



ASIA
No.1

CONFECTIONERY
COMPANY

*Let's Change,
Get Chance!*

2012 Investor Relations



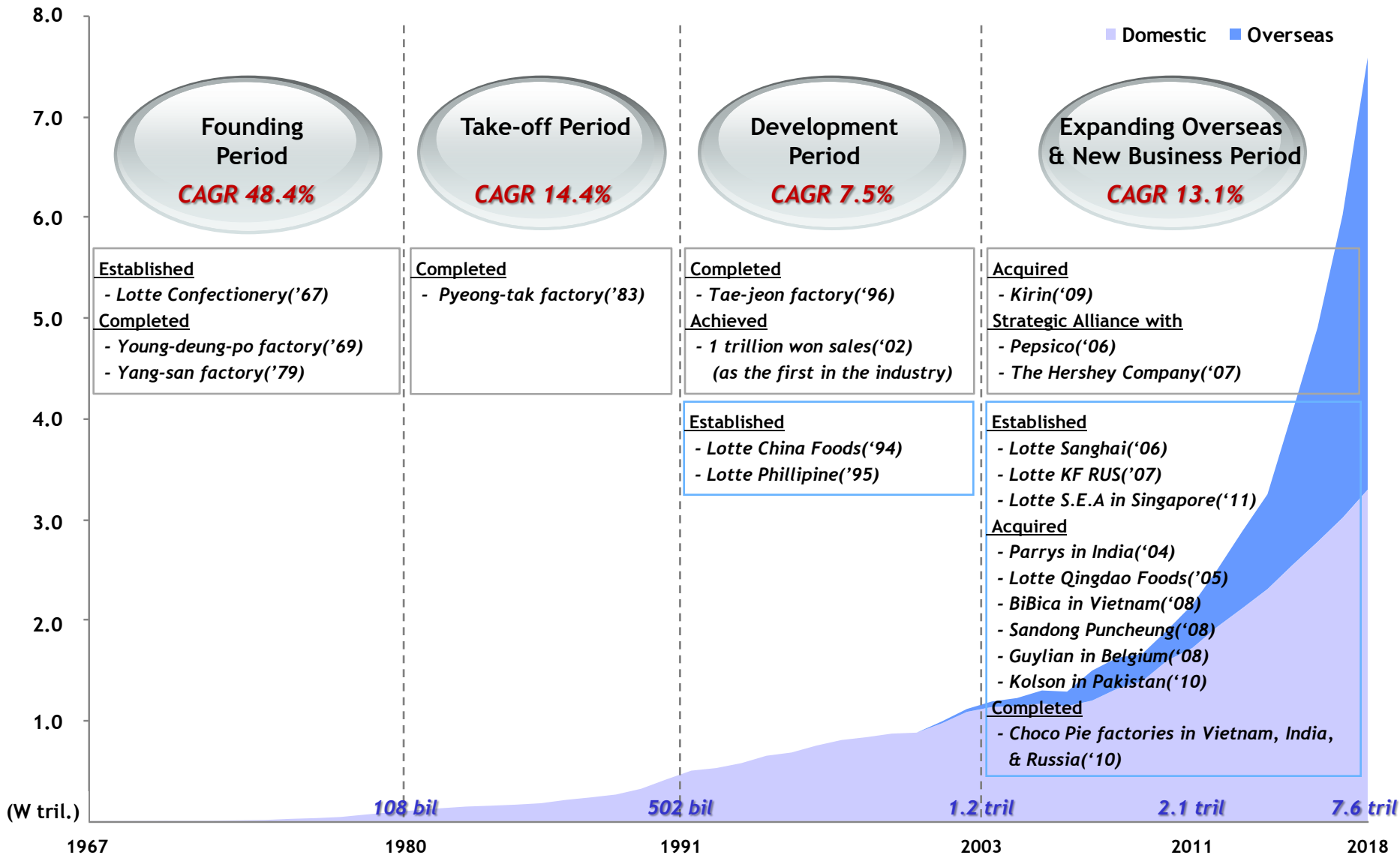
LOTTE CONFECTIONERY CO., LTD.

ASIA
TOP10
GLOBAL GROUP



Growth History

Lotte Confectionery has grown to be the 1st largest confectionery company in Korea

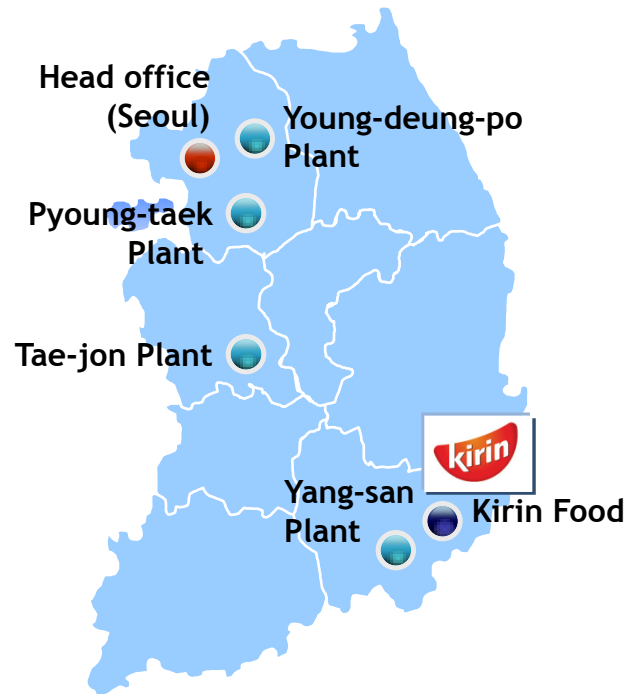


Locations & Affiliates

Lotte Confectionery is running businesses over 8 geographies worldwide

- Korea, China, Vietnam, India, Pakistan, Russia, Belgium(Europe), Singapore

Domestic



- 1 subsidiary
 - Kirin Food
- 4 plants
- 18 Local branches
 - confectionery 8, Ice cream 10
- 132 Sales offices
 - confectionery 82, Ice cream 50

