

# *Investor Relations*

**LOTTE Confectionery**

**3Q 2019**



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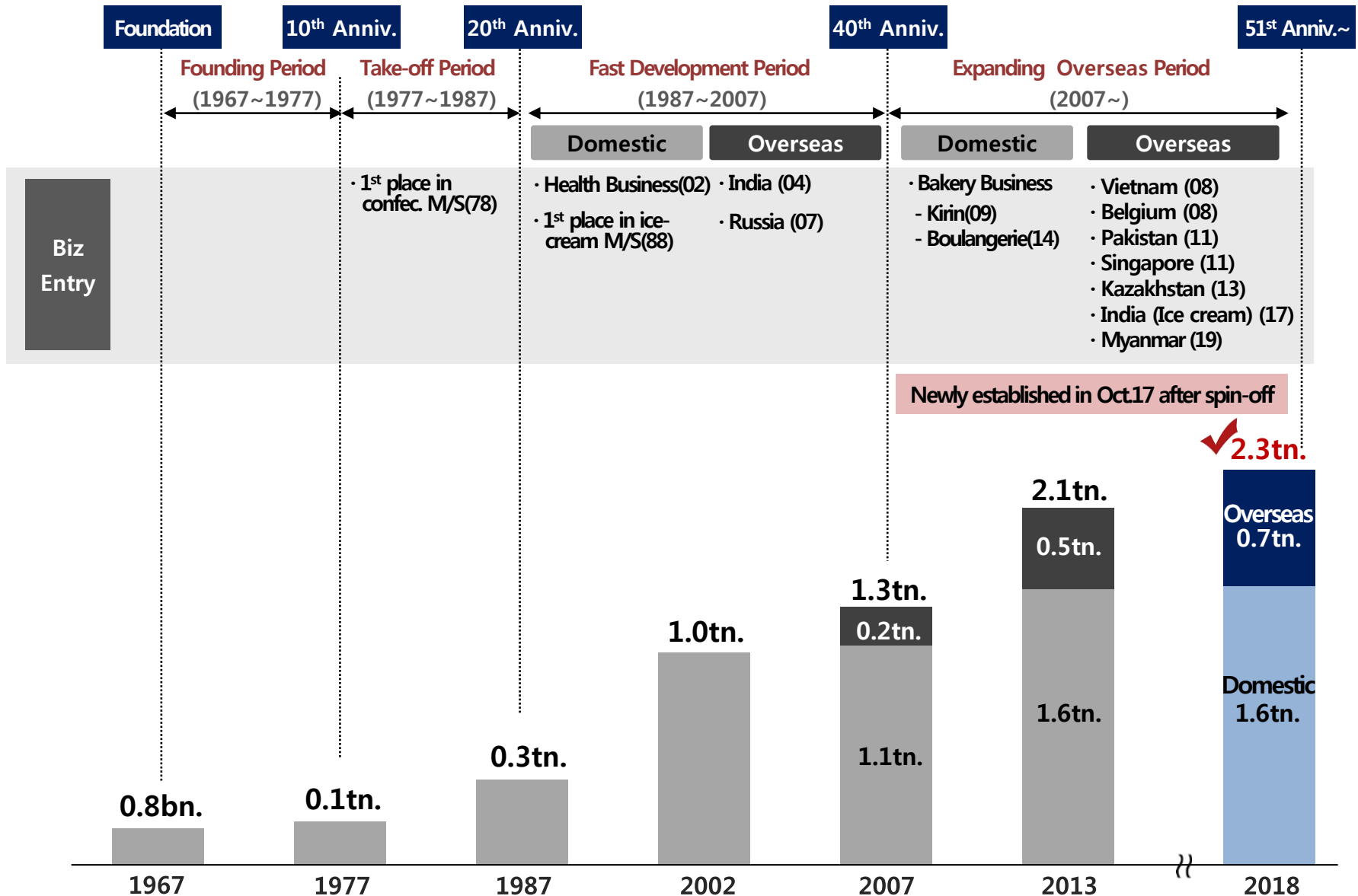
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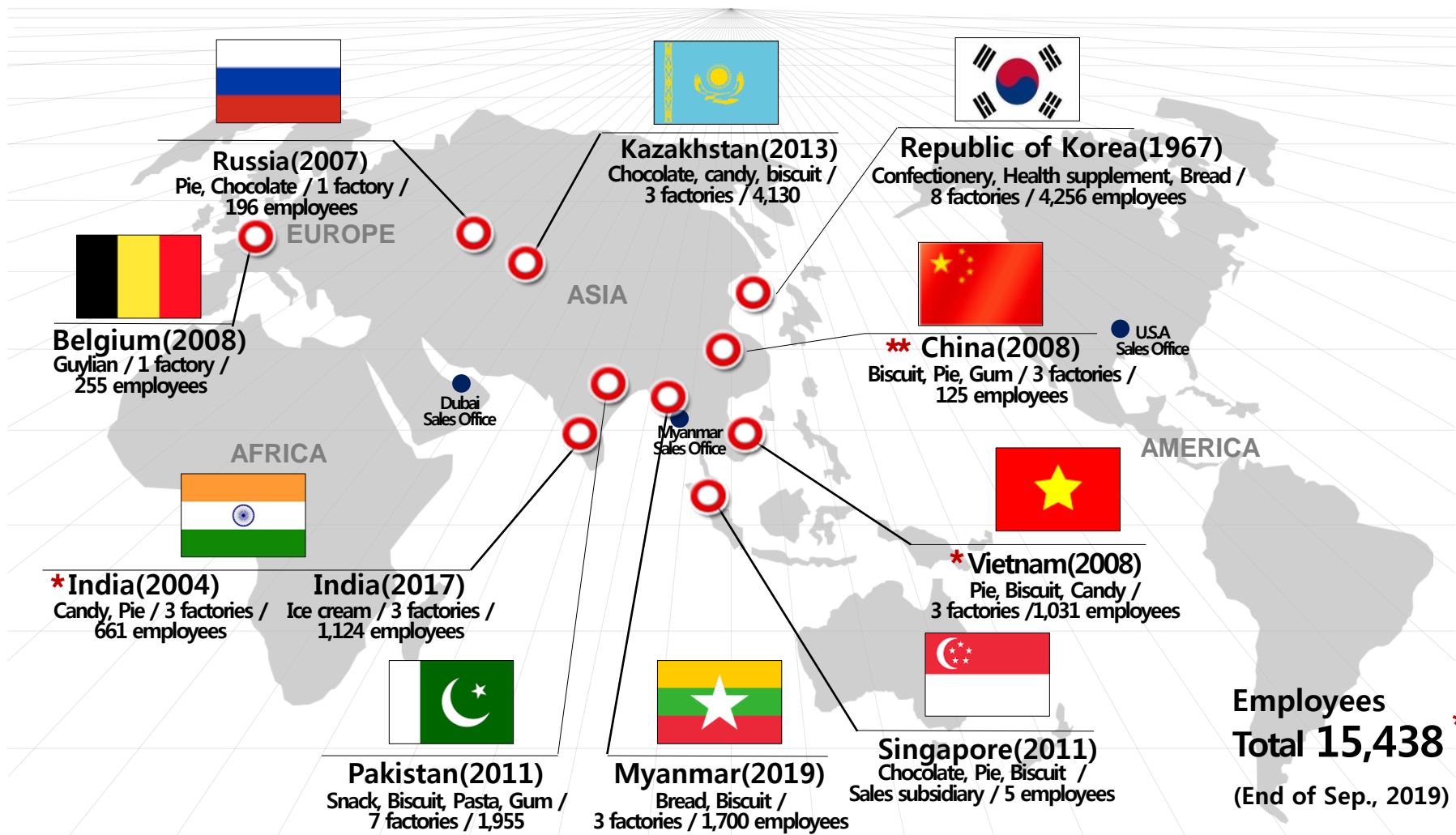
# History



