



## 2022 Coway Overview

**coway**

# Disclaimer

This presentation contains historical information of the company which should not be regarded as an indication of the future performance or results.

This presentation also contains forward-looking statements that are, by the nature, subject to significant risks and uncertainties.

These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance or results.

Actual results may differ materially from information contained in the forward-looking statements as a results of a number of factors beyond our control.

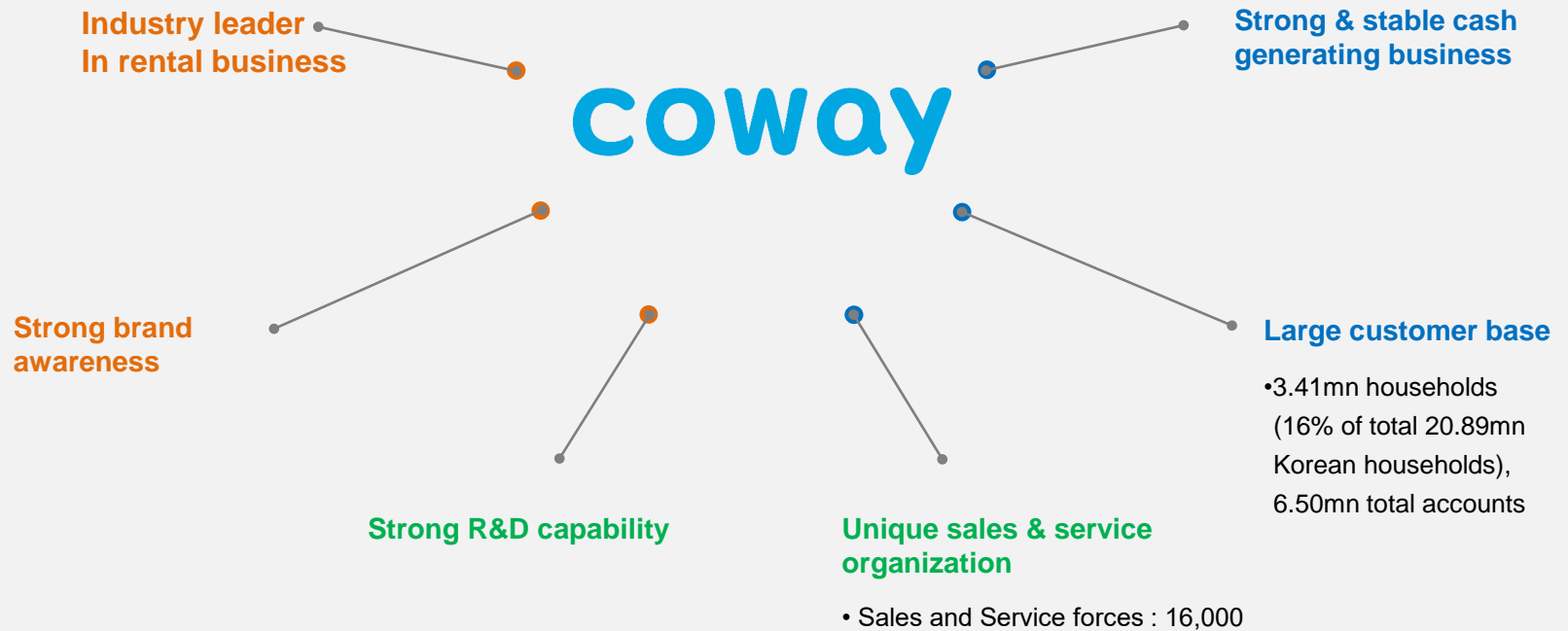
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# Company Overview

