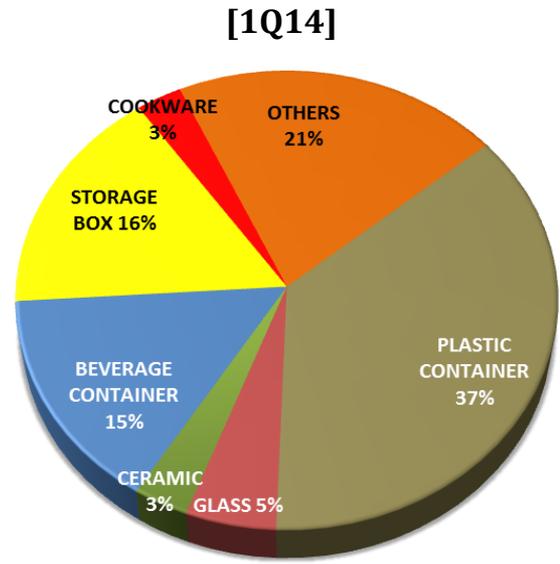
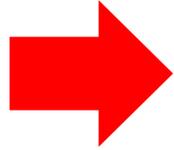
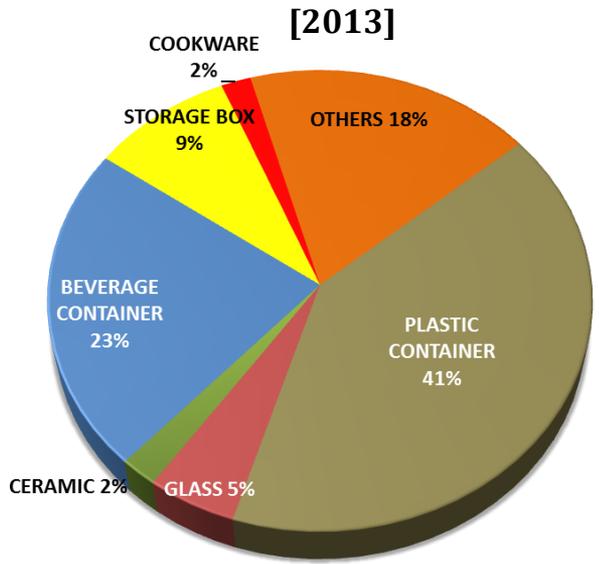
■ Beverage containers

Thermal bottle sales fell 17% YoY to W1.8bn.
 Premium plastic bottle sales slipped 4% YoY to W1.9bn.

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

Plastic organizer box sales jumped 200% YoY to W4.3bn.
 Fabric organizer box sales grew 48% YoY to W1.9bn.
 Cookware sales increased 14% YoY to W1.1bn.

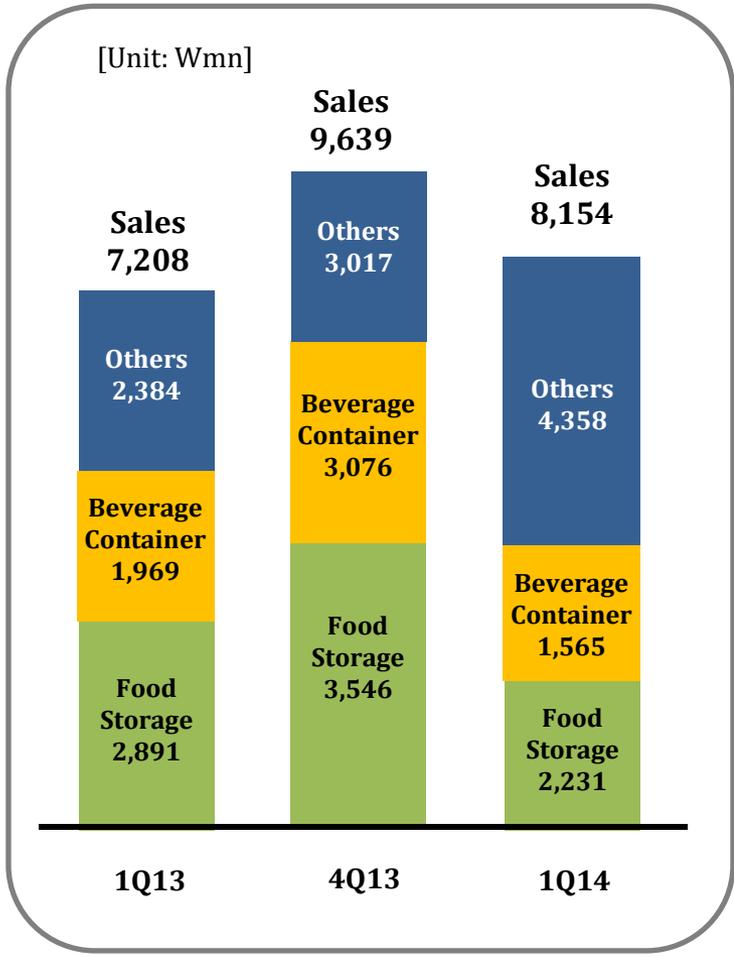
Korea – Sales by Product & Channel



Channel	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14
Hypermarket	29%	33%	33%	29%	26%	30%	24%
TV Shopping	25%	14%	13%	21%	22%	18%	30%
Wholesale	14%	15%	16%	14%	14%	15%	12%
Corporate Gifts	15%	13%	13%	14%	17%	14%	12%
Brand Shop	10%	15%	13%	12%	9%	12%	9%
Internet	7%	11%	12%	10%	12%	11%	12%

