

4Q 2007 IR Presentation



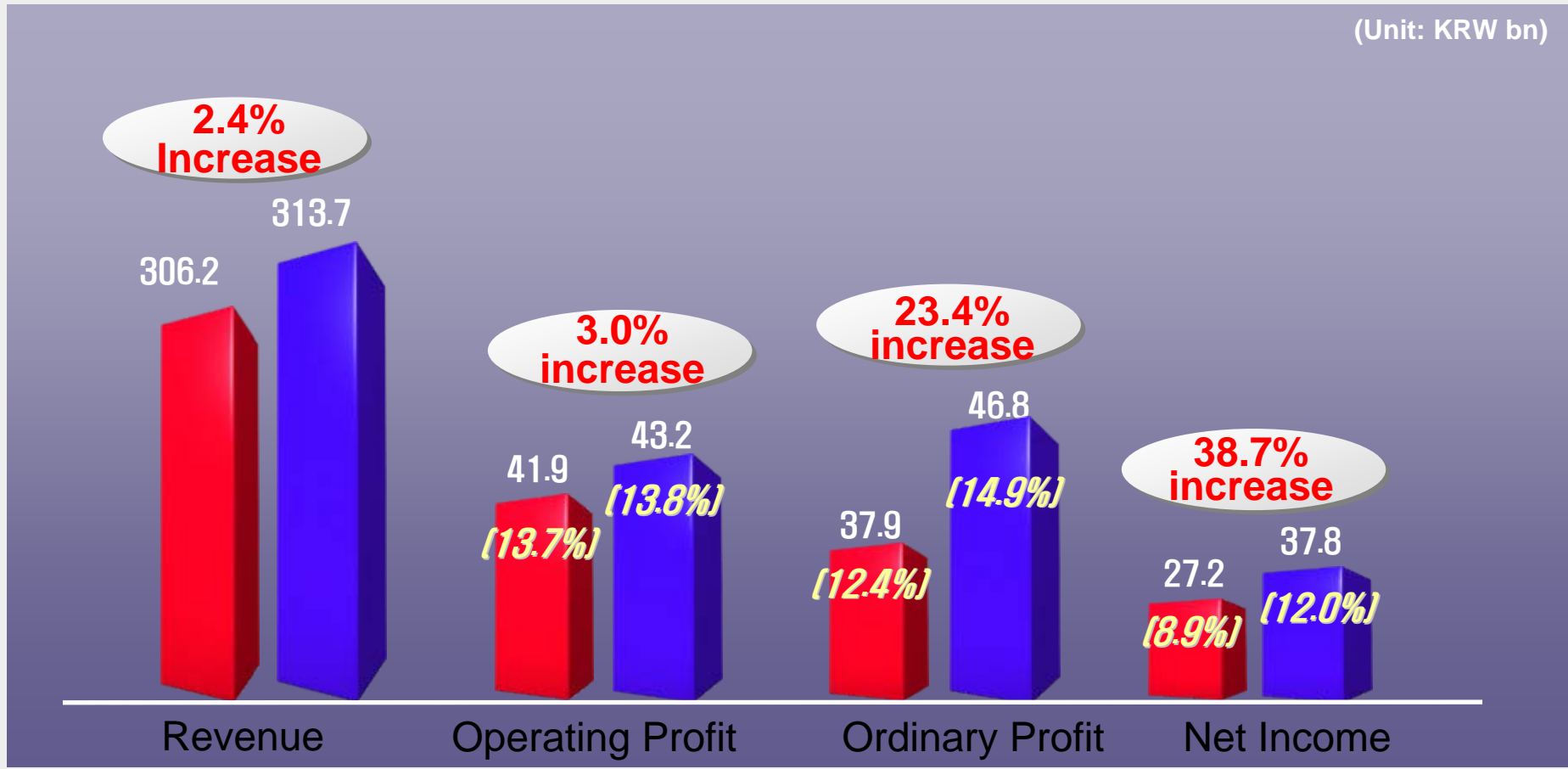
Woongjin Coway Co., Ltd.

Feb. 27, 2008

QoQ



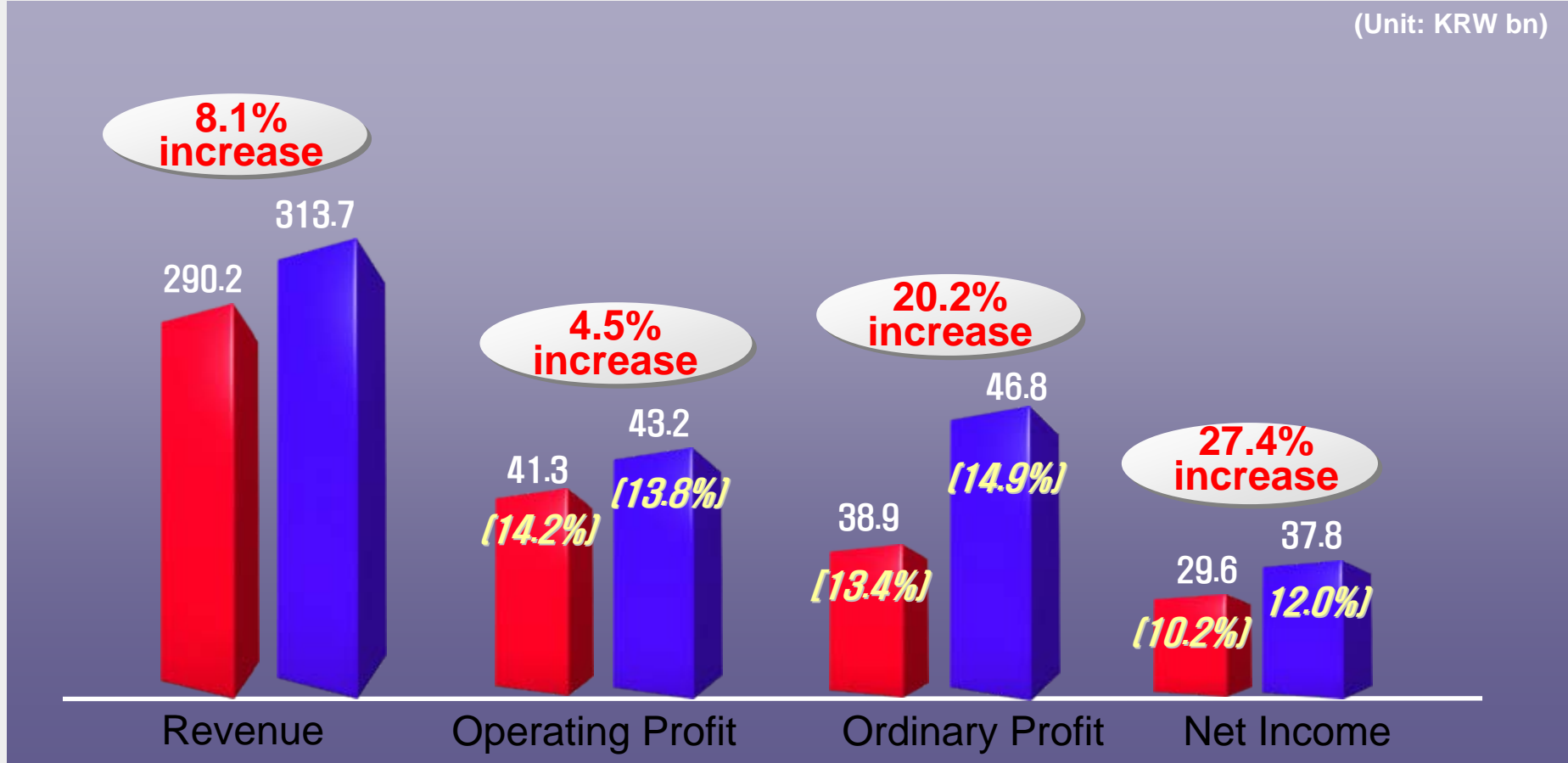
(Unit: KRW bn)



YoY

4Q'06 4Q'07

(Unit: KRW bn)

