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Coway

IR Webzine 2018. January

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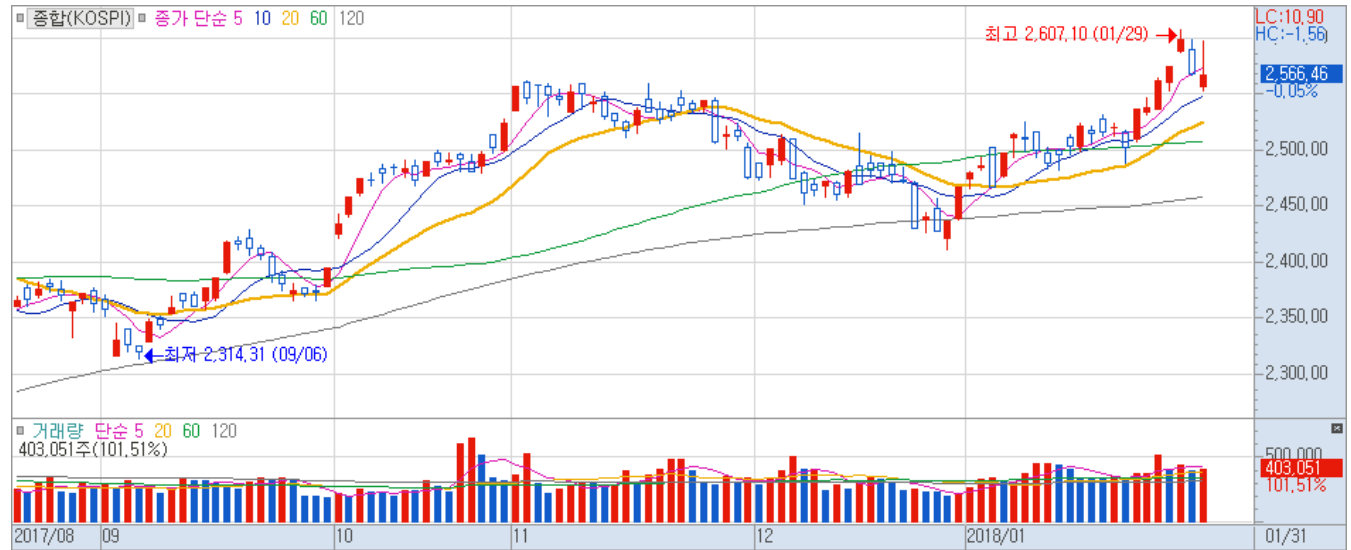
This material includes quarterly development of stock markets, stock prices and related data of Coway, financial status, operating results, and other major issues related to IR. This is aimed to provide a variety of information that could be a reference to shareholders and investors. Therefore, it cannot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

Market Review

Stock Market

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In January 2018, the KOSPI climbed 4.01% over the previous month to 2,566.46 points, getting out of two-month sluggishness and raising hope for a rally in 2018. In the technical aspect, the array of moving average lines went back to a bullish status backed by a swift rebound on the long-term moving average line with increasing trading volume since the end of last year.

Individual stocks of the KOSDAQ led the rally in January, which resulted mainly from the market transfer effect of Celltrion to the KOSPI market and expectations on the government's policy to activate the KOSDAQ market. The US stock markets which reached all time high also had a positive effect. In late January, the KOSPI joined a rally when the KOSDAQ flinched and surpassed 2,600 points. While the IT sector was sluggish, securities, logistics, chemicals, and construction sectors enjoyed a rally.

