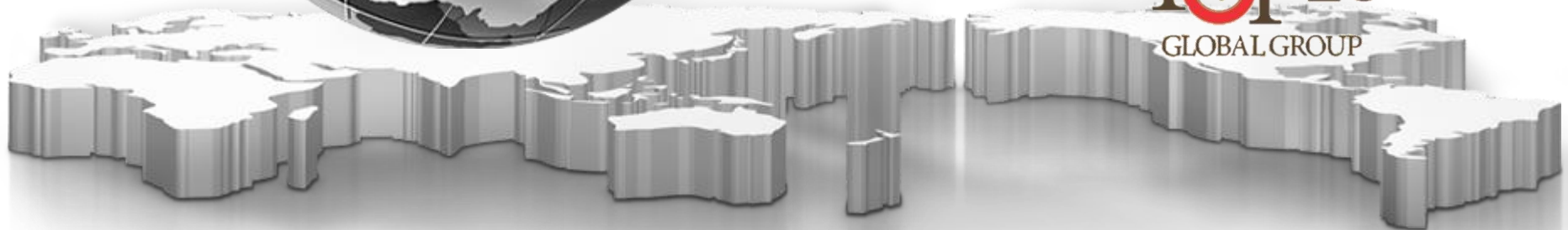


ASIA
No.1
CONFECTIONERY
COMPANY



1st quarter of 2015
***INVESTOR
RELATIONS***

ASIA
TOP10
GLOBAL GROUP



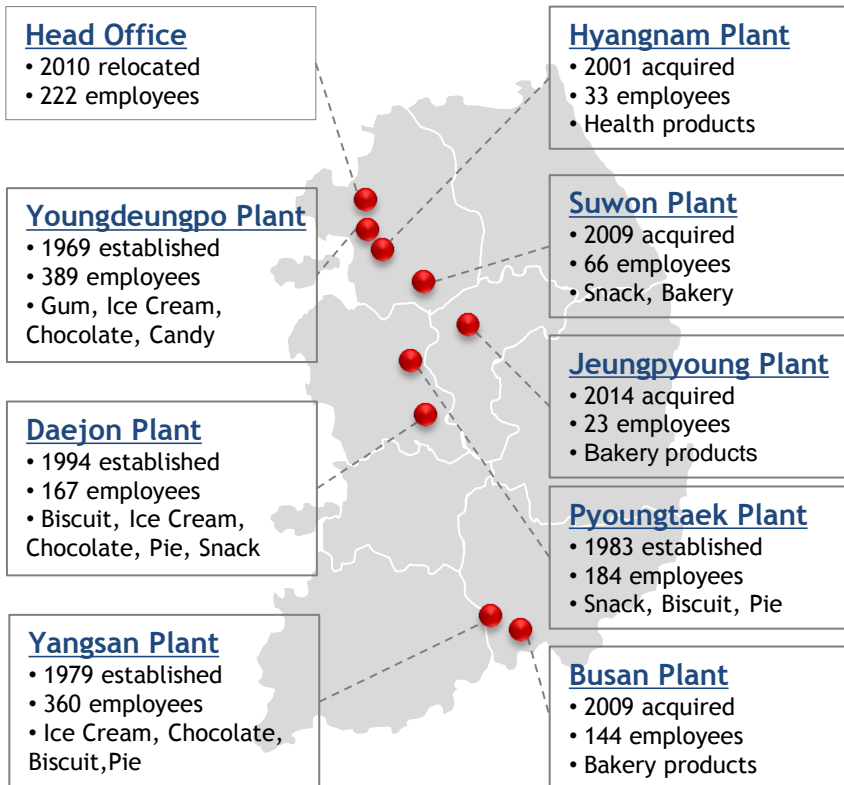
Overview (Factories & Affiliates)

