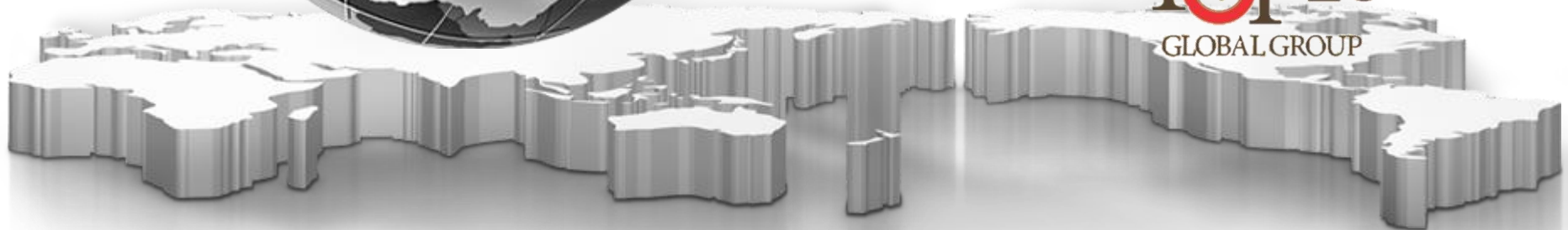


ASIA
No.1
CONFECTIONERY
COMPANY



1st quarter of 2014
***INVESTOR
RELATIONS***

ASIA
TOP10
GLOBAL GROUP



Overview (Factories & Affiliates)

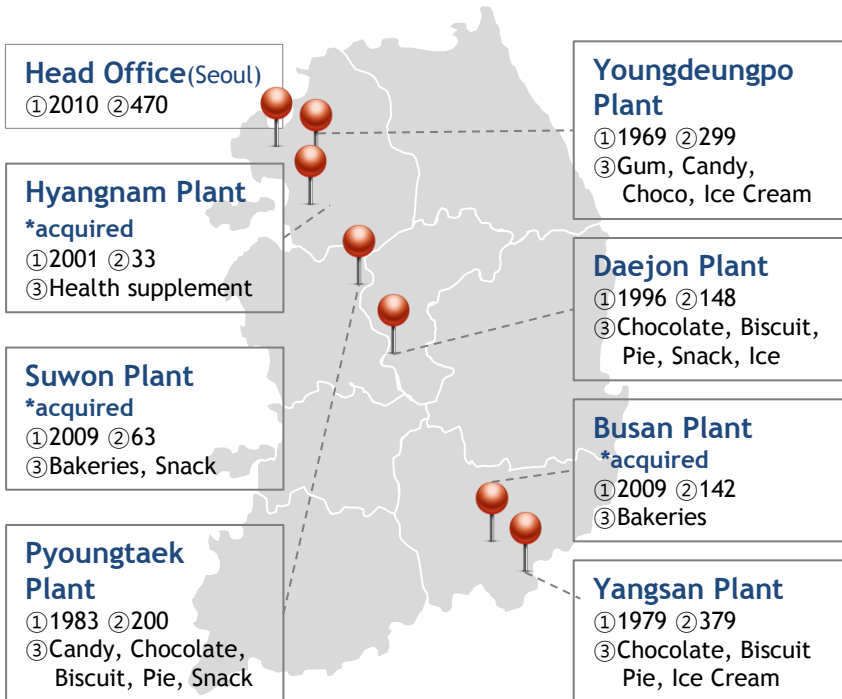
Running businesses over 9 geographies* worldwide *including Korea



Domestic

Headquarters & Factories as of December 31, 2013

①Year of foundation / acquisition, ②# of employees, ③products



Sales Branches & Offices

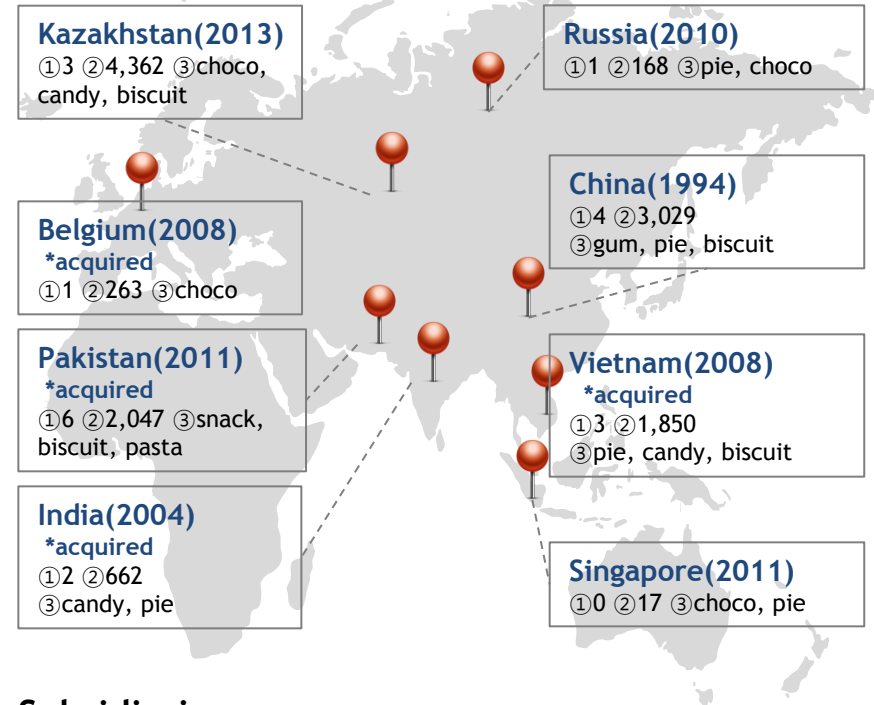
- 21 branches, 140 sales offices
- Confectionery
- Ice Cream