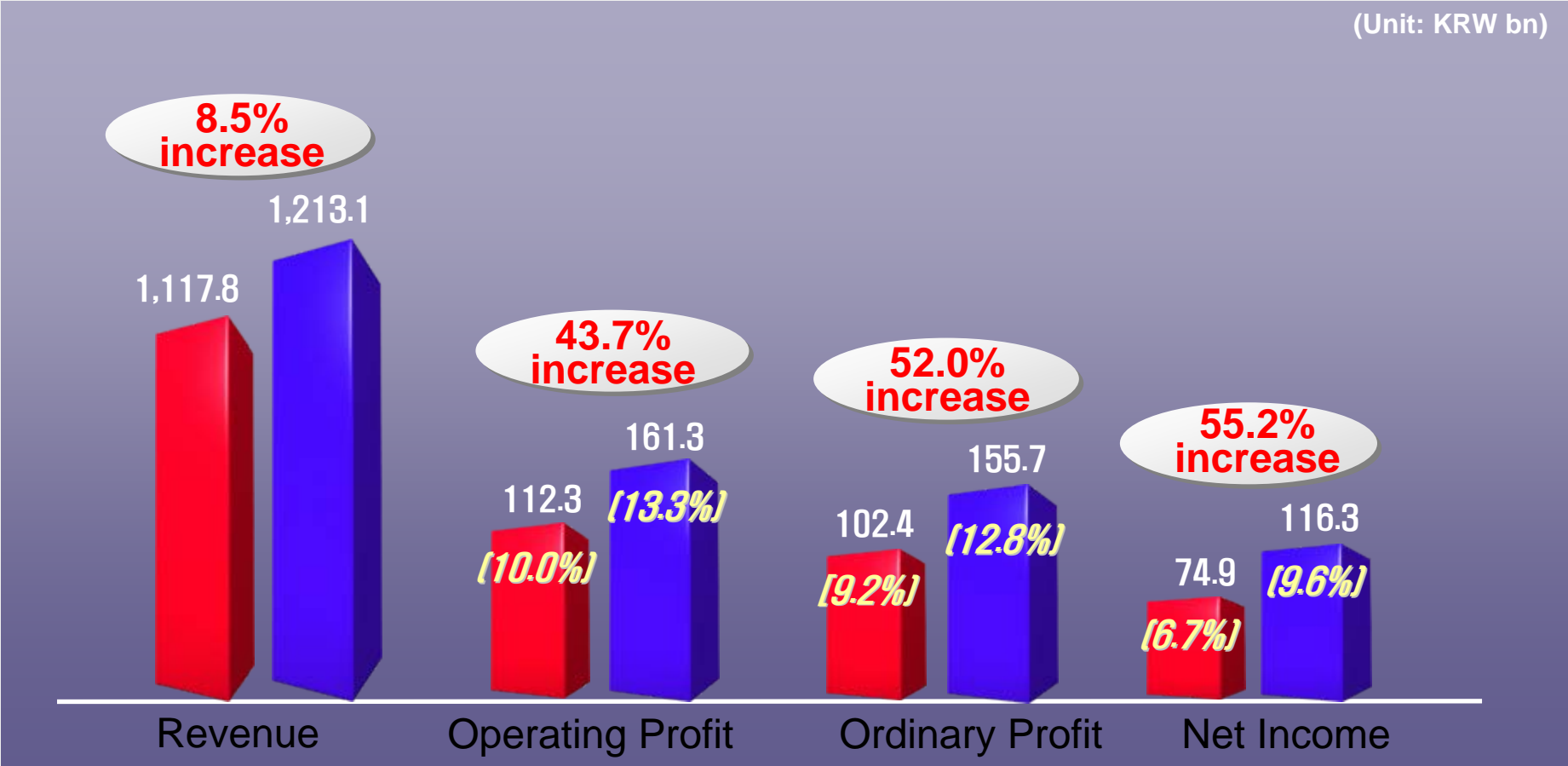




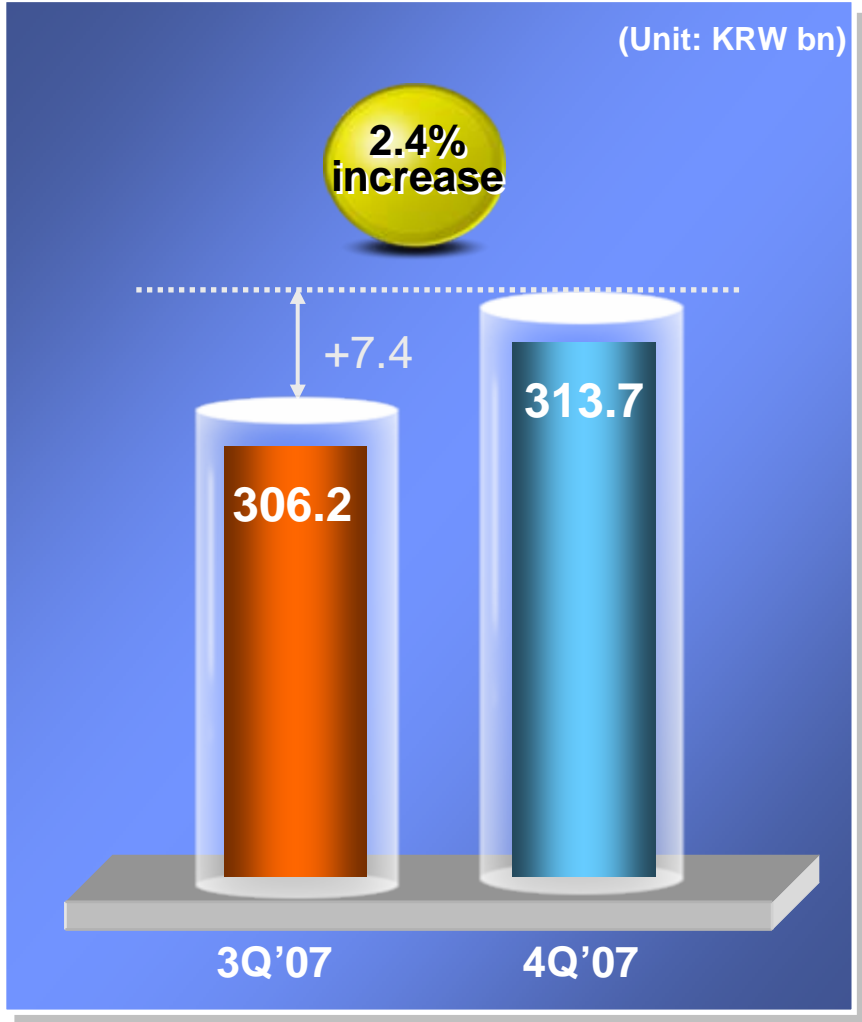
'06 VS. '07

■ '06 ■ '07

(Unit: KRW bn)



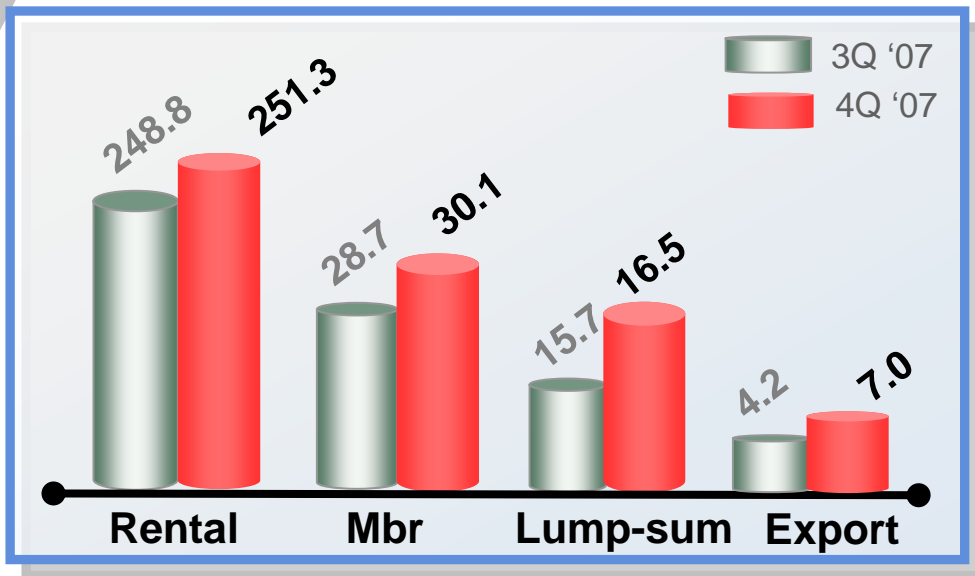
Revenue



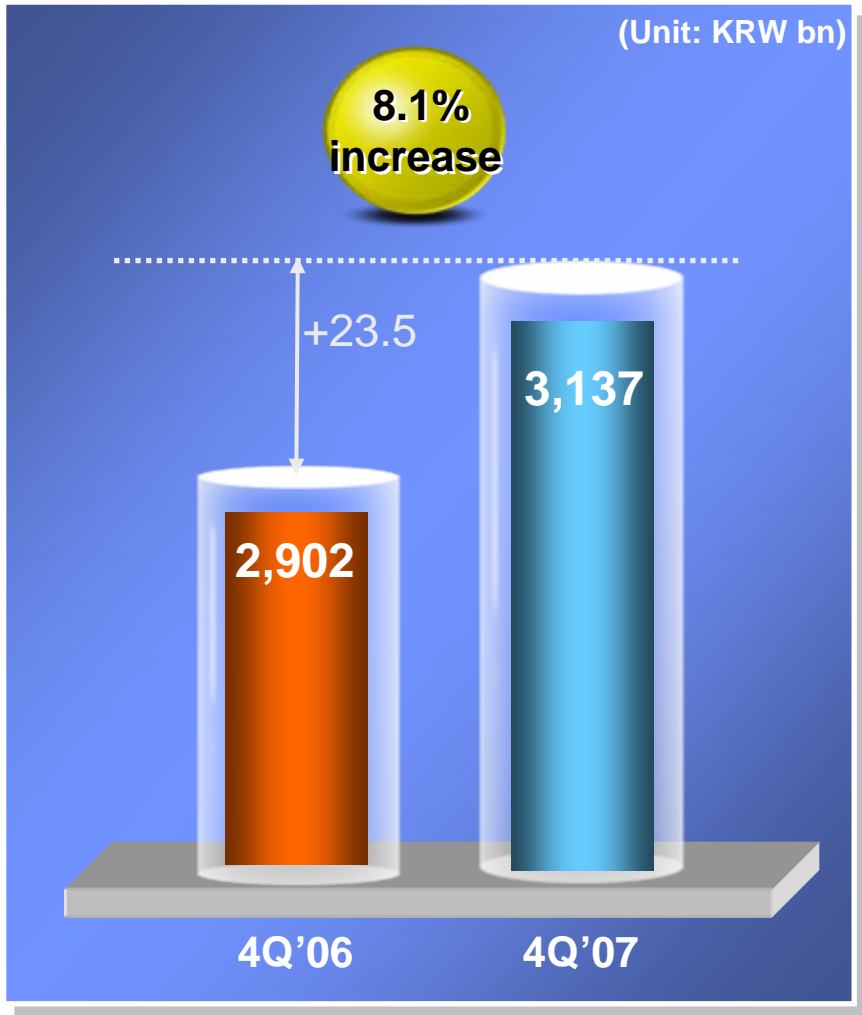
● QoQ: 2.4%(7.4) increase

(Unit: KRW bn)

