

# ***Investor Relations***

**LOTTE Confectionery**

**1H 2019**



# Contents

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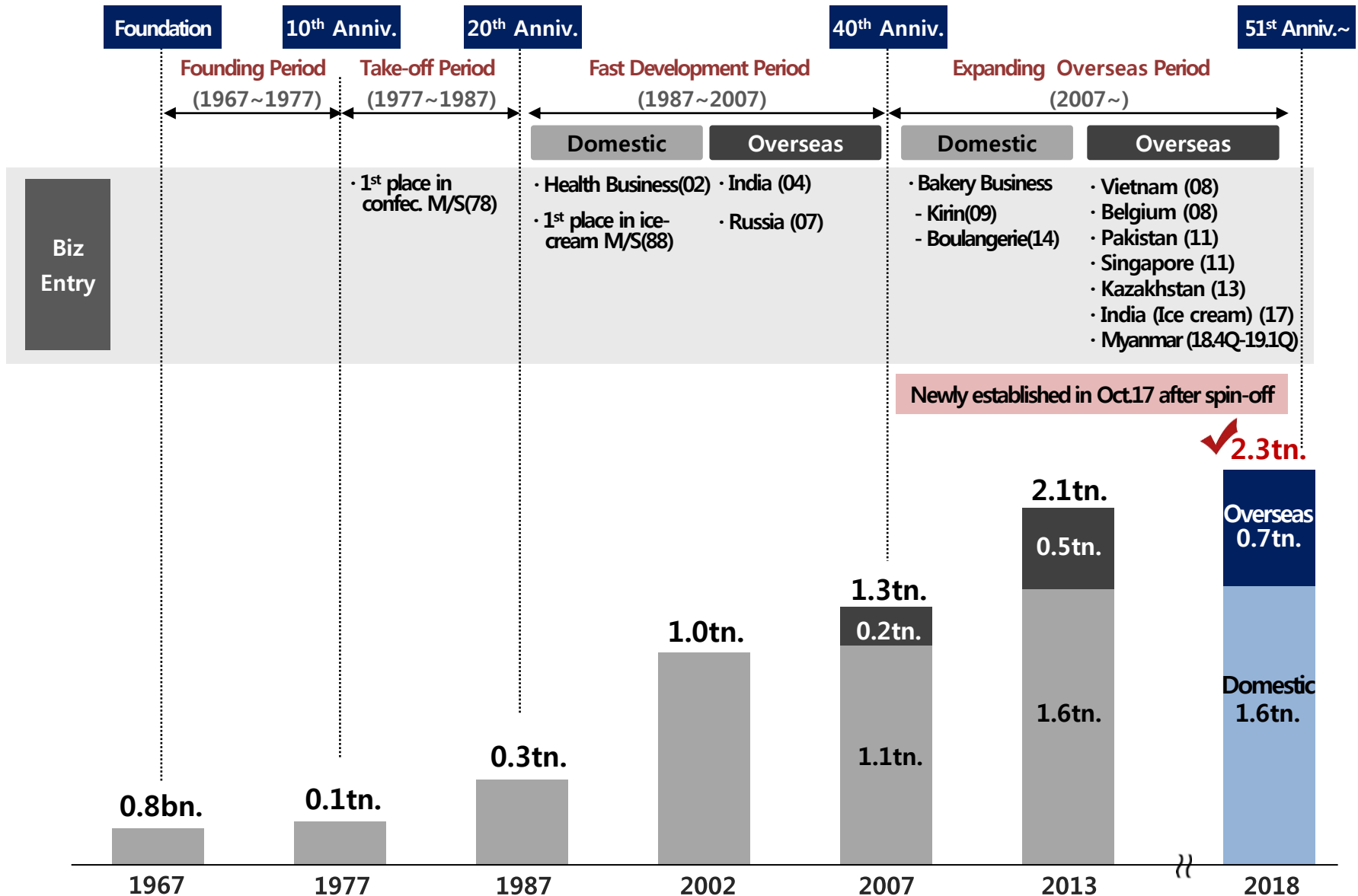
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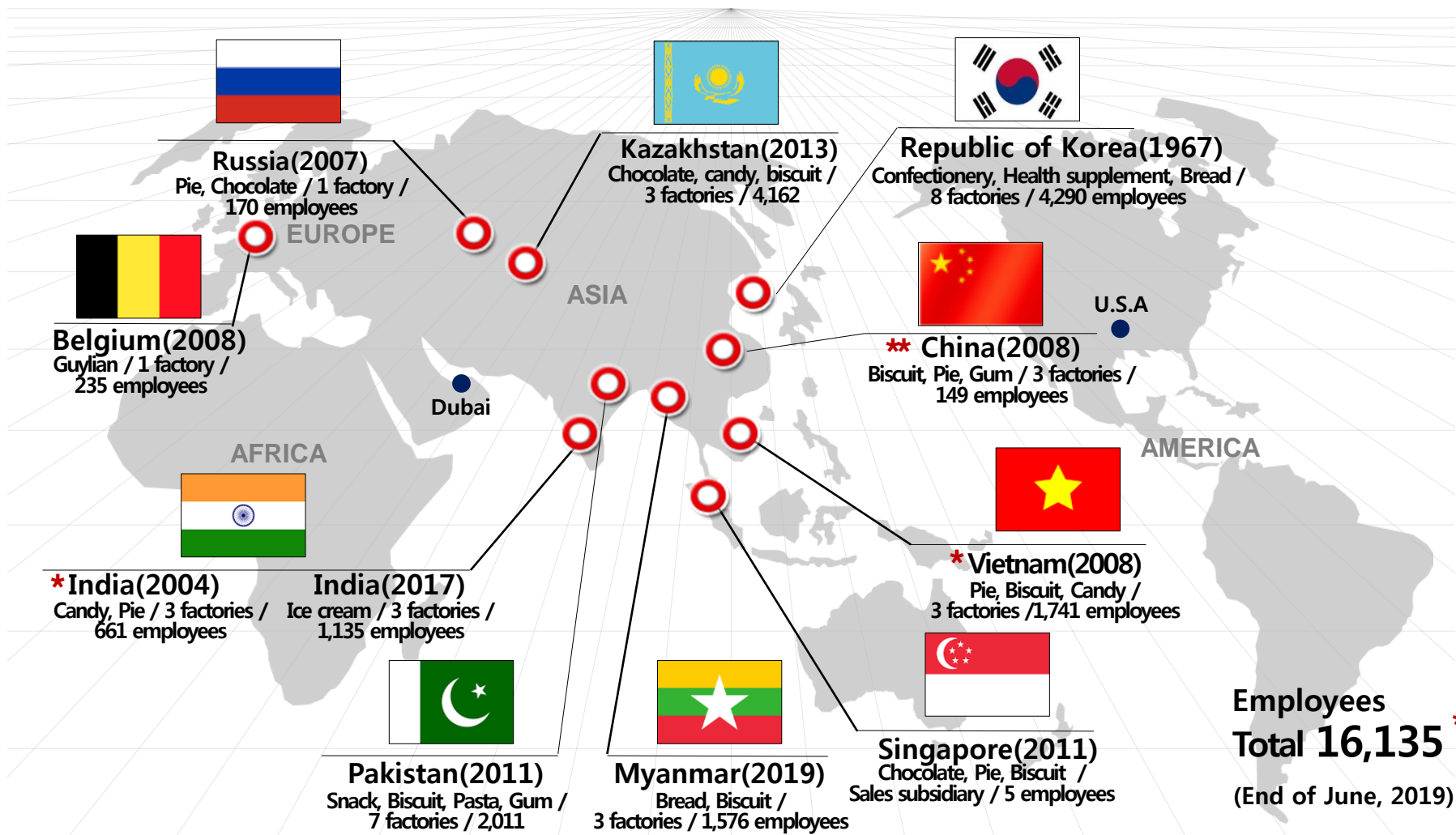
# History



