

07

coway

IR WEBZINE 2017. JULY



• MARKET REVIEW

• COWAY NEWS



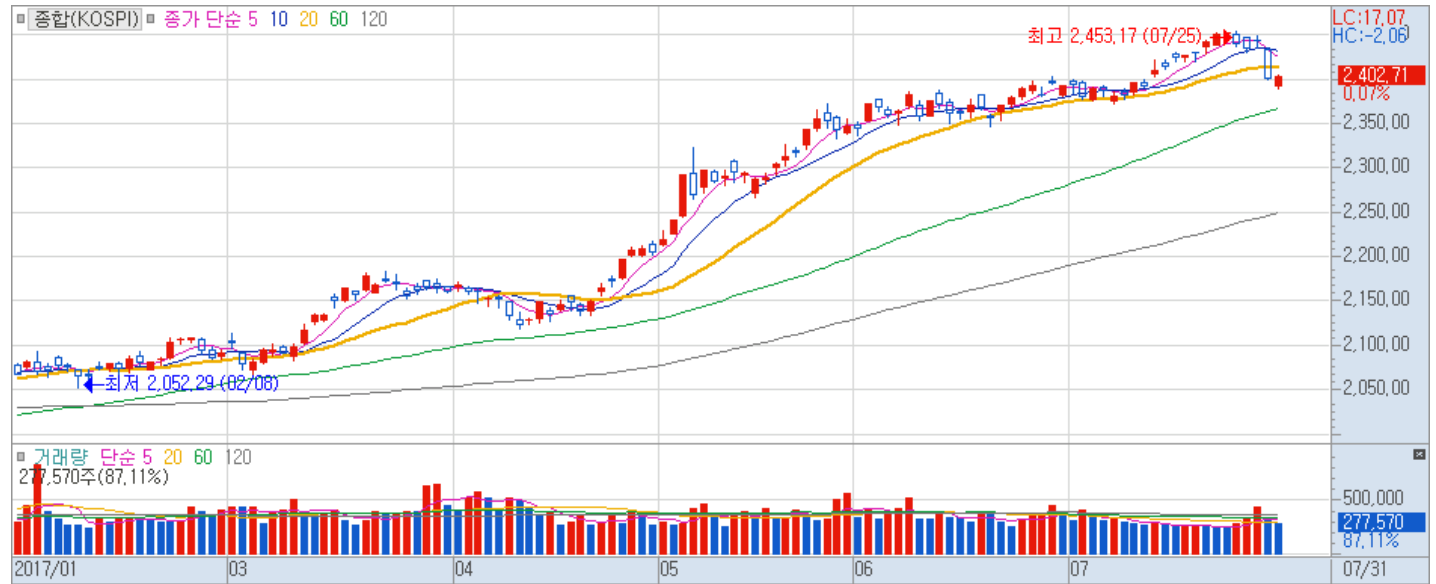
This material includes quarterly development of stock markets, stock prices and related data of Coway, financial status, operating results, and other major issues related to IR. This is aimed to provide a variety of information that could be a reference to shareholders and investors. Therefore, it cannot be the evidential material for legal responsibility regarding investment results of shareholders and investors in any case.

Market Review

Stock Market

IR WEBZINE
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The KOSPI marked a slight increase of 0.46% from the previous month in July by closing at 2,402.71 points, continuing a bullish market for the longest-ever eight months in a row. Meanwhile, it was sluggish since mid-July due to a reactionary fall of technology shares which had led the market. In the technical aspect, temporarily falling short of the short-term moving average line, the KOSPI is expected to rebound on the ascending well-ordered mid and long-term moving average lines.