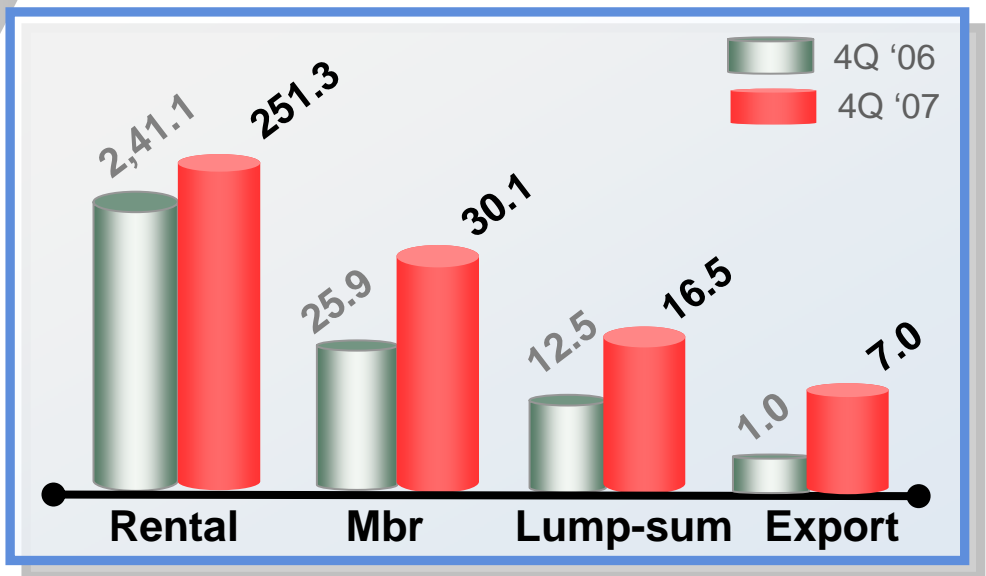
- Rental related business : 3.7 ↑ (+1.4%)
 - ▶ Rental Rev. : 2.4 increase (+1.0%)
 - ☞ Rental 1.7, registration fee 0.7
 - ▶ Mbr Rev. : 1.3 increase (+4.6%)
- Lump-sum : 0.9 increase (+5.5%)
- Overseas export : 2.7 increase (+64.8%)
- Others : 0.1 increase (+0.9%)



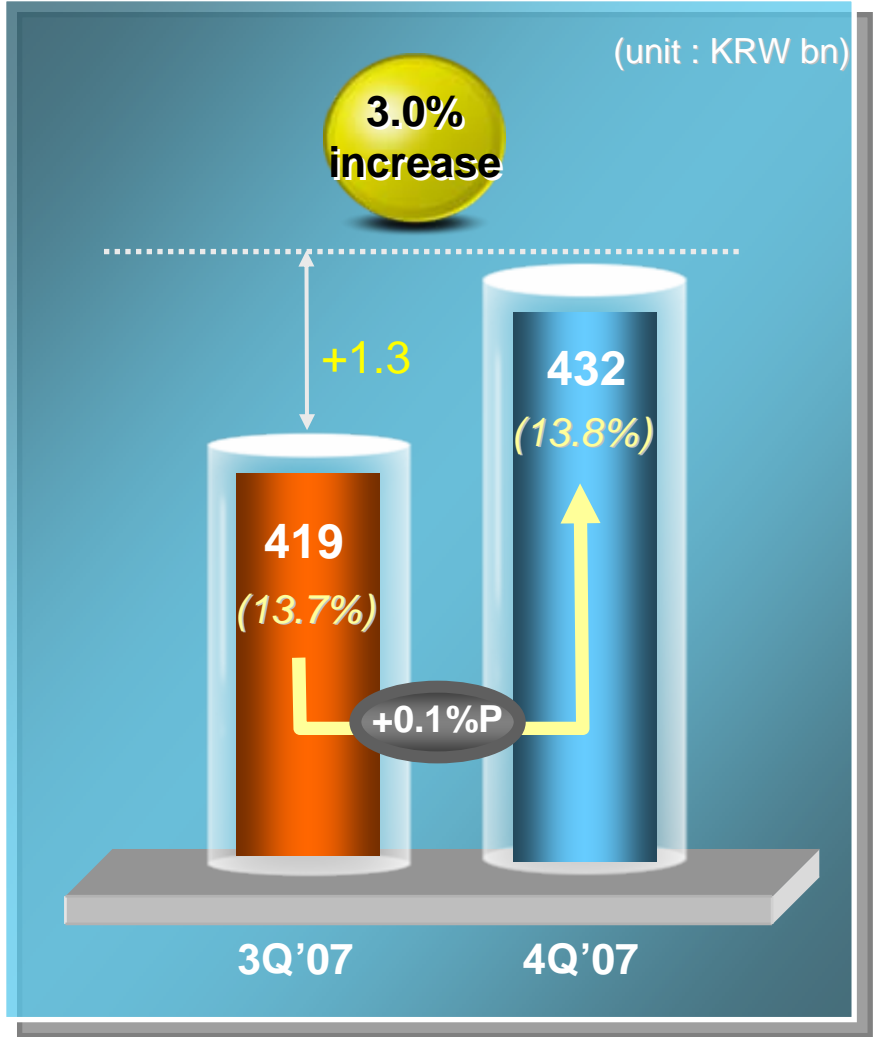
Revenue



- YOY 8.1%(23.5) increase
- Rental related business : 14.4 increase (+5.4%)
 - ▶ Rental Rev. : 10.2 increase (+4.2%)
 - ☞ Rental 7.3, registration fee 2.9
 - ▶ Mbr Rev. : 4.2 increase (+16.2%)
- Lump sum : 4.0 increase (+32.3%)
- Overseas export : 6.0 increase (566.1%)
- Others : 0.9 decrease (-8.8%)

