

Annual Report

(Jan.1 – Dec.31, 2015)

Coway Co., Ltd.

- Index-

1. Overview
2. Business Results
3. Parent and Affiliate Companies
4. Recent Three Years Financial Report
5. 2015 Business Plan
6. Board Members and Auditors
7. Major Shareholders
8. Ownership Status
9. Major Creditors
10. Major Events after 2015
11. Others

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. 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, Kyeonggi-do
Environmental Quality Lab.	Quality management for water and air purifiers	136-23 Yugumagoksa Rd., Yugu-eup, Gongju-si, Chungcheongnam-do
Environmental Technology Lab.	R&D for water and air purifiers	R&D Centre, Seoul National Univ. Seoul
Cosmetics Lab.	Cosmetics R&D	1103~4, Jayplatz, 186 Gasandong, Geumcheon-gu, Seoul
625 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.

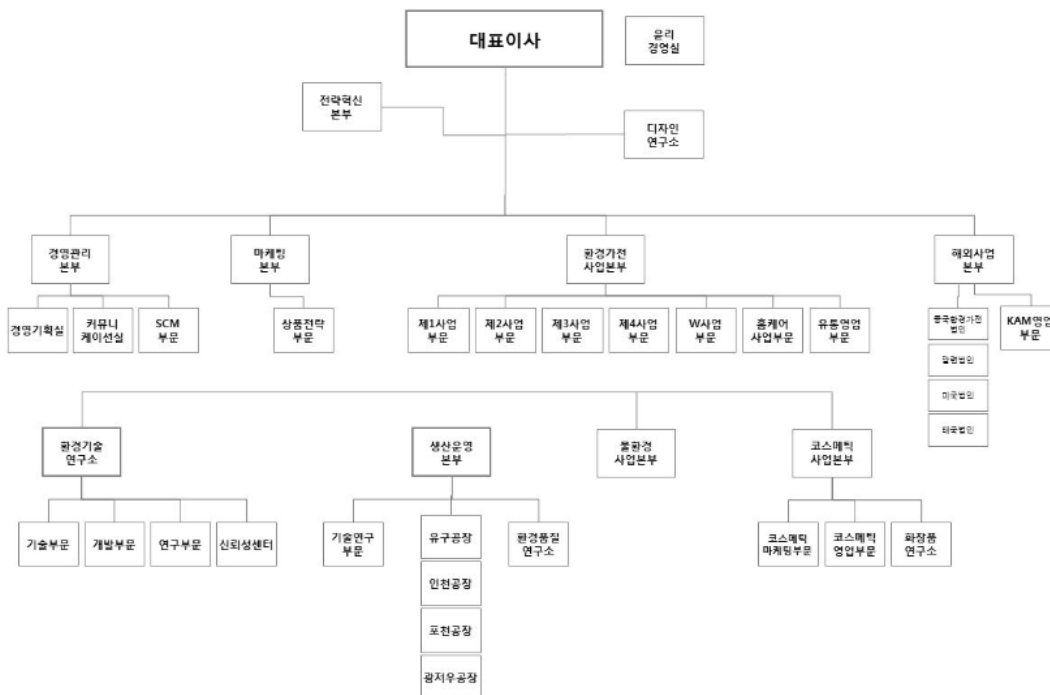
4) Employees

(Unit: personnel)

	Full term employment	Fixed term employment	Total
Male	1,360	212	1,572
Female	2,551	658	3,209
Total	3,911	870	4,781

* Employees are including non-registered directors.

5) Organizational Structure



6) Stocks

① Outstanding shares

(Unit: Share, KRW million)

	No. of shares	Amounts	Portion	Remarks
Common stock	77,124,796	40,662	100%	Registered stock
Total	77,124,796	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	43-2 Yeouuido-dong, Yeongdeungpo-gu, Seoul

7) Debenture

"N/A"

2. Business Results

1) Business Overview

- Business Overview

We launched 'rental marketing', a new business model, for the first time in Korea, and introduced 'rental service/system,' believing that costly water purifiers would be unaffordable for consumers in times of economic difficulties. The rental system was a success in two ways: 'price burdens' which consumers pinpointed in consumer surveys many times are eased; and continuous customer services that are essential for products like water purifiers require regular post services. Consumers' price resistance was eased while a new solution of 'service management' to concerns about drinking water was proposed.

The 'HEART' service is available, that is, a customized regular product management service whereby 'CODY' (i.e., Coway+Lady) who are mostly married ones are trained on required professional services. The service focuses on various points: enhancing expertise in hygiene service; launching subsidiaries and multiple facility utilization services; developing product-specific customized services; and sharply being on time. CODY's visit customers every two months, offering different services: regular checks on products rented; membership management of general products; filter changes; and component changes.

Moreover, we have expanded and developed our mattress business into a total homecare service division that includes not only the rental, sale, and management of mattresses but also the cleaning up and management of sofas and carpets. In order to provide high-quality homecare services, we have set up a separate homecare doctor organization from the CODY system. We check out customer satisfaction within 24 hours from the customer service within three days from product installation, and run the 'Happy Call' service where customer complaints are addressed in a one-stop service. As such, we strive to achieve seamless customer satisfaction.