\* 2018 : Domestic - Parent sales / Overseas – The sum of overseas subsidiaries' sales that apply the average exchange rates of 2018

# Business Expansion (Overview)

Running 4 divisions (Conf./Ice cream/Bakery/Health), with 8 plants in Korea  
 Expanding business into 9 countries with 27 plants overseas



Employees  
**Total 16,135** \*\*\*  
 (End of June, 2019)

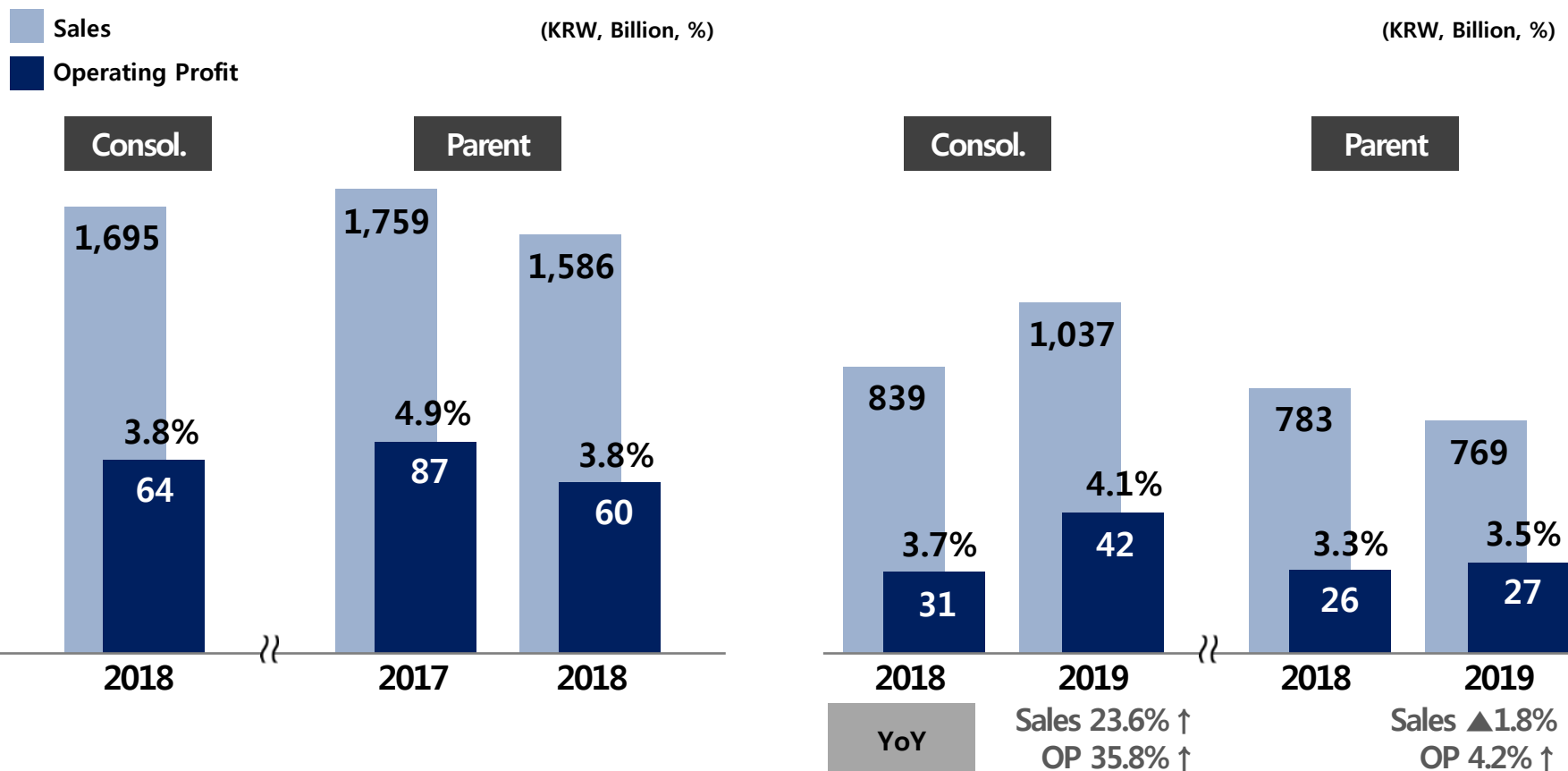
\* :Currently under Lotte Corp. (June, 2019)  
 \*\* :Except for Qingdao, the others are under Lotte Corp.  
 \*\*\* :Employees of Korea and overseas

# Sales & Profit (Consolidated/Parent)

- ✓ 1H.19 Consolidated Sales KRW 1,037B (YoY 23.6%) / OPM 4.1% (YoY +0.4P )
- ✓ 1H.19 Parent Sales KRW 769B (YoY ▲1.8%) / OPM 3.5% (YoY +0.2P)

## Fiscal Year

## 1H



\* Results under K-IFRS

\* 2017 Parent : The sum of Jan.17 – Sep.17 of Lotte Corp & 4Q.17 of Lotte Confectionery

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# Domestic Business Portfolio

✓ Running 4 divisions in domestic business

(KRW, Billion, %)

