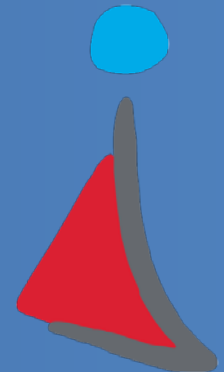


Woongjin Coway 3Q'11 IR Presentation



Disclaimer

This presentation contains historical information of the company which should not be regarded as an indication of the future performance or results.

This presentation also contains forward-looking statements that are, by the nature, subject to significant risks and uncertainties.

These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance or results.

Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control.

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- Cost of goods sold
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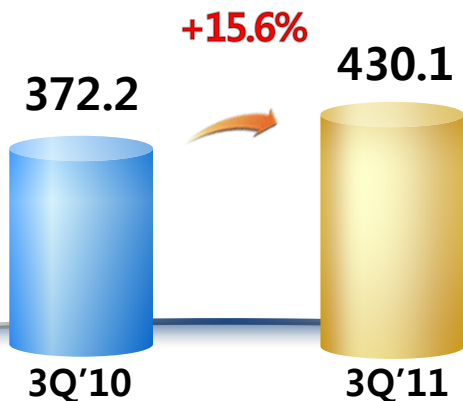
1. Revenue and profits

[Earnings Release 3Q'11]

Revenue of KW 430.1 bn and OP of KW 61.4 bn (+15.6%,2.7%,YoY)

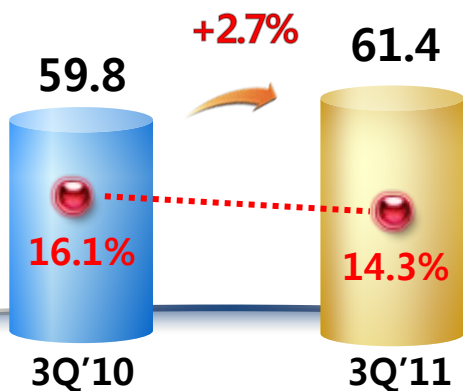
Revenue

[Unit: KW bn]



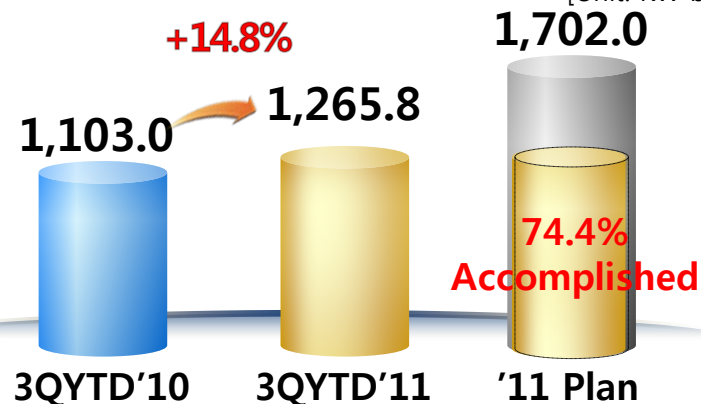
Operating Profits

[Unit: KW bn/🔴: Margin]



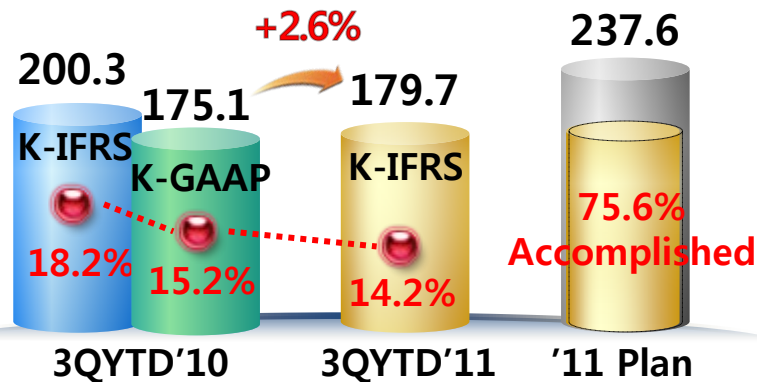
Revenue

[Unit: KW bn]