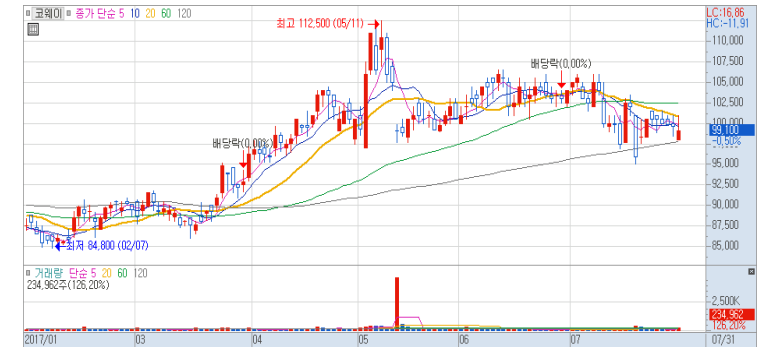
The domestic stock market is sensitive to the attitude of foreign investors. The temporary fall since mid-July resulted mainly from their stock selling caused by strong Korean Won since the beginning of the month. However, the domestic stock market is still considered to be undervalued in the aspect of valuation, thereby expecting continuous inflow of global funds in the long run. In July, technology shares were somewhat slump, while steel and chemicals shares lifted their heads up as part of a circulatory rally.

This KOSPI is anticipated to showcase a positive movement as operating profit estimates of major companies are on a rise and emerging stock markets are enjoying inflow of global funds. Meanwhile, the possibility of fluctuation always resides due to the attitude of foreign investors in the short run.

Market Review
Stock Price

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Classification	% change of COWAY			%change of KOSPI	%change of KOSPI200
	Stock Price	vs. KOSPI	vs. KOSPI200		
5 Days	-1.39	0.60	0.91	-1.99	-2.30
20 Days	-5.62	-5.96	-6.33	0.34	0.71
60 Days	-0.20	-8.45	-8.82	8.25	8.61

The stock price of Coway fell by 4.71% from the previous month to KRW 99,100 at the end of July. It has repeated fluctuation around KRW 100,000 to secure a momentum. In the technical aspect, stock price and short/mid-term moving average lines are converging on the slightly ascending long-term moving average line. This pattern shows that the direction may be decided in the near future.

Coway has gained trust from the market and investors by accomplishing 2Q operating performances that meet market consensus and promoting shareholder-centered policies such as quarterly dividend, high payout ratio, and purchase/retirement of treasury shares. Moreover, it is positive that Coway is enjoying remarkable growth in the global markets including Malaysia. When the water purifier and bidet sales go into orbit in China, growth will be further accelerated.

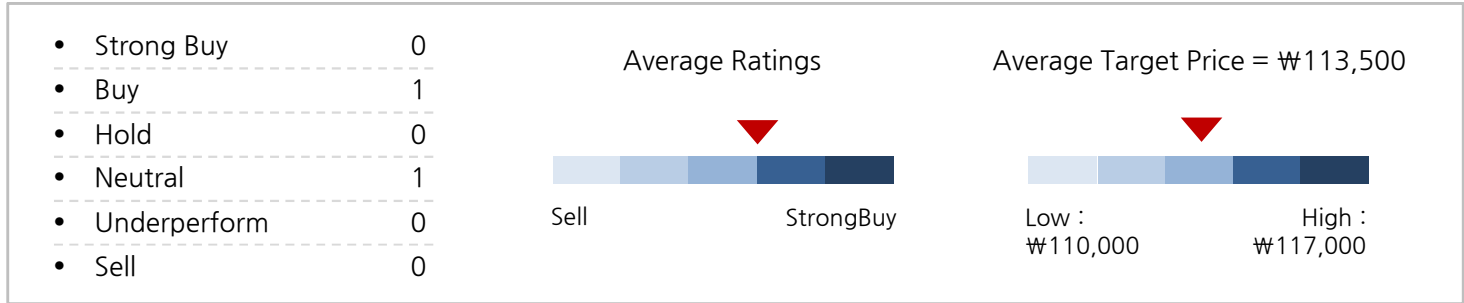
During July, the number of shares held by foreigners decreased 350,520 shares, or 0.8%, compared with the prior month. As of the end of July, they maintained 59.36% ownership. Domestic institutional investors marked net purchasing of 375,158 shares during the same period.

<p>44,409,427 Shares (59.36%) (as of July. 31, 2017)</p>	<p>Changes in Stock Price in July</p> <p>-4.71%</p>	<p>Changes in Shares Held by Foreigners in July</p> <p>-350,520 Shares (-0.8%)</p>	<p>Net Changes in Shares Held by Institutional Investors in July</p> <p>+375,158 Shares</p>
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Market Review
Analyst Opinion

IR WEBZINE
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2017-07-20 | Mirae Asset Securities | Target Price : 117,000 | Buy [FULL REPORT VIEW](#)

An unfortunate misunderstanding
 On July 18th, SBS News aired a report on alleged defects in one of Coway's ice-making water purifier models. Even though the model in question is based on an entirely different design than the purifiers recalled last year, ...