Overseas

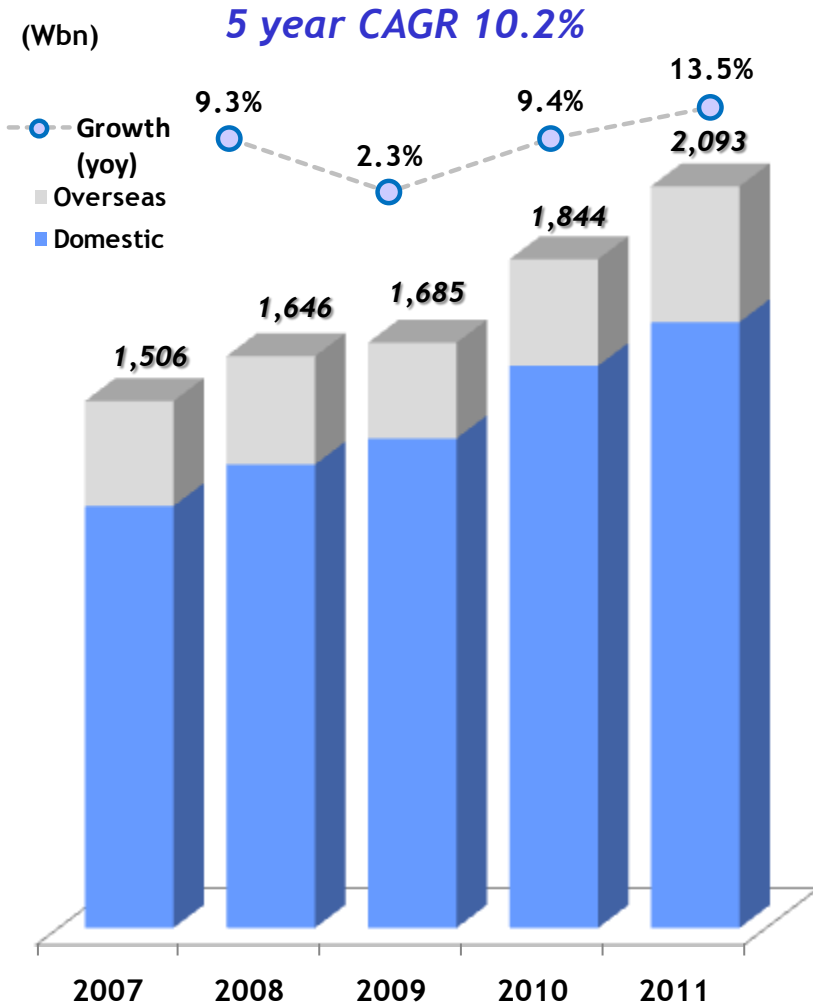


- 13 subsidiaries
 - China(7), India(1), Pakistan(1), Vietnam(1), Belgium(1), Russia(1), Singapore(1)
- 17 plants
 - China(4), India(2), Pakistan(6), Vietnam(3), Belgium(1), Russia(1)

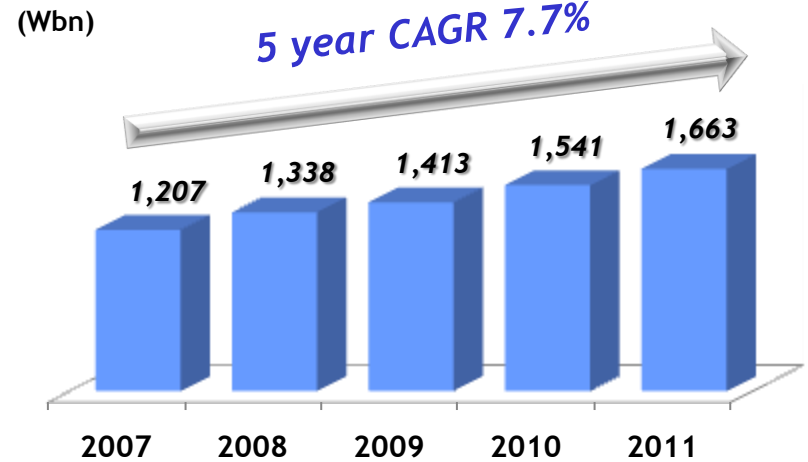
Revenue Breakdown(Domestic/Overseas)

CAGR of 10.2% on the back of robust domestic growth while expanding overseas business steadily