Operating Profits

[Unit: KW bn/🔴: Margin]

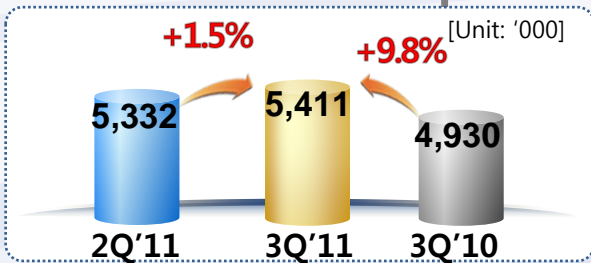


※ 3QYTD'11 of operating profits decreased by 10.3%(K-IFRS)

2-1. Domestic home appliance business

[Division Results and Strategies]

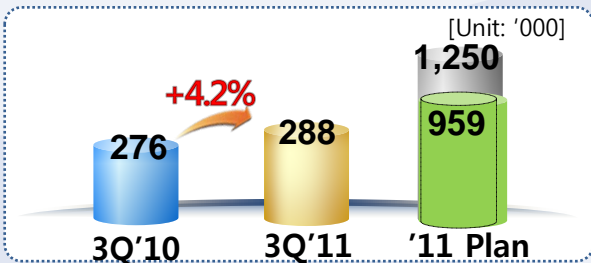
The number of total accounts exceeded over 5.4 million due to the more than expected rental and lump-sum sales and low churn rate



1 Net account

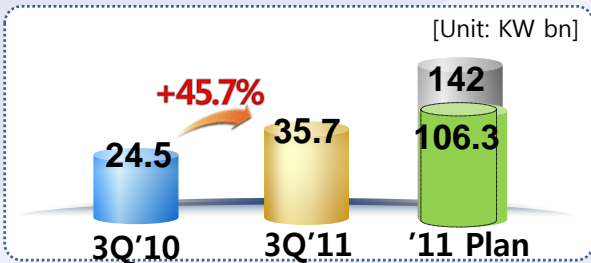
The net account increase of 3Q and 3QYTD recorded 78K and 328K (accomplished 94% of the annual target of 350K)

The net account increase is expected to be more than 400K in 2011



2 Rental sales

The rental sales of 3Q and 3QYTD recorded 288K and 959K, (accomplished 77% of the annual target of 1,250K) due to more than expected sales of the water purifier and the newly launched bidet in 3Q

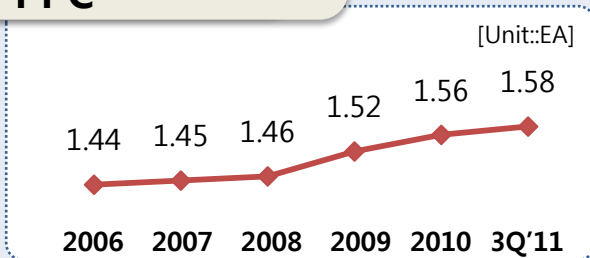


3 Lump-sum sales

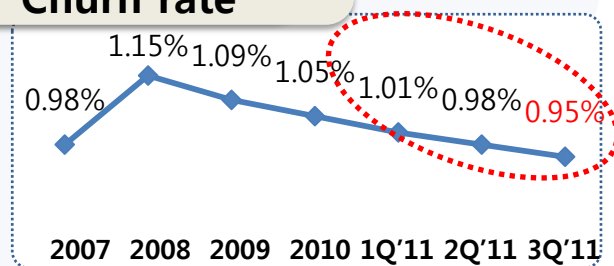
The lump-sum sales of 3Q and 3QYTD recorded KW 35.7 bn and KW 106.3 bn (accomplished 75% of the annual target) due to new items : food waste disposal ,electronic range and others

※ Others: Massage chair, Half sauna, Juicepresso, etc.