\* 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

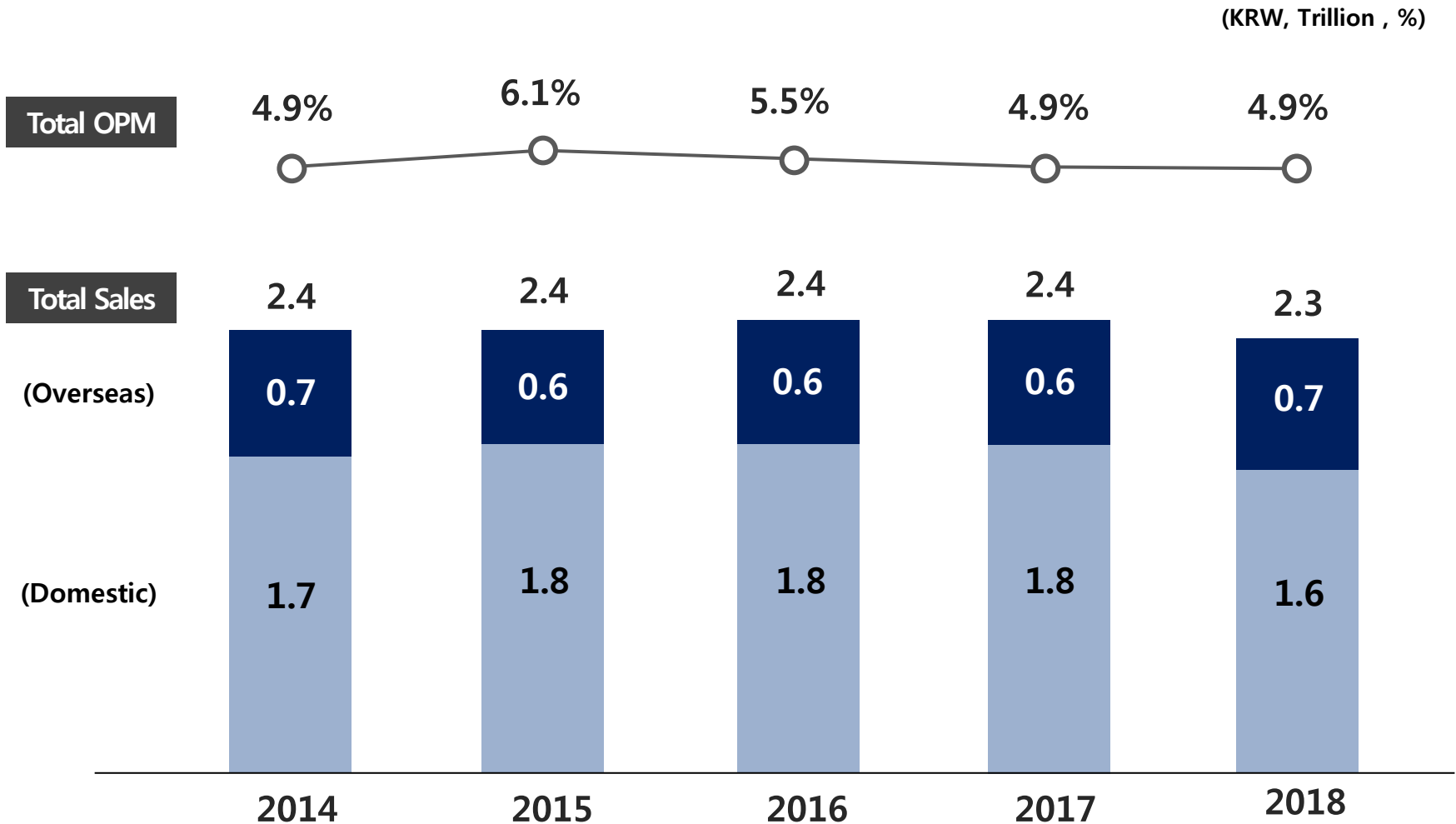


Employees  
**Total 15,438** \*\*\*  
 (End of Sep., 2019)