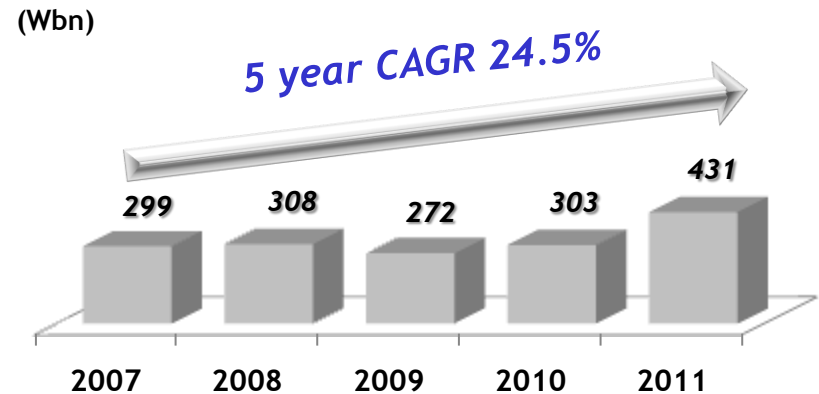
Revenue Break Down



Domestic Sales Trend



Overseas Sales Trend



※ Gross Sales base

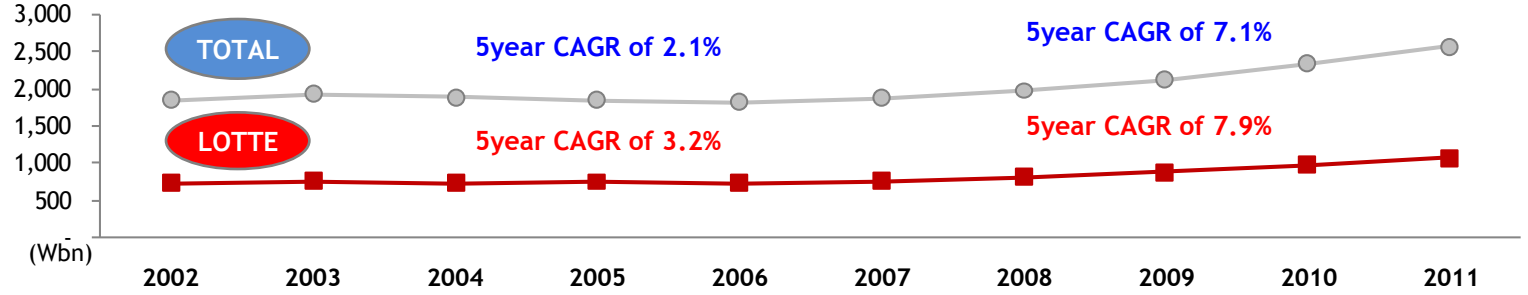
※ Sum of sales by subsidiaries (regarding overseas sales)

Domestic Market Trend

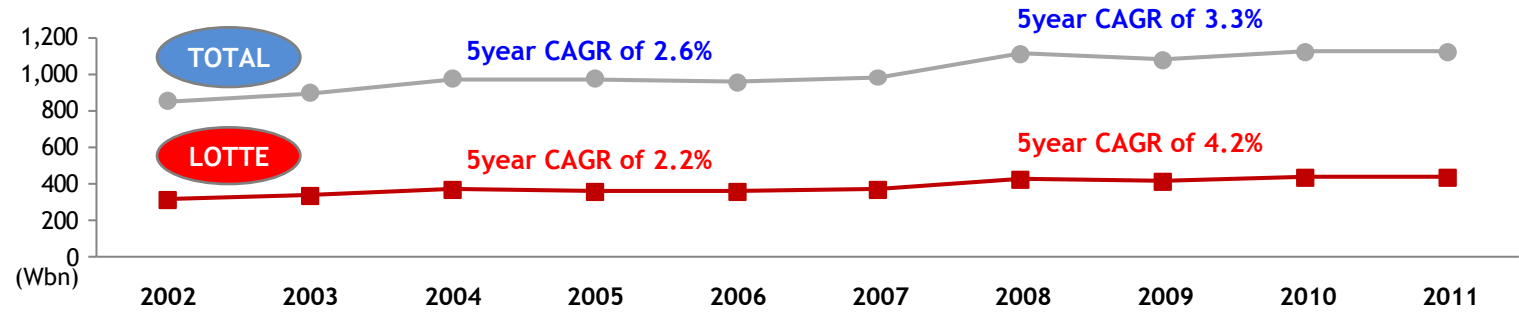
Average sales of 10yrs. surpasses market Index for Confectionery /Ice Cream sector

Market Trend

Confectionery
10-year CAGR
4.1%(Total)
5.6%(Lotte)

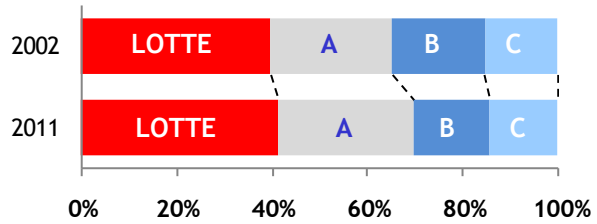


Ice Cream
10-year CAGR
2.9%(Total)
3.2%(Lotte)

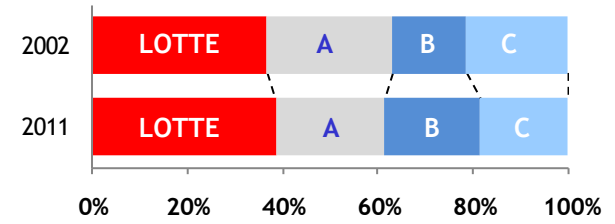


M/S Trend

Confectionery
10-year
Change
+1.7%P



Ice Cream
10-year
Change
+1.8%P



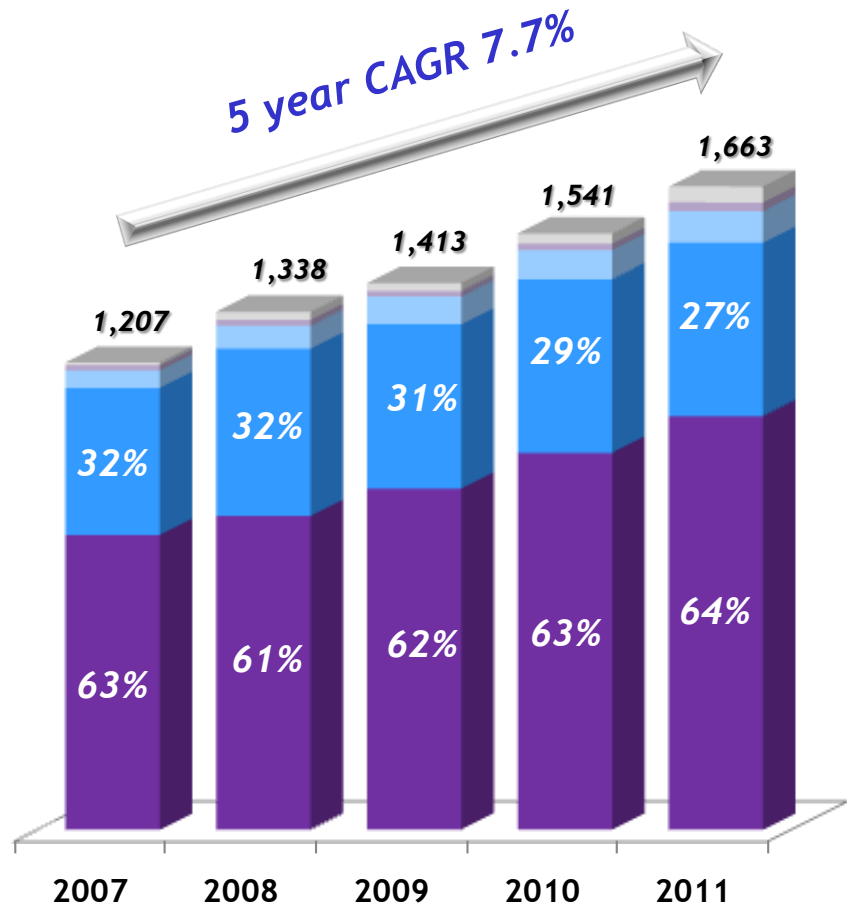
※ Based on the estimates of 4 major companies (confectionery/Ice Cream)