# Key highlights

## No.1 company in health appliance business



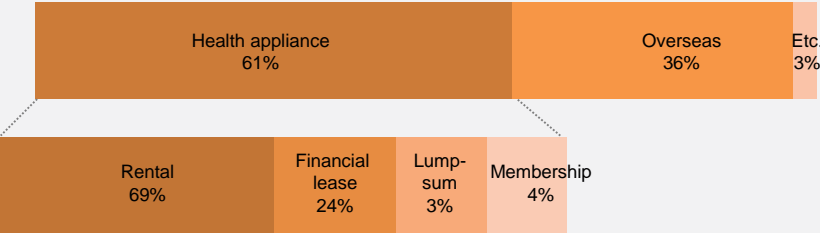
# Company Profile

## Coway history

- 1989~ Established door-to-door business, R&D center and manufacturing facility
- 1998~ Adopted rental business (Built Cody system)
- 2005~ Relocated R&D center (Seoul National Univ. campus) and established design research center
- 2010~ Expanded overseas and started mattress business
- 2013~ Major shareholder changed form Woongjin holdings to MBK
- 2019~ Major shareholder changed form MBK to Woongjin Thinkbig
- 2020~ Major shareholder changed form Woongjin Thinkbig to Netmarble

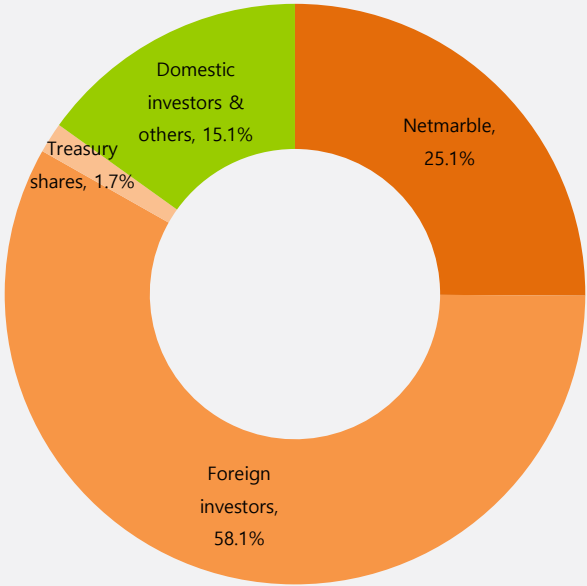
## Financial reports

- Revenue : KRW 3,664.3 bn
- Operating profit : KRW 640.2bn (OPM : 17.5%)
- Net income : KRW 466.5 bn



