

2021 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.

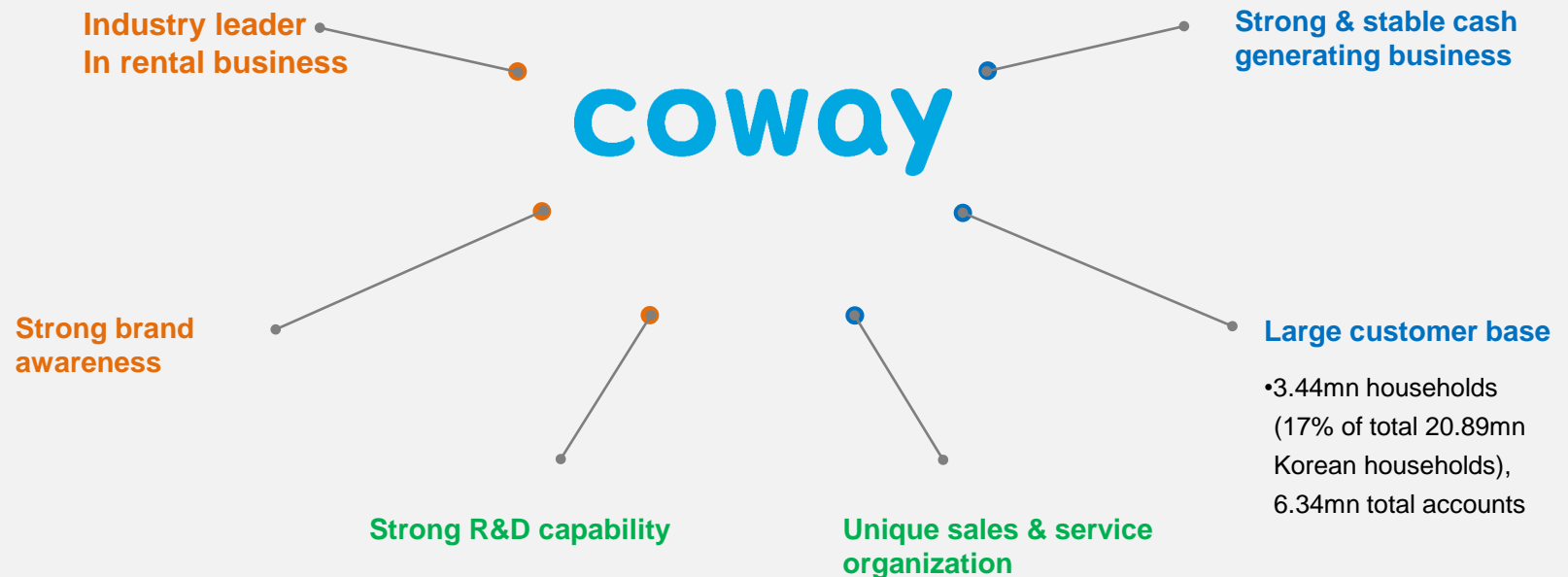
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Company Overview

Key highlights

No.1 company in health appliance business



Company Profile

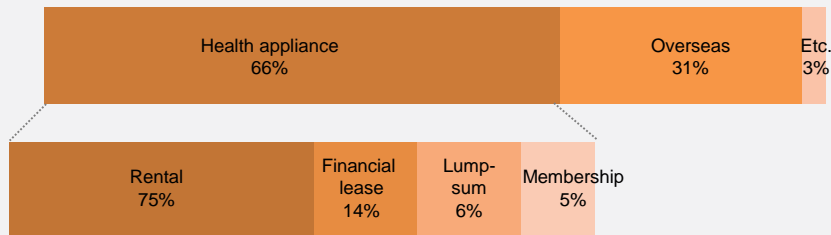
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Coway history

- 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

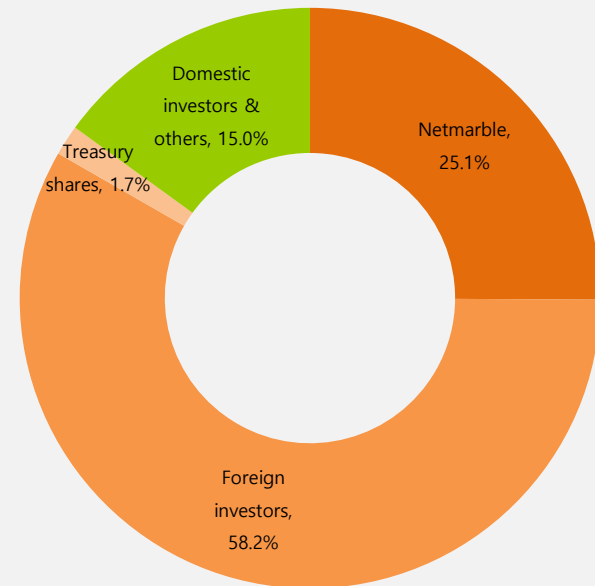
Financial reports

- Revenue : KRW 3,237.4 bn
- Operating profit : KRW 606.4 bn (OPM : 18.7%)
- Net income : KRW 404.7 bn



