

Annual Report

(Jan.1 – Dec.31, 2017)

Coway Co., Ltd.

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1. Overview

1) Company Business

1. Manufacture and sales of water purifiers
2. Manufacture and sales of household appliances
3. Facility business for environmental pollution prevention e.g. water quality and air
4. Manufacture and sales of water purification and waste treatment facilities
5. Business management of environment-related technology and research, air and water quality analysis and environmental impact assessment
6. Ex/Import and trading business
7. Lease, development, management, investment and sales of real estate
8. Rental of various products imported or produced
9. Sales of miscellaneous goods
10. Manufacture and sales of piping materials
11. Ex/Import, manufacture and sales of medical devices
12. Door-to-door sales, mail order sales, e-commerce and other related services
13. Manufacture and sales of system kitchen and furniture
14. Manufacture and sales of ceramics used in hygiene and plastic products
15. Manufacture and sales of indoor air fresheners
16. Manufacture and sales of various security facilities and devices, e.g. door locks and warning systems
17. Manufacture, sales and rental of liquid filters
18. Ex/Import, manufacture and sales of gym devices
19. Operation of social education centers
20. Manufacture of diodes, transistors and similar semiconductors
21. Manufacture of air conditioning equipment
22. Guard and other protective services
23. Residential environment improvement business, e.g. disinfection and exterminating activities, and general clean-up
24. Import, processing and sales of coffee, food additives and general foods
25. Import and sales of coffee/tea makers
26. Design and construction of sewage, waste water, manure and waste treatment facilities
27. Business management of self-measurement
28. R&D and consulting on cosmetics manufacturing technologies
29. Design, construction and surveillance of facilities and equipment in the environmental industry
30. Construction of facilities for the industrial environment
31. Sales and consulting on various financial products, e.g. credit card membership, insurance product arrangement, issuance of members' cards and services thereof
32. Service business including installation, maintenance, repair and safety qualification tests of products and facilities sold, constructed and designed or other products
33. Affiliated branch operation or sales consignment business of communications devices
34. Market research and advertisement
35. Indoor construction business

36. Ex/Import, manufacture and sales of skin cosmetic devices
37. Skincare business
38. Electrical construction business
39. Export/Import, manufacture and sales of health functional food
40. Manufacture of industrial refrigerators and freezers
41. Manufacture, distribution and sales of cosmetics
42. Manufacture and sales of home electrical appliances
43. Manufacture and sales of electric devices for kitchen
44. Manufacture and sales of healthcare products to be installed in bathrooms and other services thereof
45. Manufacture, sales and rental of devices to improve water quality and make functional water
46. Service business to measure and analyze the air quality
47. Manufacture and service business of collaboration systems for multi-use facilities
48. Manufacture, import, sales, rental and maintenance of bed and bed-related products
49. House clean-up service
50. Development and provision of IT software
51. Professional services related to information processing technology
52. Miscellaneous businesses related to any of the above

2) Major Business Areas

1. Rental and wholesale/retail of water purifiers
2. Door-to-door sales
3. Manufacture and sales of water purifiers
4. Rental and wholesale/retail of household devices
5. Commissioned services for environmental technology research and water analysis
6. Ex/Import
7. Business of environmental pollution prevention facilities, e.g. water and air quality

3) Branches and manufacturing facilities

Location	Major business and items	Address
Yugu Factory	Water/air purifier manufacturing	136-23 Yugumagoksa Rd., Yugu-eup, Gongju-si, Chungcheongnam-do
Incheon Factory	Bidet and water softener manufacturing	Gojan-dong, 155Rd, Namdong-gu, Incheon
Pocheon Factory	Refurbished item manufacturing	2072 Hoguk Rd. Sinbuk-myeon, Pocheon-si, Gyeonggi-do
Environmental Technology Lab.	R&D for water and air purifiers	R&D Center, Seoul National Univ. Seoul
TQA Center	Quality management for water and air purifiers	136-23 Yugumagoksa Rd., Yugu-eup, Gongju-si, Chungcheongnam-do
Cosmetics Lab.	Cosmetics R&D	1103~4, Jayplatz, 186 Gasandong, Geumcheon-gu, Seoul
667 branches and subsidiaries including Jansim Branch	Sales and services, e.g. water purifier, and air purifier	Ujeon B/D 5F 358 (Seokcheon-dong) Songpa-gu, Seoul, and etc.