\*2021, K-IFRS, Consolidated base

## Ownership structure

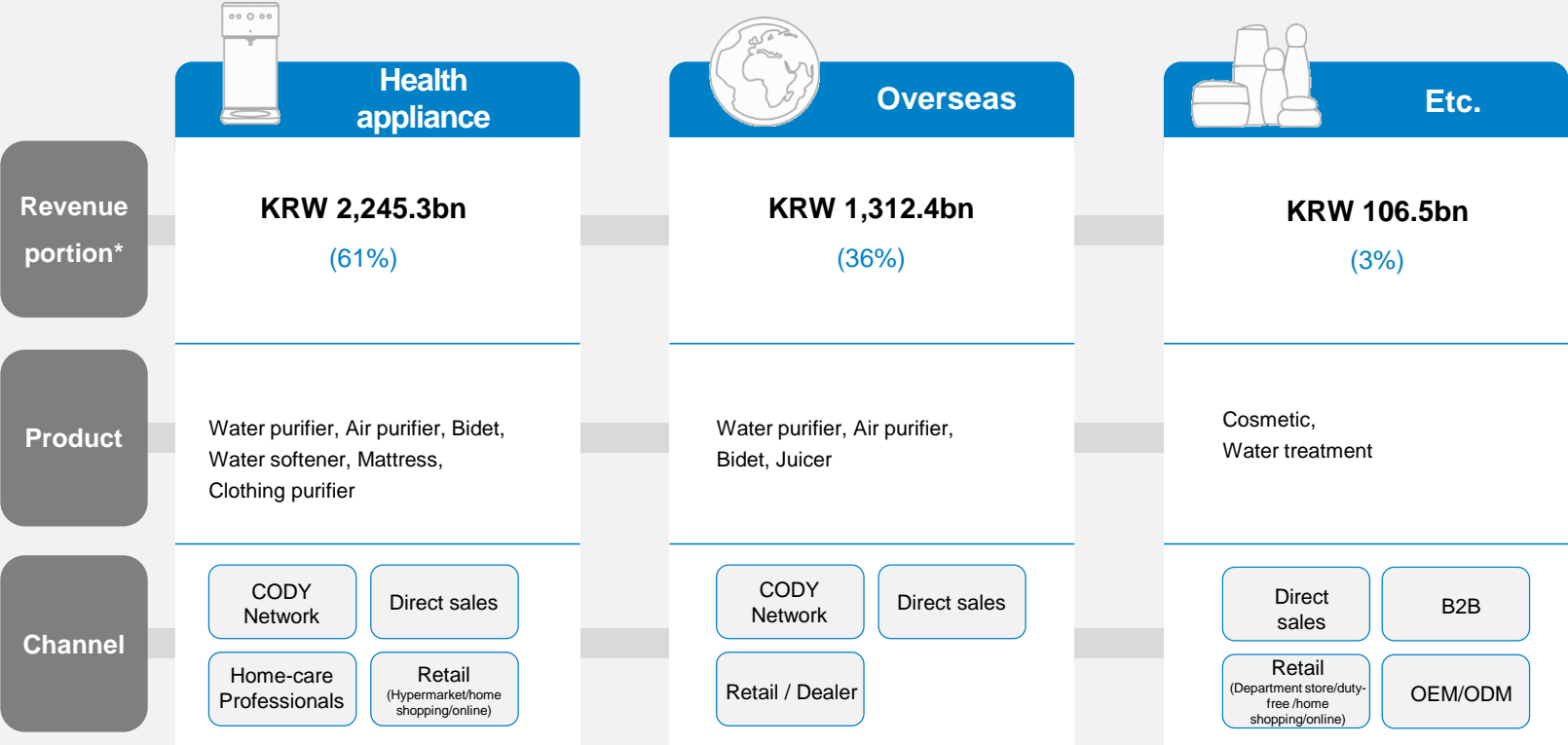


No. of outstanding shares: 73,799,619

\* As of December 2021

# Business Overview

# Business structure



\*2021, K-IFRS, Consolidated base



# Health appliance business - revenue components

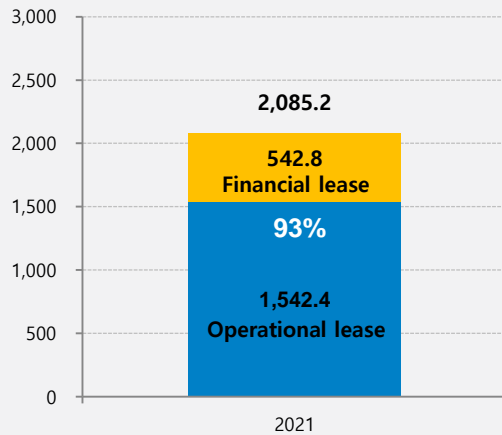
## Revenue components & portion within health appliance business

### 1. Rental program

(Total rental accounts : 6.02mn)

Product + Maintenance service(5 yrs)

(unit: KRW bn)



Monthly rental fee: ₩31,900\*

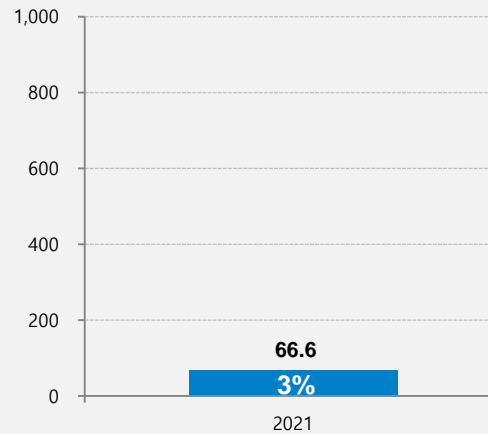
Rental fee for 6 years: ₩2,296,8000

Registration fee: ₩100,000

### 2. Lump-sum sales

Product sales only

(unit: KRW bn)