Domestic Business Performance - 1. Sales

10-year sales CAGR of Lotte Confectionery is above the domestic market index

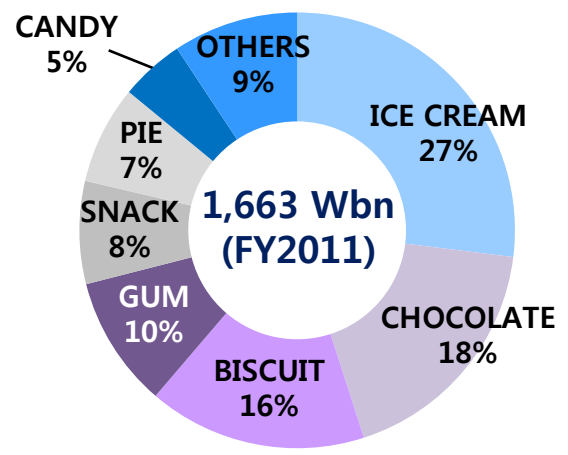
Sales Growth (by Business Unit)

(Wbn)
 ■ Confectionery ■ Ice Cream ■ Export ■ Health ■ Others



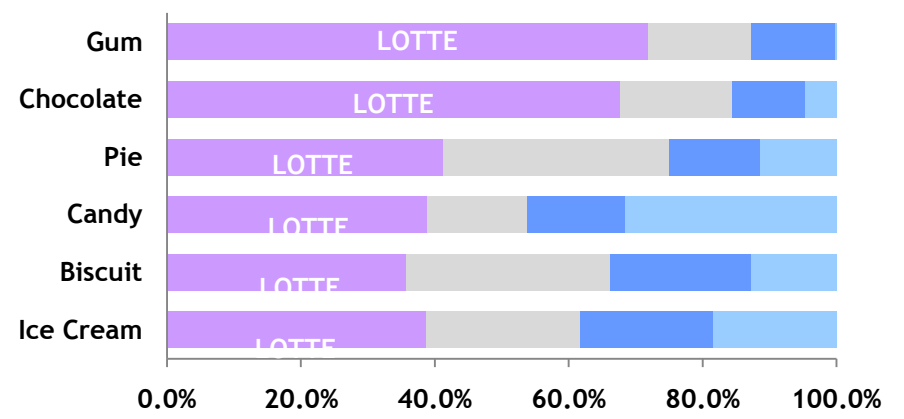
※ based on gross sales

Sales Breakdown (by Category)



※ based on gross sales, others including export, health product sales

Market Share of Main Products



※ based on 4 Major companies' estimate (confectionery/ice cream)

Domestic Business Performance - 2. Profitability

5yrs operating income and net income increased by 10.5%, 7.4% each

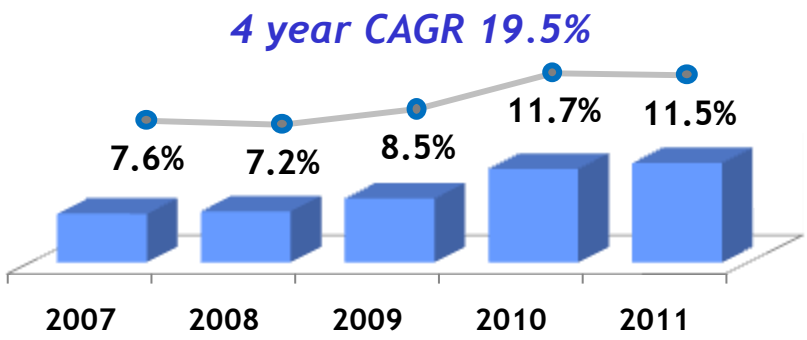
Profits

(Wbn)	2008	2009	2010	2011	4Q 2010	4Q 2011
Net Sales	1,245	1,317	1,412	1,522	331	366
Gross Profit	484	507	581	608	124	138
Gross Margin	38.9%	38.5%	41.1%	40.0%	37.4%	37.8%
Operating Profit	90	112	165	175	20	28
Operating Margin	7.2%	8.5%	11.7%	11.5%	6.1%	7.8%
Recurring Profit	158	141	158	181	16	36
Recurring Margin	12.7%	10.7%	11.2%	11.9%	4.8%	10.0%
Net Profit	178	96	123	127	12	17
Net Margin	14.3%	7.3%	8.7%	8.4%	3.6%	4.7%

※ K-GAAP applies to 2007-2009 / K-IFRS applies to 2010-2011

- Gross Profit Change : +4.8% (FY11), +11.8% (4Q11) yoy
- Operating Profit Change : +6.2% (FY11), +41.7% (4Q11) yoy
- Recurring Profit Change : +14.8% (FY11), +131.3% (4Q11) yoy
- Net Profit Change : +3.7% (FY11), +43.5% (4Q11) yoy