4) Employees

(Unit: personnel)

	Full term employment	Fixed term employment	Total
Male	1,445	240	1,685
Female	2,536	658	3,194
Total	3,981	898	4,879

5) Stocks

① Outstanding shares

(Unit: Share, KRW million)

	No. of shares	Amounts	Portion	Remarks
Common stock	74,818,121	40,662	100%	Registered stock
Total	74,818,121	40,662	100%	

② History of paid-in capital

"N/A"

③ Others

Year-end	Dec .31	
Date of record	Dec. 31	
Notification method	www.coway.co.kr	
Kinds of stock certificate	1/5/10/50/100/1,000/10,000(8 kinds)	
Agency for stock related administrative affairs	Name of agency	Hana Bank
	Address	72, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul

6) Debenture

"N/A"

2. Business Results

1) Business Overview

- Market Competition

Korean markets for water purifiers, air purifiers, and bidets have mainly been characterized by fierce competition not only in price and quality but also in efficient sales networks and maintenance services. In particular, considering the characteristics of product groups, consistent maintenance services such as filter replacement have never been more important, leading consumers to prefer products manufactured by companies with high brand awareness and nationwide service networks. As a result, some major businesses have dominated the markets.

In the domestic water purifier market, Coway and ChungHo Nais have released high-end products, creating the demand for high-priced items while minor players have focused on secondary brands. In terms of sales type, rental business via door-to-door sales, rather than general marketing, came into position as a major pillar in the market.

The focus in the small-sized kitchen appliance market has shifted to multi-functional water purifiers with the functions of mini-coffee machines, ice makers, and sparkling water makers, thereby enlarging the market.

The Korean air purifier market has mainly been based on rental business via door-to-door sales, Coway's key marketing strategy, with its competitors such as Samsung and LG focusing on general marketing areas.

Multi-functional air purifiers with the functions of humidifiers and dehumidifiers, rather than traditional air purifiers, have played a leading role in expanding the market. Coway and its competitors have concentrated on marketing for multi-functional air purifiers.

The Korean bidet market has rapidly grown since Coway launched its rental business through terrestrial broadcast and door-to-door sales networks in 2002 for the first time in Korea. The market is now divided into rental business via door-to-door sales (Coway) and general marketing business (Novita, SK Magic, etc.). Coway has recently installed its shops in emart, Lotte Mart, and Homeplus, diversifying its sales channel.

Coway's mattress business, launched in October 2011, has fast solidified its position in the market. Rental business was introduced into the existing mattress market based only on lump-sum sales, adding regular maintenance services such as cleaning and sterilization thereto and successfully attracting positive responses from customers. Following water purifiers, bidets, air purifiers, and softeners, the mattress sector has introduced and stably established rental business for the fifth time in Coway's business history.

Coway's cosmetics business, which has been carried out in Korea since September 2010, has focused on high-function premium products. Based on the customer network that has been set up through its existing health appliance business, Coway has established sales networks, concentrating on door-to-door sales and expanding sales via channel diversification (TV home shopping, etc.).

- Market Characteristics

With the general public having more interest in the environment and health, health appliances such as water purifiers, air purifiers, bidets, and softeners have been solidly positioned as a mainstay in people's daily lives. Generating the demand for lump-sum sales products closely relates with the income level of consumers and domestic consumption while rental business is not much affected by changes in economic conditions. The former is very sensitive to government policies and environmental issues that can change people's level of interest in the environment.

2) Major operation and production

(Unit)

Item	Production (Quantity)	
	FY 2017	FY 2016
Water purifier	986,644	1,042,530
Air purifier	1,097,794	843,017
Filter	20,348,074	19,750,598
Bidet	388,189	434,350
Food waste disposal, etc.	-	1,270
Water softener	51,438	78,918
etc.	64,387	171,372
Total	22,936,526	22,322,055

3) Sales

(Unit: EA, KRW million)

Production Business Area	Quantity		Amount	
	FY 2017	FY 2016	FY 2017	FY 2016
Rental and membership	5,748,291	5,703,787	1,766,424	1,696,238
Lump sum	250,568	245,237	531,700	486,941
Others	-	-	22,379	21,355
Total	-	-	2,320,504	2,204,534

1) The rental business results above refer to the sum of figures for rental and membership accounts.