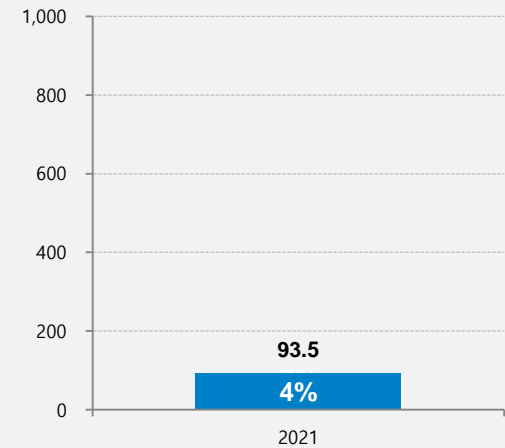
Sales Price: ₩1,530,000\*

### 3. Membership program\*\*

(Total membership accounts : 485k)

Maintenance service only(1 yr)

(unit: KRW bn)



Monthly membership fee : 22,000\*

Membership fee for 5years : ₩1,584,000


\* CHP-7210N Model

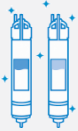
\*\*Membership program is a maintenance service for lump-sum sales customers and rental customers whose rental contract has expired


# Health appliance business


## - Rental business structure and Key index

### Details

 **Contract term**  
Operational lease : 5 years  
Financial lease : 5 years ~ 7 years

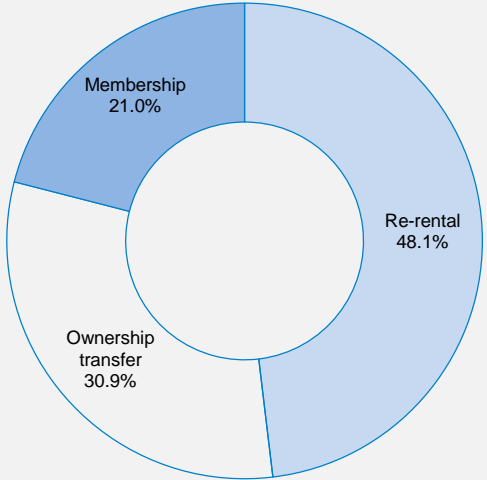
 **Maintenance service program**  
Filter & parts change, cleaning service, etc.

 **Service period**  
Every 1/ 2/ 4/ 6 month  
\*The service period may vary by product and environment

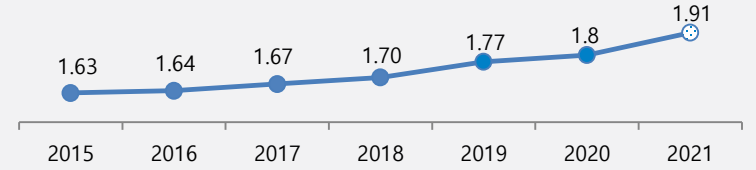
 **Minimum rental period**  
Operational lease : 3 years  
Financial lease : 5 years ~ 7 years