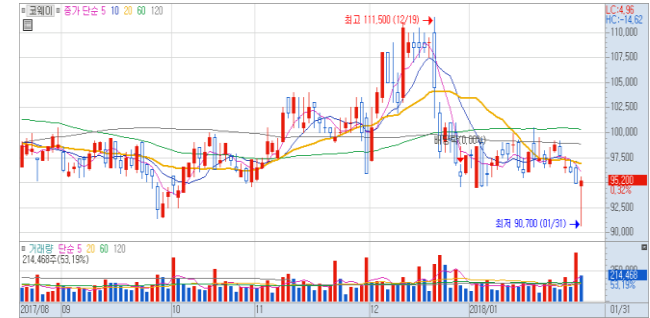
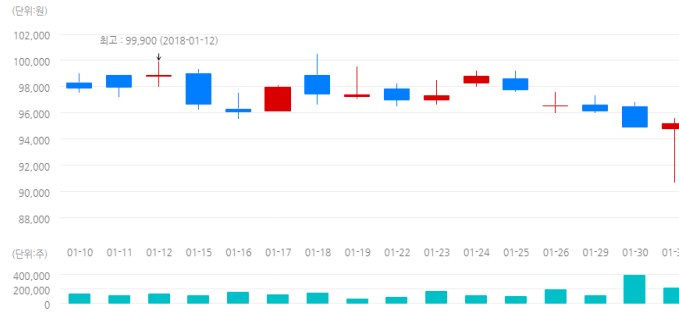
The domestic stock market is expected to continue growth in February 2018, as the KOSPI hit an all-time high and volatility of the US and global stock markets has been mitigated. A lot of professionals expect that there is no special unfavorable factor that can switch over current rising trend for a while. They also anticipate cyclical growth of many sectors.

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	-3.64	-4.77	-4.39	1.12	0.75
20 Days	0.53	-3.53	-2.18	4.05	2.71
60 Days	-3.94	-4.27	-2.33	0.33	-1.61

The stock price of Coway decreased 2.56% from the previous month to KRW 95,200 in January 2018. In the technical aspect, it stayed in a box pattern between KRW 95,000 and KRW 100,000 for the month, requiring a little bit of time for setting a direction.

Even though the stock price has currently been influenced by various news flows and market rumors, we expect a momentum for rebound will be secured based on unwavering fundamental competitiveness. Coway has created operating performances meeting market consensus, plans to launch the FWSS (Fresh Wear Styling System) rental business, and enjoys growth of overseas business, which will continue enhance corporate value and have positive effect on future stock price.

During January 2018, the number of shares held by foreigners increased 190,334 shares, or 0.4%, compared with the prior month. As of the end of January, they maintained 58.97% ownership. Domestic institutional investors marked net selling of 271,347 shares during the same period.

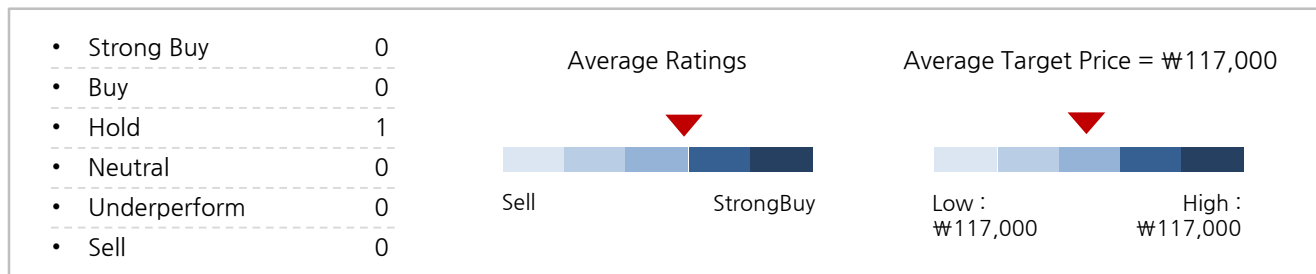
<p>43,927,090 Shares (59.36%) (as of January. 31, 2018)</p>	<p>Changes in Stock Price in January</p> <p>-2.56%</p>	<p>Changes in Shares Held by Foreigners in January</p> <p>+190,334 Shares (+0.4%)</p>	<p>Net Changes in Shares Held by Institutional Investors in January</p> <p>-271,347 Shares</p>
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Market Review

Analyst Opinion

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2018-01-08 | Korea Investment & Securities | Target Price : 117,000 | Buy [FULL REPORT VIEW](#)

4Q17 preview: Korea stabilizes overseas markets grow
 We estimate 4Q17 sales at W649bn (+6% YoY) and OP at W118bn (+22% YoY, OPM 18.1%), in line with consensus. Considering that W15bn in sales is from promotions that waived rental fees in 2017, ...