*2020, K-IFRS, Consolidated base

Ownership structure



No. of outstanding shares: 73,799,619

* As of December 2020

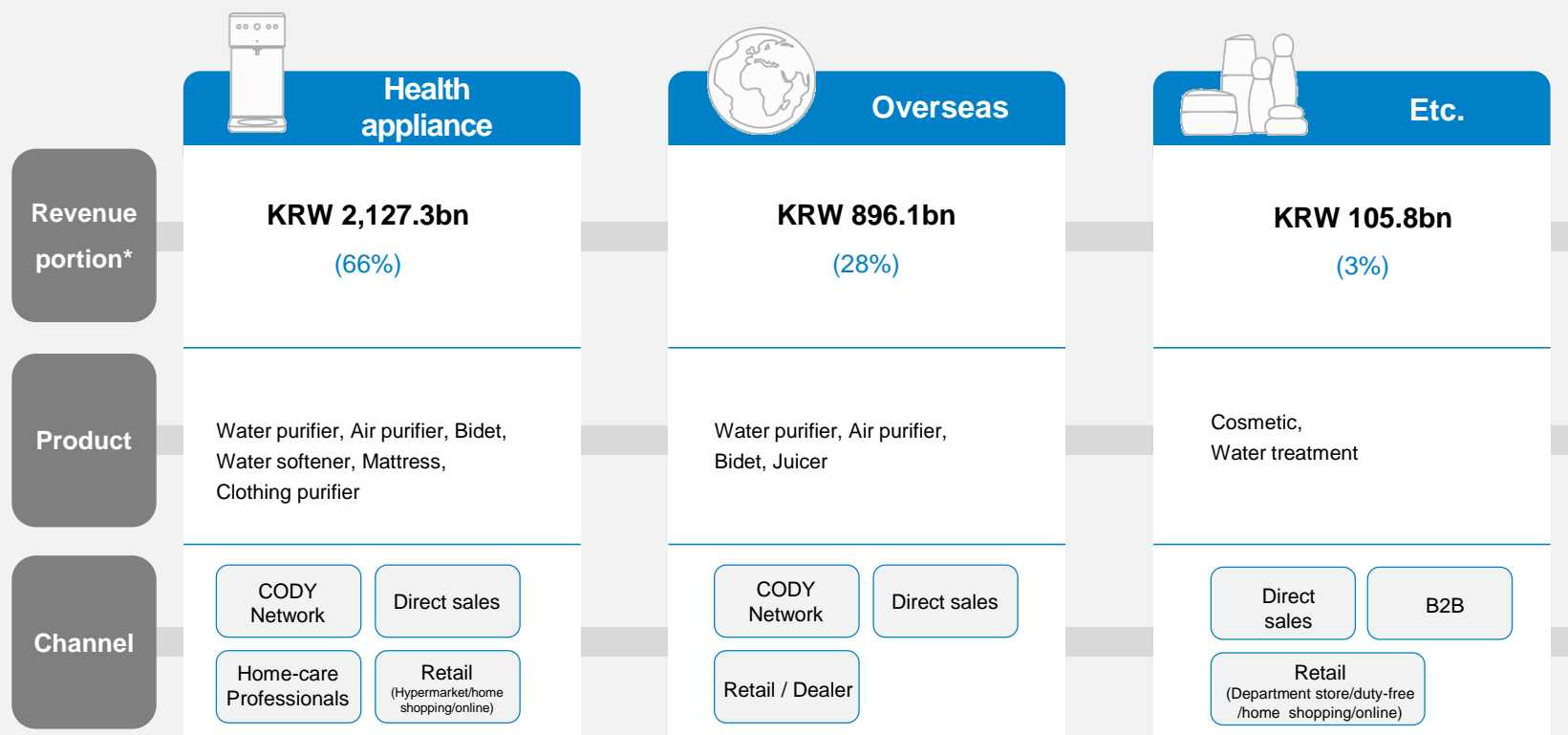
Business Overview

Business structure

Company Overview

Business Overview

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*2020, K-IFRS, Consolidated base

