

COWAY

己亥年

새해 복 많이 받으세요

UNION FINANCIAL GROUP AND COWAY FINANCIAL GROUP ADMITS THE KRW
REGULATORY AUTHORITY OF THE FINANCIAL SERVICES COMMISSION

IR Webzine 2019. Jan.

2019 1

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.



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Market Review_ Stock Market



The KOSPI sharply increased 8.03% from the previous month to 2,204.85 points at the end of January 2019, realizing a bullish market more than expected. In the technical aspect, a double-bottomed pattern was completed and the KOSPI smashed through declining moving average lines with increasing trading volume. As a result, mid- and long-term moving average lines turned around. This change opened the possibility of bullish market despite a short-term recession.

In January, stocks sensitive to economic ups and downs, large-cap stocks, and low PBR stocks were strong.

Despite unfavorable outlook on corporate earnings and global economy, the stock market showed a completely opposite trend. Foreign investors led the stock market by purchasing more than KRW 3 trillion, which is recognized as the foundation that the outlook on corporate earnings bottomed out ironically.

In February 2019, the stock market seems to show a short-term recession due to a higher-than-expected rally in the previous month. However, the recession is likely to be slight due to positive factors such as expectations on the U.S.-North Korea summit and solution of U.S.-China trade conflict.



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Market Review_ Stock Price



Classification	% change of COWAY			%change of	
	Stock Price	vs. KOSPI	vs. KOSPI200	KOSPI	KOSPI200
5 Days	2.71	-0.08	0.10	2.79	2.61
20 Days	11.35	0.76	7.07	10.59	4.28
60 Days	25.41	19.25	19.56	6.16	5.86

The stock price of Coway soared 12.55% from the previous month to KRW 83,400 at the end of January 2019, restarting a rally after a slight breather. In the technical aspect, it continued a sharp growth trend and smashed through mid- and long-term moving average lines. Now it shapes a well-arranged bullish trend.

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Market Review_ Stock Price

Coway has attained favorable operation performance satisfying market consensus every quarter. Rental sales in new premium product categories in the domestic market took a favorable turn in 2H 2018 and sales in Malaysia and the U.S. markets also maintain stable growth. Therefore, our corporate value has been enhancing. Moreover, our commitment to shareholder-friendly policy gains solid trust from shareholders and investors. These favorable environments will contribute to realizing stable stock price trend going forward.

During January, the number of shares held by foreigners decreased 101,587 shares, or 0.22%, compared with the prior month. As of the end of January, they maintained 62.52% ownership. Domestic institutional investors marked net purchasing of 193,659 shares during the same period.

46,138,233 Shares

(62.52%)

(as of January 31, 2019)

Changes in Stock
Price in January

+12.55%

Changes in Shares Held by
Foreigners in January

-101,587
shares
(-0.22%)

Net Changes in Shares Held by
Institutional Investors in January

+193,659
shares



Coway News



Hold the new year celebration event and resolve to continue innovation

On January 2, Coway held the new year celebration event and resolved to take a new leap in commemoration of the 30th anniversary.

More than 600 people attended the event, including Hae-sun Lee, the CEO, employees and field leaders working at the head office, research institute, and factory.

At the event, the CEO proclaimed “Coway Trust Re:FUSION” as the management principle for 2019.

The “Re:FUSION” means the company’s commitment to pursuing new innovation by integrating its business essence aimed at delivering the value of cleanness with passion. Detailed directions are set at expanding trust and innovation, responding to the change of era in advance, and establishing a foundation for global growth.

Hae-sun Lee, the CEO, said, “Based on our capabilities accumulated for three decades, Coway will carve out new business areas. By proactively responding to changes in business environment such as the 4th Industrial Revolution and climate change and enhancing our global business platform, we will promote sustainable growth.”

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COWAY WELLS HEALTH AND WELLNESS CENTER FOR A HEALTHY AND HAPPY NEW YEAR

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Showcase future-oriented technologies and products at the 2019 CES

Coway participates in the 2019 CES (Consumer Electronics Show) to be held in Las Vegas from Jan. 8 to 11. This is the fourth participation in a row.