4) Capital expenditure and funding source

(Unit: KRW million)

Index	Remarks	Amounts	Funding
Buildings	Newly acquired	166	Self-funded
Machinery and equipment	//	435	
Tools	//	13,809	
Furniture and fixtures	//	6,239	
Rental assets	//	230,499	
Others	//	2,265	
Construction in progress	//	7,413	
Total		260,824	

3. Parent and Affiliate Companies

1) Parent

"N/A"

2) Affiliates

(Unit: K Share, KRW million)

Affiliate				Relations		
Company	Location	Company	Location	Paid	Ownership	Transaction (purchase+sales)
Coway China Co., Ltd.	China	1,795	Sales of air-purifier	-	100%	7,322
Coway (Thailand) Company Limited	Thailand	9,488	Rental and lump-sum sales of home appliance items	2,687	100%	4,768
Coway(M) Sdn. Bhd.	Malaysia	122,022	Rental and lump-sum sales of home appliance items	311,707	100%	118,640
Coway USA Inc.	U.S.A	18,938	Rental and lump-sum sales of home appliance items	1,750	100%	16,062
Coway Entech	Korea	3,268	Industrial water treatment business	654	100%	25
Pocheon Malku-nmul Co.Ltd	Korea	3,095	Wastewater reuse system	-	-	-

1) During this term, Coway's stake in Pocheon Malkunmul was transferred to Coway Entech, a new subsidiary that was spun off from Coway. (Number of shares owned: 433,200; stake: 70%)

3) Concurrent positions of directors

Concurrent position		Concurrent company			Remarks
Name	Title	Company name	Title	Job function	
Lee, Hae-Sun	CEO	Coway Entech	Non-standing director	-	

4. Recent Three Year Financial Report

1) Income statement

[Unit: KRW]

Index	FY 2017	FY 2016	FY 2015
Revenue	2,320,503,713,876	2,204,534,229,177	2,161,297,916,093
COGS	774,759,697,855	752,622,447,149	679,472,533,394
Gross profits	1,545,744,016,021	1,451,911,782,028	1,481,825,382,699
SG&A	1,067,333,293,152	1,083,220,524,832	1,018,869,615,188
Operating income	478,410,722,869	368,691,257,196	462,955,767,511
Other income	10,404,717,173	20,000,223,593	16,700,431,321
Other expenses	40,958,906,787	18,609,043,331	15,826,080,917
Financial income	649,347,360	990,230,879	1,113,823,057
Financial expense	11,448,267,308	5,610,471,580	4,275,256,819
Investment income from investments in associated/affiliated companies	1,802,573,400	-	99,999,000
Income before income tax	435,255,039,907	365,462,196,757	460,768,683,153
Corporate tax expense	112,849,657,889	90,008,087,207	111,322,297,826
Net income	322,405,382,018	275,454,109,550	349,446,385,327

2) Balance sheet

[Unit: KRW]

Index	FY 2017	FY 2016	FY 2015
Current assets	774,275,232,408	777,532,092,161	658,055,502,063
Non-current assets	1,376,110,259,237	1,195,117,524,564	1,084,301,891,717
<Assets>	2,150,385,491,645	1,972,649,616,725	1,742,357,393,780
Current liabilities	1,063,053,207,141	682,260,522,505	421,636,912,628
Non-current liabilities	44,204,594,268	42,262,970,584	51,292,681,462
<Liabilities>	1,107,257,801,409	724,523,493,089	472,929,594,090
Paid-in capital	40,662,398,000	40,662,398,000	40,662,398,000
Capital in excess of par value	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	1,013,406,333,531	1,233,995,233,337	1,199,313,506,430
Others	(108,714,490,443)	(124,304,956,849)	(68,321,553,888)
<Equity>	1,043,127,690,236	1,248,126,123,636	1,269,427,799,690
<Liabilities and equity>	2,150,385,491,645	1,972,649,616,725	1,742,357,393,780