Running businesses over 9 geographies* worldwide *including Korea



Domestic

Headquarters & Factories at end-March 2015



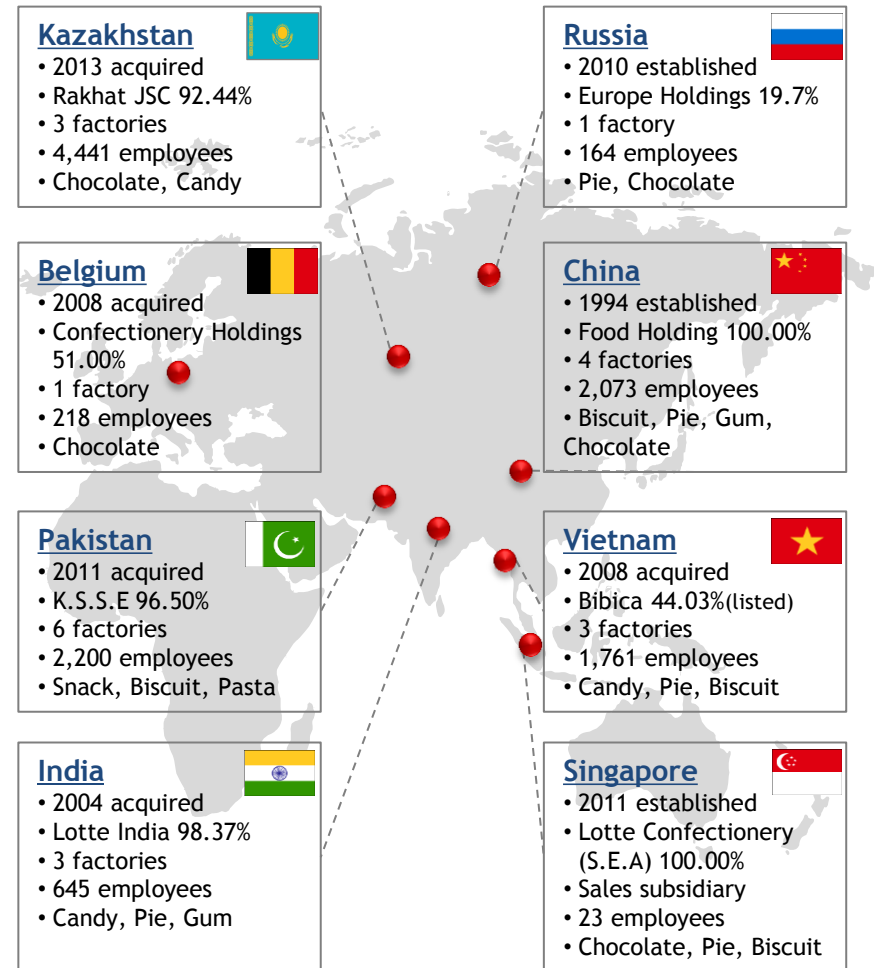
Sales Branches & Offices

Sells Confectionery / Ice Cream / Bakery products through 21 local branches & 148 sales offices nationwide



Overseas

Subsidiaries & Factories at end-March 2015



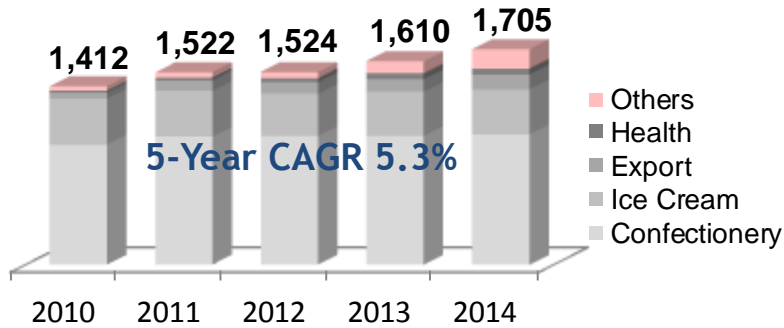
Domestic Operating Results (Sales)

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

Domestic Sales Trend (2014)

5-year Sales* Trend (2010-2014)

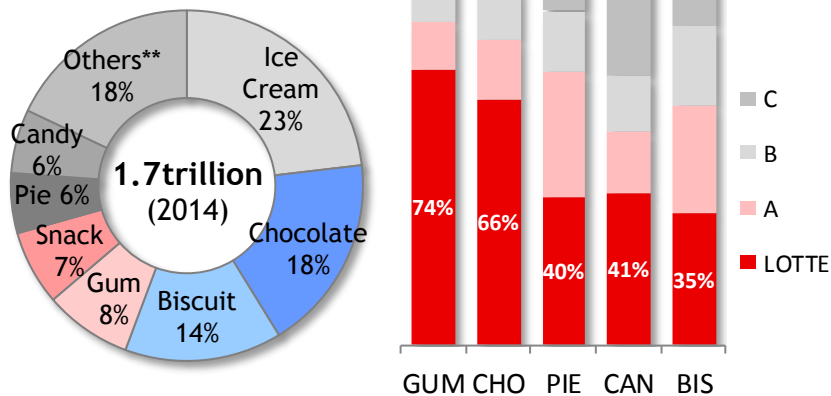
(Unit : billion KRW)



* K-IFRS, unconsolidated base

Sales & M/S by product categories

(Unit : trillion KRW)