4 PPC



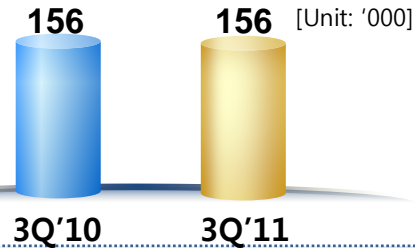
5 Churn rate



2-1. Domestic home appliance items

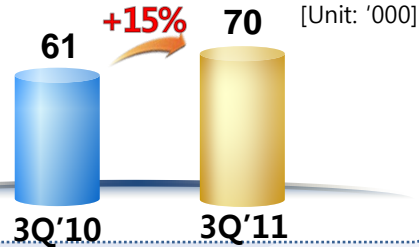
[Division Results and Strategies]

The rental sales of 3Q'11 recorded 288K (+4.2%, YoY)



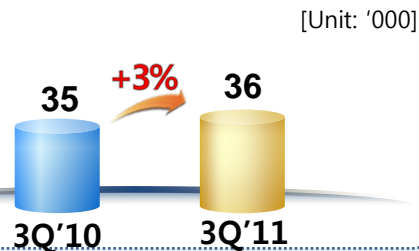
1 Water purifier

Despite of high base effect the sales of 3Q'11 maintained due to the release of new products (*sales promotion in 3Q'10)
* New products :ice cube water purifier, self-sterilized water purifier



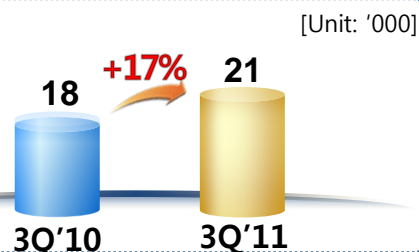
2 Bidet

The sales of 3Q'11 increased compare to previous records in off season due to newly launched items (self-sterilized bidet) * '09 Aug 21K→'10 Aug 21K→'11 Aug 26K



3 Air purifier

The sales of 3Q'11 increased slightly, YoY and are expected to be better in 4Q due to the scheduled new items release



4 Water softener

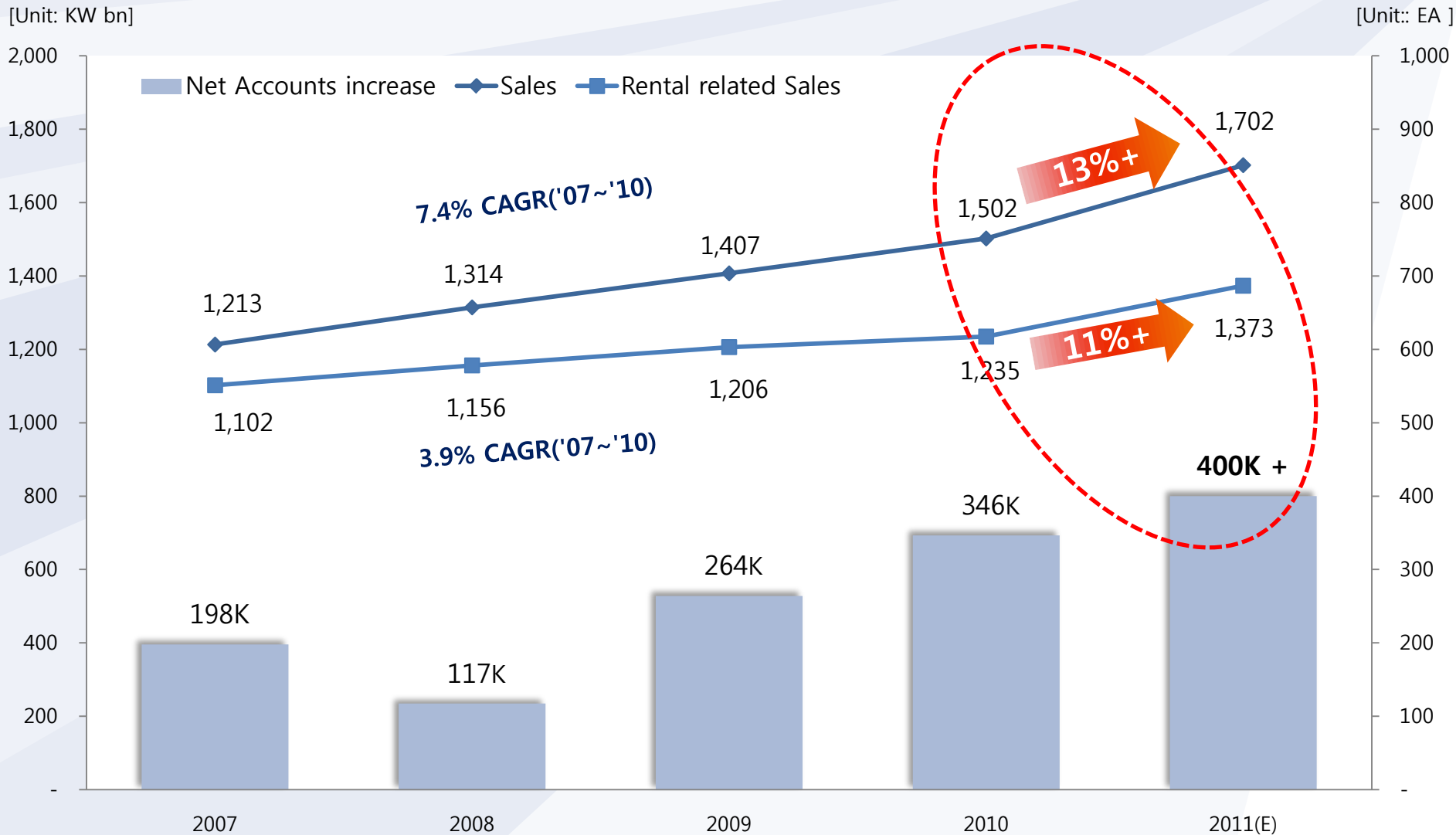
The sales of 3Q'11 increased +17%, YoY due to the new function addition meeting customer's needs in skin care