5. Board Members and Auditors

Internal /External	Name	Position	Major functions/tasks	Transactions with company	Remarks
Internal	Lee, Hae-Sun	CEO	CEO of Coway Co. Ltd.	None	
External	Jong-Ha James Yoon	Director	Partner, MBK Partners	None	
External	Jay H. Bu	Non-standing director	Partner, MBK Partners	None	
External	Kim, Kwang-Il	Non-standing director	Partner, MBK Partners	None	
External	Park, Tae Hyun	Non-standing director	Partner, MBK Partners	None	
External	Choi, Yon-sog	Non-standing director	Director, MBK Partners	None	
External	Lee, Joong seek	External director	Associate Professor, Graduate School of Convergence Science and Technology Seoul National University	None	
External	Lee, Joon-ho	External director	Head of Korea, L.E.K. Consulting	None	
Internal	Jung, Cheol-ung	Auditor	Internal auditor of Coway Co. Ltd.	None	

6. Major Shareholders

(Unit: Share)

Name/Institution	No. of shares owned	Ownership	Transaction with company	Remarks
Coway Holdings	20,048,712	26.80%	Major shareholder	
GIC Private Limited	5,423,797	7.25%	None	
Lazard Asset Management LLC	5,127,584	6.85%	None	
Korean national pension fund	5,107,698	6.83%	None	
BLACK ROCK	2,269,654	3.03%	None	

* The above information is based on the top 5 major shareholders on the shareholders list dated December 31, 2017

* The stock ownership status of GIC Private Limited is based on the official disclosure on Korea Financial Supervisory Service
- GIC Private Limited: As of notification on Oct. 10 2016

* The stock ownership status of Lazard Asset Management LLC is based on the official disclosure on Korea Financial Supervisory Service
- Lazard Asset Management LLC: As of notification on Jun. 1 2017

7. Ownership Status

(Unit: Share)

Company	Shareholders	Invest on		Invested from	
		Shares	Ownership	Shares	Ownership
Coway China Co., Ltd.	Coway Co. Ltd.	-	100.0%	N/A	
Coway (Thailand) Company Limited	Coway Co. Ltd.	2,686,550	100.0%	N/A	
Coway(M) Sdn. Bhd.	Coway Co. Ltd.	311,706,888	100.0%	N/A	
Coway USA Inc.	Coway Co. Ltd.	1,749,533	100.0%	N/A	
Coway Entech	Coway Co. Ltd.	653,570	100.0%	N/A	
Pocheon Malkunmul Co.Ltd	Coway Entech Co. Ltd.	433,200	70.0%	N/A	
Coway Holdings	Coway Co. Ltd.	N/A		20,048,712	26.8%

1) During this term, the water treatment division was physically divided from Coway to set up Coway Entech.

8. Major Creditors

(Unit: share, KRW million)

Institutions	Amounts	No. of shares owned	Ownership ratio	Remarks
Korea Investment & Securities	230,000	40,057	0.05%	
Shinhan Bank	110,000	-	-	
KB Securities	110,000	15,990	0.02%	
KDB Bank	70,000	-	-	
Mirae Asset Securities	50,000	-	-	
Bookook securities	50,000	-	-	
Samsung Securities	30,000	-	-	
Woori Investment Bank	20,000	-	-	
Total	670,000	56,047	0.08%	

* Quoted from the shareholder list as of 31/12/2017

9. Major Events after 2017

"N/A"