- 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, Tongyang 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 2015	FY 2014
Water purifier	885,008	800,416
Air purifier	570,790	844,201
Filter	18,124,257	17,042,321
Bidet	406,611	365,682
Food waste disposal, etc.	1,730	2,930
Water softener	77,112	71,261
etc.	228,748	194,031
Total	20,294,256	19,320,842

3) Sales

(Unit: EA, KRW million)

Production Business Area	Quantity		Amount	
	FY 2015	FY 2014	FY 2015	FY 2014
Rental and membership	5,771,306	5,616,668	1,711,635	1,583,951
Lump sum	226,180	183,408	403,569	371,320
Others	-	-	46,094	58,370
Total	-	-	2,161,298	2,013,641

4) Capital expenditure and funding source

(Unit: KRW million)

Index	Remarks	Amounts	Funding
Buildings	Newly acquired	72	Self-funded
Structures	//	523	
Machinery and equipment	//	633	
Tools	//	13,941	
Furniture and fixtures	//	2,989	
Rental assets	//	245,414	
Others	//	1,892	
Construction in progress	//	6,266	
계		271,730	

3. Parent and Affiliate Companies

1) Parent

"N/A"

2) Affiliates

(Unit: 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%	2,464
Coway (Thailand) Company Limited	Thailand	9,488	Rental and lump-sum sales of home appliance items	2,687	100%	1,807
Coway(M) Sdn.Bhd.	Malaysia	24,911	Rental and lump-sum sales of home appliance items	70,817	100%	52,081
Coway USA Inc.	U.S.A	18,938	Rental and lump-sum sales of home appliance items	1,750	100%	17,843
Green Entech	Korea	1,157	Industrial water treatment business	2,314	100%	2,593
Pocheon Malku-nmul Co.Ltd	Korea	3,095	Wastewater reuse system	433	70%	7,630

3) Concurrent positions of directors

Concurrent position		Concurrent company			Remarks
Name	Title	Company name	Title	Job function	
Kim, Dong-Hyun	CEO	Green Entech	Non-standing director	-	

4. Recent Three Year Financial Report

1) Income statement

[Unit: KRW]

Index	FY 2015	FY 2014	FY 2013
Revenue	2,161,297,916,093	2,013,640,835,841	1,933,731,417,973
COGS	679,472,533,394	673,352,109,794	651,664,989,109
Gross profits	1,481,825,382,699	1,340,288,726,047	1,282,066,428,864
SG&A	1,018,869,615,188	962,795,689,817	948,850,609,322
Operating income	462,955,767,511	377,493,036,230	333,215,819,542
Other income	16,700,431,321	14,310,225,024	13,993,394,825
Other expenses	15,826,080,917	22,836,562,331	23,054,941,317
Financial income	1,113,823,057	2,202,047,064	3,870,496,922
Financial expense	4,275,256,819	10,849,424,384	17,604,192,096
Investment income from investments in associated/affiliated companies	99,999,000	(30,616,736,419)	40,128,329,416
Income before income tax	460,768,683,153	329,702,585,184	350,548,907,292
Corporate tax expense	111,322,297,826	86,765,758,749	97,356,286,478
Net income	349,446,385,327	242,936,826,435	253,192,620,814

2) Balance sheet

[Unit: KRW]

Index	FY 2015	FY 2014	FY 2013
Current assets	658,055,502,063	573,108,160,679	642,474,602,289
Non-current assets	1,084,301,891,717	1,002,920,167,696	998,582,853,387
<Assets>	1,742,357,393,780	1,576,028,328,375	1,641,057,455,676
Current liabilities	421,636,912,628	468,027,334,949	636,844,361,268
Non-current liabilities	51,292,681,462	48,957,754,204	36,868,426,474
<Liabilities>	472,929,594,090	516,985,089,153	673,712,787,742
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	1,199,313,506,430	1,001,790,524,182	890,447,324,553
Others	(68,321,553,888)	(81,183,132,108)	(61,538,503,767)
<Equity>	1,269,427,799,690	1,059,043,239,222	967,344,667,934
<Liabilities and equity>	1,742,357,393,780	1,576,028,328,375	1,641,057,455,676

5. 2015 Business Plan

Last year, business environment was tough due to prolonged economic recession caused by MERS crisis. However, Coway achieved operating performances exceeding market expectations despite unfavorable business conditions.

Our sales continued stable growth by increasing 7.3% year-on-year to KRW 2.16 trillion. Operating profit also soared 22.6% from the previous year to KRW 463.0 billion, reaching a record high. Operating margin stood at 21.4%

At the end of last year, we established a new vision of "The Life Care Company" connoting our desire to be always together in people's daily lives.

As part of realizing the vision, Coway has launched new-concept water purifiers and air purifiers combined with IoT technology for the first time in the environmental home appliance industry. We also showcased the "IoCare" business model, a new customer-tailored solution that integrates the concept of "Care," Coway's core competitiveness, with IoT technology.

Backed by these activities, our company recorded the highest ever sales of 1.41 million units. Net increase of rental accounts also is expanded by stably managing the cancellation rate around 1%.