Overseas

Factories as of December 31, 2013

(Year of foundation / acquisition),
①# of factories, ②# of employees, ③product lines



Subsidiaries

- 8 countries, 14 subsidiaries
- China(7), India(1), Pakistan(1), Vietnam(1), Belgium(1), Russia(1), Singapore(1), Kazakhstan(1)

Domestic Operating Results (Sales)

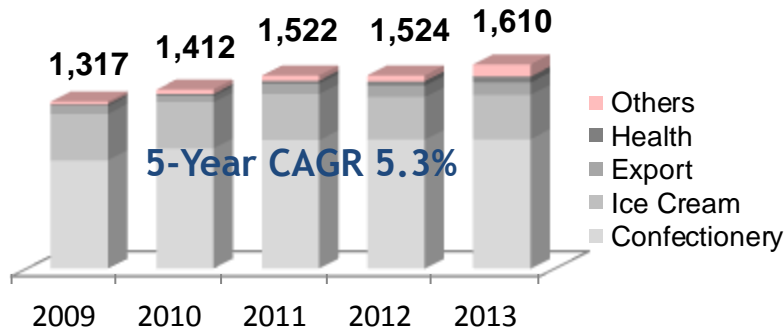
Earning a reputation for maintaining the No.1 confectionery company in Korea



Domestic Sales Trend (2013)

5-year Sales* Trend (2009-2013)

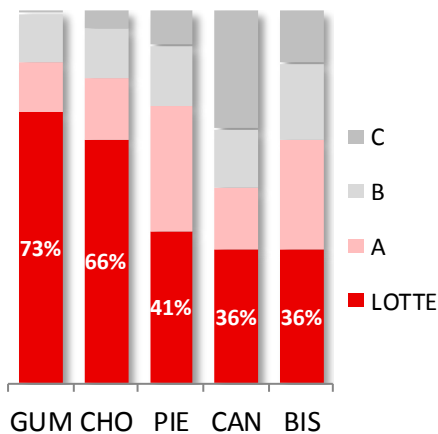
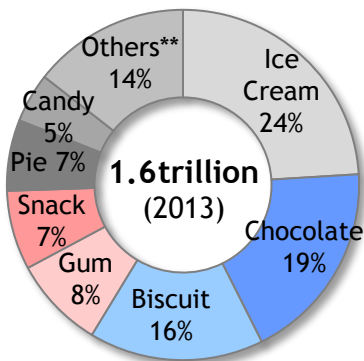
(Unit : billion KRW)



* 2009 K-GAAP, 2010~ K-IFRS

Sales & M/S by product categories

(Unit : trillion KRW)



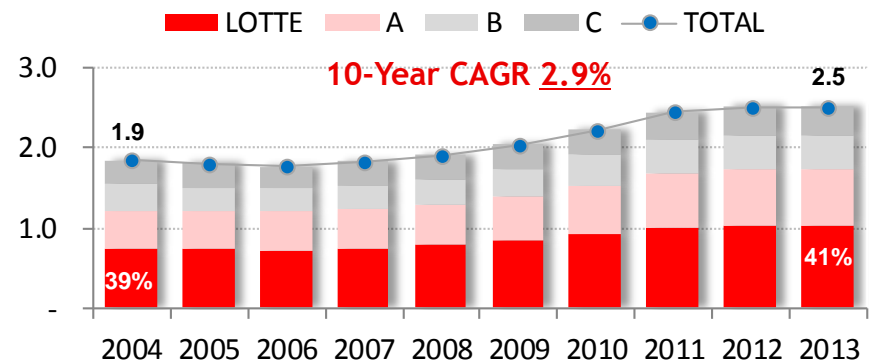
** Others : exports, bakery, health supplement business, etc.