2017-07-19 | Samsung Securities | Target Price : 130,000 | Buy [FULL REPORT VIEW](#)

Another nickel scandal?
 New reports yesterday said nickel compounds have been found in the ice tank of a Coway ice-making water purifier. The model in question, the CHPI-280L, was sold over 2015-2016, ...

Conducted the 2nd “Wi School” program

- Startup assistance program that offers startup training and mentoring service
- Startup items linked with Coway’s business areas such as environment, health, and rental
- Plan to conduct twice a month until December 16 this year



Coway carried out the second “Wi School (What is Start up)” program, a CSV program aimed at providing young startups with tailored training supports, at the head office on July 22.

The “Wi School” program was prepared to play a part in solving the youth unemployment problem, the most critical social issue today, offering systematic startup trainings and one-on-one mentoring services with respect to startup, marketing, and investment. Young people who plan to start businesses linked with Coway businesses such as environment, health, and rental item are able to seize opportunities for collaboration with Coway.

At the “Wi School” program, the first speaker Hae-sun Lee, the CEO of Coway, delivered a lecture with the theme of “New Economy, New Entrepreneurship,” making a great appeal to young pre-entrepreneurs. Moreover, the first “Wi School” members who started the “MY SECRET BAG” business, a platform for sharing luxury handbags, joined this program to talk about their experiences on startup.

The second “Wi School” program will be executed twice a month until December 16, in which Sun-beom, the CEO of e-Cube Lab, Sang-rae Cho, the CEO of Platum, and many professionals will participate as lecturers. Application is available on the website (onoffmix.com) by searching COWAY.

Hae-sun Lee, the CEO of Coway, said, “The Wi School program has helped young people prepare and start business in a systematic manner, so we feel a sense of pride. We will continue to make a concerted effort to provide young generation with more valuable opportunities.”

Won the “CO2 Reduction Award” at the Energy Winner of the Year

- “My Hanppyeom Water Purifier” saves around 83% power consumption on a monthly basis compared with its existing products.



On July 21, Coway’s “My Hanppyeom Water Purifier loCare (CHP-480L, CHP-481L, CHP-482L) won the “CO2 Reduction Award” at the 20th Energy Winner of the Year held at the Korea Press Foundation in Taepyeong-ro, Seoul.

The Energy Winner of the Year, co-hosted by the Consumers Korea and Ministry of Trade, Industry and Energy, awards technologies and products with high energy efficiency.

The award-winning loCare water purifier minimizes power consumption by introducing the “instant water-heating system” and “highly efficient inverter cooling system.” This product helps users select the temperature level of hot water (45, 70, and 85 degrees) according to their preference. It also demonstrates the first grade in energy consumption efficiency, and saves around 83% power consumption on a monthly basis compared with its existing products.

Sun-yong Lee, head of Environmental Technology Research Center, said, “This award proves the strong will and consistent efforts of our researchers for the development of high energy efficiency products. By capitalizing on our innovative technologies, we will take the lead in saving energy.”

Acquired the qualification for “water sommelier”



11 CODYs acquired the qualification for “water sommelier” by completing the C-Water Sommelier Training Course. This training course, led by the Korea International Sommelier Association, was prepared to enhance Coway’s brand power as Korea’s representative water company and the professionalism of service workforce.

A total of 50 field staff and CODYs joined this training in June. A total of 47 participants acquired the qualification for water sommelier, 11 of which were CODYs. They will provide customers with diverse water information such as healthy water-drinking habits, balance between foods and water, and water usage in daily life.

Coway plans to expand this training with the aim of enhancing competitiveness as a water-specialty company.

Yong-joo Park, head of Marketing HQ, said, “We commissioned the Korea International Sommelier Association for this training to offer customers information on drinking water healthily. We will continue to expand investments aimed at upgrading the competitiveness of our service workforce.”

