

coway

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IR Webzine 2017. October

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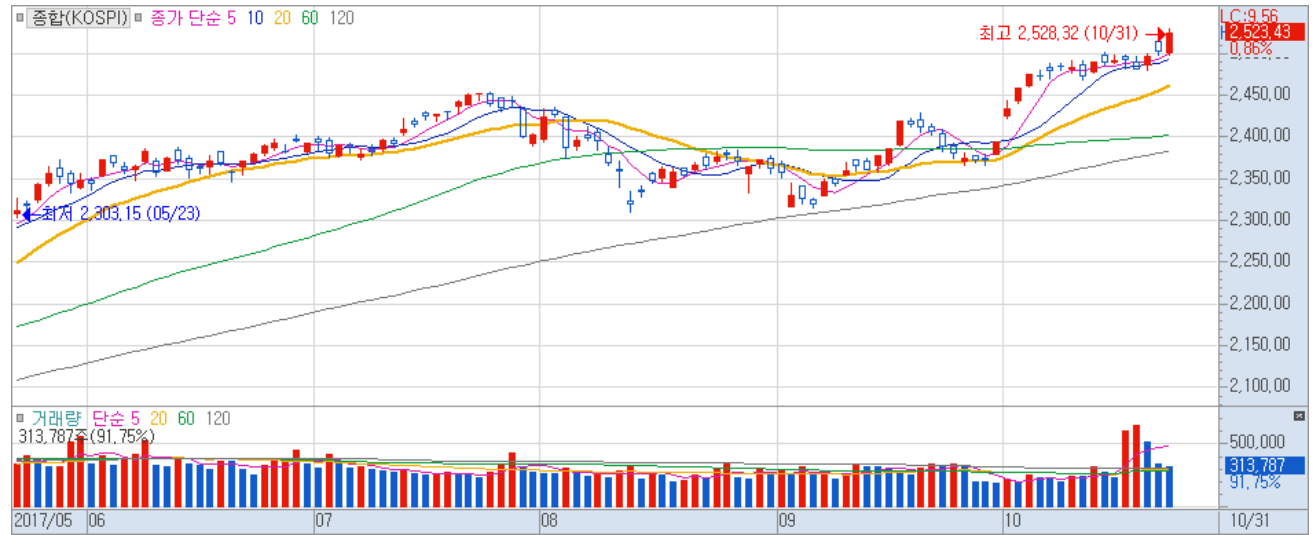
This material includes quarterly development of stock markets, stock prices and related data of Coway, financial data, operating results, and other major issues related to IR. It is designed to provide a variety of information that could be a reference to shareholders and investors. However, it cannot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

Market Review

Stock Market

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The KOSPI soared 5.39% from the previous month to 2,523.43 points in October, making a rally to exceed the previous record. Compared with a cyclical rally in September, IT sector and consumer goods sector targeting China have led the stock market in October. In the technical aspect, the KOSPI and mid and long-term moving average lines went back to a well-ordered position, which raise the expectation on an additional rally.

The bullish market in October was led by foreign investors and pension funds investors. Leading sectors included cosmetics/apparel, hotel/leisure, media/education, and automobile which had been damaged from the THAAD issue as well as IT, electronic appliances, and semiconductor. Major issues were expectations on improving the relationship between Korea and China, remarkable export growth, and continuously booming semiconductor industry.

The outlook on an additional rally in November is overwhelming the stock market, as the second rally has been making since the two-month flat reaction in August and September. Moreover, the expansion of net purchasing by foreign investors and pension funds investors who prefer mid and long-term investment has a positive effect on the stock market.

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	0.10	-1.14	-1.19	1.24	1.29
20 Days	1.67	-4.61	-4.46	6.28	6.13
60 Days	-1.82	-6.84	-7.85	5.02	6.03

The stock price of Coway increased 3.51% from the previous month to KRW 97,300 in October. In the technical aspect, the stock price rapidly returned to the box pattern after dropping below KRW 95,000, the lower point of the box pattern for the past three months, which proved a strong purchasing potential. It is a very near concern whether the stock price can surpass KRW 100,000, the long-term moving average line and the high point of the box pattern, in the future.

Coway has continued a stable growth through the enhancement of profitability in the third quarter. Nevertheless, our stock price has been underperformed the fundamental value because the interest in the stock market has been focused on IT and semiconductor sectors recently. Coway demonstrates unrivaled competitiveness in the industry and continues growth in overseas business, which will help investors take an interest in our real corporate value and secure a momentum for stock price turnaround before long.

During October, the number of shares held by foreigners increased 358,529 shares, or 0.8%, compared with the prior month. As of the end of October, they maintained 59.36% ownership. Domestic institutional investors marked net selling of 292,323 shares during the same period.

44,414,159 Shares (59.36%) (as of October. 31, 2017)	Changes in Stock Price in October +3.51%	Changes in Shares Held by Foreigners in October +358,529 Shares (+0.8%)	Net Changes in Shares Held by Institutional Investors in October -292,323 Shares
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Win the Carbon Management Sector Honors for nine consecutive years

Coway was selected as the Carbon Management Sector Honors by the CDP (Carbon Disclosure Project) Korea for nine consecutive years in recognition of its excellence in response to climate change.