2-1. Domestic home appliance business_Growth

[Revenue and Net account trend]

Faster revenue growth in 2011 due to the strong new account increase



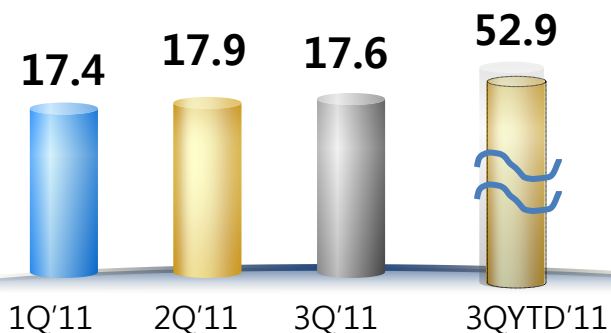
2-2. Domestic cosmetics business

[Division Results and Strategies]

Revenue of 3Q'11 recorded KW 17.6 bn even in off-season,
Operating loss of 3Q'11 went down to KW -3.7 bn

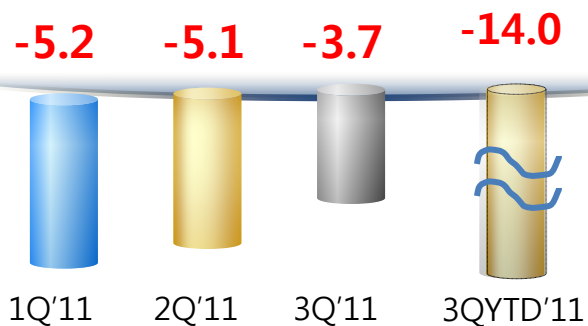
Revenue

[Unit: KW bn]



Operating Profits

[Unit: KW bn]



Sales Network & Activity

1 Organization & Beauty planners

- The number of BP declined temporary in summer but regained in Sept.

