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coway

IR Webzine 2018. June

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
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The KOSPI fell 4.00% from the previous month to 2,326.13 points at the end of June, plummeting to the lowest level this year. In the technical aspect, the KOSPI seemed to enter a bearish trend by breaking through the bottom line of 4-month box pattern. Moving average lines also swerved to weakness since early June, which represents unfavorable expectations on future stock market.

The weaker-than-expected stock market resulted mainly from trade disputes between the US and China and EU and continuous strong US dollar. Moreover, foreign investors have sold stocks for five consecutive months since early this year when the issue of semiconductor super cycle showed up, which has struck a blow to the domestic stock market with significant dependence on IT sector. Communication and software sectors slightly increase, while construction, machinery, steel, transportation, and electronics sectors were weak.

In July, the stock market seems to show a technical rebound due to deeper-than-expected decrease. And the trade dispute between the US and China is predicted to slacken due to tremendous impacts on the global economy despite the possibility of intensification.

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	-0.92	0.4	0.41	-1.32	-1.33
20 Days	-0.23	5.11	5	-5.34	-5.23
60 Days	-1.37	3.16	3.15	-4.52	-4.51

The stock price of Coway recorded KRW 86,600, a decrease of 0.80% from the previous month, at the end of June, continuing a box pattern between KRW 85,000 and KRW 95,000 for five consecutive months. It was a positive signal that the stock price broke through the long-term moving average line in early June, while a definite momentum should be ensured for turnaround.

It is expected that Coway will achieve operating performances meeting market consensus in 2Q. The company will attain meaningful net rental account adds on the back of launch of new products and customer-oriented services and the proportion of overseas business is on a rise. As the stock market has positive views on Coway's future operating performances, we expect the stock price to reflect our corporate value going forward.

During June, the number of shares held by foreigners increased 35,234 shares, or 0.08%, compared with the prior month. As of the end of June, they maintained 60.04% ownership. Domestic institutional investors marked net purchasing of 56,496 shares during the same period.

<p>44,312,461 Shares (60.04%) (as of June 29, 2018)</p>	<p>Changes in Stock Price in February</p> <p>-0.08%</p>	<p>Changes in Shares Held by Foreigners in February</p> <p>+35,234 Shares (+0.08%)</p>	<p>Net Changes in Shares Held by Institutional Investors in February</p> <p>+56,496 Shares</p>
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Hold a bidet sales promotion

모델명	원정료	할인료
BASH30-A	25,900원	24,900원
BAS29-A	25,900원	24,900원
BAS25-A	24,900원	23,900원
BAS22-A	25,900원	21,900원
BASH24-A	27,900원	25,900원

Coway announced on June 5 that it would hold a promotion for new bidet rental subscribers until June 28. Target products are four self-sterilizing bidets including “Intelligent Care Bidet” and thermal bidet and monthly rental fee discount of maximum KRW 2,000 is offered to new rental subscribers.

A monthly rental fee discount of KRW 1,000 is offered to new rental customers of four self-sterilizing bidets (BASH30-A, BAS29-A, BAS25-A, BAS22-A). Monthly rental fee of these products presents between KRW 21,900 and KRW 24,900. Particularly, the “Intelligent Care Bidet (BASH30-A) adopted the i-wave system, condition-tailored water stream course, to provide more effective user-tailored care service. This product also demonstrates stronger three stage self-sterilizing system than ever before by bubble tornado toilet sterilization function.

Monthly rental fee of the “Thermal Bidet (BASH24-A)” is KRW 25,900 by benefiting KRW 2,000 discount to new customers. This product adopted the water stream function exclusive for sitz bath which had been codeveloped jointly with colorectal surgery of Seoul National University Hospital. It also has near-infrared thermal function that helps blood circulation.

Se-yong Kim, the head of Product Strategy Division, said, “This promotion was designed to provide more consumers with our advanced products at reasonable prices with the aim of responding to increasing interest in family health and hygiene. Our company will continue to offer differentiated services and benefits to customers going forward.”

Launch a new strategic tankless water purifier with top-notch filtration function



An advertisement for “CIROO Tankless Water Purifier (CHP-7300R),” a new strategic water purifier in 2018, is on air. Having introduced advantages of existing water purifiers, this product is expected to do away with stereotypes of existing ones. Product launch is scheduled in mid-June.

Water purifiers with reverse osmosis filtration system are commonly preferred If filtration performance is the most important factor when selecting water purifiers. Because it is denser than halo fiber membrane or nano filtration systems. However, it is unfit for being adopted to tankless water purifier due to low water purification capacity per hour derived from microfiltration method.

Meanwhile, if tankless method and low price are further regarded than filtration performance, water purifiers with halo fiber membrane or nano filtration systems are preferred. However, these systems are inferior to reverse osmosis filtration system in eliminating pollutants.