As a result, the number of our rental and membership accounts, the most important assets, sustained growth by recording 5.77 million.

In addition, our sales organization that is the core of door-to-door sales has focused on promoting differentiated strategies by region and enhancing the productivity of door-to-door sales force, contributing to our remarkable performances.

We think this positive change at business sites is the most significant result in 2015.

The home care business, which was promoted as a new growth engine, successfully introduced a new-concept sales method to the market by changing the public perception of products from ownership to value consumption, which resulted in growing the number of accounts by 21.1% compared to the previous year.

Domestic cosmetics business also showed an increase of 3.3% year-on-year in sales through expanding the lineup of core products as well as enjoying sales growth in home shopping and duty-free channels.

As for overseas business, both Malaysia subsidiary and the US subsidiary saw the increases in the number of accounts and sales. Especially, the number of accounts of Malaysia subsidiary soared 47.2% year-on-year to 270 thousands thanks to the success of local rental business, while that of the US subsidiary also grew by 14%.

6. Board Members and Auditors

Internal /External	Name	Position	Major functions/tasks	Transactions with company	Remarks
Internal	Kim, Dong-Hyun	CEO	CEO of Coway Co. Ltd.	None	
External	Michael ByungJu Kim	Non-standing director	Partner, MBK Partners	None	
External	Jong-Ha James Yoon	Non-standing director	Partner, MBK Partners	None	
External	Jay H. Bu	Non-standing director	Partner, MBK Partners	None	
External	Park, Tae Hyun	Non-standing director	Partner, 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	
Internal	Kim, Kyung-Hwan	Auditor	Internal auditor of Coway Co. Ltd.	None	Resigned on Mar 31, 2015

7. Major Shareholders

(Unit: Share)

Name/Institution	No. of shares owned	Ownership	Transaction with company	Remarks
Coway Holdings	23,829,150	30.90%	Major shareholder	
Korean national pension fund	4,659,952	6.04%	None	
Lazard Asset Management LLC	4,020,020	5.21%	None	
GIC	3,531,707	4.58%	None	
BLACK ROCK	1,708,071	2.20%	None	

* The above information is based on the top 5 major shareholders on the shareholders list dated December 31, 2015

* The stock ownership status of Korean national pension fund is based on the official disclosure on Korea Financial Supervisory Service

- Korean national pension fund: As of notification on Jul. 8 2015

* 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 May. 7 2015

8. 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) S dn.Bhd.	Coway Co. Ltd.	70,816,969	100.0%	N/A	
Coway USA Inc.	Coway Co. Ltd.	1,749,533	100.0%	N/A	
Green Entech	Coway Co. Ltd.	2,314,204	100.0%	N/A	
Pocheon Malkunmul Co.Ltd	Coway Co. Ltd.	433,200	70.0%	N/A	
Kirin Music	Coway Co. Ltd.	51,868	12.1%	N/A	
Coway Holdings	Coway Co. Ltd.	N/A		23,829,150	30.9%

9. Major Creditors

(Unit: share, KRW million)

Institutions	Amounts	No. of shares owned	Ownership ratio	Remarks
Shinhan Bank	13,909	3,248	0.00%	기업구매자금대출 외
Woori Bank	12,511	4,130	0.01%	기업구매자금대출
Hana Bank	23,621	55,303	0.07%	기업구매자금대출
KDB Bank	30,000	-	-	기업어음증권
Total	80,041	62,681	0.08%	-

* Quoted from the shareholder list as of 31/12/2015

10. Major Events after 2015

- The Company demerged the water and environment management business into establishment of Coway EnTech Co., Ltd. on February 29, 2016 according to the resolution of board of directors on December 10, 2015 and resolution of extraordinary meeting of shareholders on February 29, 2016.

11. Others

Consolidated Statements of Financial Position

As of 12/31/2015

As of 12/31/2014

As of 12/31/2013

(Unit : KRW)

	FY 2015	FY 2014	FY 2013
Assets			
Non-current assets	1,122,079,124,795	1,024,838,930,313	976,444,176,927
Financial lease receivables(non-current)	28,144,341,859		
Other long-term financial assets	52,068,160,276	52,584,883,310	52,525,362,251
Other noncurrent asset	147,080,589,614	96,731,719,306	79,274,117,837
Available-for-sale financial assets	2,430,095,830	2,417,367,997	2,467,078,452
Property, plant and equipment	699,511,862,474	675,187,865,092	638,306,128,525
Intangible assets	168,786,681,111	170,626,319,462	176,847,558,202
Investment property	23,173,559,415	26,410,249,817	26,759,679,354
Deferred income tax assets	883,834,216	880,525,329	264,252,306
Current assets	653,318,017,710	596,810,515,755	691,414,546,521
Cash and cash equivalents	116,307,900,077	147,363,023,267	238,665,064,539
Trade and other current receivables	256,015,919,789	208,800,400,593	212,606,268,280
Financial lease receivables	8,955,735,351		
Other short term financial assets	27,649,923,663	26,752,942,070	43,396,429,084
Other current asset	173,439,264,551	151,978,809,587	130,980,632,688
Inventories	69,820,809,255	61,909,650,008	65,766,151,930
Current tax assets	1,128,465,024	5,690,230	0
Assets held for sales	0	0	0
Total assets	1,775,397,142,505	1,621,649,446,068	1,667,858,723,448
Equity			
Equity attributable to owners of parent	1,237,363,218,374	1,038,542,743,921	940,888,508,919
Capital stock	40,662,398,000	40,662,398,000	40,662,398,000
Capital surplus	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	1,177,049,753,285	985,875,249,525	867,992,459,258
Other components of equity	(78,122,382,059)	(85,768,352,752)	(65,539,797,487)
Non-controlling interests	864,612,421	892,285,334	0
Total equity	1,238,227,830,795	1,039,435,029,255	940,888,508,919
Liabilities			
Non-current liabilities	64,287,230,555	56,173,184,972	50,237,576,867
Other long-term financial liabilities	11,348,992,442	10,792,642,968	9,348,534,248
Other long-term payables	7,331,786,426	7,749,182,152	10,416,401,962