	4Q'10	1Q'11	2Q'11	3Q'11
Division	214	315	339	356
BP	2,274	2,965	3,391	3,298

2 Channel expansion



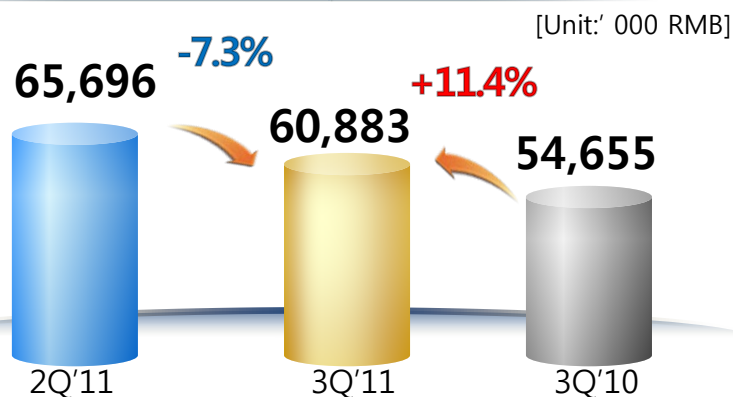
- Time schedule of shop open
 - April '11 : Lotte duty free shop (Myung dong area)
 - Sep '11 : Lotte department store (Jamsil area)
 - Dec '11 : JDC duty free shop (E)

2-3. China cosmetics business

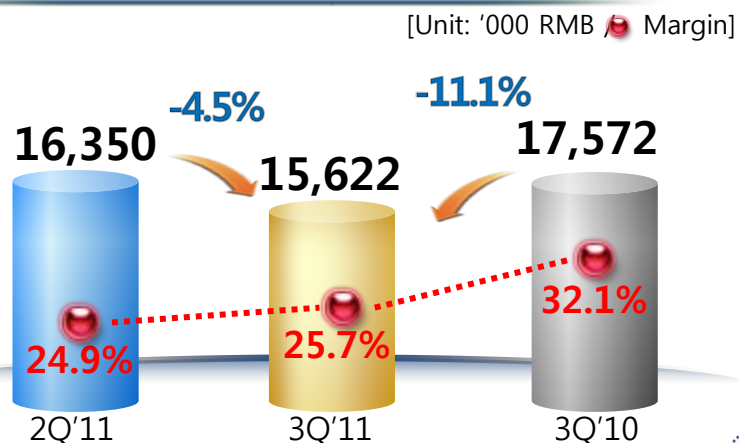
[Division Results and Strategies]

Revenue of 3Q'11 reached RMB 61mn consecutively
(Recorded 26% OPM)

Revenue



Operating Profits



Main activity

1 Geographical expansion

* Revenue contribution

	'09	'10	'11(E)
4 Major provinces	88%	79%	74%

2 Channel expansion

- Accelerated market penetration through the expansion of dealers and stores

	'09	'10	'11(E)
Retail sales contribution	-	1.7%	6%

- 1,010 stores (3QYTD)
 - 100% increased compared to 500 stores in 2010
 - 1,300 stores will be set by the end of 2011

2-4. New products releases_Mattress

[Division Results and Strategies]

Rental biz expansion through the introduction of the mattress in rental market

Background

◎ Suitable for Coway rental frame

- Alleviate the burden of purchasing expensive mattress
- Meet customer's needs in maintenance service for mattress
- Fits on rental system (low Cogs, maintenance service required necessity, etc.)

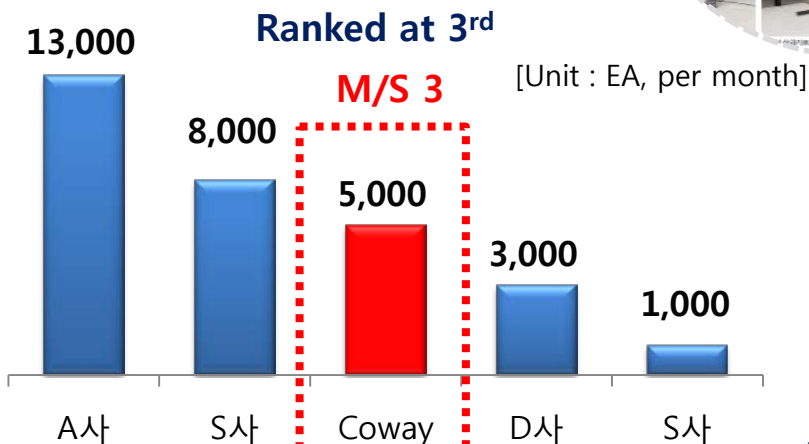
Order in progress

◎ The 4,000 number of orders within 2 weeks

- * On air at GS TV home shopping (Oct 20)
(Acquiring new customers & promotion effects)