10. Others

Consolidated Statements of Financial Position

December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Assets		
Current assets	791,471,166,861	733,134,075,994
Cash and cash equivalents	110,298,033,482	66,306,978,853
Trade receivables	314,571,050,598	292,776,988,529
Capital lease receivables	60,030,919,073	33,338,985,763
Other short-term financial assets	16,840,899,860	62,705,776,963
Other current assets	213,338,468,835	206,331,822,032
Inventories	74,861,005,631	70,194,665,124
Current tax assets	1,530,789,382	1,478,858,730
Non-current assets	1,367,401,907,951	1,234,573,817,352
Long-term trade	36,497,327,105	
Non-current capital lease receivables	169,862,438,005	104,994,759,658
Other long-term financial assets	53,770,238,000	52,840,420,301
Other non-current assets	167,521,885,149	157,297,276,528
Available-for-sale financial assets	2,465,025,047	2,464,020,122
Net defined benefit assets	7,353,053,942	5,851,871,708
Property, plant and equipment	712,397,814,104	669,403,179,590
Intangible assets	183,920,093,694	182,993,861,968
Investment property	33,136,139,974	33,593,899,415
Deferred income tax assets	477,892,931	1,522,261,736
Total assets	2,158,873,074,812	1,967,707,893,346
Liabilities		
Current liabilities	1,124,750,166,848	735,390,765,837
Trade payables	54,187,945,950	58,724,468,626
Other short-term financial liabilities	196,387,097,171	181,218,578,877
Other current liabilities	102,109,904,700	87,817,269,128
Short-term borrowings	670,000,000,000	340,000,000,000
Income tax payable	62,311,427,327	47,867,955,165
Provisions	39,753,791,700	19,762,494,041
Non-current liabilities	51,866,378,423	48,973,368,952
Others Long-Term Financial Liabilities	2,068,602,932	2,664,966,182
Other non-current liabilities	24,433,326,210	24,561,839,617
Long-term borrowings	12,303,000,000	11,812,000,000
Defined Benefit Liability	1,334,678,191	0
Provisions	1,731,867,941	1,968,932,684
Deferred income tax liabilities	9,994,903,149	7,965,630,469
Total liabilities	1,176,616,545,271	784,364,134,789
Equity		
Equity attributable to owners of the parent	982,204,321,431	1,182,815,030,247
Capital stock	40,662,398,000	40,662,398,000
Capital surplus	97,773,449,148	97,773,449,148
Retained earnings	963,027,305,560	1,179,735,672,647
Other components of equity	(119,258,831,277)	(135,356,489,548)
Non-controlling interests	52,208,110	528,728,310
Total equity	982,256,529,541	1,183,343,758,557
Total liabilities and equity	2,158,873,074,812	1,967,707,893,346

Consolidated Statement of comprehensive income

Years Ended December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Sales	2,516,772,498,930	2,376,328,167,259
Cost of sales	(798,486,300,322)	(812,176,526,166)
Gross profit	1,718,286,198,608	1,564,151,641,093
Selling and administrative expenses	(1,245,537,247,916)	(1,225,354,188,064)
Operating income	472,748,950,692	338,797,453,029
Other income	27,760,922,985	28,737,581,966
Other expense	(49,282,233,491)	(38,890,265,528)
Financial income	984,897,197	1,212,324,916
Financial expense	(12,336,806,182)	(6,103,169,863)
Profit before income tax	439,875,731,201	323,753,924,520
Income tax expense	(114,268,322,165)	(80,442,692,413)
Profit for the year	325,607,409,036	243,311,232,107
Profit attributable to		
Owners of the parent	326,083,929,236	243,647,116,218
Non-controlling interests	(476,520,200)	(335,884,111)
Other comprehensive income	6,898,792,742	(804,069,601)
Other comprehensive income that will be reclassified to profit or loss, net of tax	507,191,865	(564,571,588)
Change in value of available-for-sale financial assets	10,528,381	20,867,176
Foreign currency translation differences	496,663,484	(585,438,764)
Other comprehensive income that will be reclassified to profit or loss, net of tax	6,391,600,877	(239,498,013)
Re-measurement losses on net of defined benefit liability	6,391,600,877	(239,498,013)
Total comprehensive income for the year	332,506,201,778	242,507,162,506
Total comprehensive income for the period attributable to		
Comprehensive income attributable to owners of the parent	332,982,721,978	242,843,046,617
Non-controlling interests	(476,520,200)	(335,884,111)
Earnings per share attributable to owners of the parent		
Basic earnings per share	4,484	3,280
Diluted earnings per share	4,398	3,261

Consolidated Statement of changes in equity
Years Ended December 31, 2017 and 2016