Held a photographic event to celebrate the launch of the premium water purifier “AIS”



On July 13, Coway held a photographic event to celebrate the launch of the premium all-in-one water purifier “AIS” which is its strategic product in 2017 on the square of the Ilmin Art Museum.

Coway’s new water purifier model “AIS” delivers premium values that commonly refer to “Aqua Pure,” “Ice,” and “Sparkling,” which is expected to shift the paradigm of the water purifier market.

This product adopted a new ice-making technology “Active Cooling System” where cool water is frozen into ice in the cooling pipe and then ice is grown outward from the pipe, unlike existing technology using evaporators.

At the event, the company displayed a large-sized “AIS” that broke out of big wall (5m*2.4m) made with ice, symbolizing the advent of “AIS” era beyond existing “Ice” era. Coway also delivered large-sized cylindrical ice stick to help visitors fly sultriness.

Ranked top in the water purifier category of the NCSI for four consecutive years

- Offering differentiated “Cody-On Service” and ‘Special Care Service”
- Recognizing for efforts for developing customer-oriented products such as “AIS”



Coway ranked top in the water purifier category of the NCSI (National Customer Satisfaction Index) hosted by the Korea Productivity Center for four consecutive years.

The NCSI is released by customers’ evaluation on quality of products and services and their satisfaction level. Water purifier category was launched in 2014 and Coway has taken first place since then.

Coway’s effort for product and service innovation based on the management principle “Coway Trust” was highly recognized at the evaluation, which mainly attributable to winning this title.

The company started the “Safety Heart Service” in this May. It offers the “Cody-On Service” to show product check history at a glance through mobile devices and “Special Care Service” to replace key parts of water purifiers for rental customers in addition to existing product management and check services.

Moreover, Coway launched a new water purifier “AIS” in the previous month with the aim of delivering diverse experiences and values to customers. It is an all-in-one product which has “Aqua pure,” “Ice,” and “Sparkling” functions.

Hyun-jeong Yoon, the head of Strategic Innovation HQ, said, “We are always contemplating how to deliver happy and special experiences through products and services to customers. We will make a concerted effort to develop better products and services with the pride as the leader in customer satisfaction.”

Invited premium customers to the AIS experience promotion event



Coway invited 40 premium customers to the AIS experience promotion event held at Mega Box in Samseong-dong on July 7.

This event was prepared to showcase recently launched premium water purifier AIS to customers who visit Mega Box Coex Center. This event will continue for a month. Visitors can taste eight kinds of beverages including sparkling water and cold brew at the AIS BAR on the boutique lounge for free and participate in a giveaway event.

The invited premium customers joined free water-tasting, AIS operation, souvenir receipt, and watching a movie "Park Yeol." Particularly, the CEO and executives directly delivered diverse beverages generated from AIS, winning positive response from invitees.

Hye-ja Ahn, a invitee, said, "We have a good time for directly experiencing the AIS. We hope for more chances to directly experience new products."

Obtained the CCM certification for six times in a row

Coway obtained the CCM (Consumer Centered Management) certification for six times in a row. Since the first obtainment of the CCM in 2007, the company has entirely passed the biennial reevaluation process.

The CCM is a national certification system aimed at encouraging companies to pursue customer-oriented management activities and evaluating their performances and improvements. It is evaluated by the Korea Consumer Agency and certified by the Fair Trade Commission.

The obtainment of CCM certification allows Coway to have the right to autonomously treat individual consumer damage reported to the Fair Trade Commission and to use the CCM certification mark.

With a customer satisfaction strategy “touching customers beyond their expectations,” Coway is proactive in ensuring customers’ healthy and happy lives. Particularly, the company analyzes customer data, needs, and purchase patterns based on the CMI (Customer & Market Insight) and the results are used for the development of customer-oriented products and services.

Moreover, Coway is proactive in receiving and analyzing VOCs (Voice of Customer). And those are systematically treated and managed to prevent reoccurrence of the same complaints based on specialized solutions and processes.

Hyun-jeong Yoon, the head of Strategic Innovation HQ, said, “Our company conducts customer-oriented management by operating the “Unlimited Liability Committee” that manages quality, service, and customer management under the CEO. We will continue to expand activities aimed at delivering satisfaction to customers and gaining their trust.”