5-year Operating Income Trend



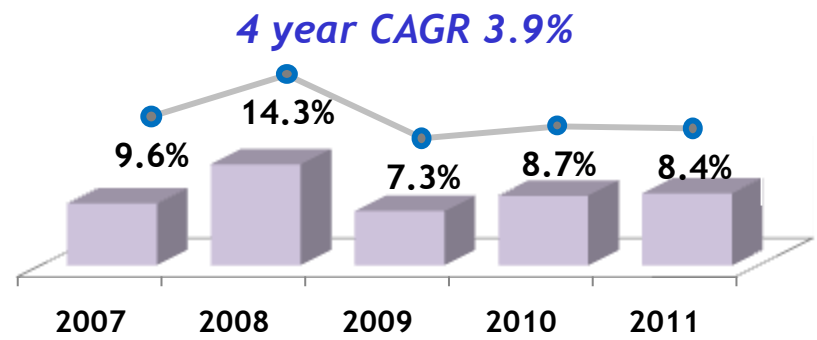
COGS / SG&A

(Wbn)	FY 2008	FY 2009	FY 2010	FY 2011	4Q 2010	4Q 2011
Net Sales	1,245	1,317	1,412	1,522	331	366
Cost of Goods Sold	761	810	831	914	207	227
as % of Net Sales	61.1%	61.5%	58.9%	60.0%	62.6%	62.2%
SG&A Expenses	394	395	413	438	103	111
as % of Net Sales	31.7%	30.0%	29.3%	28.8%	31.1%	30.3%

※ K-GAAP applies to 2007-2009 / K-IFRS applies to 2010-2011

- COGS Change : +9.9% (FY11), +9.8% (4Q11) yoy
- SG&A Change : +6.0% (FY11), +7.8% (4Q11) yoy

5-year Net Income Trend

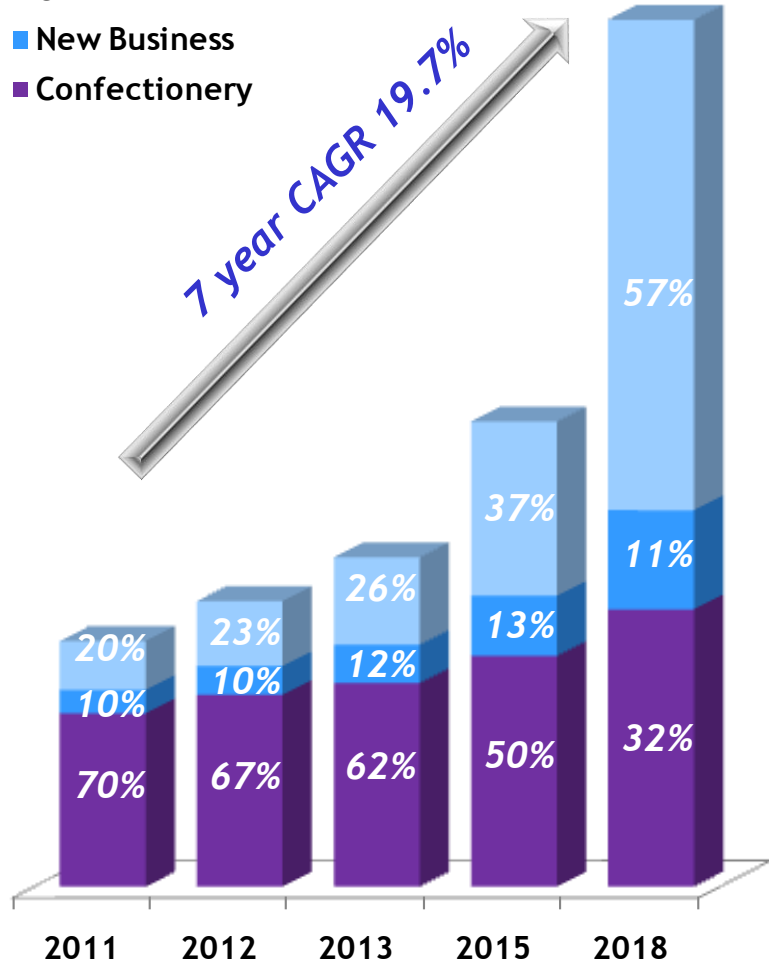


Vision 2018

Lotte Confectionery holds the vision to become an 'ASIA No. 1 confectionery company'

VISION 2018

- Overseas
- New Business
- Confectionery



Key Strategies

Domestic

- Expanding Sales of Core Products
- Launching New Products to meet consumer needs
 - New categories / Premium products
- Strengthen Competitiveness by JV
 - Hershey(Chocolate)/ Fitoray(Snack)

New

- Creating New Engine for growth Utilizing Existing Infra
 - M&As, JV, Collaboration, etc.
- Reinforcing Health Related Business
 - Building Mega Brands
 - Widening Product Portfolio