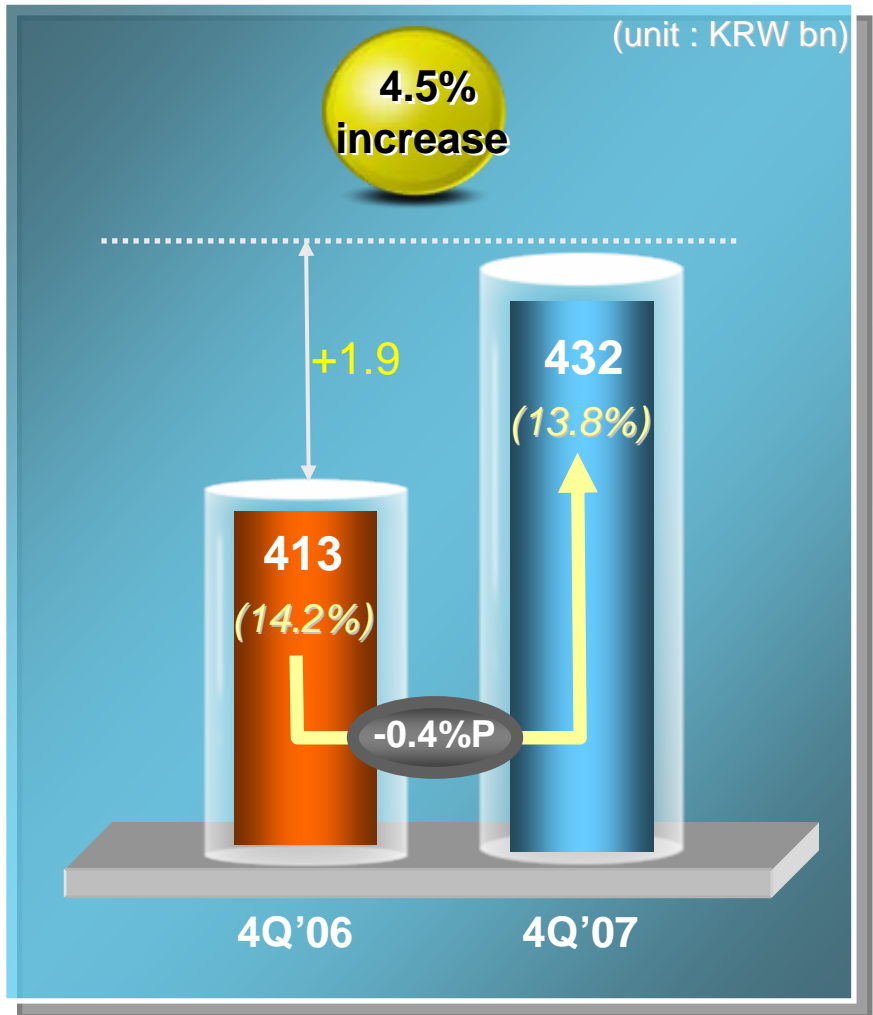


Operating Profit



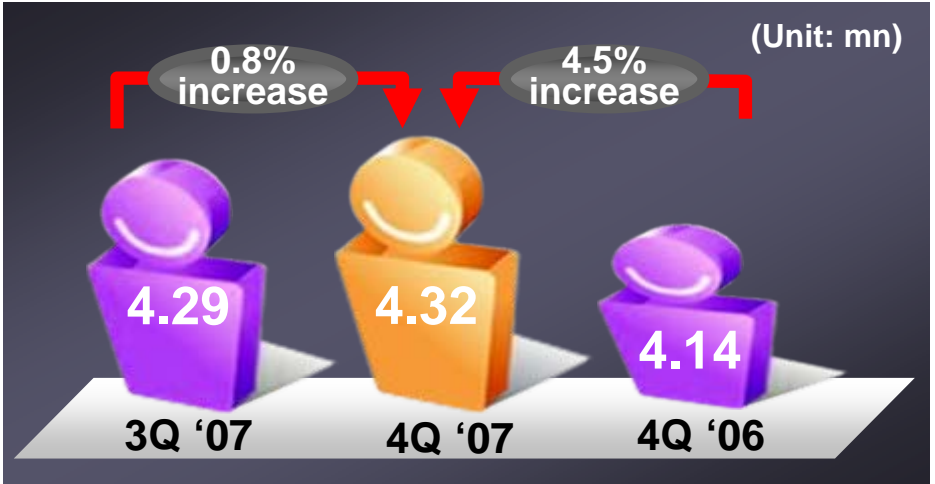
- QoQ : 3.0%(1.3) increase
- Revenue : 7.4 increase (+2.4%)
- COGS : 1.8 increase (+1.9%)
 - COGS ratio**
 - [COGS ratio : 31.0% → 30.8%]
 - Rental related COGS : 1.5 ↓ (-1.8%)
 - ☞ Rental 0.9 ↓ , Mbr. 0.6 ↓
 - Overseas export 2.5 ↑ (+65.8%)
 - Lump-sum sales and others 0.8 ↑ (+9.8%)
- SGnA 4.3 increase (+2.6%)
 - SGnA ratio**
 - [SGnA ratio : 55.3% → 55.4%]
 - Salary 1.2 ↑ (+3.5%)
 - ☞ Incentive paid on Dec.
 - Sales related commission 1.9 ↑ (+3.1%)
 - ☞ No. of new rental account acquisition 10.6% ↑
 - Advertisement 1.7 ↑ (+25.4%)
 - Others 0.5 ↓

Operating Profit

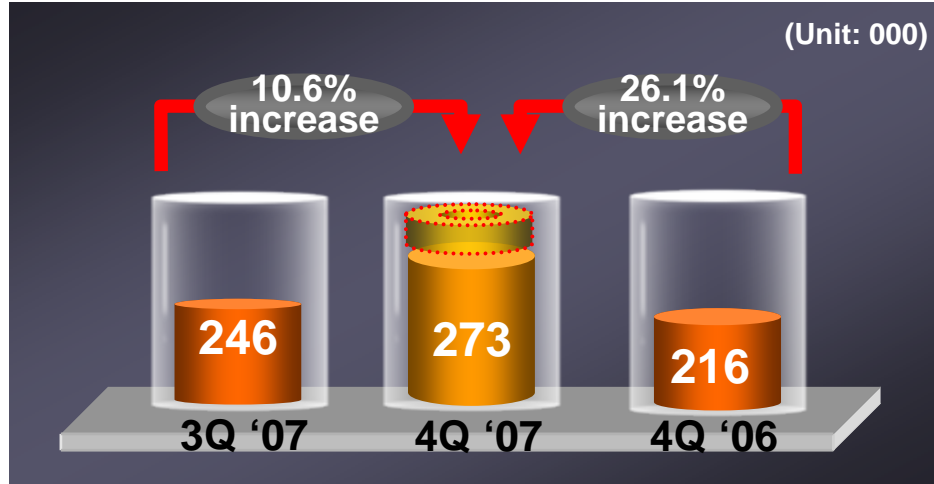


- YoY : 4.5%(1.9) increase
- Revenue 23.5 increase (+8.1%)
- COGS 4.4 increase (+4.8%) **COGS ratio**
 - [COGS ratio : 31.8% → 30.8%]
 - ▶ Rental related COGS 0.8 ↓ (-1.0%) **1.0%P decrease**
 - ☞ Rental 0.4 ↓ , Mbr 0.4 ↓
 - ▶ Overseas export 5.4 ↑ (+672.2%)
 - ▶ Lump-sum sales and others 0.2 ↓ (-2.2%)
- SGnA 17.2 increase (+11.0%) **SGnA ratio**
 - [SGnA ratio : 54.0% → 55.4%]
 - ▶ Salary 4.6 ↑ (+15.0%) **1.4%P increase**
 - ☞ Annual salary increase, Incentive, etc.
 - ▶ Sales related commission 3.0 ↑ (+4.9%)
 - ☞ No. of new rental account acquisition 25.9% ↑
 - ☞ Change in sales commissions structure
 - ▶ Advertisement 3.1 ↑ (+59.3%)
 - ▶ Loss on cancellation 1.9 ↑ (+19.5%) ☞ churn rate ↑
 - ▶ Others including Supplies(2.2) 4.6 ↑

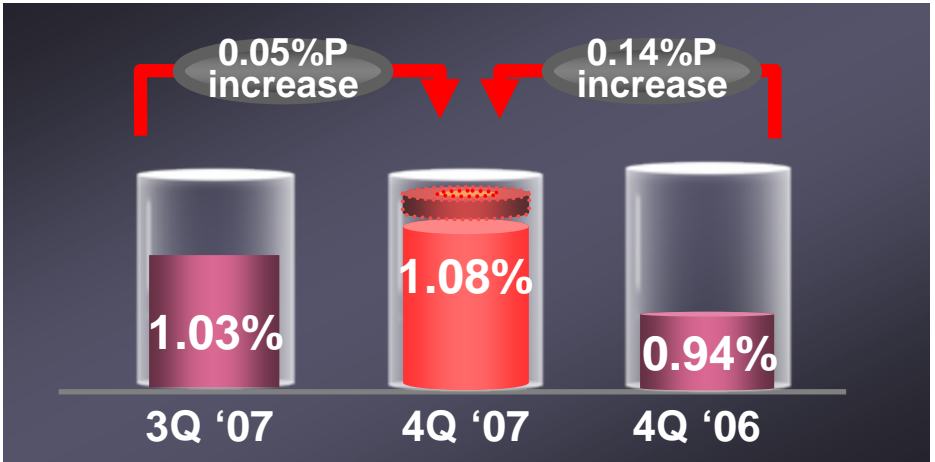
Subscribers



New Rental Acquisition



Rental churn rate



Products

Item	QoQ	YoY
WP	-30.7%	-8.2%
AP	+90.8%	+66.5%
Bidet	+76.0%	+60.5%
WS	+35.1%	+57.9%
Others	-32.9%	+30.8%

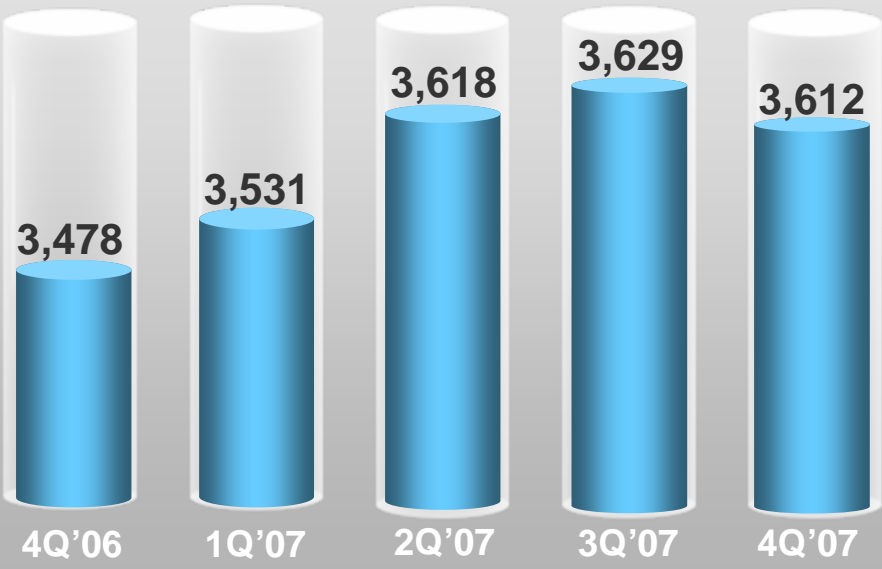


Rental/Membership accounts

Account	3Q'07	4Q'07	QoQ	4Q'06	YoY
Rental	3,629,237	3,612,491	-0.5%	3,478,035	+3.9%
Membership	661,420	710,622	+7.4%	657,769	+8.0%
Total	4,290,657	4,323,113	+0.8%	4,135,804	+4.5%