Hold a science camp for employees' children



Coway held a water and air-themed science camp at the Environmental Technology Research Institute located in R&D Park of Seoul National University for three days since January 18, to which 40 children of employees were invited.

The science camp was prepared as a corporate culture program with the aim of delivering the identity and value of Coway's business to families and cultivating their children's scientific thinking and creativity. It has been held twice a year since 2017, in which employees' children who are elementary school students participate.

Diverse air-themed programs were offered to camp participants. They were able to easily understand the characteristics of air by observing fine dust and experiencing pollutants elimination process by hepa filters at the Environmental Technology Research Institute.

Particularly, they directly made air purifiers together with the Engineer Mentor Group consisting of Seoul National University students who are majoring in engineering. A mentoring program for future career was also implemented. And then, participants joined the design of robot air purifiers to check the air quality improvement effect. These activities helped them cultivate scientific thinking.

Seok-hwan Moon, a senior manager of Coway, who joined the camp, said, "I felt pride in the company once again when my daughter became interested in science and was proud of my business."

Hae-sun Lee, the CEO, said, "We planned the camp to share the value of our business with both employees and their families. We will continue to expand the culture of family-friendly management."

Launch a TV commercial for clean and tasty water campaign



Coway launches a TV commercial for clean and tasty water campaign with the message of “The difference of water taste comes from the quality of filter” on January 19.

The TV commercial emphasizes that the quality of filter is the most important part of water purifier and it makes a material difference in water taste.

The “Shiroo” filter was developed by using Korean traditional steamer with excellence in natural drainage as a motif. It was made of thin and dense intensive membrane materials and C9 carbon block filter, offering cleaner and more tasty water.

Yu Gong, a Korean film star, joined this advertisement as a brand endoser. In the ad, he drinks a cup of water with clean and blue sky and ocean in the background, which symbolizes the cleanness and differentiated taste of water purified from the Shiroo filter.

Yong-joo Park, the head of Marketing HQ, said, “This ad appeals our market leadership and a message that the quality of filter is crucial to choosing water purifier. We expect this ad to increase customer trust in our water purifiers and differentiated filter technology.”

Showcase smart air purifiers connected with Naver's AI platform Clova



On January 17, Coway showcases two kinds of smart air purifiers - multi-action humidification air purifier loCare (APMS-1516E) and dual-power air purifier loCare (AP-1515D) - that can be operated in connection with Naver's AI platform 'Clova' with the aim of enhancing customer convenience. This function is applied to both new models and existing ones.

Smart air purifiers can be easily controlled by simple voice commands such as turn-on, turn-off, speed-up, or speed-down through Clova speaker and smartphone application.

Jin-hyuk Ahn, the head of ICT Strategy Office, said, "This function was introduced with the aim of further improving the quality of customer life. We will continue to lead the IoT technology to deliver differentiated experiences and values to customers."

Prior to this, Coway had gained positive responses by launching an air purifier "Air Mega" connected with Amazon's voice recognition platform Alexa in the U.S. in March 2017. Moreover, another air purifier model "Coway Tower" connected with Apple's smart platform Home Kit was unveiled at the 2018 CES, launched in Las Vegas in early this January.

Win the best prize at the 2017 PIN UP Design Award



On January 15, Coway's products won top-class prizes at the 2017 PIN UP Design Award for 12 consecutive years.