Coway’s CIROO Tankless Water Purifier adopted the “CIROO Tankless Filter” which boasts advantages of existing water purification filters. The CIROO Tankless Filter demonstrates 30 times higher water purification capacity than existing ones, thereby being expected to do away with the stereotype that water tank is essential to reverse osmosis water purifiers.

This advertisement represents the CIROO Tankless Water Purifier’s advancement with the concept of “Coway innovates the commonsense of the world” by indirectly showcasing existing water purifiers’ limits that water purification capacity is in inverse proportion to filtration performance.

In addition, a great actor Gong Yu joined the narration and directly appears in the last part of the advertisement, raising the expectation of and trust in this new product.

Yong-joo Park, the head of Marketing HQ, said, “The CIROO Tankless Water Purifier is an innovative product that ensures high-capacity tankless method despite reverse osmosis filtration system. We believe the water purifier market will be reorganized centered on this new product going forward.”

Sign an agreement to prevent the marginalized people from environmental diseases with the Ministry of Environment



Coway signed an agreement to prevent the marginalized people from environmental diseases with the Ministry of Environment on June 8. This project has been promoting since 2009 with the aim of preventing the socially marginalized and the elderly from environmental diseases and improving their living conditions.

According to the agreement, the Ministry of Environment, Korea Environmental Industry and Technology Institute, and local governments will conduct diagnosis of living conditions of the marginalized people in local communities, and then 16 participating companies including Coway will provide products necessary for improving their living conditions.

Coway participates in the project this year for the first time and plans to offer air purifiers to 16 local governments for free. Maintenance service will also be provided.

Sang-joon Kim, the head of Communication Office, said, "Corporate social responsibility is very significant for business activities today. Coway will be proactive in contributing to environmental preservation and society going forward, thereby playing a role in establishing a culture of co-prosperity with local communities."

Sign an agreement on R&D exchange with the Military Environmental R&D Center



Coway's Environmental Technology Research Institute signed an agreement on collaborating the development of the latest technologies and promoting joint R&D projects with the Military Environmental R&D Center (headed by colonel Nam-kook Huh) under the ROK Army.

Coway's Environmental Technology Research Institute, as a professional organization in researching and analyzing environmental pollution, has been recognized for an authority in the field of water quality inspection and analysis by being selected as the best KOLAS (Korea Laboratory Accreditation Scheme) operator at the conformity assessment from the Korean Agency for Technology and Standards in 2016.

The Military Environmental R&D Center was established in March 2018 in a bit to reduce environmental impacts threatening the health of people and armed forces and solve environmental issues in the army.

The signing ceremony was held at the Korea Army Academy in Yeongcheon-si, Gyeongsanbuk-do on June 8, in which Sun-yong Lee, the head of Coway's Environmental Technology Research Institute, major general Jung-yeol Suh, principal of the Korea Army Academy, brigadier general Hyo-wook Ko, a chief professor, colonel Nam-kook Huh, the head of Military Environmental R&D Center, and many interested persons participated.

According to the agreement, the two research centers plan to closely collaborate in three major fields: technology consulting about research exchange projects, joint research & researcher exchange, and sharing of information on academy, technology, and research for joint R&D projects.

Nam-kook Huh, the head of Military Environmental R&D Center, said, "We hope our knowledge and experiences specified military environment will create synergy by being combined with Coway's cutting-edge R&D competence."

Sun-yong Lee, the head of Coway's Environmental Technology Research Institute, also said, "This agreement will allow both R&D centers to take the initiative in developing environmental technologies for the humankind. We will proactively collaborate for co-prosperity."

Launch a premium massage chair specified for heating systems



Coway launches a premium massage chair (MC-P02) equipped with differentiated heating systems called “3D Plus Backbone Heating Massage Function” and “3Zone Heating Function.”

The 3D Plus Backbone Heating Massage Function helps users relax warmly and conveniently by operating two heating massage balls along the body curb. The heating massage ball ensures higher temperature and shorter heating time than existing one that Coway applied for a patent.

The 3Zone Heating Function applies heat to hips through heating pad and feet through heating lamp, delivering effects of sauna and lower-body bathing.

This product provides nine kinds of massage programs - heating 1 (moxibustion), heating 2 (acupressure), relax, power, high-speed, sleep, stitch solution, whole body stretching, and pelvis stretching - to ensure tailored massage. The chair is also reclined to offer optimal convenience in a weightless status.

Moreover, it adopted “automatic body type identification function” that automatically adjusts the position of massage balls after sensing body type of users and “automatic leg pad control function” that can extend and shorten the length of leg massage area by maximum 21 centimeters.

Product design was also upgraded by adopting seat with diamond quilting pattern and mood light on left and right sides to check the operation status. Remote control and mini pockets deliver more user convenience.