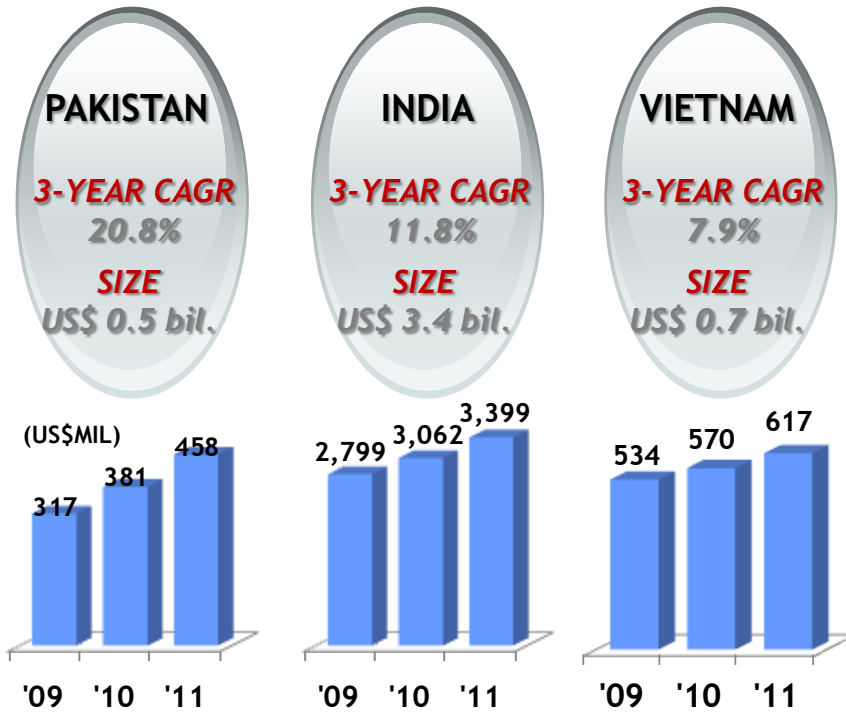
Overseas

- Concentrating on Fast Growing Markets
 - Expanding our Presence in ASIA (VRICs, ASEAN, Pan India, etc.)
- Strengthening the existing business
 - Sales Channel Management & MKT
 - Product Portfolio Expansion, M&As
- Accelerating New Geography Expansion

Overseas Market Trend

Lotte Confectionery is accelerating globalization focusing on global confectionery markets with high future growth potential

Fast-Growing Markets

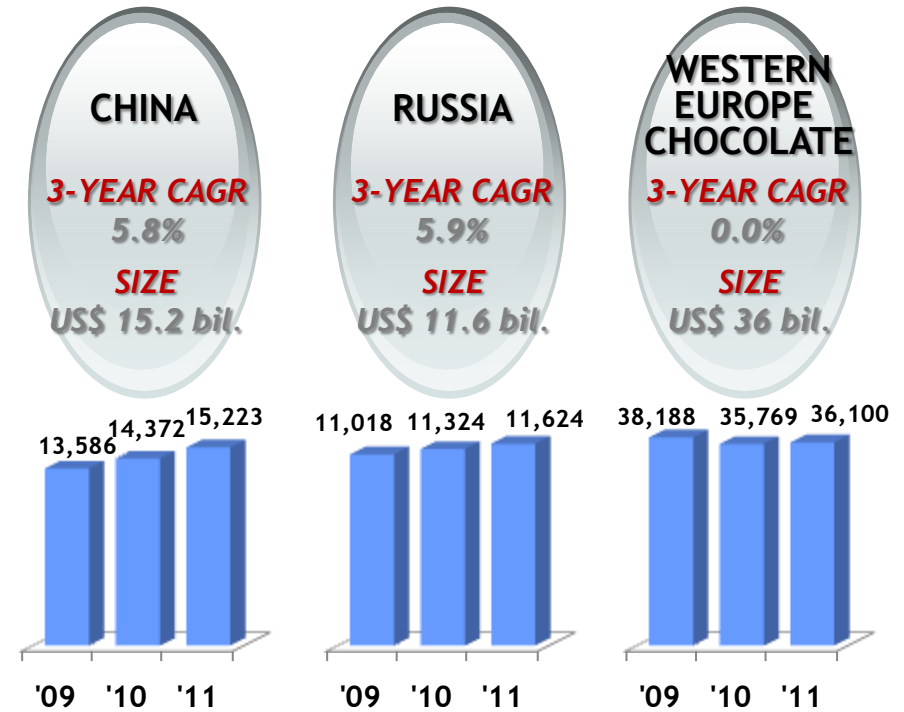


Lotte Confectionery entered into fast-growing markets such as

- INDIA ('04)
- VIETNAM ('08)
- PAKISTAN ('11)

Through M&A

Major Markets



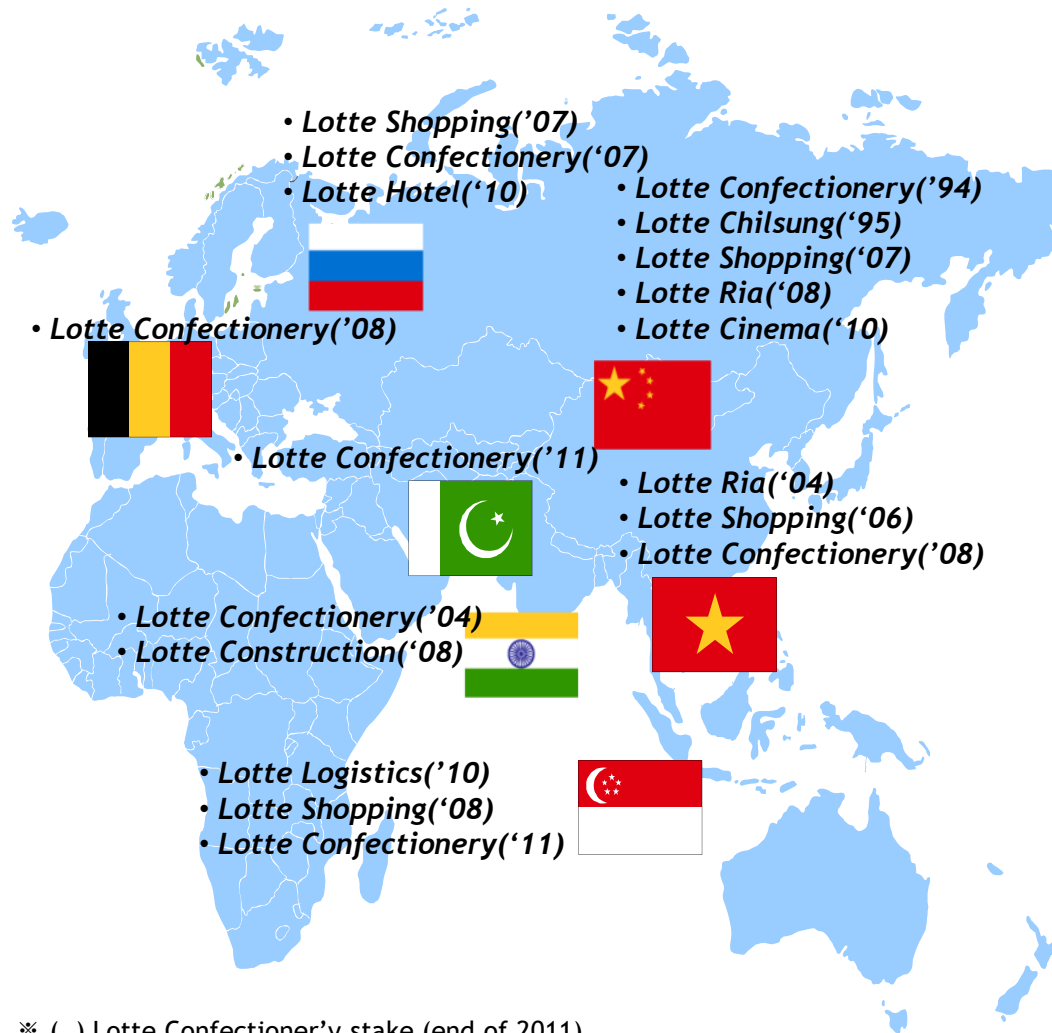
Lotte Confectionery entered into major confectionery markets such as