The CDP is an international non-profit organization located in the UK and at the same time a global project related to major global companies' responses to environmental issues such as climate change, water, and forest resources led by global leading financial institutions. Collected information is reported every year to be utilized as an investment guide for financial institutions in the world.

Domestic evaluation is conducted by requesting climate change related management information of top 200 companies in terms of market capitalization by the CDP Korea.

Coway was highly recognized for energy saving efforts such as introducing ESS (energy storage system), promoting smart factory system, operating photovoltaic power generation facilities, and installing LED lights in business sites, which contributed to selecting as the Carbon Management Sector Honors.

In particular, Coway has been operating the ESS since 2016. The ESS makes it possible to charge electricity in night and use it when necessary, which helps efficiently save energy and follow the electricity demand management policy of the government. Additionally, the company conducts GHG emissions reduction activities based on ready-made mid- to long-term goals and voluntarily disclose the results and information every year.

Hae-sun Lee, the CEO, said, "We aim to create clean environment and help customers form healthy life habits beyond just providing clean water and air. We will continue to fulfill our responsibility for environment as Korea's representative eco-friendly company."

Prior to this, in September this year, Coway entered the Dow Jones Sustainability Index World which evaluates companies in the aspects of environment, economy, and society for two consecutive years.

Innovate the appellation system to build a culture of mutual respect

- Introducing the horizontal appellation system instead of position title
- With the aim of securing competitiveness in the globalized era by building a horizontal and creative culture



Coway introduces the horizontal appellation system that encourages all employees to address each other by name instead of existing position title in October 24.

It aims to enhance communication and develop innovative ideas by building a corporate culture of mutual respect, horizontal relations, and creativity.

This system is applied to all employees including the CEO, while existing position titles are maintained internally. Coway plans to conduct diverse campaigns to imbed this innovative appellation system stably.

In addition, vacation and leave systems are upgraded to pursue better work-life balance. Leave systems for supporting children's entrance into school, treating infertility, and encouraging new employees are newly introduced. Paternity leave and refresh leave for long-term employed persons are expanded as well.

Jae-seok Kim, the head of HR Team, said, "Spreading creative and horizontal corporate culture will ensure high job efficiency and workers satisfaction, which will also help secure competitiveness in the global era. We will build a great workplace representing Korea based on advanced corporate culture."

Coway has won the grand prize in the service sector at the "Korea's Top 100 Companies with Great Place to Work" hosted by GPTW (Great Place To Work) for six consecutive years.

Launch the “Intellicare Bidet”

- Tailored care by four-step cleaning courses based on innovative water-jet technology
- Bubble whirl sterilization function and safe cleaning system
- Water-jet function for hip bath which was jointly developed with researchers in colorectal surgery of Seoul National University



Coway launched the “Intellicare Bidet (BASH30-A)” equipped the “i-wave” system. The name “Intellicare” means the combination of “intelligence” and “care” which symbolize product features.

The “i-wave” system is Coway’s new water-jet technology. It consists of four-step cleaning courses: soft start (relaxing), pre-wash (pre-cleaning), main-wash (concentrated cleaning), and rinse wash (rinsing). The courses are differently designed in water pressure, cleaning scope, and water-jet power, which provide diverse cleaning modes such as low stimulus care cleaning and care system for females. The company is applying for a patent on the “i-wave” system.

This product also boasts the bubble whirlpool sterilization system. It autonomously sterilizes every corner of the toilet by spraying bubble agents and electrolyzed oxidizing water by turns once a day. This process can be manually conducted by users whenever they want. Detachable nozzles and clean cover also ensure high hygiene and easy maintenance.

It is equipped with the “Safe Clean System” which displays four-step cleaning processes and the completion of nozzle cleaning and sterilization through LED lamps. It also adopted water-jet function for hip bath which was jointly developed with researchers in colorectal surgery of Seoul National University in 2014 for the first time in Korea. This function helps users experience smooth hip bath and prevent anal disease.

Yong-joo Park, the head of Marketing HQ, said, “As this product was developed by adopting diverse customer requirements with regard to cleaning, hygiene, and healthcare, we expect it to provide customers with new experiences.”

Rank top in the home water purifier sector of the KCSI

- Providing differentiated services by CODY
- Highly recognized in that customer-centered products including "AIS" have been launched



Coway ranked top in the home water purifier sector of the 2017 KCSI (Korean Customer Satisfaction Index) hosted by KMAC (Korea Management Association Consulting) on October 13. Since 2000, the company has ranked top in this sector fourteen times.

The KCSI is an index to show the degree of customer satisfaction on products and services in each industry. It was launched in 1992 when KMAC developed the methodology of customer satisfaction check and has demonstrated the longest history and public confidence in Korea.

In the KCSI, Coway gained 83.2 points in comprehensive satisfaction level and higher points in all sectors such as "general satisfaction," "intention of repurchasing," and "factor satisfaction" than competitors. Prior to this, Coway had ranked first in the NCSI (National Customer Satisfaction Index) this year. These results prove that our customer satisfaction level is second to none in Korea.

Coway has provided differentiated services by operating the CODY organization and launched customer-centered innovative products, which was highly recognized in the KCSI.

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 this June 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, "At Coway, customer trust and satisfaction are top priority in our management activities. We will make a concerted effort to deliver healthy life and happiness to customers based on differentiated services and value."