Market status



Expected performance & Goal

◎ To be 6th rental product

- Category expansion
(Environmental home appliance → Life home appliance)
- Expansion in bed market through the adoption of rental system

Leveraging out door to door platform in new business area & item expansion

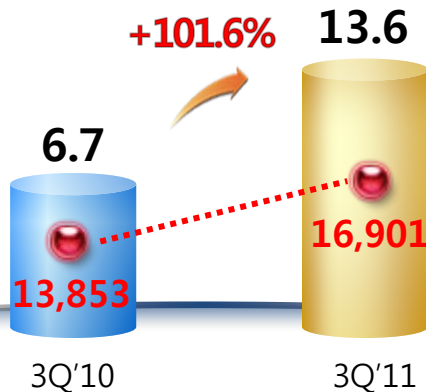
Outsourcing business

1 Business expansion

- ⊕ Outsourcing well-being & health products
- ⊕ Win-Win with small size suppliers
- ⊕ Major selling items
 - Health foods, Juicepresso, Massage chair, etc.

2 Sales trend

[Unit: KW bn / 🇪🇦]



MD business

1 Rational

- ⊕ Win-Win Strategy for Cody, Customer, & Coway
 - Cody : Increasing income
 - Customer : Good products with low price
 - Coway : Generating additional sales
- ⊕ Well recognized brand products – easy to sell
- ⊕ Releasing at : Oct '11 (19 items to be expanded)

2 Major selling items



PHILIPS
AIR FRYER



PHILIPS
SENSO TOUCH



PHILIPS
Docking Audio



Tefal
Grill pan

Appendix

- Revenue breakdown
- Cost of goods sold
- SGnA and Other operating Incomes (expenses)
- Balance sheet and Net debt
- Rental and Lump-sum sales volume
- Rental and Membership accounts

3-1. Revenue breakdown

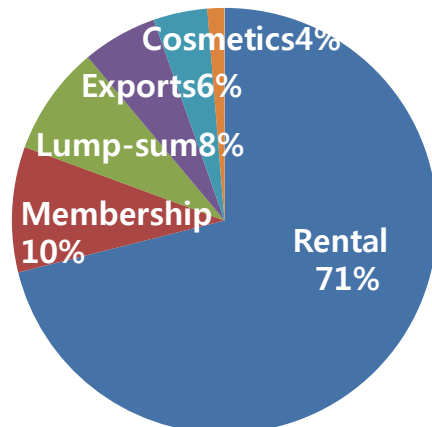
[APPENDIX]

[Unit :KW Bn]

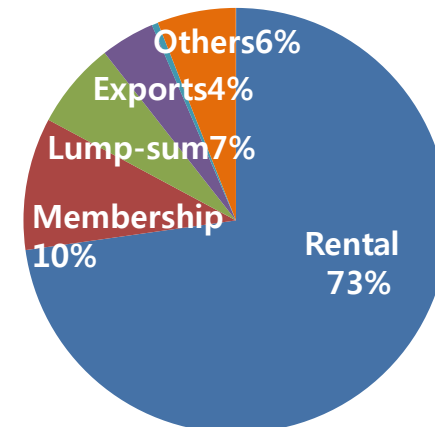
Revenue	3Q'11	2Q'11	QoQ	3Q'10	YoY
Rental related	346.7	339.6	2.1%	308.4	12.4%
Rental	305.7	299.7	2.0%	270.9	12.8%
Membership	41.0	39.9	2.8%	37.5	9.3%
Lump-sum	35.7	38.8	-8.0%	24.5	45.7%
Exports	24.5	22.9	7.0%	15.3	60.1%
Cosmetics	17.6	17.9	-1.7%	1.8	877.8%
Others	5.6	16.7	-198.2%	22.2	-296.4%
Total	430.1	435.9	-1.3%	372.2	15.6%