Item	Fiscal Year				1Q				1H				
	'17		'18		'18		'19		'18		'19		
	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%	
Sales	Confectionery	1,155	65.7	1,039	65.5	275	72.4	268	73.1	518	66.1	515	67.0
	Ice Cream	350	19.9	327	20.6	51	13.3	54	14.7	156	19.9	160	20.8
	Bakery	173	9.8	150	9.4	39	10.2	31	8.3	78	10.0	60	7.8
	Health/Others	81	4.6	71	4.5	15	4.0	14	3.9	32	4.0	34	4.4
	Total	1,759	100.0	1,586	100.0	380	100.0	367	100.0	783	100.0	769	100.0
Operating Margin	87	4.9	60	3.8	12	3.0	10	2.7	26	3.3	27	3.5	

\* Parent results under K-IFRS / Export is included in Confectionery

\* FY17 : The sum of Jan.17 – Sep.17 of Lotte Corp & 4Q.17 of Lotte Confectionery



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# Overseas Sales Trend (Disclosure)

✓ Completed In-kind transfer of KAZ, PAK, BEL from Lotte Corp. (End of 2018)

(KRW, Billion, %)

Country	Fiscal Year			1H			1H Remarks
	'17	'18	YoY	'18	'19	YoY	
 KAZ	195	189	▲2.8%	90	88	▲2.6%	• Sluggish growth due to FX effects (6.0% YoY growth in local currency)
 BEL	116	111	▲3.5%	42	41	▲2.3%	• Sales decline in Philippines / China
 PAK	112	104	▲7.5%	52	46	▲11.7%	• Sluggish growth due to FX effects (4.1% YoY growth in local currency)
 IND (Conf.)	67	68	1.2%	32	31	▲1.6%	• Sales decline in candy / gum
	IND (ICE)	-	91	-	55	61	10.8%
 CHN	31	18	▲41.6%	9	8	▲12.0%	• In process of business restructure (Only Lotte Qingdao is consolidated since 4Q.17)
 SGP	12	12	12.9%	6	6	▲7.5%	• Sales decline in exports to Philippines
 RUS	38	39	3.9%	18	23	22.3%	• Sales growth of Choco-pie / candy
 MYA	-	-	-	-	14	-	• Introducing new products (buns, rolls, etc.) (7.5% YoY growth in local currency)
 VNM	64	68	6.1%	24	25	4.6%	• Sales growth of cake-type products
<b>Overseas Total</b>	<b>634</b>	<b>701</b>	<b>10.5%</b>	<b>327</b>	<b>341</b>	<b>4.2%</b>	
<b>Consol. Total</b>	<b>21</b>	<b>152</b>	<b>-</b>	<b>65</b>	<b>284</b>		• Sum of full-year & half-year sales of consolidated subsidiaries