Yong-joo Park, the head of Marketing HQ, said, “The MC-P02 is an innovative product with diverse premium functions developed by Coway’s advanced technologies. We will lead the trend of massage chair market based on our leading technologies and services.”

Calm the controversy over filtration function vs. tankless purifier



- Adopt the CIROO 2.0 filter that ensures high water purification capacity
- Perfect tankless water purification by water path drainage mode and automatic drainage system
- High hygiene by transparent detachable faucet

On June 18, Coway announced that it launched the “CIROO Water Purifier (CHP/CP-7300R),” a strategic product in 2018, with the aim of getting rid of stereotype of existing water purifier market.

This product presents a clear answer to long debate what customers consider first when purchasing water purifier between filtration function and tankless water purification.

■ Adopt the CIROO 2.0 filter that ensures high water purification capacity
Generally, RO membrane filtration system requires water tank as the filter is denser than hollow fiber membrane filter and nano filter and water purification capacity per hour is relatively small due to elaborate filtration.

However, the CIROO Water Purifier will do away with the stereotype that water purifier with RO membrane filter should use water tank.

To this end, Coway has developed the “CIROO 2.0 filter,” an upgrade version of existing CIROO (Coway Intensive Reverse Osmosis) filter, to realize tankless water purification despite RO membrane filter. The CIROO 2.0 filter was co-developed by Coway and Toray Chemical, a global chemicals manufacturer, and applied for a patent. It is made of the intensive active dense layer that can eliminate even ion substance with the size of one-in-tens of thousands. This filter boasts six times larger size and 30 times larger water purification capacity than existing CIROO filter, which enables excellent tankless water purification despite RO membrane filter.

Calm the controversy over filtration function vs. tankless purifier



- Perfect tankless water purification by water path drainage mode and automatic drainage system
The CIROO Water Purifier ensures perfect tankless water purification by adopting the water path drainage mode that wholly drains remnant water from pipes whenever users drink water and directly purifies new water. As for existing tankless water purifiers, water is remained between filters and faucet. The “automatic drainage system” fully drains remnant water throughout the product if the water purifier is idle for 24 hours, thereby maintaining cleanness.
- High hygiene by “transparent detachable faucet” and “special care service”
This product ensures high hygiene for customers who are sensitive to hygiene. The transparent detachable faucet allows users to visually check the level of its pollution and easily clean the faucet. A special care service that replaces water pipes and faucet for free is also offered.
- Diverse convenient functions
Other diverse convenient functions include three-way tailored temperature (45°C · 70°C · 85°C) water supply system and fixed-capacity water supply function (120ml, 250ml, 500ml).

Hae-sun Lee, the CEO of Coway, said, “Our CIROO Water Purifier will give a perfect answer to customers who want to use tankless water purifier with high performance in water filtration. We expect this product to innovate the existing water purifier market.”

Win the “Korea’s New Technology Innovation Award” for 16 consecutive years



Coway won the New Technology Innovation Award at the “2018 Korea’s Innovation Award” hosted by Korea Standards Association on June 19. This is 16th consecutive year achievement in this field. This award was prepared to grant awards to companies that achieve remarkable performances in the fields of new technology, product, and service and realize management innovation. It celebrates its 19th anniversary this year.

The award-winning products were CIROO Water Purifier and FWSS (Fresh Wear Styling System). These products were highly recognized for its unprecedented innovative technologies.

The CIROO Water Purifier is an innovative product that breaks the stereotype “Water purifier equipped with RO membrane filter requires water tank.”

Generally, RO membrane filtration system requires water tank as the filter is denser than hollow fiber membrane filter and nano filter and water purification capacity per hour is relatively small due to elaborate filtration. However, the CIROO Water Purifier does away with the stereotype by adopting the “CIROO 2.0 filter,” an upgrade version of existing CIROO (Coway Intensive Reverse Osmosis) filter, to realize tankless water purification despite RO membrane filter.

The CIROO 2.0 filter was co-developed by Coway and Toray Chemical, a global chemicals manufacturer, and applied for a patent. It is made of the intensive active dense layer that can eliminate even ion substance with the size of one-tens of thousands. This filter boasts six times larger size and 30 times larger water purification capacity than existing CIROO filter.

Moreover, the CIROO Water Purifier ensures perfect tankless water purification by adopting the water path drainage mode that wholly drains remnant water from pipes whenever users drink water and directly purifies new water.

The FWSS is also an innovative product that combines wear care and air purification functions for the first time in the domestic market. This product cares both clothes and wardrobe space by capitalizing on the “3-way Power Blowing System consisting of power air shot, air shot hanger, and air circulation functions.