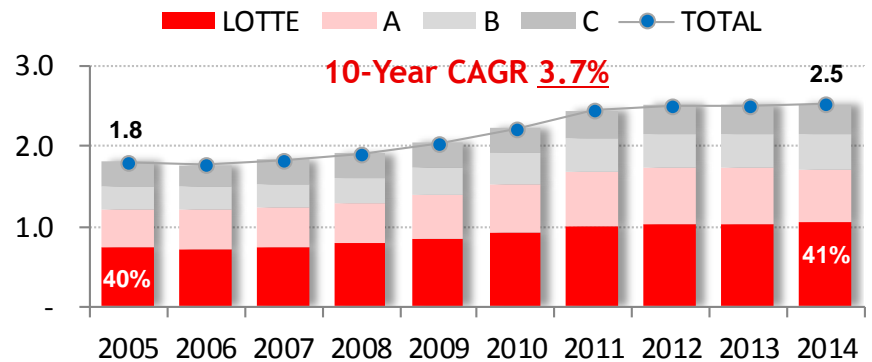


** Others : exports, bakery, health supplement business, etc.

Domestic Market & M/S Trend* (2014)

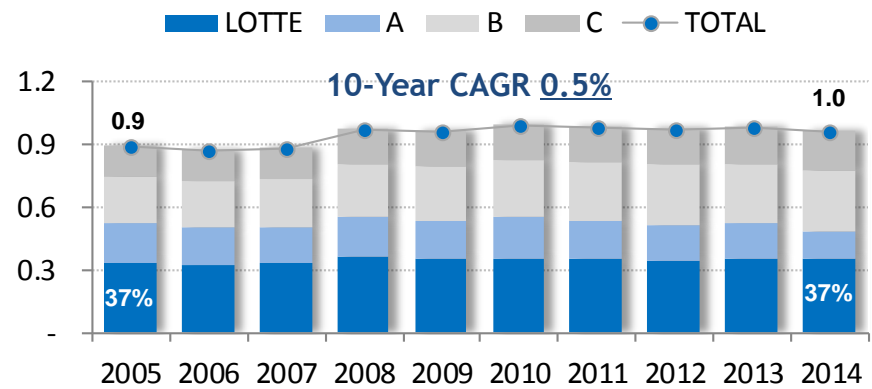
Confectionery - Lotte as No. 1 player

(Unit : trillion KRW, %)



Ice Cream - Lotte as No. 1 player

(Unit : trillion KRW, %)



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

Domestic Operating Results (Profitability)

For the 1st Quarter of 2015, sales increased by 11.7%, operating profit down by 3.7%

Profits

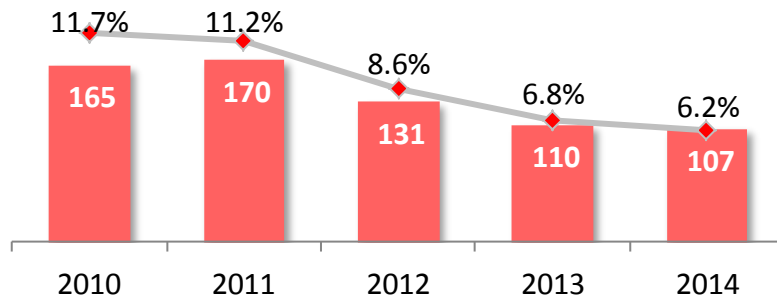
(Unit : billion KRW)	2013	2014	1Q 2014	2015
Net Sales	1,610	1,705	395	441
Gross Profit	622	652	150	170
Gross Margin	38.6%	38.3%	37.9%	38.6%
Operating Profit	110	107	27	26
Operating Margin	6.8%	6.2%	6.7%	5.8%
Recurring Profit	102	48	39	34
Recurring Margin	6.4%	2.8%	9.9%	7.7%
Net Profit	73	28	32	27
Net Margin	4.5%	1.6%	8.0%	6.2%

* Accumulated base. Unconsolidated results under K-IFRS standard

- Sales Change (YoY) : 11.7%↑ (2015 1Q)
- Operating Profit Change : -3.7% (2015 1Q)
- Recurring Profit Change : -13.7% (2015 1Q)
- Net Profit Change : -13.4% (2015 1Q)

5-year Operating Income Trend

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



COGS / SG&A

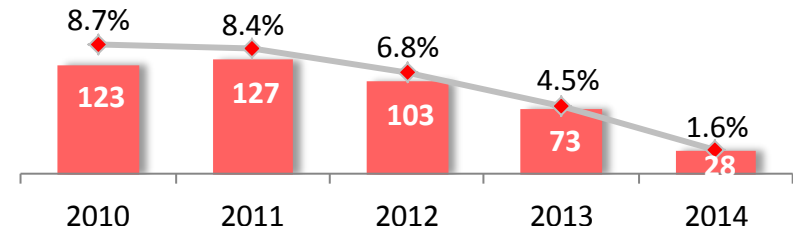
(Unit : billion KRW)	2013	2014	1Q 2014	2015
Net Sales	1,610	1,705	395	441
Cost of Goods Sold	988	1,053	245	271
as % of Net Sales	61.4%	61.8%	62.1%	61.4%
SG&A Expenses	512	545	123	144
as % of Net Sales	31.8%	32.0%	31.2%	32.8%