Domestic Market & M/S Trend* (2013)

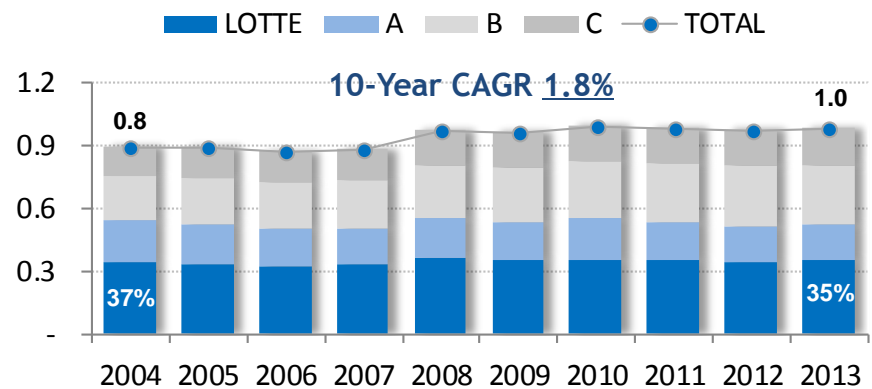
Confectionery - Lotte as No. 1 player

(Unit : trillion KRW, %)



Ice Cream - Lotte as No. 1 player

(Unit : trillion KRW, %)



* Market size : the estimate of top 4 companies' sales

Domestic Business Performance (Profitability)

For the 1st Quarter of 2014, sales increased by 5.1%, operating profit up by 2.4%



Profits

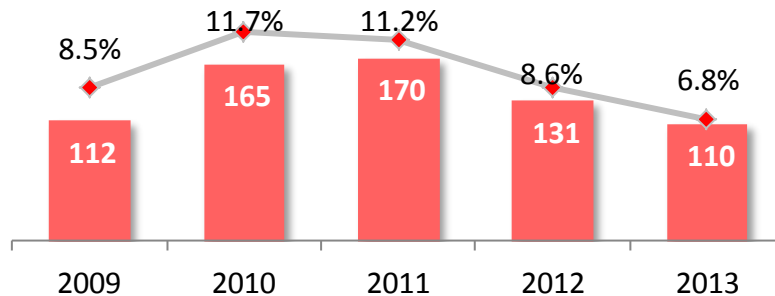
(Unit : billion KRW)	2012	2013	2013 1Q	2014
Net Sales	1,524	1,610	375	395
Gross Profit	593	622	146	150
Gross Margin	38.9%	38.6%	39.0%	37.9%
Operating Profit	131	110	26	27
Operating Margin	8.6%	6.8%	6.9%	6.7%
Recurring Profit	134	102	40	39
Recurring Margin	8.8%	6.4%	10.7%	9.9%
Net Profit	103	73	33	32
Net Margin	6.8%	4.5%	8.8%	8.0%

* Accumulated base. Unconsolidated results under K-IFRS standard

- Sales Change (YoY) : **5.1%↑** (2014 1Q)
- Operating Profit Change : **2.4%↑** (2014 1Q)
- Recurring Profit Change : **2.6%↓** (2014 1Q)
- Net Profit Change : **3.9%↓** (2014 1Q)

5-year Operating Income Trend

(Unit : billion KRW) **5-Year CAGR 4.1%**



COGS / SG&A

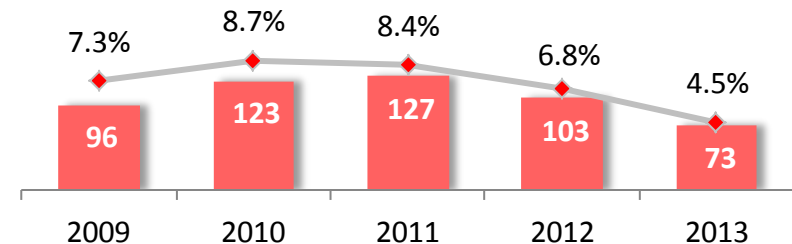
(Unit : billion KRW)	2012	2013	2013 1Q	2014
Net Sales	1,524	1,610	375	395
Cost of Goods Sold	931	988	229	245
as % of Net Sales	61.1%	61.4%	61.0%	62.1%
SG&A Expenses	462	512	120	123
as % of Net Sales	30.3%	31.8%	32.0%	31.2%

* Accumulated base. Unconsolidated results under K-IFRS standard

- COGS Change (YoY) : **6.9%↑** (2014 1Q)
- SG&A Change : **2.4%↑** (2014 1Q)