Win the “Korea’s New Technology Innovation Award” for 16 consecutive years



공간케어 제습기



공간케어 제습기

The first stage inhales dust from clothes by operating the 3-way power blowing system based on Coway’s core competence air care technology - dust on clothes by power air shot, dust inside clothes by air shot hanger, and remaining dust by air circulation function. The second stage washes dust and odor particles by spraying nano mist generated from electrolyzed sterilization system. The third stage dries clothes at low temperature through heat-pump technology, protecting damage and keeping soft and smooth.

The space care and dehumidification functions make it possible to care both clothes and air quality in wardrobe. Sun-yong Lee, the head of Environmental Technology Research Institute, said, “Winning the award is attributable to our consistent efforts to reflect the value customers want in our product design. We are committed to developing new technologies customers want with the responsibility as the No.1 home appliance maker.”

Hold the “Coway Day” event



Coway held the “Coway Day” event by inviting new employees’ families at the Sebit Floating Island in Seocho-gu, Seoul, on June 19.

This event was prepared to celebrate new recruits and express gratitude to their families, in which about 110 people including the CEO, new employees and their families, and heads of business divisions participated.

Participants visited the head office of Coway and Coway R&D Center located in Seoul National University, which helped them better understand where their sons and daughters are working and what they do.

Particularly at the event, the CEO and executives showcased foods and beverages that they made themselves, gaining great responses. The CEO cooked Dongchimi and Noodles with Young Summer Radish Kimchi made of clean water of Coway purifiers and executives offered sparkling water to participants.

Hae-sun Lee, the CEO, said, “We prepared this event to deliver a lively sense of gratitude to new employees’ families. We will spare no support and investment to help new employees become talented people.”

Coway TQA Center becomes the authorized testing lab for China's CCC & CQC certifications



Coway TQA Center obtained the qualification as an authorized testing lab for China's CCC & CQC certifications from the CQC (China Quality Certification Centre).

The CCC (China Compulsory Certification) certification is mandatory for the export of electric appliances such as water purifier, air purifier, and bidet, while the CQC certification is left to the discretion of companies.

The qualification was obtained from the CCIC (China Certification & Inspection Group) KOREA. It presents that Coway's products are able to obtain the CCC and CQC certifications by self-test at the TQA (Trust & Quality Assurance) Center. This achievement resulted from cutting-edge test facilities and excellent testing competence of the International Safety Assurance Center under the TQA Center. The qualification will contribute to reducing testing costs by 50% and testing period by 30%.

Moreover, Coway plans to increase response ability to tightening Chinese regulations by closely cooperating with the CCIC KOREA.

Seon-yong Jung, the head of Coway TQA Center, said, "The qualification as an authorized testing lab will enable us to rapidly supply safety-certified products to rapidly-changing Chinese market. We will continue to make efforts for strengthening product safety."

Since the establishment of TQA Center equipped with internationally authorized testing equipment for the first time in the domestic health appliance industry in Yugu Plant in 2012, Coway has been engaging in verifying and certifying product safety. Currently, Coway TQA Center has 12 qualifications on authorized testing lab and demonstrates cutting-edge testing equipment and advanced technologies.

Recognized for excellent job creation



On June 29, Coway was selected as the “Excellent Company in Job Creation” in recognition of leadership in job creation by the Ministry of Employment and Labor.

This award was launched this year with the aim of appreciating and encouraging companies which are committed to creating new jobs or improving job quality in accordance with the government’s policy. The Ministry of Employment and Labor identifies candidate companies through analysis of employment insurance database and recommendations of regional labor administrations and the public. And then, a total of 100 companies are selected after field inspections and collection of opinions from the labor and management.

Selected companies are able to enjoy benefits of over 150 items including favorable interest rates in credit ratings and suspension of tax investigation.

Coway was highly recognized for diverse family-friendly programs for work-life balance, activation of maternity protection schemes (childbirth gift in money, short-time work system during pregnancy period, and approval for parental diagnosis hours), social value creation by supporting youth startups, and horizontal title system. The company was also praised for shared growth with suppliers, employee communication, employment, and turnover rate.

Hae-sun Lee, the CEO of Coway, said, “We will contribute to building a healthy society by continuously creating jobs and improving job quality.”

In 2017, Coway had won the citation “Excellent Company in Gender Equality Employment” from the Ministry of Employment and Labor and recertified as the “Family-friendly Company” from the Ministry of Gender Equality and Family.

IR Activities

IR WEBZINE
2018. June

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EVENT	Domestic NDR
DATE	2018-06-04 ~ 06-07
LOCATION	Domestic institutional investors
NOTE	IBK Investment Securities

EVENT	Conference
DATE	2018-06-21~06-22
LOCATION	COEX Intercontinental Hotel, Samsung-dong
NOTE	Macquarie

EVENT	Conference
DATE	2018-06-25~06-26
LOCATION	Yeouido Conrad
NOTE	UBS Securities