Revenue Contribution (YoY)

■ Rental
 ■ Membership
 ■ Lump-sum
 ■ Exports
 ■ Cosmetics
 ■ Others



3Q'11



3Q'10

3-2. Cost of goods sold

[APPENDIX]

[Unit :KW Bn]

COGS	3Q'11	2Q'11	QoQ	3Q'10	YoY
Rental related	95.7	94.8	0.9%	85.4	12.1%
Rental	83.2	82.1	1.3%	73.7	12.9%
<i>(% of Revenue)</i>	<i>27.2%</i>	<i>27.4%</i>		<i>27.2%</i>	
Membership	12.5	12.7	-1.6%	11.7	6.8%
<i>(% of Revenue)</i>	<i>30.5%</i>	<i>31.7%</i>		<i>31.2%</i>	
Lump-sum	13.6	13.4	1.5%	9.3	46.2%
Cosmetics	3.1	3.4	-9.7%	0.2	1,450%
Exports	19.6	17.8	10.1%	11.2	75.0%
Others	2.8	12.0	-328.6%	17.6	-528.6%
Total	134.8	141.4	-4.9%	123.7	9.0%
<i>(% of Reveue)</i>	<i>31.3%</i>	<i>32.4%</i>		<i>33.2%</i>	

3-3. SGnA and other operating incomes (expenses)

[APPENDIX]

[Unit :KW Bn]

SGnA		3Q.'11	2Q.'11	QoQ	3Q.'10	YoY
SGnA	Salary related	49.7	49.5	0.4%	42.4	17.2%
	Sales commissions	79.8	77.2	3.3%	52.5	52.0%
	Amortization	1.7	2.1	-23.5%	1.6	6.0%
	Advertisements	13.9	18.3	-31.7%	15.4	-10.8%
	Fees & Commissions	22.0	21.2	3.8%	18.9	16.0%
	Others	55.1	53.5	2.8%	45.6	20.8%
	Total	222.2	221.9	0.1%	176.4	26.0%
Other operating incomes		0.1	0.1	-8.2%	0.6	-88.2%
Other operating expenses		11.8	10.9	8.0%	13.0	-10.2%
<i>(% of Revenue)</i>		<i>51.7%</i>	<i>50.9%</i>		<i>47.4%</i>	

What's happening on P/L?

- Accounting changes
 - % of 3Q'10 was 51.9% under K-GAAP while it was 47.4% under K-IFRS
- Sales commission
 - After adopting K-IFRS, 3Q'10 sales commission underestimated against 3Q'11 due to depreciation period change(60Months->24Months)
 - 3Q'10 sales commission: KW 57.7 bn (K-GAAP)
 - 3Q'11 cosmetics sales commission: KW 9.5 bn
- Advertisement
 - Cosmetics advertisement cost decreased : KW -2.6 bn (YoY)
- Salary
 - Increasing sales (rental +4.0%, lump-sum +31%, YoY) : sales commission of high level cody KW 3.4 bn increased
 - Hiring more employees for cosmetics business

3-4. Balance sheet and Net debt

[APPENDIX]

[Unit :KW Bn]

	Sep'11	June'11	Dec'10
<Total Assets>	1,495.3	1,457.5	1,364.1
Current Assets	477.1	475.0	438.8
Cash and Cash equivalents	47.3	53.0	56.4
Inventories	77.7	78.1	73.2
Non-Current Assets	1,018.2	982.2	925.3
PPE	504.8	487.1	441.6
Investment	12.6	12.6	12.6
Intangible Assets	152.6	152.0	154.0
<Total Liabilities>	788.9	797.8	631.1
Current Liabilities	483.6	480.5	384.5
Short-term borrowings	127.3	119.9	74.5
Debenture(Less than 1 year)	110.0	90.0	30.0
Non-Current Liabilities	305.2	317.3	246.6
Long term borrowings	90.0	110.0	170.0
Bonds	179.6	168.4	49.8
<Stockholder's Equity>	706.4	659.7	733.0
Liability / Equity	111.7% ^{1)83.7%}	120.9%	86.1%
Net debt / Equity	65.1% ^{2)43.3%}	66.0%	36.5%