### Retention rate

Retention rate at maturity: 69%  
\* As of 2021



### PPC (products per customer) trend

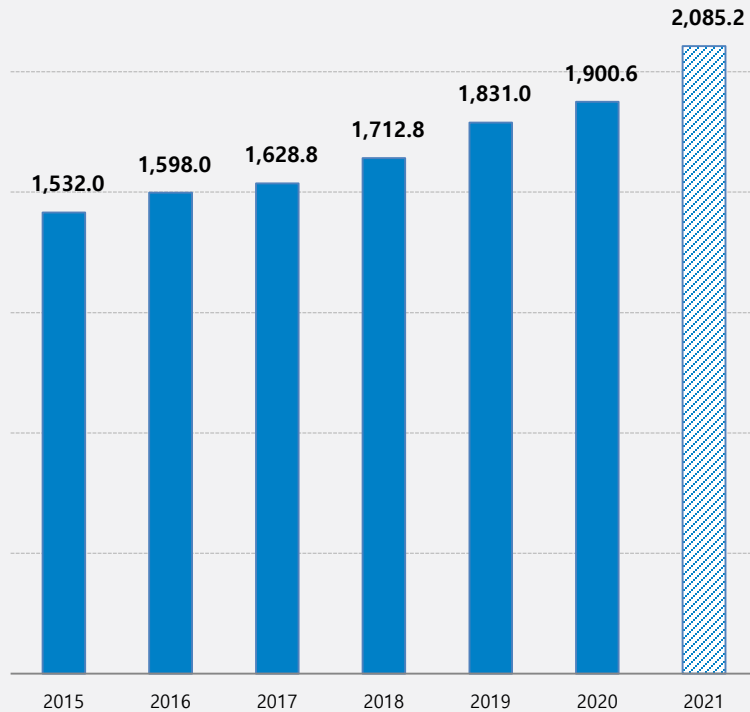


# Health appliance business

- Rental(operational+financial) revenue and rental accounts

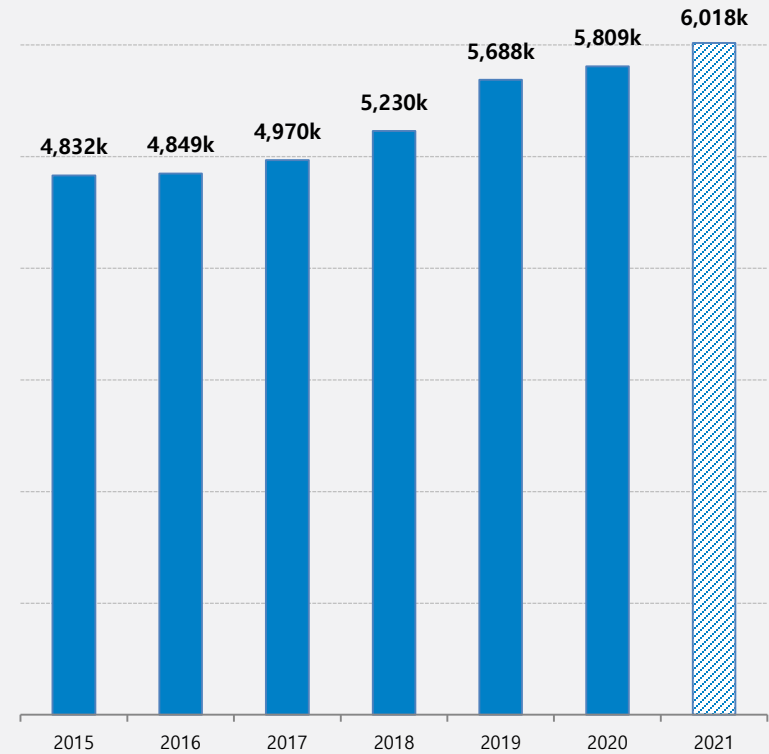
## Rental(operational+financial) revenue

(Unit: KRW bn)



## Rental accounts

(Unit: accounts)

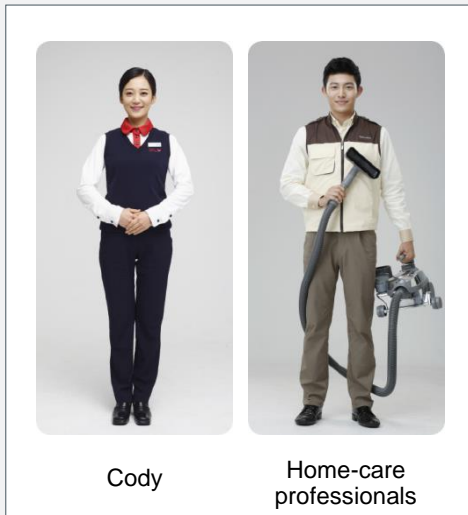


# Health appliance business - Sales & service platform

## Sales and service organization

- Cody (Coway lady) – Sales & service (Health appliance product)
- Direct sales force – Sales only
- Home-care professionals – Sales & service (Home-care product)
- Service manager – Installation & A/S (Health appliance product)