- CHINA ('07)
- RUSSIA ('94)
- WESTERN EUROPE ('08)

through acquisitions & green field expansion

Overseas Business Expansion

Lotte Confectionery is creating synergies by joint overseas expansion with affiliates
(running adjacent business)



CHINA Gum, Biscuit, Choco, Pie, Ice

- Lotte Food Holding (100.0%)
- LH Foods (51.0%)
- Lotte Qingdao Foods (90.0%)
- Lotte Ice (Shandong) (64.9%)
- Lotte China Foods (47.2%)
- Lotte Packaging(Beijing) (25.0%)
- Lotte (China) Investment (43.5%)

Vietnam Candy, Pie, Biscuit, Gum

- BIBICA CORPORATION (38.6%)
- Lotte Vietnam (36.8%)

India Candy, Pie, Gum

- Lotte India (98.4%)

Pakistan Snack, Biscuit, Pasta

- K.S.S.E (69.5%)

Russia Pie

- Lotte Europe Holdings (31.7%)

Guylian Chocolate

- Lotte Confectionery Holdings (51.0%)

South East Asia Gum, Biscuit, Choco, Candy

- Lotte Confectionery (S.E.A) (100.0%)
- Lotte Taiwan (50.0%)
- PT, Lotte Trade And Distribution (40.0%)
- Lotte Confectionery Pilipinas (40.0%)
- Lotte Malaysia (40.0%)

※ () Lotte Confectioner'y stake (end of 2011),
(consolidated subsidiaries) (equity method subsidiaries)

Overseas Business Strategy

Strengthening the existing business while penetrating further into the new geography



: potential candidate countries for expansion

Appendix - Summary of Financial Statements(Non-Consolidated)

Income Statement

	(Wbn)			
	2010	2011	4Q 2010	4Q 2011
Net Sales	1,412	1,522	331	366
Growth rate (%)	-	7.8%	-	10.5%
COGS	831	914	207	227
Gross Profit	581	608	124	138
GP Margin (%)	41.1%	40.0%	37.4%	37.8%
SG&A	413	438	103	111
SG&A (%)	29.3%	28.8%	31.1%	30.3%
Operating Profit	165	175	20	28
OP Margin (%)	11.7%	11.5%	6.1%	7.8%
Non-Operating Income	-7	6	-4	8
Recurring Profit	158	181	16	36
RP Margin (%)	11.2%	11.9%	4.8%	10.0%
Net Income	123	127	12	17
Net Margin (%)	8.7%	8.4%	3.6%	4.7%
EPS (Won)	87,170	90,382	-	-

※ K-IFRS applies to 2010-2011

Balance Sheet

	(Wbn)	
	2010	2011
Current Assets	546	587
Cash/Cash equivalents	152	139
Account Receivable	156	179
Inventories	118	148
Non-liquid Assets	3,256	3,146
Investment & other assets	2,318	2,181
Tangible assets	938	965
Total Assets	3,802	3,733
Payables	123	119
Other Liabilities	1,073	1,045
Total Liabilities	1,191	1,168
Paid-in capital	7	7
Capital surplus	13	13
Retained earnings	1,421	1,543
Capital adjustment & Accumulated other comprehensive income	1,169	1,002
Total Shareholder's Equity	2,611	2,565
D/E Ratio(%)	45.6%	45.5%

Appendix - Summary of Financial Statements(Consolidated)

Income Statement

	(Wbn)			
	2010	2011	4Q 2010	4Q 2011
Net Sales	1,651	1,854	403	469
Growth rate (%)	-	12.3%	-	16.4%
COGS	979	1,140	247	299
Gross Profit	672	714	156	170
GP Margin (%)	40.7%	38.5%	38.7%	36.2%
SG&A	504	541	130	145
SG&A (%)	30.5%	29.2%	32.2%	30.8%
Operating Profit	171	179	28	27
OP Margin (%)	10.4%	9.7%	7.1%	5.8%
Non-Operating Income	-41	-22	-20	4
Recurring Profit	131	158	8	31
RP Margin (%)	7.9%	8.5%	2.1%	6.5%
Net Income	94	100	5	14
Net Margin (%)	5.7%	5.4%	1.2%	3.0%
EPS (Won)	66,461	69,402	-	-