The PIN UP Design Award, held by the Korea Association of Industrial Designers and sponsored by the Ministry of Trade, Industry and Energy, celebrates its 21st anniversary this year and is recognized as one of Korea's top three design awards along with Good Design and Korea's Design Award. The PIN Up mark is applied to award-winning products.

The best of best award was granted to "Coway Trust Lounge" which is a special space for relax and meeting with internal and external stakeholders. Coway Trust Lounge was highly recognized in the way that blue color was efficiently used for delivering corporate identity as Korea's leading water company and corporate image was well expressed in the visual and symbolic manner.

On top of that, not only nine products including multi-action humidification air purifier IoCare (APMS-1516E) and nano tankless water purifier (P-5600N) but also AIS brand design won the design award.

Eung-kyu Park, the head of BX Design Team, said, "Our relentless efforts for ensuring excellence in product design have resulted in award-winning achievements. We will continue to focus on design innovation to deliver customers special experiences."

First showcase "clothes purifier FWSS" at the 2018 CES



"Clothes purifier FWSS is the next-generation rental item that can sustain our growth following water purifier, air purifier, bidet, and mattress. Demonstrating innovative functionality and customer care service capability, the FWSS is expected to early join our five flagship rental product lineups."

Hae-sun Lee, the CEO of Coway, first introduced the FWSS (Fresh Wear Styling System) at the 2018 CES held in Las Vegas in January 10. The FWSS is scheduled to start rental service and lump-sum sale in the first half of this year.

The FWSS is a new-concept total solution that comfortably manages even clothes storage by combining elaborate clothes management function of existing products and Coway's core capability air care technology.

Consumer surveys have shown that they do not satisfy existing wear stylers. Because clothes cared by existing wear stylers need additional care before putting as dust and humidification in wardrobe affect them.

Coway's FWSS offers a new solution that can comfortably care even clothes storage space. This product won the "2018 CES Innovation Award" by being highly recognized for innovative product concept and technology.

Hae-sun Lee, the CEO, said, "The FWSS, which will be a new growth engine, is an innovative product to which our world-top air care technology and rental service capability have adopted. Therefore, I expect this product to shift the paradigm of wear styler market."

At the 2018 CES which runs until January 12 in Las Vegas, Coway showcases not only FWSS but also AI-based active action air purifier and Coway Tower connected with Apple's smart platform Home Kit. These products caught much attention of visitors and buyers due to excellent innovativeness and practicality.

Hold a New Year's ceremony



Coway held a New Year's ceremony and assured a new leap for 2018 at Hoam Art Hall located in Jung-gu, Seoul, on January 2.

More than 600 employees working at the headquarters, research institute, and business fields including the CEO attended the ceremony.

At the ceremony, the CEO Hae-sun Lee proclaimed the "Coway Trust Re:BLUETION" as a management policy in 2018. "Re" means a challenge for new growth and "BLUETION" symbolizes an activity pursuing the essence of our business. In other words, Coway's innovation can be realized when our business essence is combined with challenging spirit.

On top of that, three key words were presented as follows: products developed by Coway's core capabilities, response to strategic target markets, and 4th Industrial Revolution technology that harmonizes with business fields.

The event was further enlivened by a hologram performance symbolizing a new leap and a drone performance to celebrate the collaboration with Amazon.com. In addition, field staff made a pledge on fully practicing a new management policy "Coway Trust Re:BLUETION."

Hae-sun Lee, the CEO, said, "Coway is committed to caring clean water and air, healthy sleeping, and beauty. In 2018, I hope all of us to make a concerted effort to upgrade the level of life care by combining new technologies and to lead the era of the 4th Industrial Revolution."

IR Activities

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EVENT	Overseas NDR
DATE	2018-02-27 ~ 03-02
LOCATION	Hong Kong, Singapore
NOTE	HSBC Securities

EVENT	Conference
DATE	2018-02-23
LOCATION	Yeouido Conrad
NOTE	J.P.Morgan