Accounts (unit: KRW)	Equity ownership of controlled entity				Total Equity	Non-controlling interests	Total Equity
	Capital stock	Capital surplus	Retained earnings	Other components of equity			
Balances as of Jan. 1, 2016	40,662,398,000	97,773,449,148	985,875,249,525	(85,768,352,752)	1,038,542,743,921	892,285,334	1,039,435,029,255
Comprehensive income :							
Profit for the year	-	-	343,148,057,698	-	343,148,057,698	(27,672,913)	343,120,384,785
Change in value of available-for-sale financial assets	-	-	-	9,878,983	9,878,983	-	9,878,983
Re-measurement losses on net of defined benefit liability	-	-	(3,625,635,938)	-	(3,625,635,938)	-	(3,625,635,938)
Foreign currency translation differences	-	-	-	(5,216,835,471)	(5,216,835,471)	-	(5,216,835,471)
Comprehensive income :	-	-	339,522,421,760	(5,206,956,488)	334,315,465,272	(27,672,913)	334,287,792,359
Transactions with owners :							
Dividends	-	-	(148,347,918,000)	-	(148,347,918,000)	-	(148,347,918,000)
Share-based compensation	-	-	-	6,477,818,692	6,477,818,692	-	-
Treasury stock	-	-	-	6,383,759,528	6,383,759,528	-	6,383,759,528
Other capital transactions	-	-	-	(8,651,039)	(8,651,039)	-	(8,651,039)
Total transactions with owners	-	-	(148,347,918,000)	12,852,927,181	(135,494,990,819)	-	(135,494,990,819)
Balance at Dec. 31, 2016	40,662,398,000	97,773,449,148	1,177,049,753,285	(78,122,382,059)	1,237,363,218,374	864,612,421	1,238,227,830,795
Balances as of Jan. 1, 2017	40,662,398,000	97,773,449,148	1,179,735,672,647	(135,356,489,548)	1,182,815,030,247	528,728,310	1,183,343,758,557
Comprehensive income :							
Profit for the year	-	-	326,083,929,236	-	326,083,929,236	(476,520,200)	325,607,409,036
Change in value of available-for-sale financial assets	-	-	-	10,528,381	10,528,381	-	10,528,381
Re-measurement losses on net of defined benefit liability	-	-	6,391,600,877	-	6,391,600,877	-	6,391,600,877
Foreign currency translation differences	-	-	-	496,663,484	496,663,484	-	496,663,484
Comprehensive income :	-	-	332,475,530,113	507,191,865	332,982,721,978	(476,520,200)	332,506,201,778
Transactions with owners :							
Dividends	-	-	(409,214,507,200)	-	(409,214,507,200)	-	(409,214,507,200)
Share-based compensation	-	-	-	(547,485,229)	(547,485,229)	-	(547,485,229)
Treasury stock	-	-	(139,969,390,000)	16,137,951,635	(123,831,438,365)	-	(123,831,438,365)
Total transactions with owners	-	-	(549,183,897,200)	15,590,466,406	(533,593,430,794)	-	(533,593,430,794)
Balance at Dec. 31, 2017	40,662,398,000	97,773,449,148	963,027,305,560	(119,258,831,277)	982,204,321,431	52,208,110	982,256,529,541

Consolidated Statement of cash flows
Years ended December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Net cash flows provided by operating activities	553,585,083,431	357,544,315,166
Profit for the year	325,607,409,036	243,311,232,107
Adjustments	476,065,988,945	466,500,506,539
Changes in operating assets and liabilities	(148,493,956,875)	(232,344,178,749)
Dividends received	7,390,000	1,990,000
Income tax paid	(99,601,747,675)	(119,925,234,731)
Investing activities:	(289,712,641,870)	(367,497,963,106)
Increase in other short-term financial assets	(100,046,425,484)	(42,001,384,300)
Decrease in other short-term financial assets	142,020,905,280	152,445,207
Increase in other long-term financial assets	(8,696,259,407)	(15,468,331,673)
Decrease in other long-term financial assets	7,632,536,280	14,573,047,970
Acquisition of property, plant and equipment	(336,799,127,271)	(328,200,851,195)
Proceeds from disposal of property, plant and equipment	13,595,055,523	15,258,005,425
Acquisition of intangible assets	(8,779,308,953)	(13,501,228,980)
Proceeds from disposal of intangible assets	405,149,481	480,000,000
Interests received	977,507,197	1,210,334,440
Disposition of Available-for-Sale Financial Assets	12,500,000	-
Net cash flows used in financing activities	(218,284,527,064)	(39,978,987,059)
Decrease in short-term borrowings	330,000,000,000	259,959,281,133
Increase in long-term borrowings	491,000,000	3,861,000,000
Government grants received	-	4,706,184,000
Payment of dividends	(409,214,507,200)	(208,032,045,200)
Purchase of treasury shares	(142,055,230,500)	(97,998,615,700)
Exercise of share options	14,829,108,000	4,718,014,400
Interests paid	(12,334,897,364)	(7,192,805,692)
Net decrease in cash and cash equivalents	45,623,089,013	(49,932,634,999)
Cash and cash equivalents at January 1	66,306,978,853	116,307,900,077
Net foreign exchange difference	(1,632,034,384)	(68,286,225)
Cash and cash equivalents at December 31	110,298,033,482	66,306,978,853

