

03

coway

IR Webzine 2018. March

• [Market Review](#)

• [Coway News](#)

• [IR Activities](#)

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
2018. March

03



The KOSPI rose by 0.76% compared to the previous month to 2,445.85 points at the end of March 2018, slightly recovering from the collapse of the previous month. In the technical aspect, the range of rebound remained some 50% of the plunge and moving average lines moved downward, which are unfavorable to the stock market.

Despite weak start due to the steel tariffs impact from the U.S. at the beginning of the month, the KOSPI immediately rebounded on the back of the news that expectations on outperforming performances of the semiconductor sector raised the U.S. stock markets. However, increasingly intensive trade dispute issue between the U.S. and China offset the gain. IT/home appliances, shipbuilding, cosmetics, and semiconductor sectors were strong, while display, steel, insurance, and automotive sectors were bearish.

A lot of investors expect that in April, the KOSPI will restore stability as exports have increased for 17 consecutive months and global economy remains stable. In addition, it is a very near concern of investors how the inter-Korean summit talks in 11 years will mitigate the Korea discount effect in the domestic stock market.

Market Review

Stock Price

IR WEBZINE
2018. March

03



| Classification | % change of COWAY | | | %change of KOSPI | %change of KOSPI200 |
|----------------|-------------------|-----------|--------------|------------------|---------------------|
| | Stock Price | vs. KOSPI | vs. KOSPI200 | | |
| 5 Days | 2.28 | 1.07 | 1.58 | 1.2 | 0.7 |
| 20 Days | 4.66 | 2.84 | 2.63 | 1.82 | 2.03 |
| 60 Days | -8.09 | -6.72 | -4.59 | -1.36 | -3.49 |

The stock price of Coway climbed 3.70% from the previous month to KRW 89,800 in March 2018, signaling a momentum for turnaround from 3-month bearish trend. In the technical aspect, the bottom lines of stick price have risen since mid-February and short to mid-term moving average lines also turned upward, which lead to expect significant rebound.

Coway has been generating profits in the domestic health appliance market in a stable manner on the back of differentiated product quality, solid door-to-door sales organizational power, and continuous launch of new innovative products. Overseas business which has marked double-digit growth will also become a mid to long-term growth engine. For example, its Malaysia subsidiary has enjoyed 30% CAGR in sales for recent four years and the U.S. subsidiary is also solidifying its growth basis by beginning market sales of products based on AI and IoT technologies through Amazon. The company's shareholder-friendly policy based on rich cash flows is another positive factor.

During March 2018, the number of shares held by foreigners increased 22,645 shares, or 0.05%, compared with the prior month. As of the end of March, they maintained 59.83% ownership. Domestic institutional investors marked net purchasing of 5,113 shares during the same period.

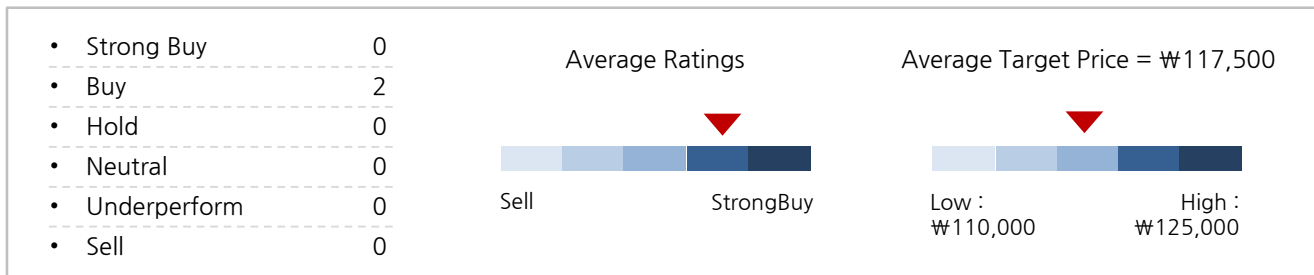
| | | | |
|---|--|---|--|
| <p>44,153,637 Shares (59.83%) (as of March 30, 2018)</p> | <p>Changes in Stock Price in February</p> <p>+3.70%</p> | <p>Changes in Shares Held by Foreigners in February</p> <p>+22,645 Shares (+0.05%)</p> | <p>Net Changes in Shares Held by Institutional Investors in February</p> <p>+5,113 Shares</p> |
|---|--|---|--|

Market Review

Analyst Opinion

IR WEBZINE
2018. March

03



2018-03-21 | KB Securities | Target Price : 110,000 | Buy [FULL REPORT VIEW](#)

Valuation Recovering
We initiate our coverage of Coway with a Buy rating and a target price of KRW110,000. We derived our target price through the DCF valuation method and applied a WACC of 5.6% (COE 8.3%, COD 2.2%, Beta 0.8) ...

2018-03-09 | NH Investment & Securities | Target Price : 125,000 | Buy [FULL REPORT VIEW](#)

2018 to mark return to concentration on core business growth
In 2018, Coway should see non-consolidated sales of ₩2,443.7bn (+5.3% y-y) and OP of ₩517.9bn (+8.2% y-y). Following the discovery of mechanical defects in its three ice making-water purifier models, the firm's margins ...

Participate in the 2018 Seoul Living Design Fair

- Showcasing 32 products including water purifiers and air purifiers
- Demonstrating innovative products such as “My Hanppyum Water Purifier IoCare” and “FWSS (Fresh Wear Styling System)”



Coway participates in the “2018 Seoul Living Design Fair” to be held at KOEX in Samsung-dong, Seoul, for five days from March 7 to 11.