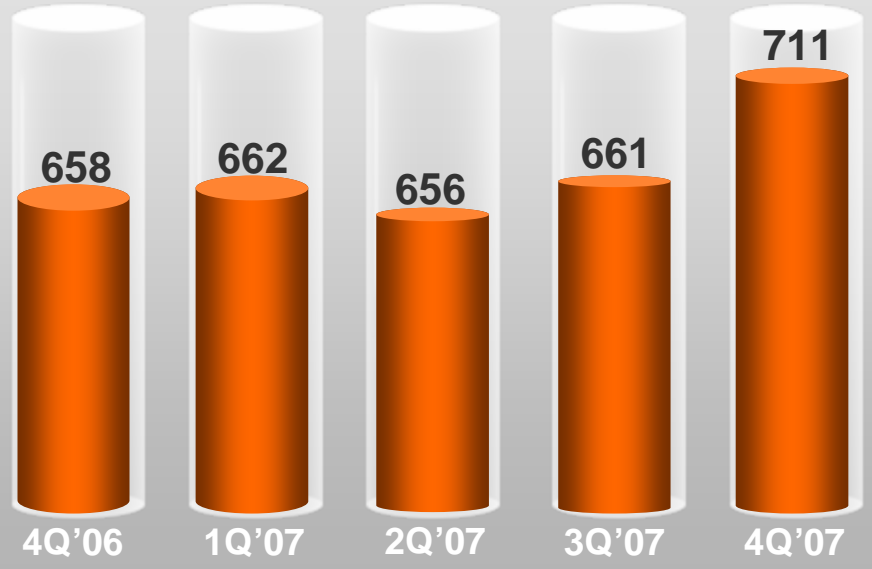
Rental

(unit: 000)

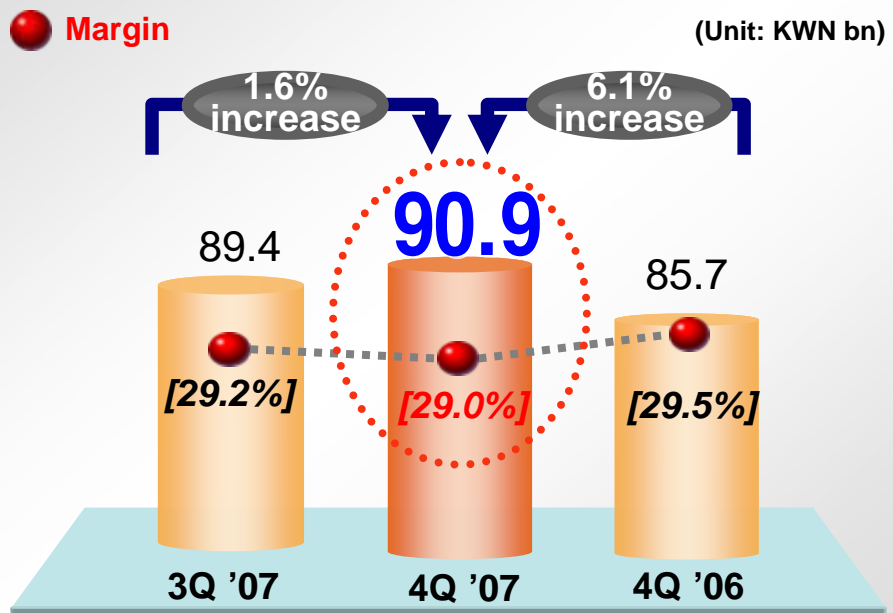


Membership

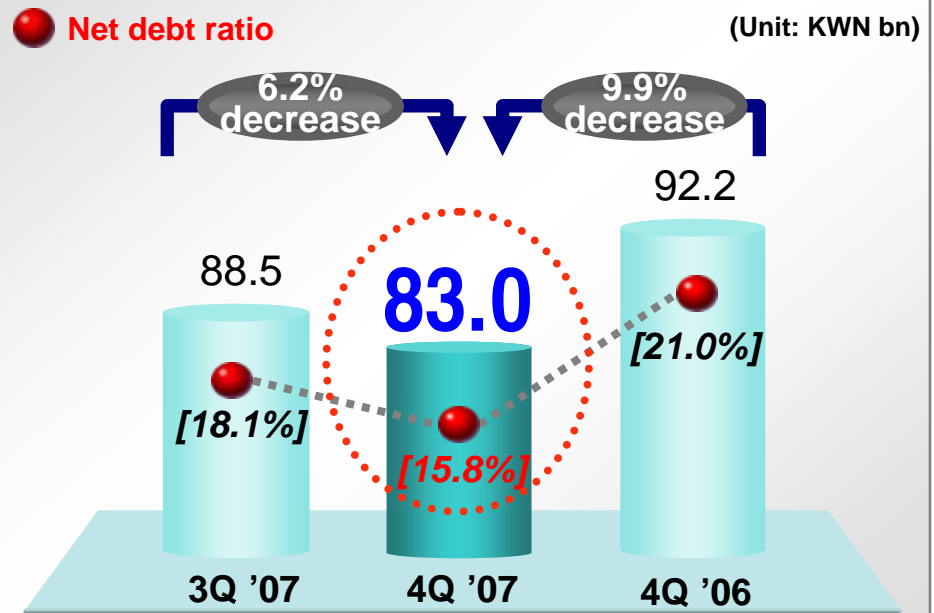
(unit:000)



EBITDA



Net Debt



QoQ

- EBITDA 1.5 increase
 - ▶ Operating profit 1.3 increase
 - ▶ Depreciation 1.2 increase
 - ▶ Rental asset + PPE + Amortization
 - ▶ Loss on cancellation 1.0 decrease

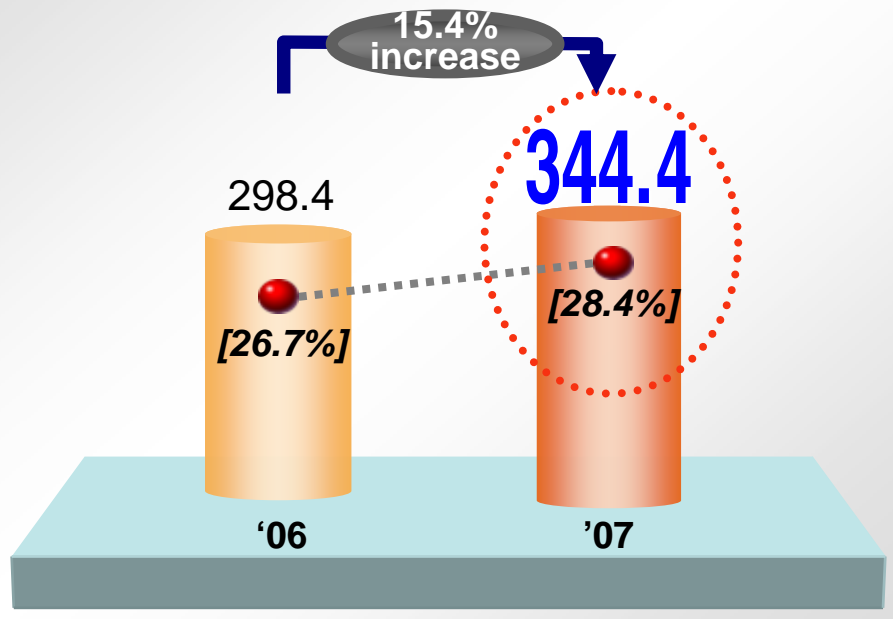
QoQ

- Cash 11.0 ↓ / Borrowings 16.5 ↓
 - ▶ Improve in operational cash flow (Net income increase)
- Net debt ratio improvement
 - ▶ 88.4% (3Q '07) → **77.1% (4Q '07)**

EBITDA

● **Margin**

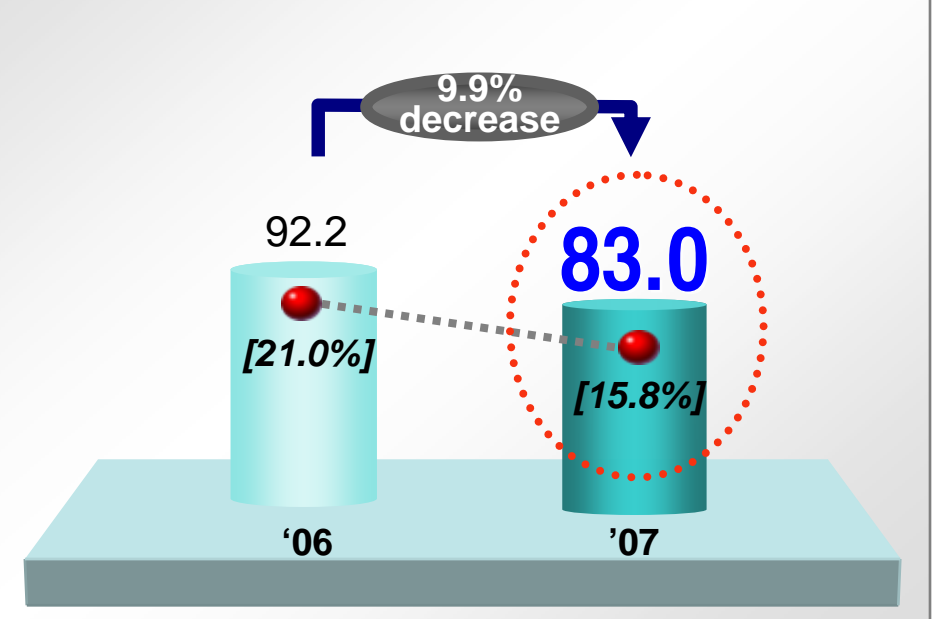
(Unit: KWN bn)