Separate Statement of financial position

December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Asset		
Current assets	774,275,232,408	777,532,092,161
Cash and cash equivalents	76,964,752,778	41,122,380,818
Trade receivables	413,060,944,522	444,779,024,989
Capital lease receivables	60,030,919,073	33,338,985,763
Other short-term financial assets	16,721,947,783	60,668,010,104
Other current assets	162,914,912,075	151,169,015,090
Inventories	44,581,756,177	46,454,675,397
Non-current assets	1,376,110,259,237	1,195,117,524,564
Long-term trade	36,497,327,105	23,612,266,326
Long-term capital lease receivables	169,862,438,005	104,994,759,658
Other long-term financial assets	52,262,937,624	50,419,041,224
Other non-current assets	142,722,778,510	150,847,809,765
Available-for-sale financial assets	1,238,208,489	1,238,201,489
Net defined benefit assets	7,422,424,350	7,299,751,301
Investments in subsidiaries	180,763,519,606	84,458,480,018
Property, plant and equipment	603,007,123,884	590,903,564,847
Intangible assets	149,197,361,690	147,749,750,521
Investment property	33,136,139,974	33,593,899,415
Total assets	2,150,385,491,645	1,972,649,616,725
Liabilities		
Current liabilities	1,063,053,207,141	682,260,522,505
Trade payables	46,379,801,297	51,356,239,669
Other short-term financial liabilities	180,385,530,667	163,592,649,018
Other current liabilities	64,312,296,677	60,777,048,326
Short-term borrowings	670,000,000,000	340,000,000,000
Income tax payable	62,311,427,327	46,872,481,719
Provisions	39,664,151,173	19,662,103,773
Non-current liabilities	44,204,594,268	42,262,970,584
Other long-term financial liabilities	1,846,034,961	1,824,034,961
Other non-current liabilities	23,117,378,681	22,809,707,088
Provisions	1,442,019,369	1,442,019,369
Deferred tax liabilities	17,799,161,257	16,187,209,166
Total liabilities	1,107,257,801,409	724,523,493,089
Equity		
Capital stock	40,662,398,000	40,662,398,000
Capital surplus	97,773,449,148	97,773,449,148
Retained earnings	1,013,406,333,531	1,233,995,233,337
Other components of equity	(108,714,490,443)	(124,304,956,849)
Total equity	1,043,127,690,236	1,248,126,123,636
Total liabilities and equity	2,150,385,491,645	1,972,649,616,725

Separate Statement of comprehensive income

Years Ended December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Sales	2,320,503,713,876	2,204,534,229,177
Cost of sales	(774,759,697,855)	(752,622,447,149)
Gross profit	1,545,744,016,021	1,451,911,782,028
Selling and administrative expenses	(1,067,333,293,152)	(1,083,220,524,832)
Operating income	478,410,722,869	368,691,257,196
Other income	10,404,717,173	20,000,223,593
Other expenses	(40,958,906,787)	(18,609,043,331)
Financial income	649,347,360	990,230,879
Financial expense	(11,448,267,308)	(5,610,471,580)
Investment income (loss) of subsidiaries and associates	(1,802,573,400)	-
Profit before income tax	435,255,039,907	365,462,196,757
Income tax expense	(112,849,657,889)	(90,008,087,207)
Profit for the year	322,405,382,018	275,454,109,550
Other comprehensive income (loss)	6,189,615,376	(50,683,800)
Other comprehensive income that will be reclassified to profit or loss, before tax	-	-
Other comprehensive income that will not be reclassified to profit or loss, before tax	6,189,615,376	(50,683,800)
Re-measurement losses on net of defined benefit liability	6,189,615,376	(50,683,800)
Total comprehensive income for the year	328,594,997,394	275,403,425,750
Earnings per share		
Basic earnings per share	4,433	3,708
Diluted earnings per share	4,349	3,686