	FY 2015	FY 2014	FY 2013
Long-term borrowings	7,951,000,000	932,000,000	0
Retirement benefit obligations	12,373,703,182	15,951,403,224	8,421,167,314
Provisions	2,135,329,680	650,689,840	648,726,206
Deferred income tax liabilities	23,146,418,825	20,097,266,788	21,402,747,137
Debentures	0	0	0
Derivative liabilities	0	0	0
Current liabilities	472,882,081,155	526,041,231,841	676,732,637,662
Trade and other current payables	59,799,440,753	59,047,506,667	36,662,813,832
Other short-term financial liabilities	184,014,652,018	176,409,758,706	174,993,747,880
Derivative liabilities	0	0	6,865,216,289
Other current liabilities	77,226,564,801	79,821,288,251	64,795,450,451
Short-term borrowings	80,040,718,867	164,403,282,571	181,773,836,079
Current portion of long-term borrowings	0	0	30,083,333,000
Current portion of debentures	0	0	116,083,000,000
Income taxes payable	70,198,265,550	44,933,779,395	61,240,942,890
Provisions	1,602,439,166	1,425,616,251	4,234,297,241
Total liabilities	537,169,311,710	582,214,416,813	726,970,214,529
Total equity and liabilities	1,775,397,142,505	1,621,649,446,068	1,667,858,723,448

Consolidated Statement of comprehensive income

From 01/01/2015 To 12/31/2015

From 01/01/2014 To 12/31/2014

From 01/01/2013 To 12/31/2013

(Unit : KRW)

	FY 2015	FY 2014	FY 2013
Sales	2,315,242,282,662	2,160,315,530,683	2,118,341,565,040
Cost of sales	728,843,092,565	726,567,159,312	720,983,776,288
Gross profit	1,586,399,190,097	1,433,748,371,371	1,397,357,788,752
Selling general administrative expenses	1,123,060,003,421	1,069,319,801,501	1,058,325,440,832
Operating Income	463,339,186,676	364,428,569,870	339,032,347,920
Other Income	24,447,251,232	17,610,070,502	15,972,610,967
Other Expense	30,407,140,043	40,697,496,626	30,981,904,629
Finance income	1,423,176,277	2,703,459,518	4,137,322,883
Finance Expense	4,339,055,128	11,598,016,713	18,620,948,527
Share of profit of associates	0	0	17,598,006,475
Profit before income tax	454,463,419,014	332,446,586,551	327,137,435,089
Income tax expense	111,343,034,229	82,778,174,443	82,062,783,136

	FY 2015	FY 2014	FY 2013
Profit for the year	343,120,384,785	249,668,412,108	245,074,651,953
Profit attributable to			
Owners of the parent	343,148,057,698	249,691,456,790	245,074,651,953
Non-controlling interests	(27,672,913)	(23,044,682)	0
Other comprehensive income(loss)	(8,832,592,426)	(8,567,485,642)	(1,268,999,715)
Other comprehensive income(loss) that will not be reclassified to profit or loss, net of tax	(3,625,635,938)	(8,172,241,121)	478,707,380
Actuarial losses	(3,625,635,938)	(8,172,241,121)	(1,165,573,838)
Share of other comprehensive income of associates	0	0	1,644,281,218
Other comprehensive income(loss), net of tax	(5,206,956,488)	(395,244,521)	(1,747,707,095)
Changes in value of available-for-sale financial assets	9,878,983	9,368,733	4,415,592
Capital valuation of equity method	0	0	4,489,120,771
Losses on valuation of derivatives	0	195,727,947	561,222,853
Foreign currency translation differences	(5,216,835,471)	(600,341,201)	(6,802,466,311)
Total comprehensive income	334,287,792,359	241,100,926,466	243,805,652,238
Comprehensive income attributable to			
Owners of the parent	334,315,465,272	241,123,971,148	243,805,652,238
Non-controlling interests	(27,672,913)	(23,044,682)	0
Earnings per share			
Basic earnings per share	4,621	3,361	3,283
Diluted earnings per share	4,597	3,356	3,273

Consolidated Statement of changes in equity

From 01/01/2015 To 12/31/2015

From 01/01/2014 To 12/31/2014

From 01/01/2013 To 12/31/2013

(Unit : KRW)

