





**coway**  
IR Webzine 2018. July

07

 **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

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The KOSPI dropped 1.33% from the previous month to 2,295.26 points at the end of July, experiencing slack for three consecutive months. In the technical aspect, the KOSPI showed only a technical rally derived from steeper-than-expected decline amid descending mid- to long-term moving average lines and sluggish trading volume, which makes investors feel unfavorably toward the stock market.

Even though external factors have become slightly amicable on the back of eased concerns about trade disputes between the US and China, agreement on EU-US trade negotiations, a rally of the US stock markets, and liquidity supply of China, the domestic stock market has still been far from recovering previous drop. Display, IT hardware, communication service, and automotive sectors enjoyed a slight rally, while distribution, healthcare, hotel/leisure, and cosmetics sectors were weak. The domestic stock market was slack even if most global stock markets experienced rallies in July.

In August, the stock market seems to show a technical rebound due to deeper-than-expected decrease. Because the US and China is now moving to resume trade negotiations and reactive response to underperformance compared with most global stock markets in the previous month is expected. However, the rally will be likely to be limited.

# 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	1.74	1.07	1.07	0.66	0.66
20 Days	12.34	11.35	10.94	0.99	1.40
60 Days	7.20	15.95	15.27	-8.75	-8.07

The stock price of Coway jumped 8.31% from the previous month to KRW 93,800 in July, making a rally that recovered recent slump. It strongly broke through the long-term moving average line and the top line of a 5-month-long box pattern, thereby accumulating energy for future rally.

Our health appliance business in Korea is expected to enjoy stable growth due to increasing demands for ice water purifiers triggered by prolonged hot weather, sales growth of the CIROO tankless water purifier, and positive outlook for rental sales in other categories including FWSS in the second half of this year. Moreover, Coway is achieving remarkable performances in overseas business guided by Malaysia subsidiary and US subsidiary. These favorable factors will create a momentum for future stock price.

During July, the number of shares held by foreigners increased 90,264 shares, or 0.20%, compared with the prior month. As of the end of July, they maintained 60.17% ownership. Domestic institutional investors marked net purchasing of 7,301 shares during the same period.

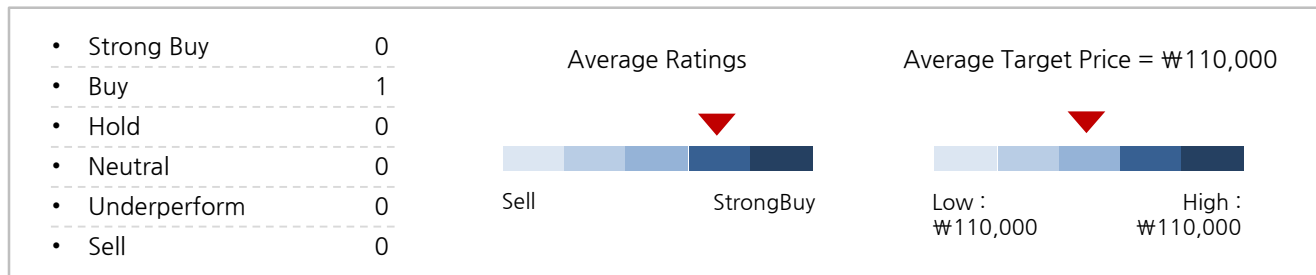
<b>44,402,725 Shares</b> (60.17 %) (as of July 31, 2018)	Changes in Stock Price in February <b>8.31%</b>	Changes in Shares Held by Foreigners in February <b>+90,264 Shares</b> (+0.20%)	Net Changes in Shares Held by Institutional Investors in February <b>+7,301 Shares</b>
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# Market Review

Analyst Opinion

IR WEBZINE  
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2018-07-05 | Korea Investment & Securities | Target Price : 110,000 | Buy [FULL REPORT VIEW](#)

**2Q18 preview: Slow but steady**  
 We estimate 2Q18 sales will grow 6% YoY to W660bn and OP 8% YoY to W130bn (OPM 19.7%), satisfying consensus. Domestic rental sales (60% of total sales) should grow 2.3% YoY. Net rental additions should ...

## Win the “grand prize” and “energy technology prize” at the Energy Winner of the Year



- More efficient cooling by adopting inverter compressor (Nano Tankless Water Purifier)
- Higher energy efficiency by adopting ice storage tank cooling system and spiral pipe system for hot water generation (CIROO Tankless Water Purifier)

Coway's Nano Tankless Water Purifier and CIROO Tankless Water Purifier won the grand prize and energy technology prize, respectively, at the 21st Energy Winner of the Year event held at the Press Center in Seoul on July 5.

The Energy Winner of the Year, hosted by the Consumers Korea and the Ministry of Trade, Industry and Energy, was prepared to select and award products and services with excellent energy efficiency and energy saving competence.

Our Nano Tankless Water Purifier won the grand prize and Minister's prize which is given to products boasting the best energy efficiency. This product equipped with inverter compressor demonstrates around 34% higher in cooling efficiency than existing compressor. The new inverter compressor control algorithm ensures minimum compressor operation. The instant water heating system also contributes to reducing unnecessary power consumption.

The CIROO Tankless Water Purifier won the energy technology prize. This product is Korea's unique tankless water purifier which has done away with the stereotype that a water purifier with RO membrane filter should have water tank. It ensures higher energy efficiency by adopting ice storage tank cooling system and spiral pipe system for hot water generation.

Sun-yong Lee, the head of Environmental Technology Research Center, said, "We will devote ourselves to developing eco-friendly technologies and disseminating the culture of pursuing energy efficiency to society."