1) Considering treasury shares

3Q '11 total liabilities and net debt to equity increased :Share buy back (KW 107.4 bn), rental & interest-free installment sales increased

3-5. Rental and Lump-sum sales volume

[APPENDIX]

[Unit : EA]

Rental	3Q'11	2Q'11	QoQ	3Q'10	YoY
Water purifier	156,066	173,696	-10.1%	156,435	-0.2%
Air purifier	36,339	64,056	-43.3%	34,978	3.9%
Bidet	70,260	75,579	-7.0%	60,502	16.1%
Water softener	20,713	25,873	-19.9%	17,906	15.7%
Food waster disposal machine	4,360	2,350	85.5%	6,210	-29.8%
Others	2	327	-99.4%	18	-88.9%
Total	287,740	341,881	-15.8%	276,049	4.2%

Lump-sum	3Q'11	2Q'11	QoQ	3Q'10	YoY
Water purifier	9,053	13,342	-32.1%	9,353	-3.2%
Air purifier	13,799	12,025	14.8%	7,632	80.8%
Bidet	7,292	10,803	-32.5%	7,165	1.8%
Water softener	1,525	1,861	-18.1%	1,348	13.1%
Food waste disposal machine	7,092	836	748.3%	3,033	133.8%
Others	16,901	19,888	-15.0%	13,853	22.0%
Total	55,662	58,755	-5.3%	42,384	31.3%

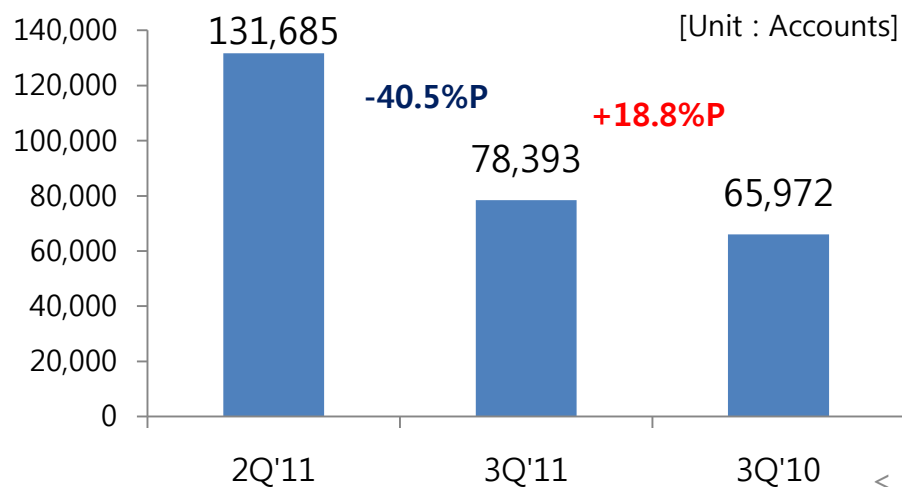
3-6. Rental and membership accounts

[APPENDIX]

[Unit : EA]

Accounts	3Q'11	2Q'11	QoQ	3Q'10	YoY
Rental	4,376,626	4,321,185	1.3%	4,025,797	8.7%
Water purifier	2,192,123	2,156,756	1.6%	2,062,658	6.3%
Air purifier	735,584	738,422	-0.4%	632,993	16.2%
Bidet	1,105,905	1,085,185	1.9%	1,003,745	10.2%
Water softener	315,218	314,558	0.2%	299,171	5.4%
Food waste disposal machine	27,615	26,073	5.9%	26,993	2.3%
Others	181	191	-5.2%	237	-23.6%
Membership	1,034,407	1,011,455	2.3%	904,101	14.4%
Total	5,411,033	5,332,640	1.5%	4,929,898	9.8%

Accounts increase



Churn rate