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

# Sales & Profit (Last 5 Years)

✓ FY18 Total Sales KRW 2.3 trillion / OPM 4.9%



\* Domestic : Parent results under K-IFRS

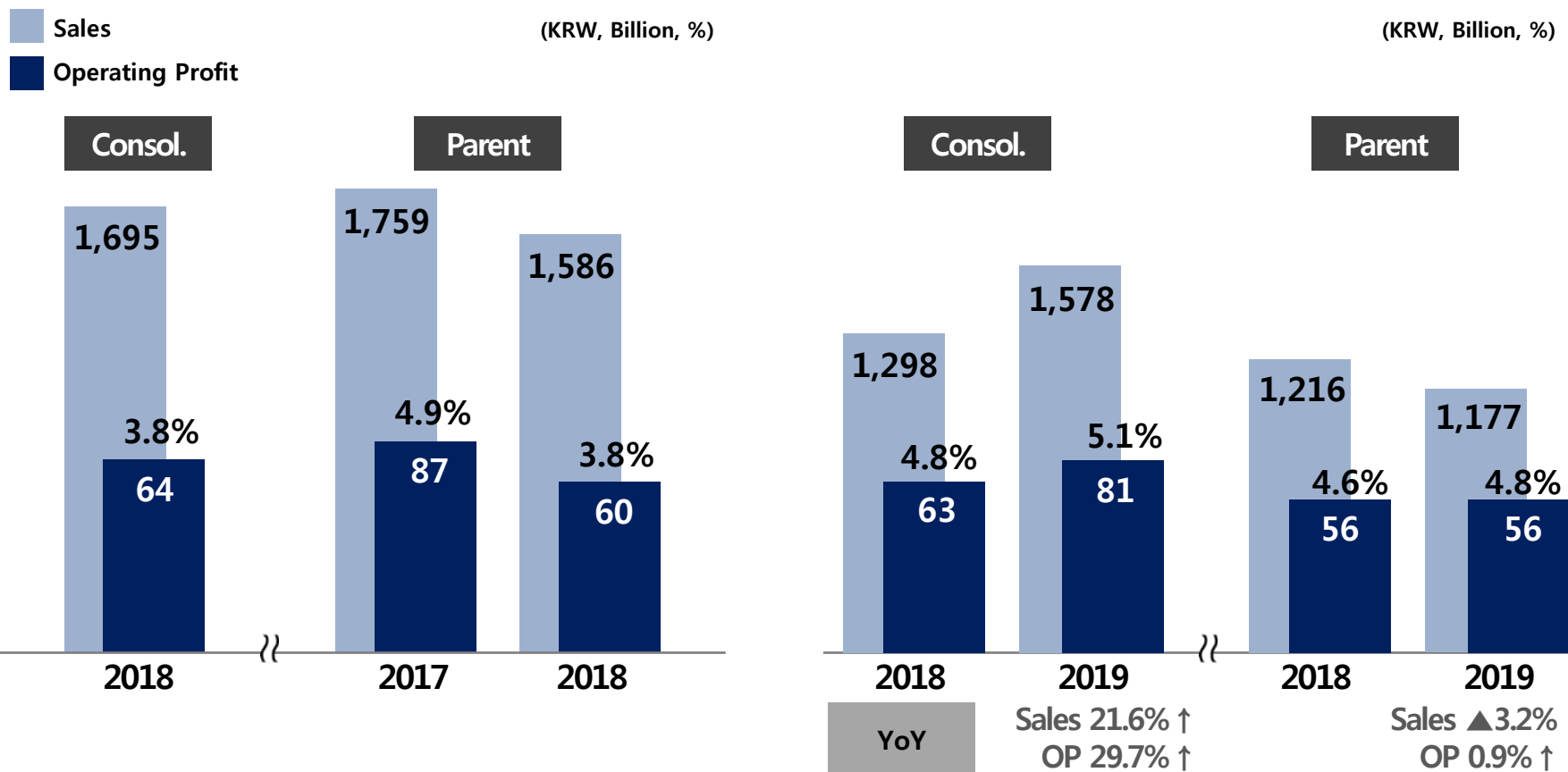
Overseas : The sum of all subsidiaries' sales including equity method subsidiaries (based on annual average exchange rates)

# Sales & Profit (3Q Cumulative)

- ✓ 3Q.19 Cumulative Consol. Sales KRW 1,578B (YoY 21.6%) / OPM 5.1% (YoY +0.3P)
- ✓ 3Q.19 Cumulative Parent Sales KRW 1,177B (YoY ▲3.2%) / OPM 4.8% (YoY +0.2P)