* Accumulated base. Unconsolidated results under K-IFRS standard

- COGS Change (YoY) : 10.4%↑ (2015 1Q)
- SG&A Change : 17.5%↑ (2015 1Q)

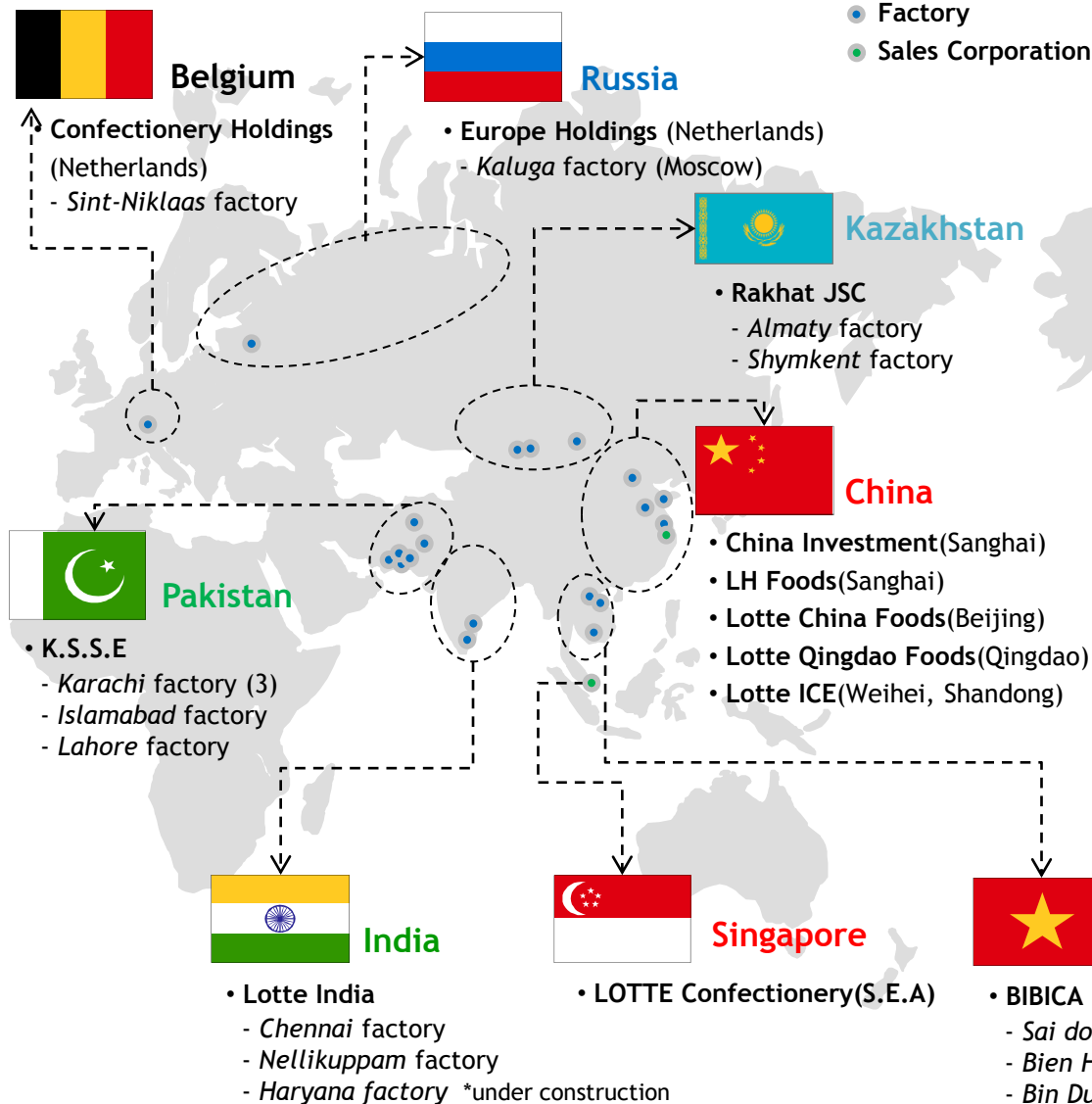
5-year Net Income Trend

(Unit : billion KRW) **5-Year CAGR -22.0%**



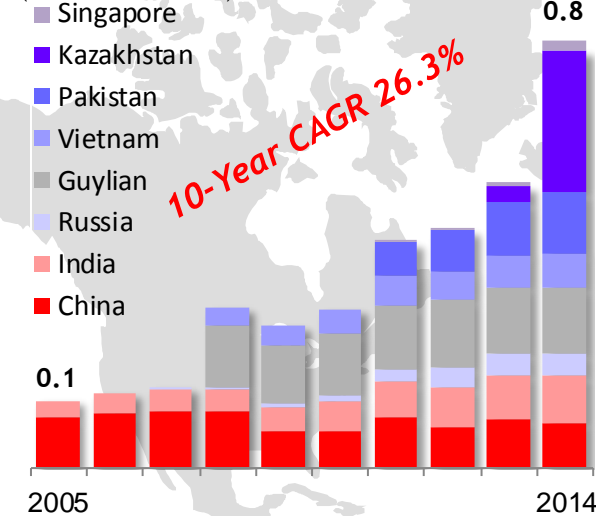
Overseas Business Expansion (overview)

Expanded through M&A and green field investment in 8 countries → CAGR 26.3%



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

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

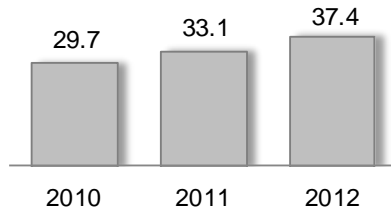
Overseas Business Overview

China

Market Trend*

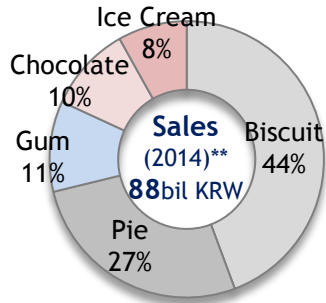
(Unit : trillion KRW)

3-Year CAGR 12.2%



Business Overview

Sales Mix



Core Products



M/S Status*

- Gum 5%, Pie 4%

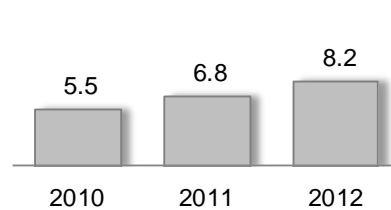