※ K-IFRS applies to 2010-2011

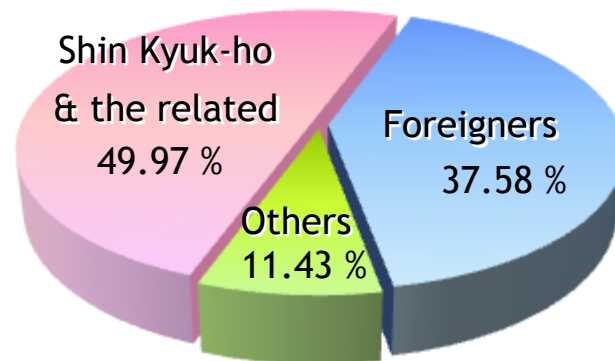
Balance Sheet

	(Wbn)	
	2010	2011
Current Assets	684	741
Cash/Cash equivalents	193	183
Account Receivable	216	244
Inventories	142	181
Non-liquid Assets	3,307	3,160
Investment & other assets	2,103	1,928
Tangible assets	1,204	1,232
Total Assets	3,992	3,901
Payables	154	170
Other Liabilities	1,146	1,116
Total Liabilities	1,300	1,286
Paid-in capital	7	7
Capital surplus	13	13
Retained earnings	1,445	1,537
Capital adjustment & Accumulated other comprehensive income	1,227	1,058
Total Shareholder's Equity	2,692	2,615
D/E Ratio(%)	48.3%	49.2%

Appendix - Shareholder Information

Principal Shareholder Status

Major Share Holders	(%)
Lotte Aluminum	15.29
Lotte Scholarship Foundation	8.69
Shin, Kyuk Ho	6.83
Shin, Dong Bin	4.88



※ Lotte Confectionery Shareholder's List (End of FY2011)

Dividend / Payout Ratio

	2007	2008	2009	2010	2011
Share Price (₩million)	1,690,000	1,305,000	1,289,000	1,508,000	1,707,000
Cash Dividend (₩million)	4,222	4,222	4,926	5,630	5,630
Dividend Rate (Dividend/face value)	60.0%	60.0%	70.0%	80.0%	80.0%
Dividend Per Share	3,000	3,000	3,500	4,000	4,000
Dividend Yield (DPS/Share Price)	0.2%	0.2%	0.3%	0.3%	0.2%
Payout Ratio (Dividend/Net Profit)	3.9%	2.4%	5.2%	4.6%	4.4%

Appendix - Shares in Related Companies

(KRW mil., the end of 2011)

	Company	Shares	%	Book Value	Category of Business	Remark
Domestic (affiliated)	Kirin Foods	195,800	100.0	98,076	Chewing gum, Confectioneries, Ice cream	※Consolidated Subsidiaries
	Lotte Giants	6,000	30.0	30	Professional Baseball Team	※Equity Method Affiliates
	Korea Seven	5,977,672	16.6	95,027	Convenience Store	
	Lotte Chilsung Beverage(common)	145,237	11.7	212,772	Carbonated Drinks, Juice, Liquor	
	Lotte.com	523,548	11.3	5,596	On-line Shopping Mall	
	Lotte Samkang	123,226	9.8	50,584	Cooking Oils, Ice Cream	
	Lotteria	65,374	13.6	70,662	Fast-food Restaurant Franchise	
	Lotte Fresh Delica	340,000	9.0	1,804	Fresh Food Manufacturing	
	Lotte Station Building	319,200	8.9	63,284	Department Store	
	Lotte Shopping	2,474,543	8.5	840,107	Department Store	
	Lotte Chilsung Beverage(preferred)	9,660	8.1	3,594	Carbonated Drinks, Juice, Liquor	
	Lotte Data Communication Company	52,376	6.1	37,528	Computer Software & Parts/Peripherals Business	
	Lotte Logistics	66,308	4.6	7,060	Distribution/Logistics Management & Consulting	
	Lotte Trading	12,187	1.4	4,525	International Trading Business	
	Others	4,858	-	30,647	Lotte Asset Management, Korea Fuji Film etc.	
(unaffiliated)	BS Financial Group	5,536,479	2.9	61,178		
	Shinhan Financial Group	458,111	0.1	18,210		
	Others	68,938	-	2,595	Cosmo Investment Management, Cheil Worldwide	
Sub Total		16,379,517		1,603,279		
Overseas	Lotte Food Holding Co., Ltd.	75,000,000	100.0	70,571	Hong Kong (including 1 subsidiary consolidated)	
	Lotte Confectionery (S.E.A.) Pte., Ltd.		100.0	6,875	Singapore	
	Lotte India Co., Ltd.	9,404,626	98.4	87,999	India	
	Lotte Qingdao Foods Co., Ltd.	-	90.0	22,713	China	※Consolidated Subsidiaries
	K.S.S.E	54,117,647	69.5	18,304	Pakistan (including 1 subsidiary consolidated)	
	LOTTE Ice (Shandong) Co., Ltd.	-	64.9	8,759	China	
	Lotte Conf. Holdings B.V.	56,100,000	51.0	74,418	Netherland (including 8 subsidiaries consolidated)	
	Lotte Taiwan Co., Ltd.	20,300,000	50.0	6,672	Taiwan	
	Lotte China Foods Co., Ltd.	-	47.2	42,217	China	
	PT, Lotte Trade And Distribution	3,360	40.0	2,739	Indonesia	
	Lotte Confectionery Pilipinas Co.	1,000,000	40.0	2,643	Philippines	
	Lotte Malaysia Sdn. Bhd	8,000,000	40.0	2,837	Malaysia	※Equity Method Affiliates
	Bibica Corporation	5,953,000	38.6	17,874	Vietnam	
	Lotte Vietnam Co., Ltd.	-	36.8	5,475	Vietnam	
	Lotte Europe Holdings B.V.	182,186	31.7	112,538	Netherland	
Lotte Packaging(Beijing) Co., Ltd.	-	25.0	6,478	China		
PT, Lotte Indonesia	8,910	7.6	680	Indonesia		
Sub Total		230,069,729		489,792		
Total		246,449,246	-	2,093,071		

※ Non-consolidated base (excluding indirect subsidiaries)