Net Debt

● **Net debt ratio**

(Unit: KWN bn)



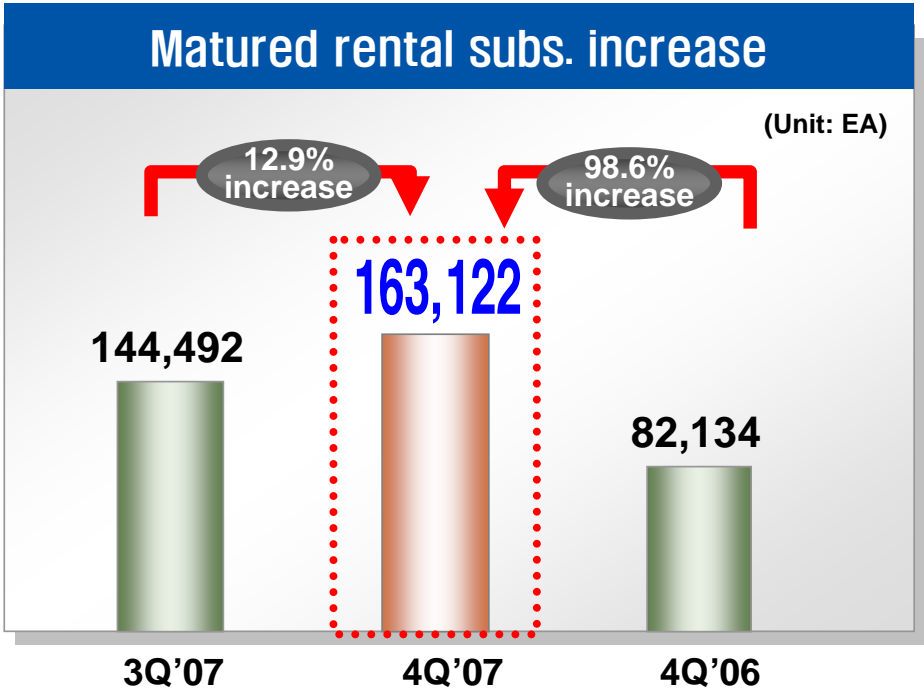
YoY

- **EBITDA 46.0 increase**
 - ▶ Operating profit 49.0 increase
 - ▶ Depreciation 2.8 increase
 - ▶ Rental asset + PPE. + Amortization
 - ▶ Loss on cancellation 5.8 decrease

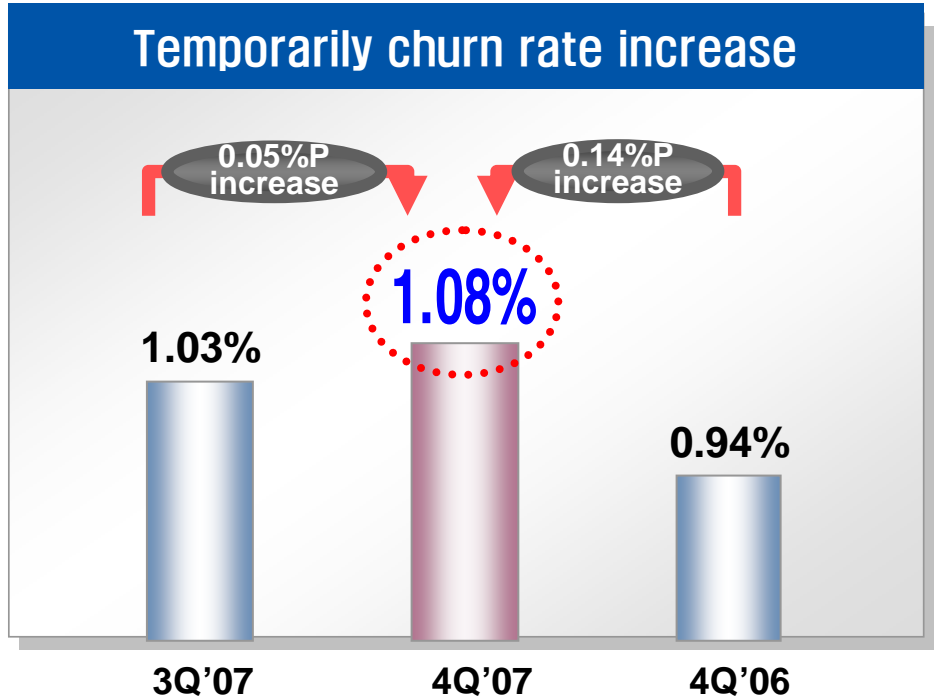
YoY

- **Cash 10.5 ↓ / borrowings 19.7 ↓**
 - ▶ Improve in operational cash flow (Net income increase)
- **Net debt ratio improvement**
 - ▶ 101.7% ('06) → 77.1% ('07)

Reasons of rental subscriber decline (QoQ)

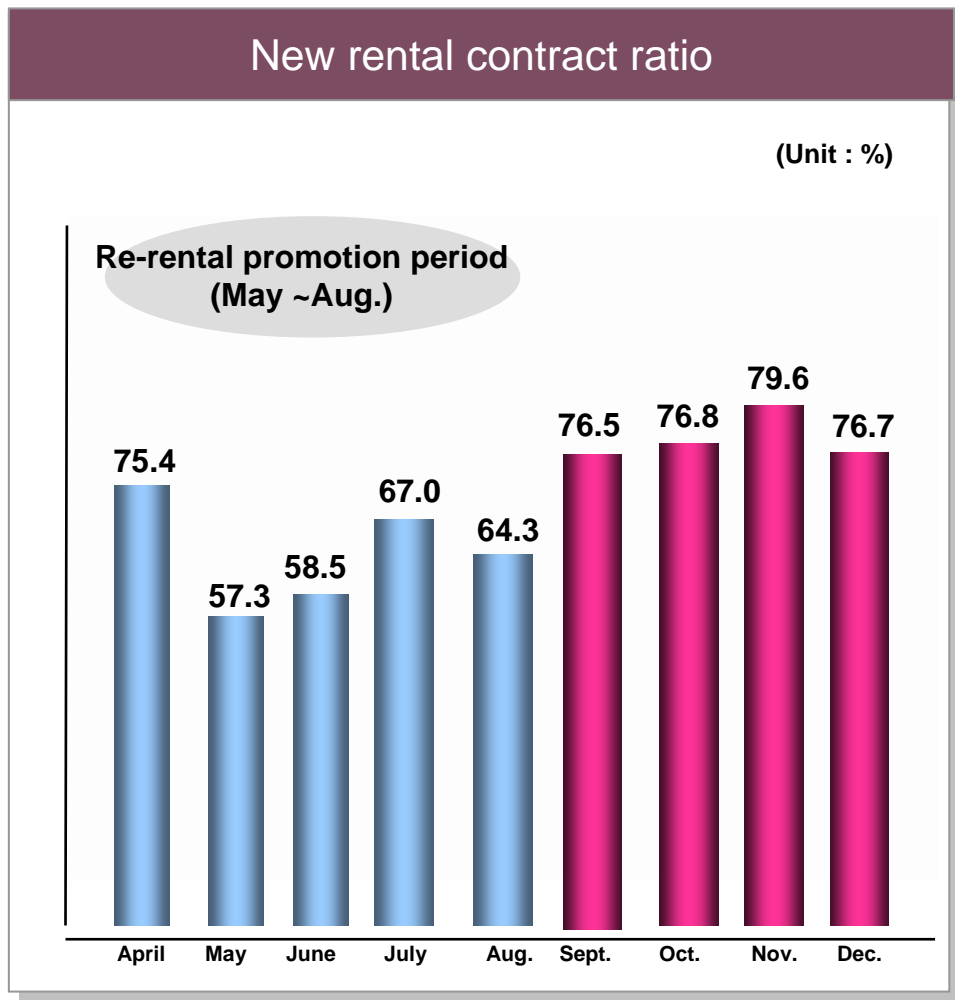
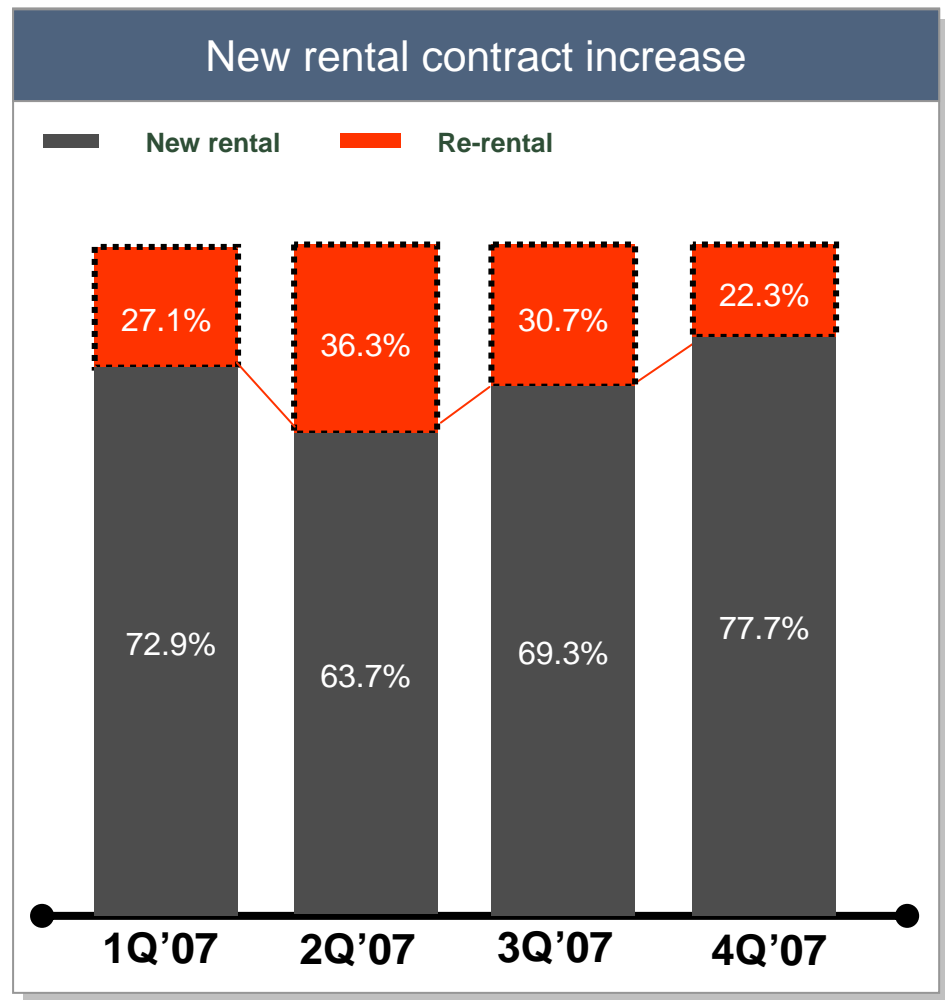