	Attributable to equity holders of the company					Non-controlling interests	Total equity
	Capital stock	Capital surpluses	Retained earnings	Other components of equity	Total		
Balances as of Jan. 1, 2013	40,662,398,000	97,773,449,148	700,852,885,725	(54,203,911,555)	785,084,821,318	0	785,084,821,318
Total comprehensive income							
Profit for the year	0	0	245,074,651,953	0	245,074,651,953	0	245,074,651,953
Change in value of available-for-sale financial asset	0	0	0	4,415,592	4,415,592	0	4,415,592
Share of other comprehensive income of associates	0	0	1,644,281,218	4,489,120,771	6,133,401,989	0	6,133,401,989
Actuarial losses	0	0	(1,165,573,838)	0	(1,165,573,838)	0	(1,165,573,838)
Foreign currency translation differences	0	0	0	(6,802,466,311)	(6,802,466,311)	0	(6,802,466,311)
Losses on valuation of derivatives	0	0	0	561,222,853	561,222,853	0	561,222,853
Total comprehensive income	0	0	245,553,359,333	(1,747,707,095)	243,805,652,238	0	243,805,652,238
Transactions with owners							
Dividends	0	0	(78,413,785,800)	0	(78,413,785,800)	0	(78,413,785,800)
Share -based compensation	0	0	0	2,556,855,814	2,556,855,814	0	2,556,855,814
Acquisition of treasury stock	0	0	0	(12,145,034,651)	(12,145,034,651)	0	(12,145,034,651)
Change in the equity owned for subsidiaries							
Paid-in capital increase, etc.	0	0	0	0	0	0	0
Change in the consolidation scope	0	0	0	0	0	0	0
Total transactions with owners	0	0	(78,413,785,800)	(9,588,178,837)	(88,001,964,637)	0	(88,001,964,637)
Balances at Dec.31, 2013	40,662,398,000	97,773,449,148	867,992,459,258	(65,539,797,487)	940,888,508,919	0	940,888,508,919
Balances as of Jan. 1, 2014	40,662,398,000	97,773,449,148	867,992,459,258	(65,539,797,487)	940,888,508,919	0	940,888,508,919
Total comprehensive income							
Profit for the year	0	0	249,668,412,108	0	249,668,412,108	(23,044,682)	249,645,367,426
Change in value of available-for-sale financial asset	0	0	0	9,368,733	9,368,733	0	9,368,733
Share of other comprehensive income of associates	0	0	0	0	0	0	0
Actuarial losses	0	0	(8,172,241,121)	0	(8,172,241,121)	0	(8,172,241,121)
Foreign currency translation differences	0	0	0	(600,341,201)	(600,341,201)	0	(600,341,201)
Losses on valuation of derivatives	0	0	0	195,727,947	195,727,947	0	195,727,947
Total comprehensive income	0	0	241,496,170,987	(395,244,521)	241,100,926,466	(23,044,682)	241,077,881,784
Transactions with owners							
Dividends	0	0	(123,613,380,720)	0	(123,613,380,720)	0	(123,613,380,720)
Share -based compensation	0	0	0	6,518,941,248	6,518,941,248	0	6,518,941,248
Acquisition of treasury stock	0	0	0	(26,359,297,536)	(26,359,297,536)	0	(26,359,297,536)
Change in the equity owned for subsidiaries							
Paid-in capital increase, etc.	0	0	0	0	0	929,000,000	929,000,000
Change in the consolidation scope	0	0	0	7,045,544	7,045,544	(13,669,984)	(6,624,440)
Total transactions with owners	0	0	(123,613,380,720)	(19,833,310,744)	(143,446,691,464)	915,330,016	(142,531,361,448)
Balances at Dec.31, 2014	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
Balances as of Jan. 1, 2015	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
Total comprehensive income							
Profit for the year	0	0	343,148,057,698	0	343,148,057,698	(27,672,913)	343,120,384,785
Change in value of available-for-sale financial asset	0	0	0	9,878,983	9,878,983	0	9,878,983
Actuarial losses	0	0	(3,625,635,938)	0	(3,625,635,938)	0	(3,625,635,938)
Foreign currency translation differences	0	0	0	(5,216,835,471)	(5,216,835,471)	0	(5,216,835,471)
Total comprehensive income	0	0	343,148,057,698	(4,343,652,426)	343,148,057,698	(27,672,913)	343,120,384,785
Transactions with owners							
Dividends	0	0	(148,347,918,000)	0	(148,347,918,000)	0	(148,347,918,000)
Share -based compensation	0	0	0	6,456,740,038	6,456,740,038	0	6,456,740,038
Acquisition of treasury stock	0	0	0	6,383,759,528	6,383,759,528	0	6,383,759,528
Other components of equity	0	0	0	12,427,615	12,427,615	0	12,427,615
Total transactions with owners	0	0	(148,347,918,000)	12,852,927,181	(135,494,990,819)	0	(135,494,990,819)
Balances at Dec.31, 2015	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

Consolidated Statement of cash flows

From 01/01/2015 To 12/31/2015

From 01/01/2014 To 12/31/2014

From 01/01/2013 To 12/31/2013

(Unit : KRW)