Separate Statement of changes in equity

Years Ended December 31, 2017 and 2016

Accounts (unit: KRW)	Capital stock	Capital surplus	Retained earnings	Other components of equity	Total equity
Balances as of Jan. 1, 2016	40,662,398,000	97,773,449,148	1,199,313,506,430	(68,321,553,888)	1,269,427,799,690
Comprehensive income :					
Profit for the year	-	-	275,454,109,550	-	275,454,109,550
Re-measurement losses on net of defined benefit liability	-	-	(50,683,800)	-	(50,683,800)
Transactions with owners					
Dividends	-	-	(208,032,045,200)	-	(208,032,045,200)
Share-based compensation	-	-	-	3,126,475,699	3,126,475,699
Treasury stock	-	-	(32,689,653,643)	(59,109,878,660)	(91,799,532,303)
Balance at Dec. 31, 2016	40,662,398,000	97,773,449,148	1,233,995,233,337	(124,304,956,849)	1,248,126,123,636
Balances as of Jan. 1, 2017	40,662,398,000	97,773,449,148	1,233,995,233,337	(124,304,956,849)	1,248,126,123,636
Comprehensive income :					
Profit for the year	-	-	322,405,382,018	-	322,405,382,018
Re-measurement losses on net of defined benefit liability	-	-	6,189,615,376	-	6,189,615,376
Transactions with owners					
Dividends	-	-	(409,214,507,200)	-	(409,214,507,200)
Share-based compensation	-	-	-	(547,485,229)	(547,485,229)
Treasury stock	-	-	(139,969,390,000)	16,137,951,635	(123,831,438,365)
Balance at Dec. 31, 2017	40,662,398,000	97,773,449,148	1,013,406,333,531	(108,714,490,443)	1,043,127,690,236

Separate Statement of cash flows

Years Ended December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Net cash generated from operating activities	467,078,621,663	327,239,512,132
Cash generated from operations	565,536,463,552	446,425,734,111
Profit for the year	322,405,382,018	275,454,109,550
Adjustments	442,971,429,459	439,941,797,486
Changes in operating assets and liabilities	(199,840,347,925)	(268,970,172,925)
Income tax paid	(98,457,841,889)	(119,186,221,979)
Net cash used in investing activities	(213,358,302,060)	(324,766,008,780)
Increase in other short-term financial assets	(101,688,700,000)	(42,001,384,300)
Decrease in other short-term financial assets	142,028,884,300	146,000,000
Increase in other long-term financial assets	(8,566,570,100)	(14,695,588,870)
Decrease in other long-term financial assets	6,722,673,700	14,442,007,970
Acquisition of property, plant and equipment	(257,009,719,580)	(286,004,879,264)
Proceeds from disposal of property, plant and equipment	12,485,214,423	14,842,848,505
Acquisition of intangible assets	(8,211,781,644)	(12,965,243,700)
Proceeds from disposal of intangible assets	232,349,481	480,000,000
Interest received	649,347,360	990,230,879
Net cash used in financing activities	(217,888,897,008)	(48,049,096,228)
Net increase (decrease) in short-term borrowings	330,000,000,000	259,959,281,133
Payment of dividends	(409,214,507,200)	(208,032,045,200)
Purchase of treasury stock	(142,055,230,500)	(97,998,615,700)
Exercise of share options	14,829,108,000	4,718,014,400
Interest paid	(11,448,267,308)	(6,695,730,861)
Net increase in cash and cash equivalents	35,831,422,595	(45,575,592,876)
Beginning of the year	41,122,380,818	86,605,593,229
Exchange losses on cash and cash equivalents	10,949,365	92,380,465
End of the year	76,964,752,778	41,122,380,818

Separate statements of appropriations of retained earnings

Years Ended December 31, 2017 and 2016

Accounts (unit: KRW)	2017	2016
Retained earnings before appropriations	14,110,871,911	242,714,771,717
Unappropriated retained earnings carried over from the prior year	168,517	999,610
Actuarial gains and losses	6,189,615,376	(50,683,800)
Profit for the year	322,405,382,018	275,454,109,550
Interim dividend	(174,514,904,000)	-
Retirement of Stocks	(139,969,390,000)	(32,689,653,643)
Transfer from Voluntary Reserves	43,584,900,000	-
Voluntary reserve	43,584,900,000	-
Appropriations	57,695,684,000	242,714,603,200
Voluntary reserve	-	8,015,000,000
Cash dividends	57,695,684,000	234,699,603,200
Common stock		
: in 2017 4Q: 800 (160%)		
: in 2016: 3,200 (640%)		
Unappropriated retained earnings carried forward to succeeding year	87,911	168,517