*data : "Euro Monitor"(2012)

India

Market Trend*

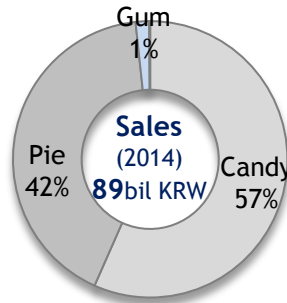
(Unit : trillion KRW)

3-Year CAGR 22.0%



Business Overview

Sales Mix



Core Products



M/S Status*

- Candy 6%

*data : "Euro Monitor"(2012)

Vietnam

Market Trend*

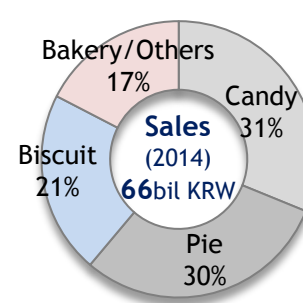
(Unit : trillion KRW)

3-Year CAGR 17.1%



Business Overview

Sales Mix



Core Products



M/S Status*

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

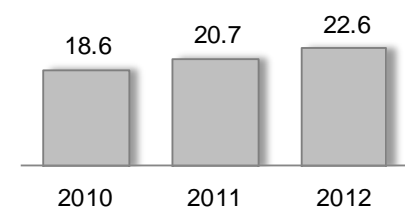
*data : "Euro Monitor"(2012)
M/S : including Lotte Vietnam

Russia

Market Trend*

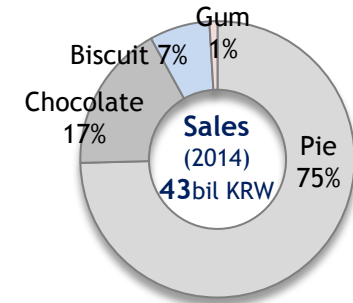
(Unit : trillion KRW)

3-Year CAGR 10.3%

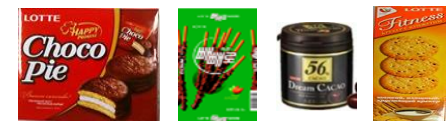


Business Overview

Sales Mix



Core Products



M/S Status*

- Choco Pie 42%

*data : "Nielsen Data"(2013)