### ※ Number of sales & service professionals



## Competitiveness of Cody network

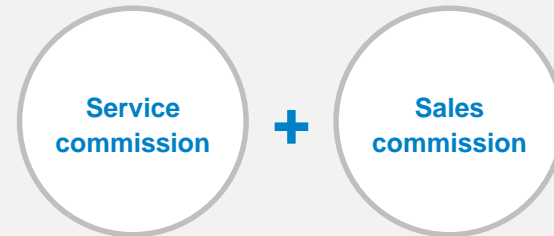
### •Strong customer relationship

- Develop new sales + provide maintenance service regularly
- Increase cross selling and decrease cancellation rate by maintaining closer relationship with customers



### •Stable income structure

- Guarantee base service commission by managing 420 accounts



### •Minimum service area per Cody

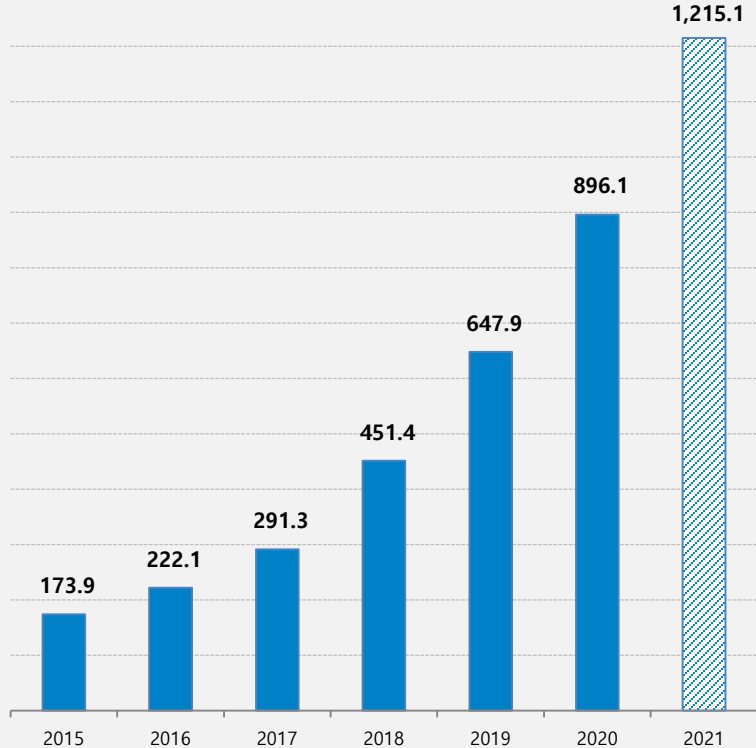
- High efficiency by covering close area due to scalability  
 (Less than 1km<sup>2</sup> per Cody, total accounts 6.02mn)