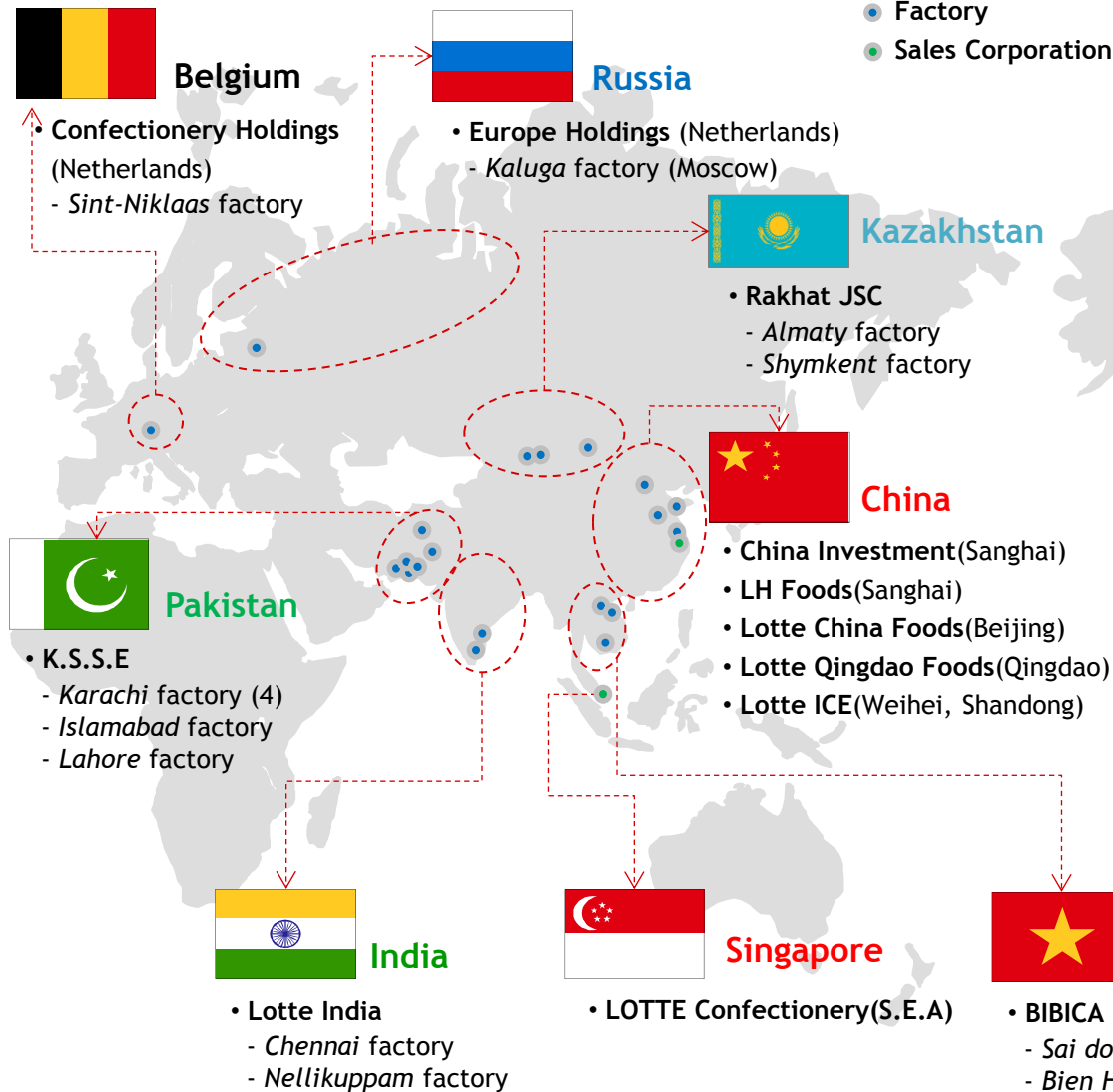
5-year Net Income Trend

(Unit : billion KRW) **5-Year CAGR ▲1.1%**



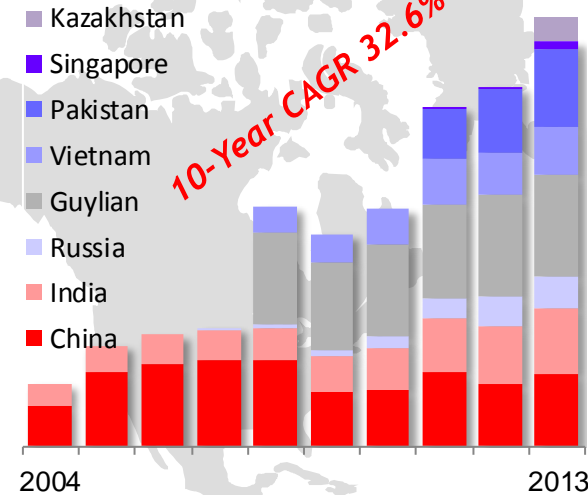
Overseas Business Expansion (overview)

Expanded through M&A and green field investment in 8 countries → CAGR 32.6%



Major Overseas Sales Trend*

(Unit : trillion KRW)



*The sum of overseas subsidiaries' sales which are under Lotte confectionery's management (including equity method subsidiaries' sales)

*Overseas sales of the pages 5-7 are based on the fixed foreign exchange rates as follows

- ①China 150KRW/CNY, ②Guylian 1,600KRW/EUR,
 ③India 25KRW/INR, ④Vietnam 0.0586KRW/VND,
 ⑤Russia 38KRW/RUB . ⑥Pakistan 15 KRW/PKR
 ⑦Kazakhstan 7.5KRW/KZT