The Seoul Living Design Fair, which celebrates 24th anniversary this year, is Korea’s representative exhibition that leads the trend of living appliances. With the theme of “Connected Home,” the fair invited more than 300 domestic and overseas brands this year.

Coway plans to showcase 32 products in six categories including water purifier, air purifier, wear styling system, and bidet with the aim of solidifying its leadership in the smart living appliance market.

A variety of innovative products will be showcased at the fair, including three kinds of “My Hanppyum Water Purifier IoCare” products boasting excellent water taste, diverse functions, and gorgeous design despite ultra slim size.

Moreover, the company will display FWSS which won the innovative award at the 2018 CES (Consumer Electronics Show) to appeal its differentiated air care technology. The FWSS is an innovative product that ensures elaborate clothes care and clean space control and scheduled to be launched in the first half of this year.

Yong-joo Park, the head of Marketing HQ, said, “Increasing interest in smart home and related technologies at home and abroad will spark a great interest in our products at the fair. We will continue to launch smart products that enhance the quality of customers’ life.”

Win the “iF Design Award” for 11 consecutive years

- Eight products including the nano tankless water purifier won the design award.
- Boasting high space efficiency on the back of tower-type product design



Coway’s eight products including the nano tankless water purifier and water softener won the design awards in the product design sector at the “2018 iF Design Award” in Germany.

The iF Design Award with 60-year history, hosted by the International Design Forum, is recognized as one of the world’s four major design awards. Coway has won the iF Design Award for 11 consecutive years since 2008.

The award-winning nano tankless water purifier (CHP-7200N) was designed as the tower-type unit to be suitable for usage at kitchen, ensuring high space efficiency. Vertically movable faucet allows users to take water without limits on tank size.

The award-winning water softener demonstrates simple and sophisticated pure white-colored product design, which redounds to clean bathroom interior design. LED display enables users to check the function of water-softening at a glance.

Sang-hwa Lee, the head of Health Appliance Design Team, said, “Winning the award is attributable to our consistent efforts to reflect the value customers want in our product design. We are committed to enhancing the brand value of Coway by focusing on customer-centric innovative design that considers user environment.”

Participate in the U.S.-based IHHS to lead the global trend of water purifier



Coway participates in the 2018 IHHS (International Home and Housewares Show) which is held in Chicago for days from March 10. This is the 10th participation in a row.

The IHHS, started in 1939, is the largest small home appliances exhibition in the North America.

Coway showcases seven kinds of air purifiers and three kinds of water purifiers at the show. The most popular product is “Aquamega,” a new-concept counter-top water purifier.

In the U.S., under-sink water purifiers are widely used. Coway launched Aquamega which can be installed on the sink at the beginning of this year, gaining popularity in the local market. This product is sold at Amazon.com, the representative online market of the U.S.

The best feature of Aquamega is slim and sophisticated design with three-stage filtering system and tankless method. Coway plans to target the U.S. customers by appealing for relatively reasonable price and differentiated concept of counter-top system. In the second half of this year, the company will launch premium Aquamega equipped with metallic materials and functions to take cool, hot, and purified water.

Dae-gil Chung, the head of the U.S. Sales Task Team, said, “The roaring attention toward Aquamega at the show proved the growth potential of counter-top water purifiers in the U.S. market. We will lead the global trend of water purifiers by launching products and services with differentiated concepts tailored to the feature of each country by capitalizing on our world-class technology.”

Carry out the “Grand Blue Movie Week” campaign jointly with Channel CGV



Coway plans to carry out the “Grand Blue Movie Week” campaign to organize and televise water-related movies jointly with Channel CGV for the World Water Day on March 22.

This campaign was prepared to solidify the brand recognition as Korea’s representative water company and inform the public of the value of water.

With the concept of “Special Week to Enjoy Clean Water with Coway,” this campaign will be conducted from March 19 to 25. During the campaign, a total of seven water-related movies (one movie a day) will be televised through Channel CGV.

Particularly, “River Road” and “Big Fish & Begonia” premier through TV. The former shows the value of water and environment with the desertified Silk Road in the background, while the latter is a story about a girl “Chun” who have lived in the folktale world under the sea makes an expedition into the world by becoming a whale at the day of attaining adulthood.

To attract attention of the public to this campaign, Coway released a special content in which a film director Eun-jin Bang introduce those seven movies through Channel CGV and Facebook.

Yong-joo Park, the head of Marketing HQ, said, “We planned this campaign with the mind of forming a consensus on the value of water with more people. With the responsibility as Korea’s representative water company, we will continue to carry out water-related social contribution activities going forward.”

On top of this campaign, Coway is proactive in sharing the value of water through a variety of activities such as “Grand Blue Festival,” a water-related cultural event.

Share the value of water with the public

- Exhibit a large-sized water purifier and CIROO filter in front of Ilmin Art Gallery
- Share water purified through the CIROO filter



On March 19, Coway held an event to make a pledge to supply clean and tasty water as Korea's representative water company in the plaza in front of Ilmin Art Gallery located in Jongno-gu in celebration of the World Water Day on March 22.

As part of the event, the company exhibited a large-sized water purifier and CIROO filter and sommelier researchers delivered water purified through the filter to visitors.

IR Activities

IR WEBZINE
2018. March

03

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| EVENT | Overseas NDR |
| DATE | 2018-03-12 ~ 03-15 |
| LOCATION | USA(Boston, New York, San Francisco) |
| NOTE | Macquarie |