## Take the top place on the 2018 NCSI in the water purifier and air purifier sectors



- Differentiated customer service innovations such as Service Lab and Redcap Organization
- Recognition for developing customer-oriented products such as CIROO Tankless Water Purifier

Coway took the top place on the 2018 NCSI (National Customer Satisfaction Index) in the water purifier and air purifier sectors, surveyed by the Korea Productivity Center.

The NCSI is determined by customers' direct evaluations on product quality and satisfaction. Water purifier sector was launched in 2014 and since then, Coway has maintained its top position in this sector. Air purifier sector was first established this year.

Taking top place in those sectors was mainly attributable to Coway's consistent efforts for innovating products and services based on its CRM principle "Beyond Expectation."

Coway opened the "Service Lab," an innovative space for realizing customer value, in the May where differentiated customer services can be created by analyzing customer experiences. Through the Service Lab, Coway monitors how customers have the best experiences in the entire process ranging from product installation to real use and carries out researches on improving customer services.

Since July 2017, the Redcap organization has been operating with the aim of practicing customer-oriented management activities. The Redcap contains the meaning "a well-prepared service organization for customers" who can swiftly cope with urgent customer issues and solve customer complaints as soon as possible.

Coway is focusing on developing innovative water purifiers and air purifiers meeting needs of customers. This commitment gave birth to the CIROO Water Purifier that directly supply water without water tank despite using RO membrane filter with the aim of providing a solution to customers who waver between filter performance and tankless structure. The company had launched the "Active Action Air Purifier" that autonomously purifies indoor air before being polluted.

Hyun-jeong Yoon, the head of CS HQ, said, "Product responsibility is of paramount importance when developing health appliances such as water purifier and air purifier and related services, as those are directly affecting lives of customers. In this regard, we at Coway are committed to providing products and services centered on customers."

## Sponsor the 2nd Grand Blue Festival



- Jugdo beach in Yangyang, Gangwon-do, from July 19 to 22
- Delivering the value of water through water-related culture and arts including films
- Operating brand-experiencing booth and expanding communication with customers

Coway sponsors the 2nd Grand Blue Festival, a water-related culture & arts event, which is held on Jugdo beach in Yangyang, Gangwon-do, from July 19 to 22.

The Grand Blue Festival was prepared to share the value of water with the public through films, installation arts, and murals. Coway promotes cultural marketing activities to strengthen communication with generations through this event.

The festival was prepared under the directorship of Hyun-seung Lee. Major program is to screen movies related to water including “Between Land & Sea” during the period, which will offer unconventional experiences.

Coway also plans to contribute to activating local culture in collaboration with the Gangwon-do government. Drawing murals promoted with the concept of “Village of Water” in the previous year will be extended this year. Anyone can participate in this project through talent donation. Moreover, flea market and food market will be opened in cooperation with local people and surfers.

The company will conduct a campaign with the name of “Blue Wave” aimed at protecting marine environment during the festival. With a motto of “blue sea, clean water, and pleasant beach,” Coway will share the importance of environmental cleanup and implement a flash mob event by using surfing boards. Funds raised by participants will be donated for marine environmental protection.

A booth will be operated to provide participants with chances to experience the value of clean water. They can enjoy beverages and Re:NK products made of clean water generated by Coway water purifiers at the booth. Water and beverages are offered through tumblers instead of disposable cups to raise the awareness of environmental protection. Coway also plans to invite loyal customers to the festival to expand communication with them.

Hae-sun Lee, the CEO of Coway, said, “As Korea’s water-related company, we prepared opportunities where people can experience the value of water through diverse culture & arts. By capitalizing on the festival, we will expand contact points and form a consensus with young generations as well as solidifying the identity of our flagship business.”

## Solidify the identity of water business leader through the 2nd Grand Blue Festival



The 2nd Grand Blue Festival sponsored by Coway ended in great success. The festival was prepared to announce the value of water through diverse culture and art programs, in which a lot of officials including Hae-sun Lee, the CEO of Coway, and actors and actresses participated.

A great many people enjoyed water-related films on the beach all night long during the period. Particularly, "Between Land and Sea," a documentary film of Island, attracted attention by premiering in Korea through the festival.

Other programs such as painting murals, collecting waste around the beach, and holding a flash mob event using surfing boards also received good responses.

Hae-sun Lee, the CEO of Coway, said, "We will continue to expand cultural communication to help people experience the value of water, thereby solidifying our leadership in water business."

On top of the festival, Coway is promoting the "Grand Blue Movie Week" campaign together with Channel CGV to televise water-related movies in commemoration of the World Water Day.



## Increase around 30% YoY in sales of water purifier



In July, sales of Coway water purifiers including the CIROO Water Purifier sharply increased on the back of prolonged hot weather.

Unit sales of Coway water purifiers increased around 30% compared with the same period in the previous year. Particularly, unit sales of cold water purifiers accounted for more than 60% among total sales in July, which was mainly attributable to continued hot weather and tropical night phenomenon.

The CIROO Water Purifier has become the spearhead of sales increase. The number of this product sold just in a month since the launch in mid-June exceeded 5,000 units.

The CIROO Water Purifier is an innovative product that ensures tankless purification of abundant water despite RO membrane filter. The CIROO (Coway Intensive Reverse Osmosis) 2.0 filter boasting six times larger filter space than existing one ensures 30 times larger water purification performance.

Moreover, CHP/CP-6310L model equipped with the “cold water plus function” that can doubly purify cold water compared with existing same-sized water purifiers has gained great popularity since the launch in early July. The first batch of 5,000 units were sold out just in a day.

Sang-joon Kim, the head of Communication Office, said, “Recent scorching heat triggered sales growth of cold water purifiers. We expect this trend to continue for a while due to extended heat wave.”