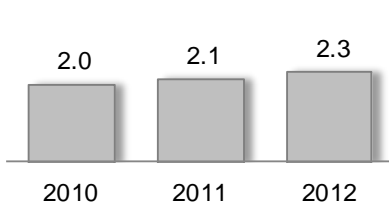
Overseas Business Overview

Kazakhstan

Market Trend*

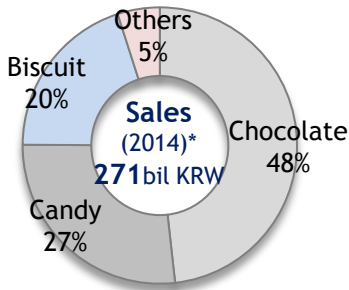
(Unit : trillion KRW)

3-Year CAGR 7.7%



Business Overview

Sales Mix



Core Products



M/S Status**

- Biscuit 7%, Chocolate 4%***

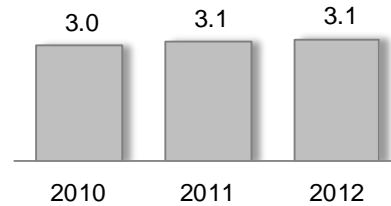
*annual, **data : "Euro Monitor"(2012)
(market includes imported brands)

Belgium

Market Trend*

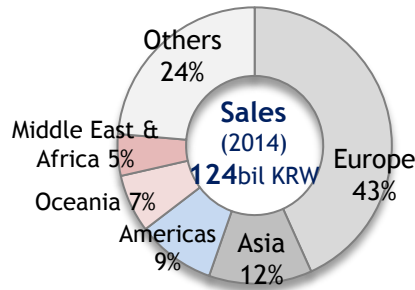
(Unit : trillion KRW)

3-Year CAGR 7.7%



Business Overview

Sales Mix



Core Products

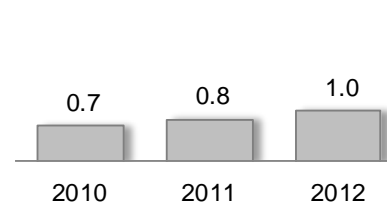


Pakistan

Market Trend*

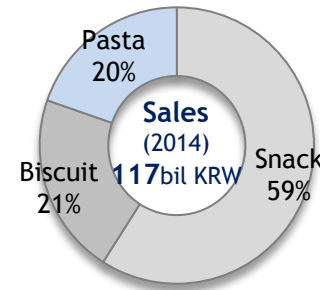
(Unit : trillion KRW)

3-Year CAGR 19.7%



Business Overview

Sales Mix



Core Products



M/S Status*

- Snack 25%

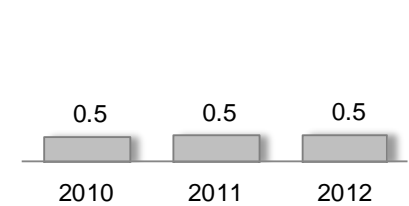
*data : "Euro Monitor"(2012)

Singapore

Market Trend*

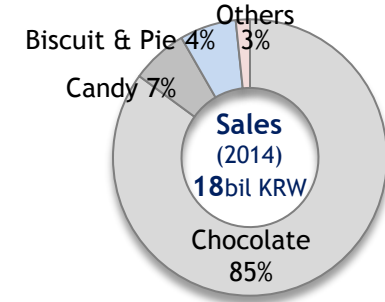
(Unit : trillion KRW)

3-Year CAGR 4.3%



Business Overview

Sales Mix



Core Products



Appendix - Summary Financial Statements (Unconsolidated)



Income Statement

(Unit : Billion KRW)	2013	2014	1Q 2014	2015
Net Sales	1,610	1,705	395	441
Growth rate (%)		5.9%		11.7%
COGS	988	1,053	245	270
COGS (%)		61.8%		61.4%
Gross Profit	622	651	150	170
GP Margin (%)		38.2%		38.6%
SG&A	512	545	123	145
SG&A (%)		32.0%		32.8%
Operating Profit	110	106	27	26
OP Margin (%)		6.2%		5.8%
Recurring Profit	102	48	39	34
RP Margin (%)		2.8%		7.7%
Net Income	73	28	32	27
Net Margin (%)		1.6%		6.2%
EPS (Won)	51,973	19,568	22,465	19,460



Balance Sheet

(Unit : Billion KRW)	1Q 2014	2015
Cash/Cash equivalents	85	85
Receivables	247	286
Inventories	156	143
Other current assets	63	43
Current Assets	551	557
Investment & other assets	2,449	2,288
Tangible assets	1,111	1,157
Non-Liquid Assets	3,560	3,445
Total Assets	4,110	4,003
Payables	203	197
Other Liabilities	1,081	1,118
Total Liabilities	1,284	1,315
Paid-in capital	7	7
Capital surplus	13	13
Retained earnings	1,722	1,731
Capital adjustment & Accumulated other comprehensive income	1,084	937
Total Shareholder's Equity	2,826	2,688
D/E Ratio(%)	45.4%	48.9%