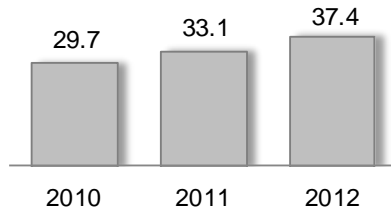
Overseas Business Overview

China

Market Trend*

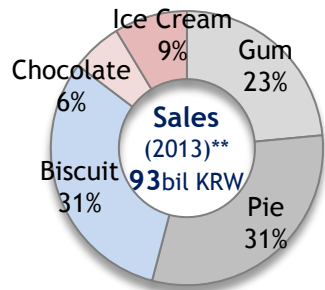
(Unit : trillion KRW)

3-Year CAGR 12.2%



Business Overview

Sales Mix



Core Products



M/S Status*

- Gum 5%, Pie 4%

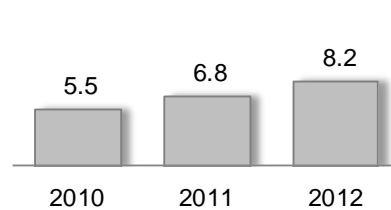
*data : "Euro Monitor"(2012)

India

Market Trend*

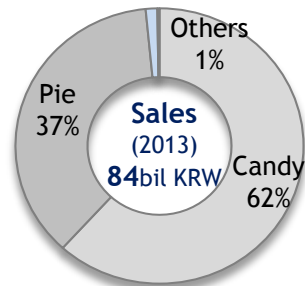
(Unit : trillion KRW)

3-Year CAGR 22.0%



Business Overview

Sales Mix



Core Products



M/S Status*

- Candy 6%

*data : "Euro Monitor"(2012)

Vietnam

Market Trend*

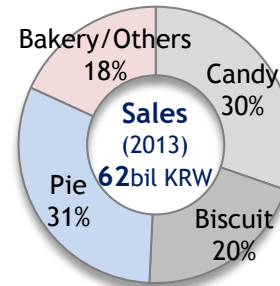
(Unit : trillion KRW)

3-Year CAGR 17.1%



Business Overview

Sales Mix



Core Products



M/S Status*

- Gum 30%, Candy 23%, Pie 21%, Chocolate 10%

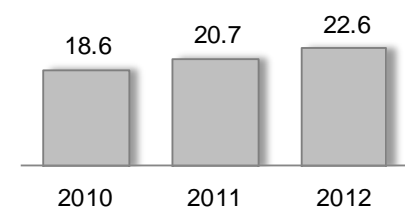
*data : "Euro Monitor"(2012)
M/S : including Lotte Vietnam

Russia

Market Trend*

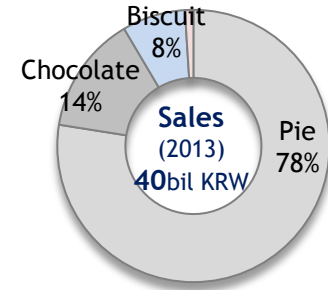
(Unit : trillion KRW)

3-Year CAGR 10.3%



Business Overview

Sales Mix



Core Products



M/S Status*

- Choco Pie 42%

*data : "Nielsen Data"(2013)

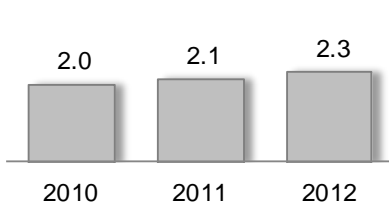
Overseas Business Overview

Kazakhstan

Market Trend*

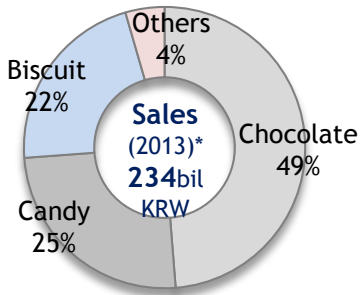
(Unit : trillion KRW)

3-Year CAGR 7.7%



Business Overview

Sales Mix



Core Products



M/S Status**

- Biscuit 7%, Chocolate 4%***

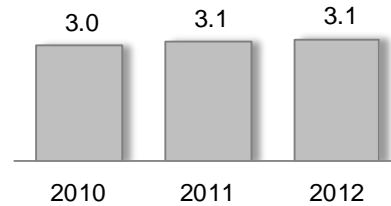
*annual, **data : "Euro Monitor"(2012)
(market includes imported brands)

Belgium

Market Trend*

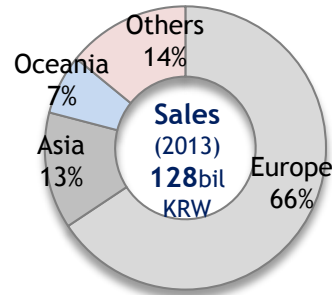
(Unit : trillion KRW)