The company set forth “Being Well, Feeling Good” as the concept of exhibition. It symbolizes the commitment to delivering convenience and happiness to consumers’ daily life. Showcase booths are comprised of water care zone (water purifier), air care zone (air purifier), body care zone (bidet, water softener), living care zone (massage chair), and sleep care zone (mattress), in which a total of 33 innovative products and services are presented.

Water Care Zone: Coway CIROO Tankless Water Purifier

This product will show the quintessence of technology creating clean and tasty water to the world. It is an innovative product equipped with the 2019 CES Innovation Award-winning CIROO (Coway Intensive Reverse Osmosis) 2.0 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.



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.

To help visitors better understand, Coway showcases a transparent CIROO Water Purifier. Visitors can see not only the entire process of water purification through the CIROO 2.0 filter but also automatic drainage system.

Air Care Zone: Air Simulation System and Interior Smart Air Purifier

Coway first showcases the Air Simulation System which verifies air purification effect by utilizing approximately 196 billion big data with regard to air quality, identified by Coway’s research activities, and computational fluid dynamics technologies. This system will be used for presenting air purification capacity by space and tailored air care solutions to consumers.

The Coway Interior Smart Air Purifier, which is first displayed at the CES, boasts premium design and smart functions as well as excellent air purification.

This product is equipped with the “Double HEPA Filter System” that Coway has developed independently. The Double HEPA Filter System adds curved HEPA filter to the backside of linear HEPA filter, expanding the size of purification space and generating cleaner air. Particularly, the curved HEPA filter helps optimize air flow and purify more air by lessening the air resistance.



In addition, elegant product design is in good harmony with interior space. Fabric-shaped material and premium snow gray and sage green colors deliver Northern Europe look sensitivity to consumers. Coway intends to change the image of air purifier from existing dry and hard home appliance to sensitive environmental appliance that improves home atmosphere.

This product also demonstrates cutting-edge IT technologies such as cordless smartphone charging and real-time interior and exterior air quality check through the loCare application.

Body Care Zone: Toilet-Integrated Smart Bidet and Intelli-Care Karim Bidet

Coway displays the “Toilet-Integrated Smart Bidet” which automatically monitors the health condition of users and helps them form healthy bowel habit at the CES. Urination analysis sensor checks the health condition of users and the results are delivered to them through the loCare application. This product also provides them with health index identified through body fat and water analysis, helping form healthy bowel habits.

The company also showcases the “Intelli-Care Karim Bidet” developed by the collaboration with a world’s renowned designer Karim Rashid. Pink, gold, and silver-colored product design and polka-dot cover design catch the visitors’ eyes.

To show the “i-wave waterjet system,” the core technology of Coway bidet, to visitors, Coway displays a specially shaped bidet. The “i-wave waterjet system”



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is an innovative technology that provides users with bidet courses optimized for their body conditions by scientifically combining water pressure, air, cleaning scope, and time consumption.

Declare the entrance of bidet business into the North American market

At the CES, Coway will declare the entrance of bidet business into the North American market. To this end, the “Mega” brand developed and launched in accordance with the lifestyle of the North American people will be adopted to bidet products as well as existing air purifier and water purifier. The company had launched the Air Mega, local air purifier brand, in March 2016 and Aqua Mega, local water purifier brand, in January 2018, in North American market. The local brand name of bidet was set at Bidet Mega. Coway intends to proactively target the American bidet market by capitalizing on its competitive waterjet and sterilization technologies and brand power.

Hae-sun Lee, the CEO, said, “The CES will give us a chance to demonstrate our innovative technologies which present the future of well-being life. We will continue to take the lead of future-oriented health appliances delivering innovative convenience and happiness to consumers.”



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Initiate the “Show Your Dreams” project with a brain scientist Jae-seung Jeong

At the 2019 CES (Consumer Electronics Show) held in Las Vegas, Coway announced that it would initiate the “Show Your Dreams” projects together with Jae-seung Jeong, a professor in bio and brain engineering at KAIST on January 8.

Coway had signed a contract for collaborating the analysis of sleep patterns based on brainwave and development of individually optimal sleep solutions with him.

The Show Your Dreams project aims to diagnose sleep patterns by using the in-ear typed brainwave analyzer and show the dreams people have during REM sleep through videos in real life.