# Overseas business

## - Overseas subsidiaries revenue and rental accounts

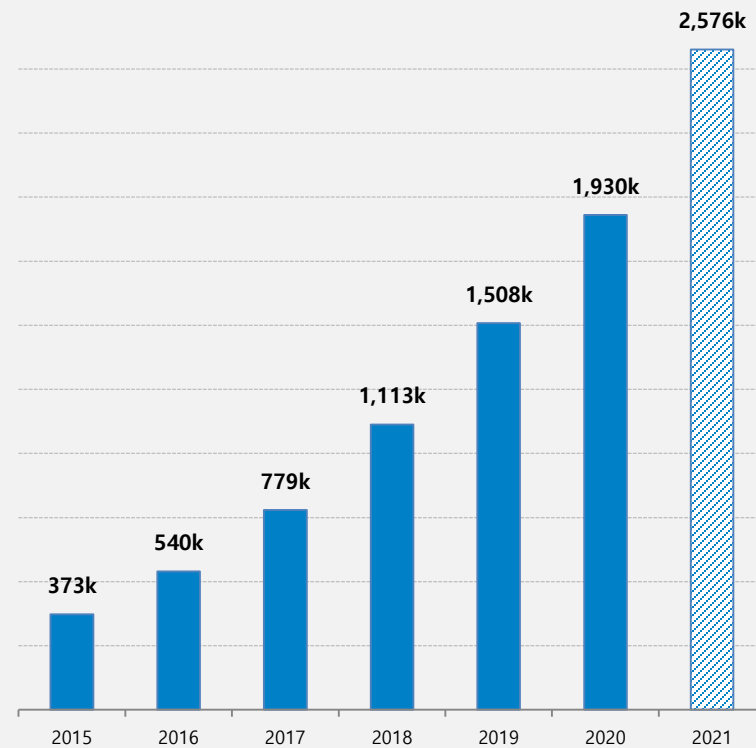
### Overseas subsidiaries revenue

(Unit: KRW bn)



### Overseas subsidiaries rental accounts

(Unit: accounts)