3-Year CAGR 7.7%



Business Overview

Sales Mix



Core Products

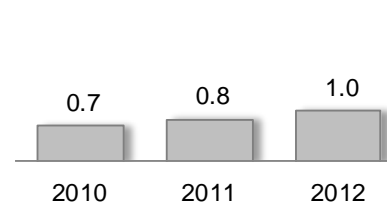


Pakistan

Market Trend*

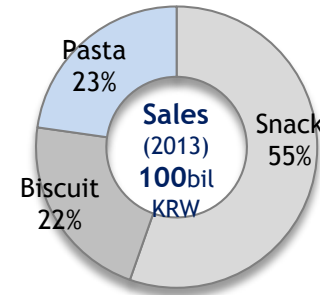
(Unit : trillion KRW)

3-Year CAGR 19.7%



Business Overview

Sales Mix



Core Products



M/S Status*

- Snack 25%

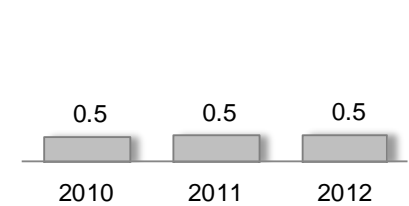
*data : "Euro Monitor"(2012)

Singapore

Market Trend*

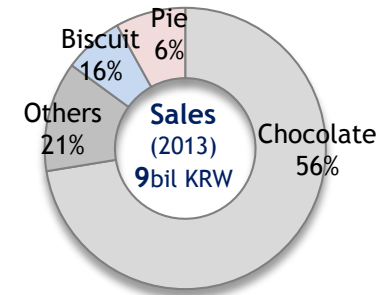
(Unit : trillion KRW)

3-Year CAGR 4.3%



Business Overview

Sales Mix



Core Products



Appendix - Summary Financial Statements (Unconsolidated)



Income Statement

(Unit : Billion KRW)	2012	2013	1Q	
			2013	2014
Net Sales	1,524	1,610	375	395
Growth rate (%)		5.6%		5.1%
COGS	931	988	229	245
COGS (%)	61.1%	61.4%	61.0%	62.1%
Gross Profit	593	622	146	150
GP Margin (%)	38.9%	38.6%	39.0%	37.9%
SG&A	462	512	120	123
SG&A (%)	30.3%	31.8%	32.0%	31.2%
Operating Profit	131	110	26	27
OP Margin (%)	8.6%	6.8%	6.9%	6.7%
Recurring Profit	134	102	40	39
RP Margin (%)	8.8%	6.4%	10.7%	9.9%
Net Income	103	73	33	32
Net Margin (%)	6.8%	4.5%	8.8%	8.0%
EPS (Won)	73,131	51,973	23,384	22,465



Balance Sheet

(Unit : Billion KRW)	1Q	
	2013	2014
Current Assets	555	551
Cash/Cash equivalents	109	85
Receivables	215	247
Inventories	145	156
Non-liquid Assets	3,710	3,560
Investment & other assets	2,597	2,449
Tangible assets	1,113	1,111
Total Assets	4,265	4,110
Payables	199	203
Other Liabilities	1,130	1,081
Total Liabilities	1,329	1,284
Paid-in capital	7	7
Capital surplus	13	13
Retained earnings	1,698	1,722
Capital adjustment & Accumulated other comprehensive income	1,218	1,084
Total Shareholder's Equity	2,936	2,826
D/E Ratio(%)	45.3%	45.4%

* Unconsolidated base results under K-IFRS standard

Appendix - Summary Financial Statements (Consolidated)



Income Statement

(Unit : Billion KRW)	2012	2013	1Q	
			2013	2014
Net Sales	1,865	1,976	466	511
Growth rate (%)		6.0%		9.5%
COGS	1,182	1,254	295	334
COGS (%)	63.4%	63.5%	63.2%	65.4%
Gross Profit	683	722	172	177
GP Margin (%)	36.6%	36.5%	36.8%	34.6%
SG&A	568	631	150	150
SG&A (%)	30.4%	31.9%	32.1%	29.4%
Operating Profit	115	92	22	27
OP Margin (%)	6.2%	4.6%	4.7%	5.2%
Recurring Profit	126	92	28	24
RP Margin (%)	6.8%	4.7%	6.1%	4.7%
Net Income	90	55	19	13
Net Margin (%)	4.8%	2.8%	4.1%	2.5%
EPS (Won)	65,102	36,044	13,175	8,845