	FY 2015	FY 2014	FY 2013
Cash flows from operating activities	512,842,861,971	536,738,886,806	536,755,118,935
Cash generated from operating activities	596,257,470,041	635,876,805,561	578,235,661,266
Profit for the year	343,120,384,785	249,668,412,108	245,074,651,953
Adjustments	448,325,433,627	415,328,828,374	374,232,456,171
Changes in operating assets and liabilities	(195,292,141,944)	(29,120,434,921)	(41,071,446,858)
Dividends received	-	2,556,000	0
Income taxes paid	(83,414,608,070)	(99,140,474,755)	(41,480,542,331)
Cash flows from investing activities	(329,499,037,937)	(299,195,909,498)	(76,293,602,469)
Increase in other short-term financial assets	(23,383,876)	0	(3,728,199,881)
Decrease in other short-term financial assets	39,500,000	207,597,588	584,408,469
Increase in long-term financial instruments	(9,459,582,799)	(6,589,946,888)	(15,108,437,875)
Decrease in other long-term financial assets	9,574,694,004	6,691,082,753	19,915,842,473
Purchase of available-for-sale financial assets	0	0	0
Proceeds from sales of available-for-sale financial assets	192,854	0	1,152,726
Acquisition of subsidiaries, net of cash acquired	0	0	0
Disposal of subsidiaries, net of cash acquired	100,000,000	0	0
Purchase of investments in associates	0	0	178,154,596,360
Purchase of property, plant and equipment	(329,278,843,190)	(305,777,706,914)	(267,953,466,826)
Proceeds from sales of property, plant and equipment	8,890,025,828	9,561,835,760	9,626,121,399
Purchase of intangible assets	(6,147,835,375)	(6,710,714,322)	(4,715,547,315)
Proceeds from sales of intangible assets	699,999,999	681,818,181	2,303,242,171
Purchase of investment property	0	0	0
Proceeds from sales of investment property	3,131,000,000	0	0
Interest received	1,625,765,877	2,740,124,344	4,626,685,830

	FY 2015	FY 2014	FY 2013
Change in the consolidation scope	(8,650,571,259)		
Cash flows from financing activities	(213,408,380,136)	(327,922,715,840)	(372,941,069,445)
Proceeds from short term borrowings	(84,361,389,149)	(17,264,971,453)	(151,094,997,112)
Decrease in current portion of long-term borrowings	-	(30,083,333,000)	(60,499,866,000)
Decrease in current portion of debentures	-	(116,083,000,000)	(50,000,000,000)
Proceeds from long term borrowings	7,019,000,000	932,000,000	0
Proceeds from government grants	11,411,910,000	4,300,000,000	0
Dividends paid	(148,347,918,000)	(123,613,380,720)	(78,413,785,800)
Acquisition of treasury shares	-	(31,477,668,300)	(18,778,293,000)
Paid-in capital increase for investment of subsidiary	-	922,375,560	0
Exercise of share options	5,238,160,000	3,866,020,000	4,863,450,000
Interest paid	(4,368,142,987)	(12,673,926,737)	(19,017,577,533)
Cash flows from financial derivative trading	-	(6,607,000,000)	0
Etc.	-	(139,831,190)	0
Net increase in cash and cash equivalents	(30,064,556,102)	(90,379,738,532)	87,520,447,021
Beginning of the year	147,363,023,267	238,665,064,539	152,411,776,291
Effect of exchange rate changes on cash and cash equivalents	(990,567,088)	(922,302,740)	(1,267,158,773)
End of the year	116,307,900,077	147,363,023,267	238,665,064,539

Statement of financial position

As of 12/31/2015

As of 12/31/2014

As of 12/31/2013

(Unit : KRW)

	FY 2015	FY 2014	FY 2013
Assets			
Non-current assets	1,084,301,891,717	1,002,920,167,696	998,582,853,387
Long-term financial lease receivables	28,144,341,859	-	-
Other long-term financial assets	50,260,460,324	51,364,938,528	51,515,383,116
Other non-current assets	139,907,806,360	90,734,230,545	73,104,407,778
Available-for-sale financial assets	1,534,075,239	1,534,012,769	1,533,623,750
Investments in subsidiaries	70,337,471,398	70,337,472,398	100,954,208,817
Property, plant and equipment	624,867,256,387	617,601,087,655	596,797,789,837
Intangible assets	146,076,920,735	147,809,967,203	150,900,236,594