- AP, Bidet : matured rental subs. increase
 - ▶ Air purifier
 - ☞ 10,398 (3Q'07) → 24,325 (4Q'07) 133.9% ↑
 - ▶ Bidet
 - ☞ 28,992 (3Q'07) → 45,676 (4Q'07) 57.5% ↑



- Churn rate increase temporarily after negative news release from KBS
 - ▶ Water purifier churn rate ↑ [Dec.]
 - ☞ 0.68%(3Q'07) → 0.79%(4Q'07) 0.11%P ↑
 - ▶ Back to regular level in churn rate from Jan. 2008

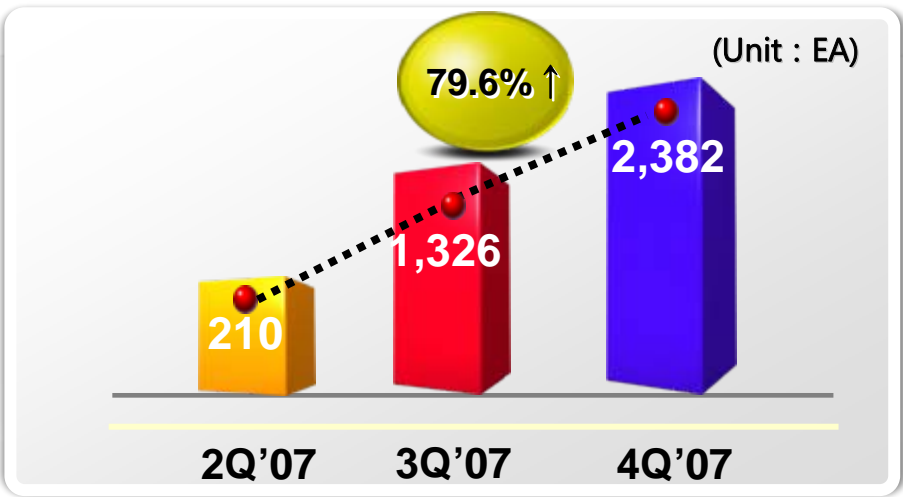
New rental contract acquisition ratio in total rental contract addition has increased



Channel expansion

E-Mart

1) Unit sold



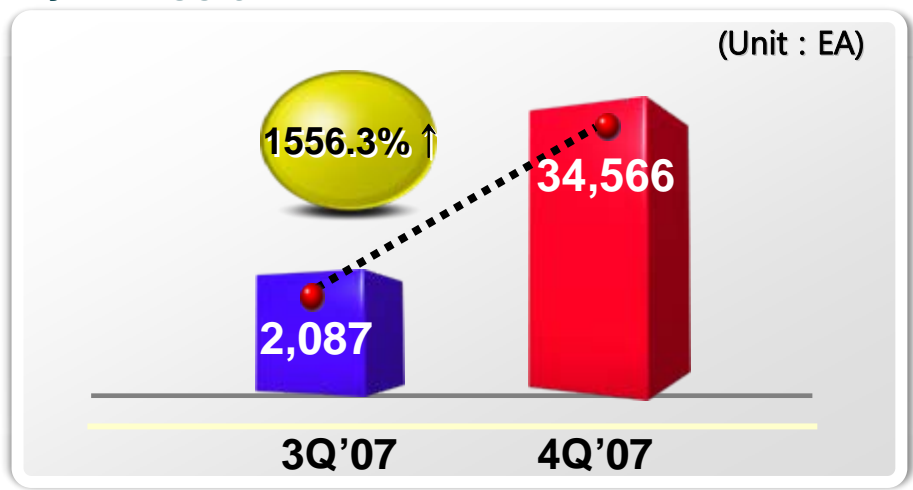
* Starting from April 2007

2) Facts

- Entering 51 E-mart branches [as of Dec.]
- E-Mart exclusive items launched
 - ▶ 3 WP / 1 AP [as of Dec.]

Package

1) Unit sold



* Starting from June 2007

2) Package sold

Item	No. of unit sold
Plus One	19,022
Family	12,946
Wedding	2,598

Unit : EA

New rental subscriber addition

Diversification in channel : Hi-mart

- **Objective** : channel expansion and activate outright sales
- **Applicable items** : 1 AP / 1 Bidet
- **Starting at** : Dec. 2007
- **As of now** : Entered 250 branches
- **Marketing** : Utilize Woongjin Cuchen sales network
- **Outright sales only**
- **Outright sales membership policy** : Must enroll in membership (visit once per two months)
- **Future Plan** : ① exclusive model launch
② Add rental sales



Reorder Package Promotion (from Feb.)

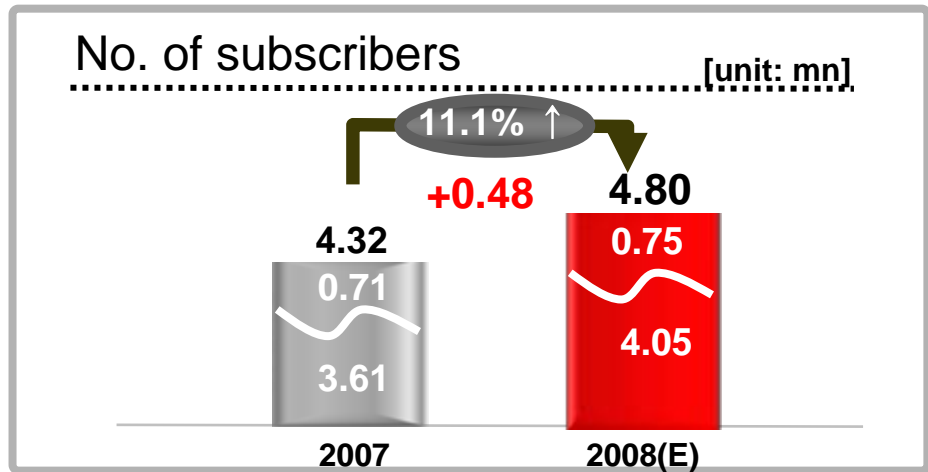
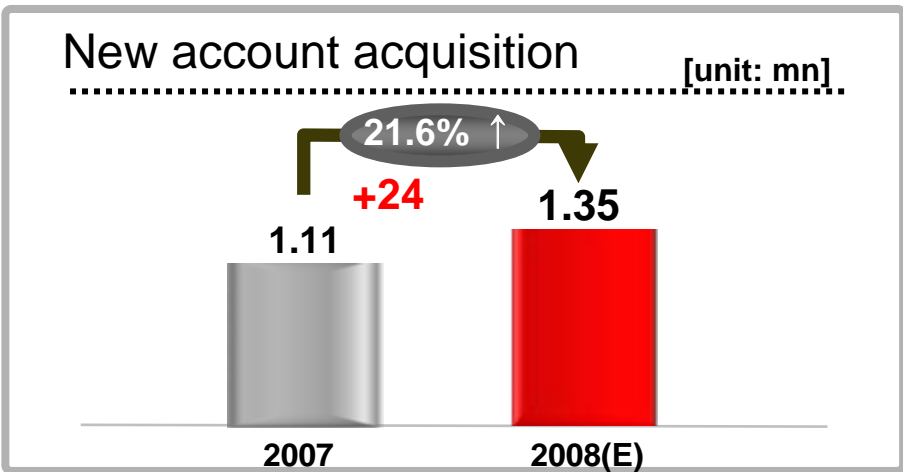
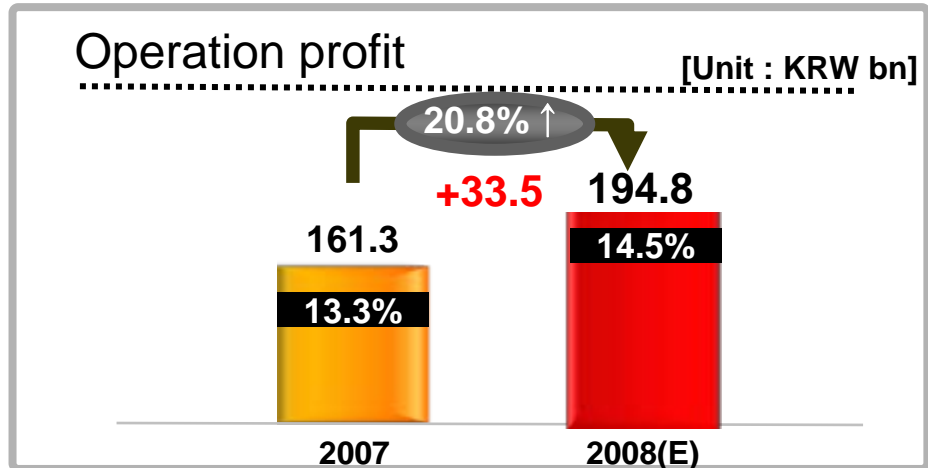
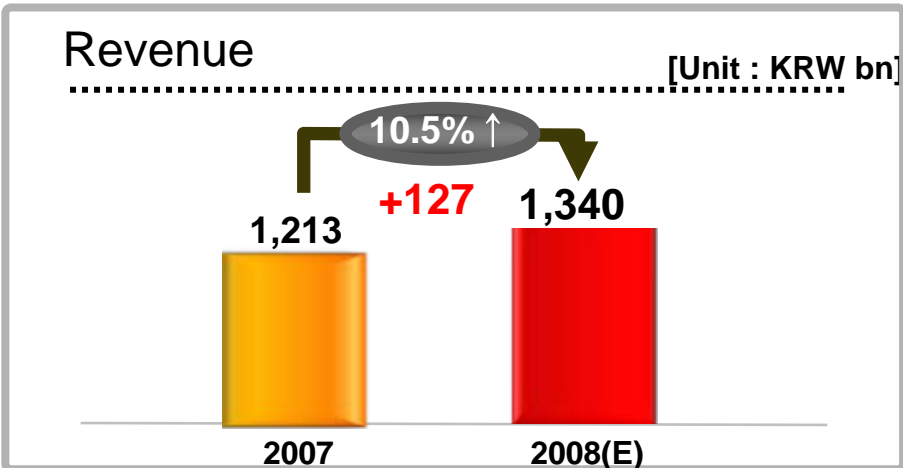
- **Objective** : promote cross-selling and long term use
- **Applicable to** : Customers staying more than one year subscription
- **Available period** : Feb.~ March 2008
- **Applicable items** : 3 WP / 3 AP / 2 Bidet / 1 WS