* Consolidated base results under K-IFRS standard



Balance Sheet

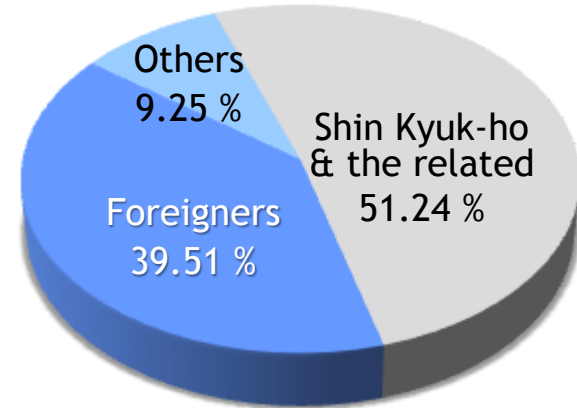
(Unit : Billion KRW)	1Q	
	2013	2014
Current Assets	785	753
Cash/Cash equivalents	184	157
Receivables	266	272
Inventories	230	244
Non-liquid Assets	3,647	3,433
Investment & other assets	2,295	2,094
Tangible assets	1,352	1,339
Total Assets	4,432	4,186
Payables	248	238
Other Liabilities	1,218	1,160
Total Liabilities	1,466	1,398
Paid-in capital	7	7
Capital surplus	13	13
Retained earnings	1,668	1,673
Capital adjustment & Accumulated other comprehensive income	1,279	1,095
Total Shareholder's Equity	2,967	2,788
D/E Ratio(%)	49.4%	50.2%



Principal Shareholder Status

Shareholder	Ownership (%)
Lotte Aluminium	15.29
Lotte Scholarship Foundation	8.69
Shin, Kyuk Ho	6.83
Shin, Dong Bin	5.34

※ Lotte Confectionery Shareholder's List (as of March 31, 2014)



Dividend / Payout Ratio

	2009	2010	2011	2012	2013
Share Price (₩million)	1,289,000	1,508,000	1,707,000	1,630,000	1,912,000
Cash Dividend (₩million)	4,926	5,630	5,630	5,630	5,630
Dividend Rate (Dividend/face value)	70.0%	80.0%	80.0%	80.0%	80.0%
Dividend Per Share	3,500	4,000	4,000	4,000	4,000
Dividend Yield (DPS/Share Price)	0.3%	0.3%	0.2%	0.3%	0.2%
Payout Ratio (Dividend/Net Profit)	5.2%	4.6%	4.4%	5.5%	7.7%

Appendix - Shares in Related Companies

※ non-consolidated F/S base

(KRW mil., as of March 31, 2014)

		Company	Shares	%	Book Value	Category / Location of Business	Remark
Domestic	Affiliated (LOTTE)	Lotte Giants	6,000	30.0	30	Professional Baseball Team	※ Equity Method Affiliates
		Lotte Shopping	2,474,543	7.9	828,972	Department Store	
		Lotte Chilsung Beverage(common)	218,949	17.7	326,672	Carbonated Drinks, Juice, Liquor	
		Lotte Chilsung Beverage(preferred)	9,660	8.1	5,893	Carbonated Drinks, Juice, Liquor	
		Lotte Food	127,677	9.3	100,865	Cooking Oils, Ice Cream	
		Korea Seven	5,977,672	16.5	104,406	Convenience Store	
		Lotteria	65,374	13.6	80,410	Fast-food Restaurant Franchise	
		Lotte Station Building	319,200	8.9	68,829	Department Store	
		Lotte Data Communication Company	523,760	6.1	37,209	Computer Software & Parts/Peripherals Business	
		Lotte Asset Development	2,177,458	7.2	10,887	Real estate development & financial consulting	※ Available-for-Sale Securities (Equity Securities)
		Lotte Logistics	66,308	4.6	9,269	Distribution/Logistics Management & Consulting	
		Korea Fujifilm	1,250	0.9	6,777	Manufacturing & sales of digital cameras, printers	
		Lotte.com	523,548	11.3	5,789	Online commerce	
		Lotte Trading	12,187	1.4	4,739	International Trading Business	
	Lotte Corporation	12,984	0.02	332	Tourist hotel, leisure, marine aquarium		
	Others	BS Financial Group	5,536,479	2.9	83,324		
Shinhan Financial Group		458,111	0.1	21,531			
Others				3,154	Cheil worldwide, Cosmo Investment Management, etc.		
Sub Total				1,699,088			
Overseas	Affiliated (LOTTE)	Lotte India	9,404,693	98.4	88,000	India	
		Lotte Qingdao Foods	-	90.0	22,714	China (10% held by LOTTE China Investment)	
		Lotte Confectionery Holdings	56,100,000	51.0	74,418	Netherlands (including 7 subsidiaries consolidated)	
		Lotte Food Holding	115,000,000	100.0	91,596	China	※ Consolidated Subsidiaries
		Lotte Ice (Shandong)	-	65.0	8,759	China (6.4% held by LOTTE China Investment)	- Lotte China Investment 100% (held by Lotte Food Holding)
		K.S. SULEMANJI ESMALJI & SONS Limited	75,190,647	96.5	40,687	Pakistan (including 1 subsidiary consolidated)	
		Lotte Confectionery (S.E.A)	-	100.0	6,875	Singapore	
		Lotte China Foods	-	47.2	42,217	China (6.5% held by LOTTE China Investment)	
		Rakhat JSC	2,873,705	79.8	133,056	Kazakhstan	
		Lotte Packaging (Beijing)	-	25.0	6,478	China	
		Lotte Europe Holdings	182,186	26.1	112,538	Netherlands (holding company of Russian subsidiaries)	
		BIBICA CORPORATION	6,718,000	43.6	20,014	Vietnam	※ Equity Method Affiliates
		Lotte Vietnam	-	36.8	5,475	Vietnam	- Lotte Shanghai Foods 10% (held by China Investment)
		PT, Lotte Trade And Distribution	-	40.0	-	Indonesia	
		Lotte Taiwan	20,300,000	50.0	6,672	Taiwan	
LH Foods	-	50.0	46,758	a joint venture in China	※ Joint arrangements		
PT, Lotte Indonesia	8,910	1.5	738	Indonesia			
Lotte China management	-	10.0	891	China	※ Available-for-Sale Securities		
Sub Total				707,886			
Total				2,406,974			