* Unconsolidated base results under K-IFRS standard

Appendix - Summary Financial Statements (Consolidated)



Income Statement

(Unit : Billion KRW)	2013	2014	2014 ^{1Q}	2015
Net Sales	1,976	2,225	511	548
Growth rate (%)		12.6%		7.3%
COGS	1,254	1,445	334	351
COGS (%)		64.9%		64.0%
Gross Profit	722	780	177	197
GP Margin (%)		35.1%		36.0%
SG&A	631	665	150	169
SG&A (%)		29.9%		30.8%
Operating Profit	92	115	27	28
OP Margin (%)		5.2%		5.2%
Recurring Profit	92	37	24	43
RP Margin (%)		1.7%		7.8%
Net Income	55	2	13	33
Net Margin (%)		0.1%		6.1%
EPS (Won)	36,044	(2,026)	8,845	23,665



Balance Sheet

(Unit : Billion KRW)	2014	2015
Cash/Cash equivalents	157	151
Receivables	272	315
Inventories	244	229
Other current assets	80	60
Current Assets	753	755
Investment & other assets	2,095	1,931
Tangible assets	1,339	1,385
Non-Liquid Assets	3,434	3,316
Total Assets	4,186	4,071
Payables	238	227
Other Liabilities	1,160	1,239
Total Liabilities	1,398	1,466
Paid-in capital	7	7
Capital surplus	13	13
Retained earnings	1,673	1,678
Capital adjustment & Accumulated other comprehensive income	1,095	907
Total Shareholder's Equity	2,788	2,605
D/E Ratio(%)	50.2%	56.3%

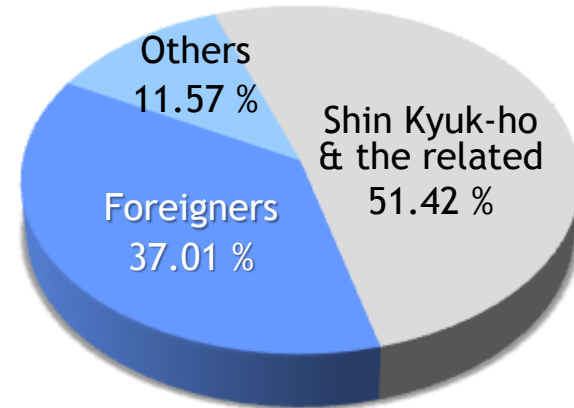
* Consolidated base results under K-IFRS standard



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, 2015)



Dividend / Payout Ratio

	2010	2011	2012	2013	2014
Share Price (₩)	1,508,000	1,707,000	1,630,000	1,912,000	1,780,000
Cash Dividend (₩million)	5,630	5,630	5,630	5,630	7,318
Dividend Rate (Dividend/face value)	80.0%	80.0%	80.0%	80.0%	104.0%
Dividend Per Share	4,000	4,000	4,000	4,000	5,200
Dividend Yield (DPS/Share Price)	0.3%	0.2%	0.2%	0.2%	0.3%
Payout Ratio (Dividend/Net Income)	6.0%	5.6%	6.3%	10.2%	439.0%

※ Consolidated base(as of December 31, 2014)

Appendix - Shares in Related Companies

※ Consolidated base

(KRW mil., as of ,March 31, 2015)