	FY 2015	FY 2014	FY 2013
Investment property	23,173,559,415	23,538,458,598	23,777,203,495
Current assets	658,055,502,063	573,108,160,679	642,474,602,289
Cash and cash equivalents	86,605,593,229	105,525,742,301	201,278,525,993
Trade and other current receivables	353,607,533,703	273,609,656,258	265,871,142,701
Financial lease receivables	8,955,735,351	-	-
Other short-term financial assets	18,525,643,412	21,517,398,778	24,525,764,200
Other current assets	142,142,514,194	130,680,507,111	109,925,488,396
Inventories	48,218,482,174	41,774,856,231	40,873,680,999
Assets held for sales	-	-	-
Total assets	1,742,357,393,780	1,576,028,328,375	1,641,057,455,676
Equity			
Capital stock	40,662,398,000	40,662,398,000	40,662,398,000
Capital surplus	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	1,199,313,506,430	1,001,790,524,182	890,447,324,553
Other components of equity	- 68,321,553,888	- 81,183,132,108	- 61,538,503,767
Total equity	1,269,427,799,690	1,059,043,239,222	967,344,667,934
Liabilities			
Non-current liabilities	51,292,681,462	48,957,754,204	36,868,426,474
Other long-term financial liabilities	11,103,361,630	10,460,233,988	9,035,836,616
Other non-current liabilities	5,142,597,083	5,411,988,410	4,564,929,868
Retirement benefit obligations	11,039,526,616	14,064,774,069	7,023,741,785
Provisions	1,774,015,559	263,774,380	215,691,659
Deferred tax liabilities	22,233,180,574	18,756,983,357	,028,226,546
Long-term borrowings	-	-	-
Debentures	-	-	-
Derivative liabilities	-	-	-
Current liabilities	421,636,912,628	468,027,334,949	636,844,361,268
Trade and other current payables	47,652,986,026	46,541,464,777	29,539,554,570
Other short-term financial liabilities	165,726,999,471	154,539,440,037	162,458,784,914
Derivative liabilities	-	-	6,865,216,289
Other current liabilities	56,821,559,706	57,874,029,009	55,544,667,242
Short-term borrowings	80,040,718,867	162,803,282,571	172,009,138,942
Current portion of long-term borrowings	-	-	30,000,000,000
Current portion of debentures	-	-	116,083,000,000
Payments of Income taxes payable	69,881,141,176	44,916,692,855	61,055,569,316
Provisions	1,513,507,382	1,352,425,700	3,288,429,995
Total liabilities	472,929,594,090	516,985,089,153	673,712,787,742
Total equity and liabilities	1,742,357,393,780	1,576,028,328,375	1,641,057,455,676

Statement of financial position

From 01/01/2015 To 12/31/2015

From 01/01/2014 To 12/31/2014

From 01/01/2013 To 12/31/2013

(Unit : KRW)

	FY 2015	FY 2014	FY 2013
sales	2,161,297,916,093	2,013,640,835,841	1,933,731,417,973
Cost of sales	679,472,533,394	673,352,109,794	651,664,989,109
Gross profit	1,481,825,382,699	1,340,288,726,047	1,282,066,428,864
Selling general administrative expenses	1,018,869,615,188	962,795,689,817	948,850,609,322
Operating Income	462,955,767,511	377,493,036,230	333,215,819,542
Other income	16,700,431,321	14,310,225,024	13,993,394,825
Other expense	15,826,080,917	22,836,562,331	23,054,941,317
Finance income	1,113,823,057	2,202,047,064	3,870,496,922
Finance expense	4,275,256,819	10,849,424,384	17,604,192,096
Investment income(loss) of subsidiaries and associates	99,999,000	(30,616,736,419)	40,128,329,416
Profit before income tax	460,768,683,153	329,702,585,184	350,548,907,292
Income tax expense	111,322,297,826	(86,765,758,749)	(97,356,286,478)
Profit for the year	349,446,385,327	242,936,826,435	253,192,620,814
Other comprehensive income	(3,575,485,079)	(7,784,518,139)	(575,421,603)
Other comprehensive income that will not be reclassified to profit or loss, net of tax	(3,575,485,079)	(7,980,246,086)	(1,133,571,110)
Actuarial losses	(3,575,485,079)	(7,980,246,086)	(1,133,571,110)
Other comprehensive income that will be reclassified to profit or loss, net of tax	0	195,727,947	558,149,507
Changes in value of available-for-sale financial assets	0	0	(3,073,346)
Income(loss) on valuation of derivatives	0	195,727,947	561,222,853
Total comprehensive income	345,870,900,248	235,152,308,296	252,617,199,211
Earnings per share			
Basic earnings (loss) per share	4,706	3,270	3,392
Diluted earnings (loss) per share	4,682	3,266	3,382

Statement of changes in equity

From 01/01/2015 To 12/31/2015

From 01/01/2014 To 12/31/2014

From 01/01/2013 To 12/31/2013

(Unit : KRW)