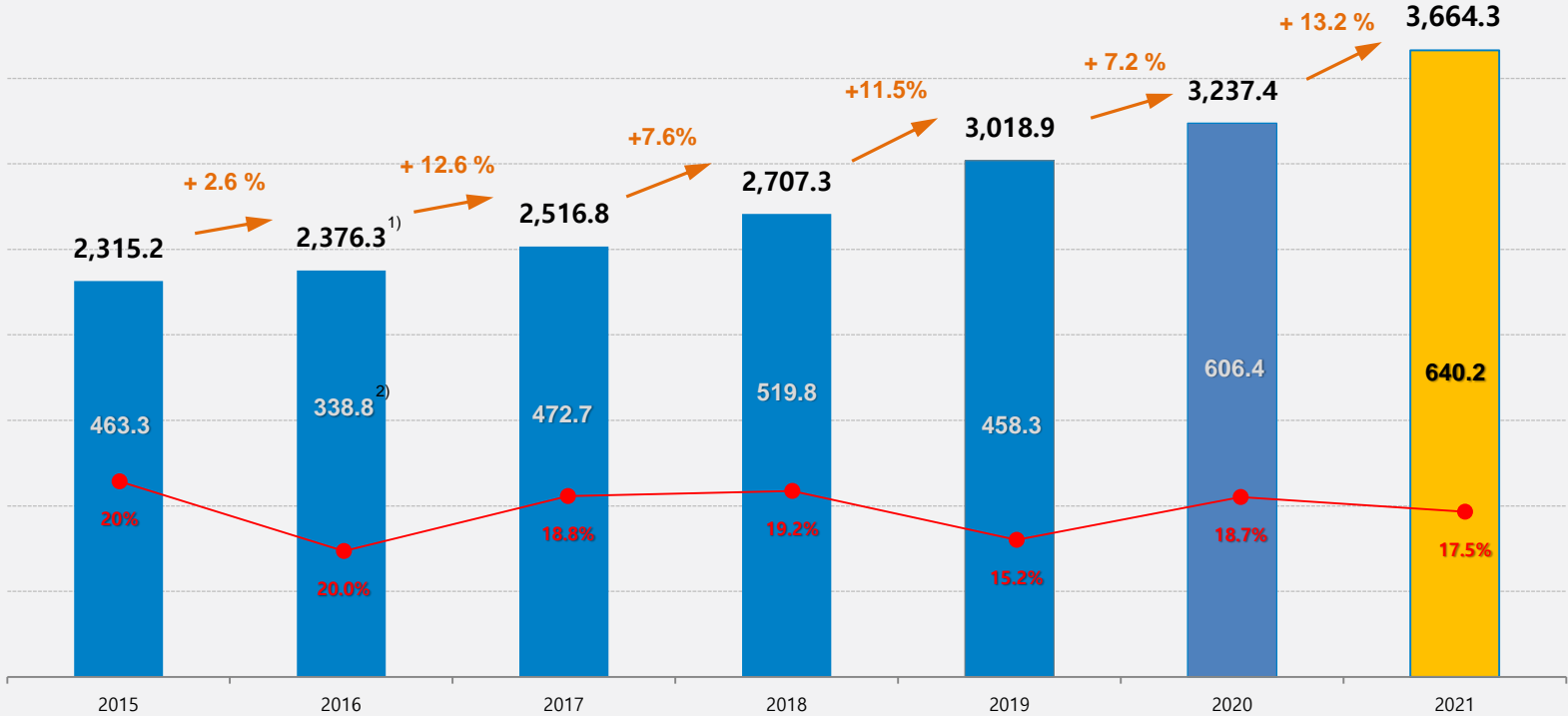


# 2021 Revenue & operating profit

## Consolidated base

(Unit: KRW bn)

● OPM



1) FY2016 Adj. Revenue: Consolidated KRW 2,444.2 bn (+5.6% YoY), Non-consolidated KRW 2,272.4 bn (+5.1% YoY), excluding revenue reduction of KRW 67.9bn from recall of Ice Water Purifier  
 2) FY2016 Adj. OP: Consolidated KRW 458.9 bn (-0.9% YoY), Non-consolidated KRW 488.8 bn (+5.6% YoY), excluding reduction of one off cost KRW 120.1bn from recall of Ice Water Purifier

# Appendix

# Income statement (Annual)

- K-IFRS, Consolidated base

(Unit: KRW bn)

	2019	2020	2021
<b>Sales</b>	3,018.9	3,237.4	3,664.3
<b>Growth(YoY)</b>	11.5%	7.2%	13.2%
<b>Cost of Sales</b>	1,010.4	1,043.9	1,275.3
<b>% of sales</b>	33.5%	32.2%	34.8%
<b>Gross Profit</b>	2,008.5	2,193.5	2,388.9
<b>Gross Profit Margin</b>	66.5%	67.8%	65.2%
<b>Selling and Administrative Expenses</b>	1,550.2	1,587.1	1,748.7
<b>Operating Profit</b>	458.3	606.4	640.2
<b>Operating Profit Margin</b>	15.2%	18.7%	17.5%
<b>Income Tax</b>	119.2	135.7	193.1
<b>Net Profit</b>	332.2	404.7	465.5
<b>Net Profit Margin</b>	11.0%	12.5%	12.7%



# Balance sheet

- K-IFRS, Consolidated base

(Unit: KRW bn)

	Dec. 2020	Dec. 2021
Cash and cash equivalents	115.8	73.1
Account receivable	362.4	290.8
Financial lease Account receivable	261.9	478.3
Inventories	134.0	233.2
<b>Current Assets</b>	<b>896.9</b>	<b>1,104.7</b>
Fixed assets	1,225.1	1,159.9
Intangible assets	140.4	182.9
<b>Non-current Assets</b>	<b>2,132.2</b>	<b>2,690.9</b>
<b>Assets</b>	<b>3,029.0</b>	<b>3,795.6</b>
Short-term borrowings	700.1	386.8
Current portion of bonds	-	0.9
Current portion of long-term borrowings	0.5	0.6
<b>Current Liabilities</b>	<b>1,417.3</b>	<b>1,417.3</b>
Long-term borrowings	9.4	37.4
Corporate bond	-	419.0
<b>Non-current Liabilities</b>	<b>121.7</b>	<b>599.7</b>
<b>Liabilities</b>	<b>1,539.0</b>	<b>1,891.1</b>
<b>Shareholders' equity</b>	<b>1,490.0</b>	<b>1,904.4</b>
<b>Liabilities and Shareholders' equity</b>	<b>3,029.0</b>	<b>3,795.6</b>

**coway**