Detail

- **KRW 100K Reg. fee waive**
- **2 year mandatory usage period**
- must return Reg. fee waived and penalty on early termination



2007 result and 2008 guidance





Enhance fundamental in current business and pursuing growth through innovation

Customer addition

New growth driver

Overseas business

Quality enhancement /
COGS saving



Solid growth through customer expansion

Cross-selling ratio

- ✓ Providing benefit to incumbent customers
- ✓ Target Marketing through CRM

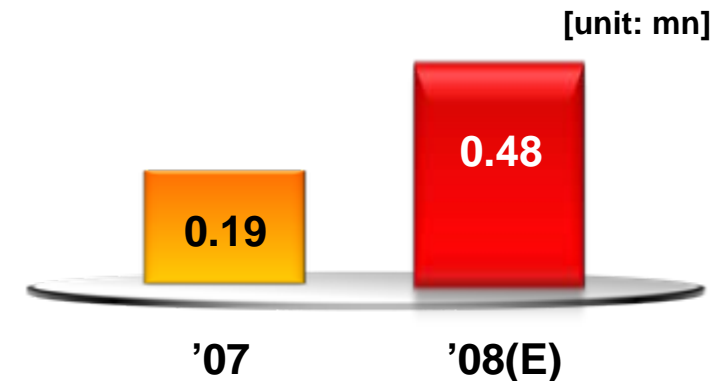
New account acquisition

- ✓ Drive re-subscription from ex-customer
- ✓ New item development

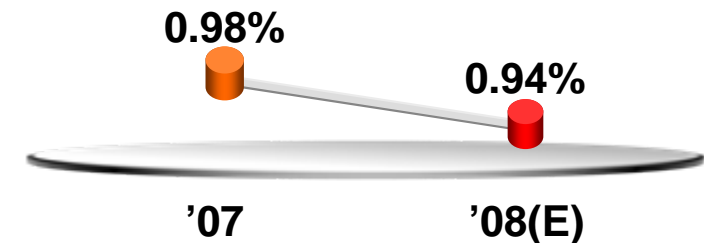
Churn rate

- ✓ On-going monitoring on customer service

Net rental account 153% ↑



Churn rate 0.04% ↓





Guidance for 2008 – Overseas business

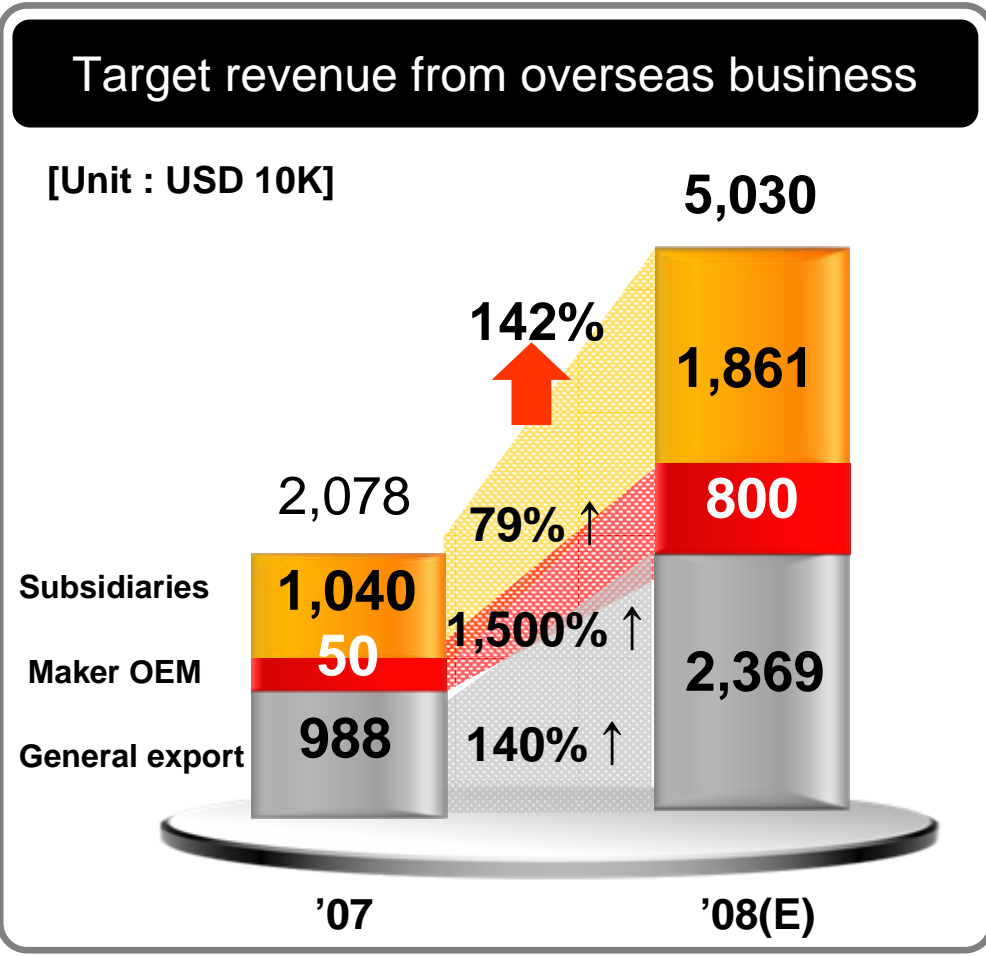
Revenue of US\$50 mn. from overseas business and market expansion

Market expansion

- ✓ More than 1,000 new rental accounts addition a month per overseas subsidiary
- ✓ Leveraging global partners' sales network
- ✓ Ongoing business opportunity search

Profit enhancement

- ✓ COGS : 87%→78%
- ✓ Saving on logistics fees and fixed cost





Marketing enhancement and product diversification

Marketing enhancement for five major items

- ✓ Four major items (WP,AP,Bidet,WS) + Kitchen food waste processor

Items expansion

- ✓ New items development : Dish washer, etc.

Business expansion

- ✓ Business expansion to environment, health, and livings related fields
- ✓ Maximize synergy effect from acquisition of SAEHAN





Guidance for 2008 – Synergy maximization of acquisition

Competitive power as a total water treatment company

Water treatment



Possessing UF/MF core technology

Vertical integration

- Synergy with Kuk-dong engineering business

Solid business



- Add filter sales on overseas subsidiaries business
- Utilize Nano filter technology in SAEHAN
- Saving COGS from acquisition

Efficiency on production

Differentiate household and corporate business



Household :
Module and sheet production



Corporate :
Module and sheet production