	Total equity				Total
	Capital stock	Capital surplus	Retained earnings	Other components	
Balances as of Jan. 1, 2013	40,662,398,000	97,773,449,148	716,802,060,649	(52,508,474,437)	802,729,433,360
Comprehensive income					
Profit for the year	0	0	253,192,620,814	0	253,192,620,814
Change in value of available-for-sale financial assets	0	0	0	(3,073,346)	(3,073,346)
Actuarial losses	0	0	(1,133,571,110)	0	(1,133,571,110)
Losses on valuation of derivatives	0	0	0	561,222,853	561,222,853
Transactions with owners					
Dividends	0	0	(78,413,785,800)	0	(78,413,785,800)
Share-based compensation	0	0	0	2,556,855,814	2,556,855,814
Treasury stock	0	0	0	(12,145,034,651)	(12,145,034,651)
Balance at Dec. 31, 2013	40,662,398,000	97,773,449,148	890,447,324,553	(61,538,503,767)	967,344,667,934
Balances as of Jan. 1, 2014	40,662,398,000	97,773,449,148	890,447,324,553	(61,538,503,767)	967,344,667,934
Comprehensive income					
Profit for the year	0	0	242,936,826,435	0	242,936,826,435
Change in value of available-for-sale financial assets	0	0	0	0	0
Actuarial losses	0	0	(7,980,246,086)	0	(7,980,246,086)
Losses on valuation of derivatives	0	0	0	195,727,947	195,727,947
Transactions with owners					
Dividends	0	0	(123,613,380,720)	0	(123,613,380,720)
Share-based compensation	0	0	0	6,518,941,248	6,518,941,248
Treasury stock	0	0	0	(26,359,297,536)	(26,359,297,536)
Balance at Dec. 31, 2014	40,662,398,000	97,773,449,148	1,001,790,524,182	(81,183,132,108)	1,059,043,239,222
Balances as of Jan. 1, 2015	40,662,398,000	97,773,449,148	1,001,790,524,182	(81,183,132,108)	1,059,043,239,222
Comprehensive income					
Profit for the year	0	0	349,446,385,327	0	349,446,385,327
Actuarial losses	0	0	(3,575,485,079)	0	(3,575,485,079)
Transactions with owners					
Dividends	0	0	(148,347,918,000)	0	(148,347,918,000)
Share-based compensation	0	0	0	6,456,740,038	6,456,740,038
Treasury stock	0	0	0	6,383,759,528	6,383,759,528
Other components of equity	0	0	0	21,078,654	21,078,654
Balance at Dec. 31, 2015	0	97,773,449,148	1,199,313,506,430	(68,342,632,542)	1,269,427,799,690

Statement of cash flows

From 01/01/2015 To 12/31/2015

From 01/01/2014 To 12/31/2014

From 01/01/2013 To 12/31/2013

(Unit : KRW)

	FY 2015	FY 2014	FY 2013
Cash flows from operating activities	475,162,978,410	498,459,396,791	517,612,816,528
Cash generated from operations	557,213,659,925	596,050,182,796	558,964,618,255
Quarterly net income	349,446,385,327	242,936,826,435	253,192,620,814
Adjustments	422,042,050,113	409,683,082,945	347,542,928,884
Changes in operating assets and liabilities	(214,274,775,515)	(56,569,726,584)	(41,770,931,443)
Dividends received	-	2,556,000	0
Income taxes paid	(82,050,681,515)	(97,593,342,005)	(41,351,801,727)
Cash flows from investing activities	(263,956,223,071)	(268,905,676,431)	(58,391,581,027)
Increase in other short-term financial assets	-	0	(112,948,600)

	FY 2015	FY 2014	FY 2013
Decrease in other short-term financial assets	39,500,000	113,470,000	295,228,600
Purchase of long-term financial instruments	(8,538,805,800)	(6,467,022,890)	(15,074,724,625)
Decrease in other long-term financial assets	9,838,008,122	8,549,139,635	19,682,446,701
Proceeds from sales of available-for-sale financial assets	192,854	0	1,152,726
Purchase of investments in subsidiaries, joint ventures and associates	0	0	(3,968,574,400)
Proceeds from subsidiaries, net of cash acquired	0	0	0
Purchase of investments in associates	100,000,000	0	178,154,596,360
Purchase of property, plant and equipment	(270,585,826,031)	(275,718,966,581)	(245,707,462,255)
Proceeds from sales of property, plant and equipment	9,078,358,461	8,219,799,632	6,094,929,483
Purchase of intangible assets	(5,998,599,897)	(6,410,406,197)	(4,284,399,542)
Proceeds from sales of intangible assets	699,999,999	681,818,181	2,230,000,098
Purchase of investment property	0	0	0
Proceeds from sales of investment property	95,000,000	0	0
Interest received	1,315,949,221	2,126,491,789	4,298,174,427
Cash flows from financing activities	(230,147,578,523)	(325,267,565,769)	(376,784,046,314)
Proceeds from short term borrowings	(82,762,563,704)	(9,205,856,371)	(156,486,215,697)
Decrease in current portion of long-term borrowings	0	(30,000,000,000)	(60,000,000,000)
Decrease in current portion of debentures	0	(116,083,000,000)	(50,000,000,000)
Payment of dividends	(148,347,918,000)	(123,613,380,720)	(78,413,785,800)
Acquisition of treasury shares	0	(31,477,668,300)	(18,778,293,000)
Exercise of share options	5,238,160,000	3,866,020,000	4,863,450,000
Cash flows from financial derivative trading	0	(6,607,000,000)	0
Interest paid	(4,275,256,819)	(12,146,680,378)	(17,969,201,817)
Net increase (decrease) in cash and cash equivalents	(18,940,823,184)	(95,713,845,409)	82,437,189,187
Cash and cash equivalents at beginning of period	105,525,742,301	201,278,525,993	118,881,951,713
Exchange losses on cash and cash equivalents	20,674,112	(38,938,283)	(40,614,907)
Cash and cash equivalents at end of period	86,605,593,229	105,525,742,301	201,278,525,993