The ultimate goal of this project is to increase the quality of sleep by improving negative part and promoting positive part of dreams.

Coway showcased a prototype of the in-ear typed brainwave analyzer co-developed by the company and him at the CES. Going forward, Coway will develop the product up to the stage of improving the quality of sleep.

Meanwhile, Coway displayed the “Smart Bed” at the CES. It automatically transforms mattress structure by detecting body type and body pressure of users and enables cordless smartphone charging. It also makes it possible to turn on lights under the bed and stand upper body up at the pre-set time, ensuring comfortable morning.

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Hae-sun Lee, the CEO, said, “The quality of sleep has an important effect on the quality of life and happiness. I believe this project will contribute to sharply increasing the quality of sleep and delivering happiness to daily life.”



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- With the purpose of researching tasty water and setting the criteria of purified water taste
- Specialists in water technology will join the research institute

Establish the “Water Taste Research Institute”

Coway opened the “Water Taste Research Institute” in the Coway R&D Institute located in Gwanak-gu, Seoul, on January 16. The research institute aims to study clean and tasty water and to set the criteria of purified water taste. A total of 45 researchers of Coway will join the research institute, all of whom are water specialist certified by the KISA (Korea International Sommelier Association), K-Water, and WQA (Water Quality Association) of the U.S.

Coway had initiated the research on water taste by forming a TFT in 2009 and established the direction of water taste based on case study results at home and abroad in 2011. In 2017, the company launched the GPT (Good Pure Tasty water) Index, Coway’s unique strict water taste criteria. Other activities aimed at elevating the level of research on water taste have included operation of water taste evaluation office, introduction of a special statistical program for water taste evaluation, and cultivation of water taste evaluation panels. These efforts resulted in ranking No. 1 at the event named “Comparing the Taste of Water Purified from Domestic Water Purifiers” hosted by KISA last year.

Going forward, the Water Taste Research Institute will focus on defining the attribute of water taste purified from water purifiers, scientifically verifying the correlation between filter performance and water taste and setting the criteria of tasty water. Core research results will also be reflected in developing filters and water purifiers of Coway.

Sang-hyun Kang, the head of Research Division of Coway Environmental Technology Research Institute, said, “Most research data on tasty water are

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not appropriate for Korean society and there is no research result in terms of objective indices on water taste. As Korea's leading water company, Coway will make a concerted effort to create tasty water."

Coway News



- Hold an event to celebrate the milestone and thank the millionth customer
- More than 10 thousand local employees including Hae-sun Lee, the CEO of Coway, attend the event.
- Declare a new vision aimed at achieving two million accounts in Southeast Asia by 2020

Declare a new vision in commemoration of achieving over one million accounts in Malaysia

On January 25, an event was held at the Axiata Arena located in Kuala Lumpur, Malaysia. It was prepared to celebrate the achievement of more than one million customer accounts in Malaysia and to declare a new vision.

The event was attended by more than 10 thousand people, including Hae-sun Lee, the CEO of Coway, Jae-young Park, head of Global Door-to-Door Sales Division, Ki-ryong Choi, head of Malaysia subsidiary, local CODYs, local health planners, and local employees working at Malaysia subsidiary.

Major programs were a celebration party named “1 Goal, 1 Heart, 1 Million COWAY,” gift presentation to the millionth customer, and declaration of a new vision.

Coway’s Malaysia subsidiary was launched in 2006 and has rapidly grown in the local market thanks to successful localization strategies such as initiating rental service for the first time in Malaysia and first obtaining the halal certification for water purifier. As a result, the number of customer accounts surpassed one million in December 2018.

A local customer Nur Hayati who was invited as the millionth customer said “I selected Coway’s air purifier due to reliable technological power of the leader in the Korean health appliance market and regular professional maintenance service. Coway’s air purifier allows our family to enjoy clean air.”



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Moreover, at the event, Coway declared a new vision aimed at achieving two million customer accounts and becoming an unrivaled leader in Southeast Asia by 2020.

Hae-sun Lee, the CEO of Coway, said, “I deeply appreciate the passion and efforts of local Coway employees who realized more than one million customer accounts. I also believe you will achieve the new vision. Our company will grow into a global life care leader by developing diverse localized products and enhancing brand marketing activities going forward.”

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