		Company	Shares	%	Book Value	Category / Location of Business	Remark
Domestic	Affiliated (LOTTE)	Lotte Giants	6,000	30.0	3,077	Professional Baseball Team	※ Equity Method Affiliates
		Lotte Shopping	2,474,543	7.9	587,704	Department Store	
		Lotte Chilsung Beverage(common)	238,681	19.3	411,247	Carbonated Drinks, Juice, Liquor	
		Lotte Chilsung Beverage(preferred)	10,045	8.4	8,197	Carbonated Drinks, Juice, Liquor	
		Lotte Food	127,677	9.3	90,012	Cooking Oils, Ice Cream	
		Korea Seven	5,977,672	16.5	101,686	Convenience Store	
		Lotteria	65,374	13.6	84,843	Fast-food Restaurant Franchise	
		Lotte Station Building	319,200	8.9	74,109	Department Store	
		Lotte Data Communication Company	523,760	6.1	37,347	Computer Software & Parts/Peripherals Business	※ Available-for-Sale Securities (Equity Securities)
		Lotte Asset Development	2,896,038	7.2	14,480	Real estate development & financial consulting	
		Lotte Logistics	66,308	4.6	10,278	Distribution/Logistics Management & Consulting	
		Korea Fujifilm	1,250	0.9	6,255	Manufacturing & sales of digital cameras, printers	
		Lotte.com	523,548	11.3	6,650	Online commerce	
	Others	BS Financial Group	6,906,913	3.0	104,985		
		Shinhan Financial Group	458,111	0.1	19,218		
	Others	126,145		10,151	Sparx Investment Management, etc.		
Sub Total					1,570,239		
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	81,732	China	※ Consolidated Subsidiaries
		Lotte Ice (Shandong)	-	65.0	8,759	China (6.4% held by LOTTE China Investement)	- Lotte China Investment 100% (held by Lotte Food Holding)
		K.S. SULEMANJI ESMAILJI & SONS Limited	75,190,647	96.5	40,688	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 Investement)	
		Rakhat JSC	3,327,987	92.4	151,528	Kazakhstan	
		Lotte Packaging (Beijing)	-	25.0	4,714	China	
		Lotte Europe Holdings	182,186	19.7	16,022	Netherlands (holding company of Russian subsidiaries)	※ Equity Method Affiliates
		BIBICA CORPORATION	6,789,730	44.0	19,548	Vietnam	- Lotte Shanghai Foods 10% (held by China Investment)
		Lotte Vietnam	-	36.8	3,916	Vietnam	
		Lotte Taiwan	20,300,000	50.0	8,382	Taiwan	
		LH Foods	-	50.0	56,652	a joint venture in China	※ Joint arrangements
PT, Lotte Indonesia	8,910	1.5	650	Indonesia			
Lotte China management	-	10.0	891	China	※ Available-for-Sale Securities		
Sub Total					627,706		
Total					2,197,945		

Appendix - Subsidiaries, Associates and Joint Ventures

Summary of Relevant Information of Subsidiaries, Associates and Joint Ventures (2015 1Q)

Subsidiaries	Ownership	Location	Category	Sales	Net Income	Share of profit (loss) of associates
Lotte Food Holding Co., Ltd.	100.0			-	(8)	
Lotte Qingdao Foods Co., Ltd.	100.0			2,345	(220)	
Lotte Ice (Shandong) Co., Ltd.	71.4	China		2	(1,221)	
Lotte (China) Investment Co., Ltd.	100.0			8,517	(1,485)	
Lotte China Foods Co., Ltd.	53.6			5,527	1,486	
Lotte India Co., Ltd.	98.4	India	Subsidiaries	16,496	1	
Lotte Kolson(Private) Limited	96.5	Pakistan		17,778	1,053	
Lotte Confectionery Holdings B.V.*	51.0	Netherlands		22,266	1,312	
Lotte Confectionery (S.E.A) Pte., Ltd.	100.0	Singapore		4,812	365	
Rakhat JSC	92.4	Kazakhstan		42,915	3,006	
LH Foods Co., Ltd.**	50.0	China	Joint Ventures	19,669	(17)	(8)
Lotte Shanghai Foods., Ltd.***	5.0	China		19,669	(2)	-
Lotte Packaging(Beijing) Co., Ltd. <input checked="" type="checkbox"/>	25.0			2,718	(454)	(113)
BIBICA CORPORATION	44.0			12,917	973	457
Lotte Vietnam Co., Ltd. <input checked="" type="checkbox"/>	36.8	Vietnam	Associates	7,421	149	55
Lotte Taiwan Co., Ltd. <input checked="" type="checkbox"/>	50.0	Taiwan		6,757	(25)	(54)
Lotte Europe Holdings B.V.****	19.7	Netherlands		21,754	(18,430)	(3,633)
Lotte Giants <input checked="" type="checkbox"/>	30.0	Korea		6,363	(4,007)	(1,202)
Total				198,257	(17,522)	(4,498)
- Consolidated (before eliminating intercompany transactions)				120,658	4,289	0
- Unconsolidated				77,599	(21,811)	(4,498)

*refers to holding company of Guylian in Belgium

**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 (2015 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	44.0	foreign & local shareholders 56.0
	Lotte Vietnam Co., Ltd.	36.8	Lotte Japan 63.2
Pakistan	Lotte Kolson(Private) Limited	96.5	existing shareholders 3.5
Russia	Lotte Europe Holdings B.V.	19.7	Lotte Shopping 27.0, Lotte Hotel 38.0
			Lotte Chilsung 5.2, Lotteria 2.0
Guylian	Lotte Confectionery Holdings B.V.	51.0	Lotte Japan etc. 49.0
Singapore	Lotte Confectionery (S.E.A) Pte., Ltd.	100.0	
Kazakhstan	Rakhat JSC	92.4	existing shareholders 7.6