Southeast Asia – Sales Analysis

The sales of food storage and beverage container sales fell 37% YoY and 21% YoY to W2.2bn and W1.6bn, respectively, whereas others (kitchen/living/cookware) sales climbed 83% YoY to W4.4bn.



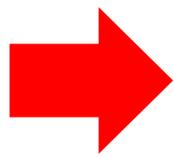
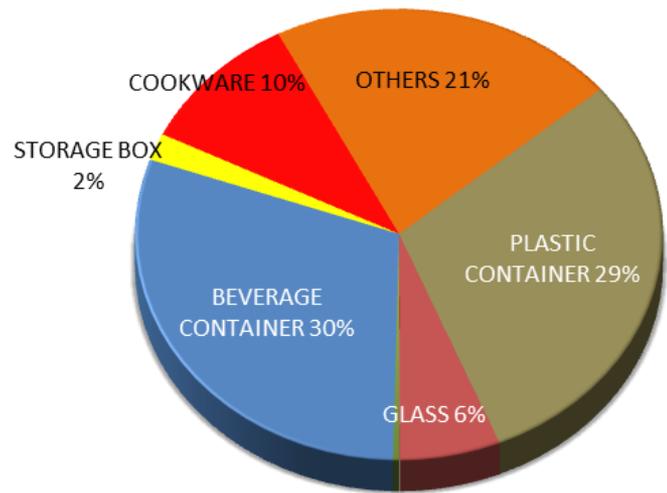
- Food storage**
 Plastic container sales dropped 33% YoY to W1.7bn.
 Glass container sales jumped 46% YoY to W0.5bn.

- Beverage container**
 Thermal and plastic bottle sales fell 21% YoY to W1.6bn.

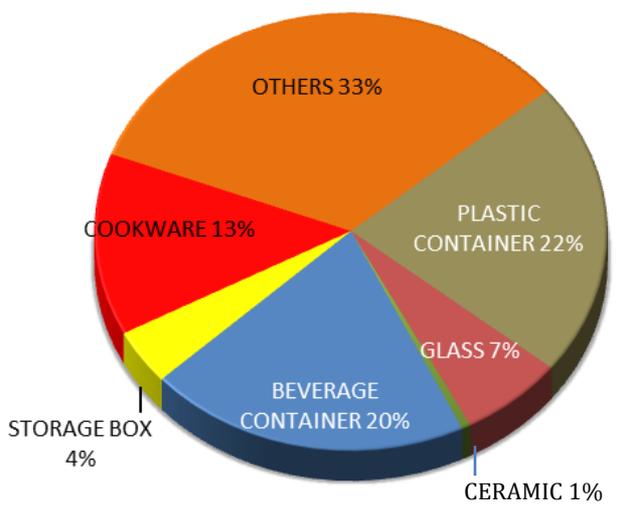
- Others (kitchen/living/cookware, etc.)**
 Cookware sales soared 127% YoY to W1bn.

Southeast Asia – Sales by Product & Channel

[2013]



[1Q14]



Channel	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14
Corporate Gifts	38%	41%	44%	36%	56%	45%	44%
Brand Shop	27%	30%	28%	30%	21%	26%	26%
Hypermarket	18%	18%	17%	20%	9%	15%	13%
Wholesale	11%	5%	4%	8%	9%	7%	11%
TV Shopping	5%	2%	4%	5%	5%	4%	4%
Internet	1%	4%	3%	2%	1%	3%	2%

Appendix: China Sales Counter Trend

Retail formats	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	Note
Supermarkets & smaller	4,769	4,914	4,941	5,006	5,032	4,629	
(via) Wholesalers	196	168	166	168	163	152	Discontinued relationship with merchants with unfavorable terms
Hypermarkets	1,563	1,597	1,617	1,632	1,666	1,666	
Corporate customers	941	1,107	1,016	973	965	794	Customers that have placed orders in recent 6 months
Department stores	303	294	298	304	303	316	
Brand shops	92	86	85	71	74	74	32 franchised stores
E-commerce	58	66	70	71	65	73	
TV shopping	20	21	21	21	21	19	
Total	7,941	8,253	8,214	8,246	8,276	7,571	YTD 8% decrease
<i>Baby shops</i>	-	-	430	-	1,167	1,358	<i>(via) 38 wholesalers</i>