## Fiscal Year

## 3Q(Cumulative)



\* 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				1H				3Q				3Q Cumulative				
	'17		'18		'18		'19		'18		'19		'18		'19		
	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%	AMT	%	
Sales	Confectionery	1,155	65.7	1,039	65.5	518	66.1	515	67.0	247	57.0	246	56.8	765	62.9	761	64.7
	Ice Cream	350	19.9	327	20.6	155	19.9	160	20.8	129	29.8	116	26.8	284	23.3	276	23.5
	Bakery	173	9.8	150	9.4	78	10.0	60	7.8	35	8.0	25	5.8	113	9.3	85	7.2
	Health / Others	81	4.6	70	4.5	32	4.0	34	4.4	21	5.2	20	10.6	54	4.5	55	4.6
	Total	1,759	100.0	1,586	100.0	783	100.0	769	100.0	432	100.0	407	100.0	1,216	100.0	1,177	100.0
Operating Margin	87	4.9	60	3.8	26	3.3	27	3.5	30	6.9	29	7.2	56	4.6	56	4.8	

\* 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			3Q (Cumulative)			3Q Remarks (Cumulative)
	'17	'18	YoY	'18	'19	YoY	
 KAZ	195	189	▲2.8%	134	134	0.2%	• Slow sales growth due to FX effects (6.8% YoY growth in local currency)
 BEL	116	111	▲3.5%	69	67	▲2.6%	• Sales decline by Europe chocolate market shrink
 PAK	112	104	▲7.5%	79	69	▲12.7%	• Slow sales growth due to economic crisis (3.7% YoY growth in local currency)
 IND (Conf.)	67	68	1.2%	51	52	1.3%	• Sales decline of candy / gum
	IND (ICE)	-	91	-	74	83	11.4%
 CHN	31	18	▲41.6%	13	11	▲12.1%	• In process of business restructure (Only Lotte Qingdao is consolidated since 4Q.17)
 SGP	12	12	12.9%	9	8	▲8.2%	• Sales decline of exports to Philippines / Malaysia
 RUS	38	39	3.9%	28	36	30.0%	• Sales growth of Choco-pie / candy (Consolidated since 3Q.18)
 MYA	-	-	-	-	22	-	• Sales growth of sandwich / cake products (11.9% YoY growth in local currency)
 VNM	64	68	6.1%	41	45	8.9%	• Sales growth of mooncake products
<b>Overseas Total</b>	<b>634</b>	<b>701</b>	<b>10.5%</b>	<b>498</b>	<b>527</b>	<b>5.9%</b>	
<b>Consol. Total</b>	<b>21</b>	<b>152</b>	<b>-</b>	<b>100</b>	<b>431</b>	<b>-</b>	• Sum of sales of consolidated subsidiaries

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

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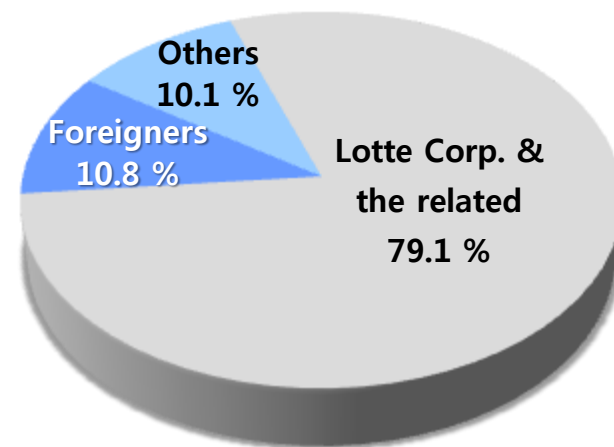
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## Principal Shareholder Status

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 September, 2019



\* Foreigners : Excluding Lotte Holdings



## Dividend / Payout Ratio

	Pre-split (Ex.Lotte Confectionery)			After Split		
	2014	2015	2016	4Q.2017	2018	3Q.2019
Share Price (₩)	1,780,000	2,279,000	178,500	146,000	151,000	147,000
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