\* Referred to Lotte Corp. / Sales are based on annual exchange rate

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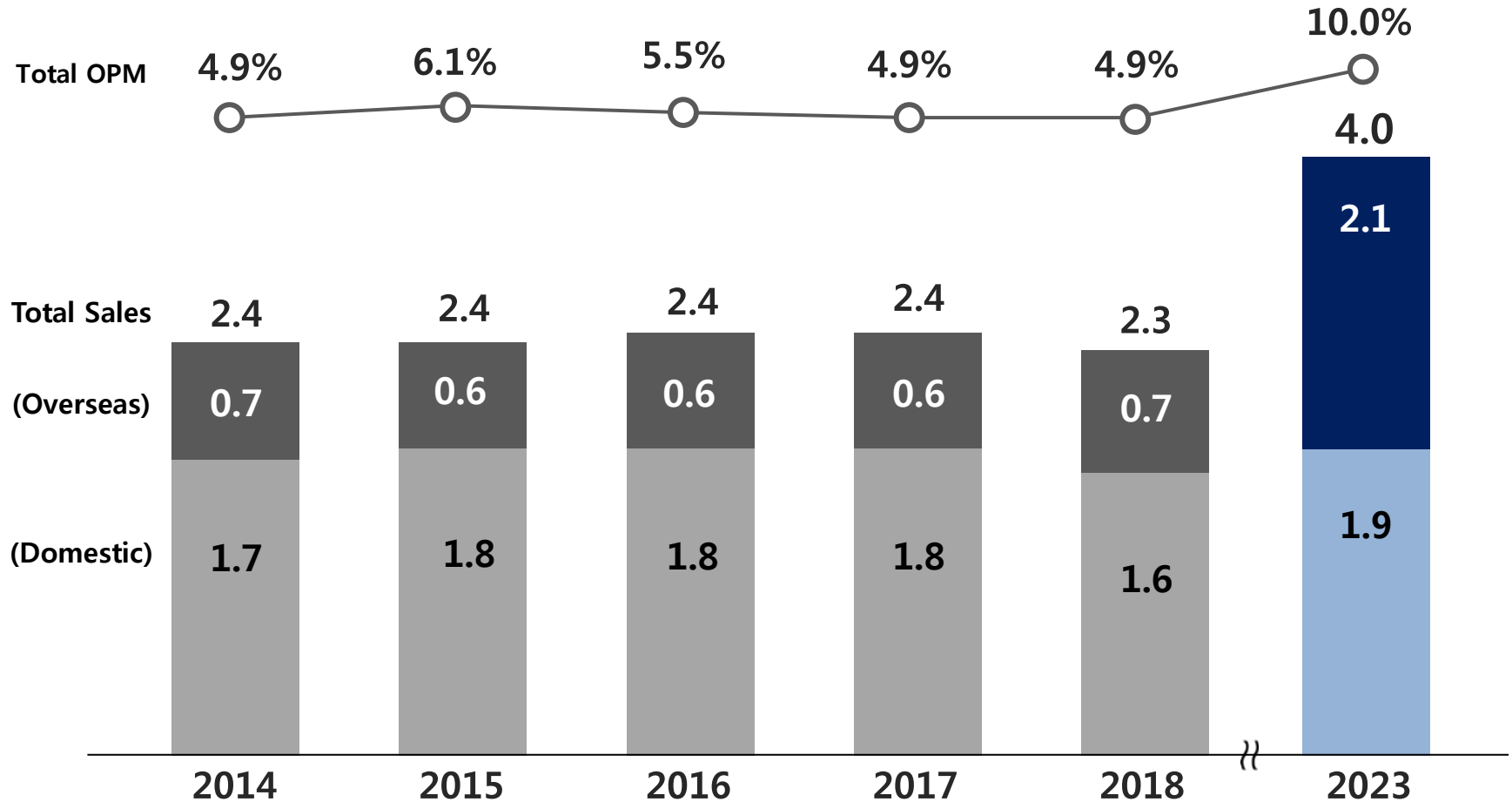
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# Mid-term Business Target

✓ Accomplishing KRW 4.0 trillion sales & 10% OPM until 2023

(KRW, Trillion , %)



\* Domestic : Parent results under K-IFRS (pre-split)  
 Overseas : The sum of all subsidiaries' sales (based on annual average exchange rates)

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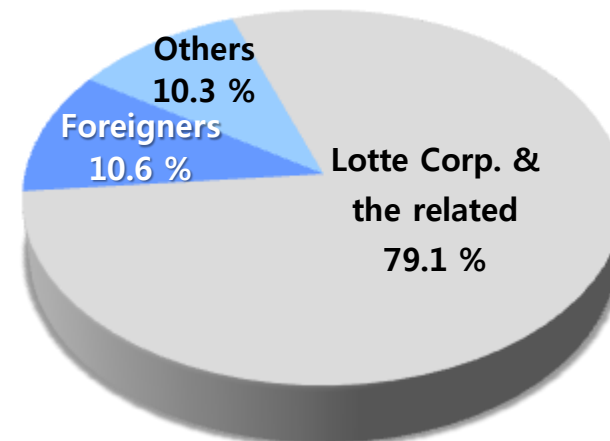
# Appendix – Shareholder Information



## Principal Shareholder Status

Shareholders	Ownership(%)
Lotte Corporation	48.4%
Lotte Aluminum	10.0%
Lotte Holdings	6.5%
Lotte Scholarship Foundation	5.7%
Shin, Kyuk Ho	4.5%

\* End of June, 2019



\* Foreigners : Excluding Lotte Holdings



## Dividend / Payout Ratio

	Pre-split (Ex.Lotte Confectionery)			After Split		
	2014	2015	2016	4Q.2017	2018	1H.2019
Share Price (₩)	1,780,000	2,279,000	178,500	146,000	151,000	172,500
Cash Dividend (₩million)	7,318	16,019	16,062	1,179	8,336	-
Dividend Rate (DPS/face value)	104.0%	225.4%	226.0%	56%	260.0%	-
Dividend Per Share	5,200	11,270	1,130	280	1,300	-
Dividend Yield (DPS/Share Price)	0.3%	0.5%	0.6%	0.2%	0.9%	-
Payout Ratio (Dividend/Net Profit)	439.0%	20.2%	21.4%	60.5%	99.0%	-

\* 2013-2016 Ex.Lotte Confectionery / Consolidated base