Appendix - Subsidiaries, Associates and Joint Ventures

Summary of Relevant Information of Subsidiaries, Associates and Joint Ventures (2014 1Q)

Subsidiaries	Ownership	Location	Category	Sales	Net Income	Share of profit (loss) of associates
Lotte Food Holding Co., Ltd.	100.0			-	(1,040)	
Lotte Qingdao Foods Co., Ltd.	100.0			3,449	(20)	
Lotte Ice (Shandong) Co., Ltd.	71.4	China		738	(448)	
Lotte (China) Investment Co., Ltd.	100.0			9,583	(3,933)	
Lotte China Foods Co., Ltd.	53.6			6,568	(2,189)	
Lotte India Co., Ltd.	98.4	India	Subsidiaries	14,855	109	
K.S. SULEMANJI ESMAILJI & SONS (Private) Limited*	96.5	Pakistan		17,792	(423)	
Lotte Confectionery Holdings B.V.**	51.0	Netherlands		26,076	1,578	
Lotte Confectionery (S.E.A) Pte., Ltd.	100.0	Singapore		3,069	(111)	
Rakhat JSC**	79.8	Kazakhstan		47,332	1,945	
LH Foods Co., Ltd.***	50.0	China	Joint Ventures	24,588	(2,329)	296
Lotte Shanghai Foods., Ltd.****	5.0			24,588	(2,330)	(1,461)
Lotte Packaging(Beijing) Co., Ltd. <input checked="" type="checkbox"/>	25.0	China		3,395	(385)	(96)
BIBICA CORPORATION	43.6			11,494	709	369
Lotte Vietnam Co., Ltd. <input checked="" type="checkbox"/>	36.8	Vietnam	Associates	7,335	(139)	(51)
Lotte Taiwan Co., Ltd. <input checked="" type="checkbox"/>	50.0	Taiwan		6,898	452	224
Lotte Europe Holdings B.V.*****	26.1	Netherlands		35,335	(41,596)	(10,871)
Lotte Giants <input checked="" type="checkbox"/>	30.0	Korea		5,788	(3,113)	(934)
Total				224,295	(50,934)	(12,524)
- Consolidated (before eliminating intercompany transactions)				129,462	(4,532)	(12,524)
- Unconsolidated				94,833	(46,402)	0

*acquisition of 27% additional interest in K.S.S.E

**refers to holding company of Guylian in Belgium

***acquisition of 4% additional interest in Rakhat

****The financial information of LH Foods Co., Ltd. has been prepared on the consolidated basis.

*****The 90% and 10% interests are held by LH Foods, a joint venture, and Lotte (China) Investment, a subsidiary, respectively.

*****refers to holding company of business in Russia, subsidiaries not under Lotte Confectionery's management

Major Overseas % of Ownership Status (2014 1Q)

Location	Subsidiaries/Associates/Joint Ventures	Ownership	Relevant information
China	Lotte Food Holding Co., Ltd.	100.0	
	Lotte Qingdao Foods Co., Ltd.	100.0	
	Lotte Ice (Shandong) Co., Ltd.	71.4	Lotte Samkang 22.0, Peungcheung Foods 6.6
	Lotte (China) Investment Co., Ltd.	100.0	
	Lotte China Foods Co., Ltd.	53.6	Lotte Japan 46.4
	LH Foods Co., Ltd.	50.0	Hershey Company 50.0
India	Lotte India Co., Ltd.	98.4	minority shareholders 1.6
Vietnam	BIBICA CORPORATION	43.6	foreign & local shareholders 56.4
	Lotte Vietnam Co., Ltd.	36.8	Lotte Japan 63.2
Pakistan	K.S. SULEMANJI ESMAILJI & SONS (Private) Limited	96.5	existing shareholders 3.5
Russia	Lotte Europe Holdings B.V.	26.1	Lotte Shopping 31.3, Lotte Hotel 22.2, Lotte Chilsung 7.9 Lotteria 3.1, Lotte E&C 0.2
Guylian	Lotte Confectionery Holdings B.V.	51.0	Lotte Japan etc. 49.0
Singapore	Lotte Confectionery (S.E.A) Pte., Ltd.	100.0	