Health appliance business - revenue components

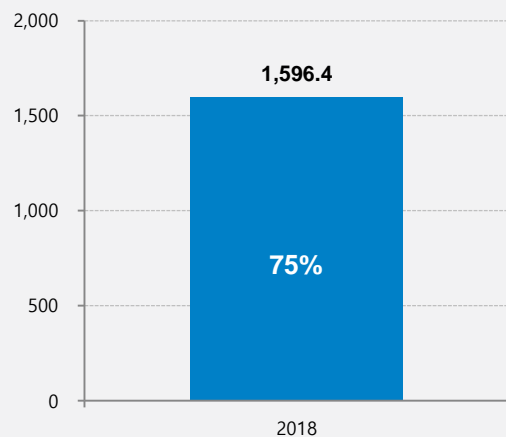
Revenue components & portion within health appliance business

1. Rental program

(Total rental accounts : 5.81mn)

Product + Maintenance service(5 yrs)

(unit: KRW bn)



Monthly rental fee: ₩38,900*

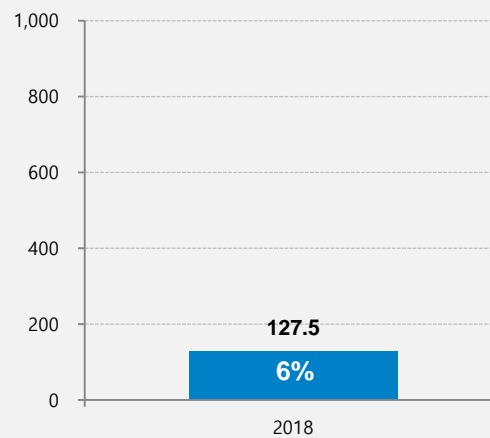
Rental fee for 5 years: ₩2,434,000

Registration fee: ₩100,000

2. Lump-sum sales

Product sales only

(unit: KRW bn)



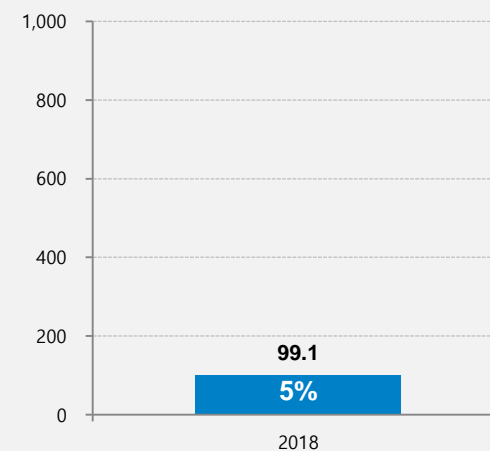
Sales Price: ₩1,500,000*

3. Membership program**

(Total membership accounts : 526k)

Maintenance service only(1 yr)

(unit: KRW bn)



Monthly membership fee : ₩15,600*

Membership fee for 5years : ₩936,000

* CHP-242N 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

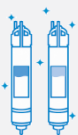
Details



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

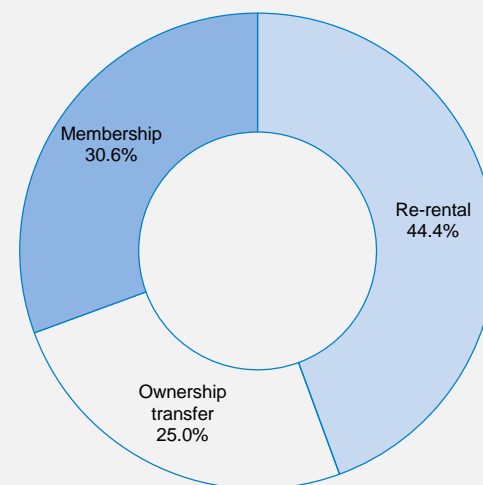
Operational lease : 3 years

Financial lease : 5 years ~ 7 years

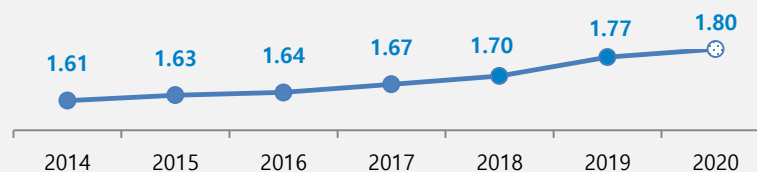
Retention rate

Retention rate at maturity: 75%

* As of 2019



PPC (products per customer) trend

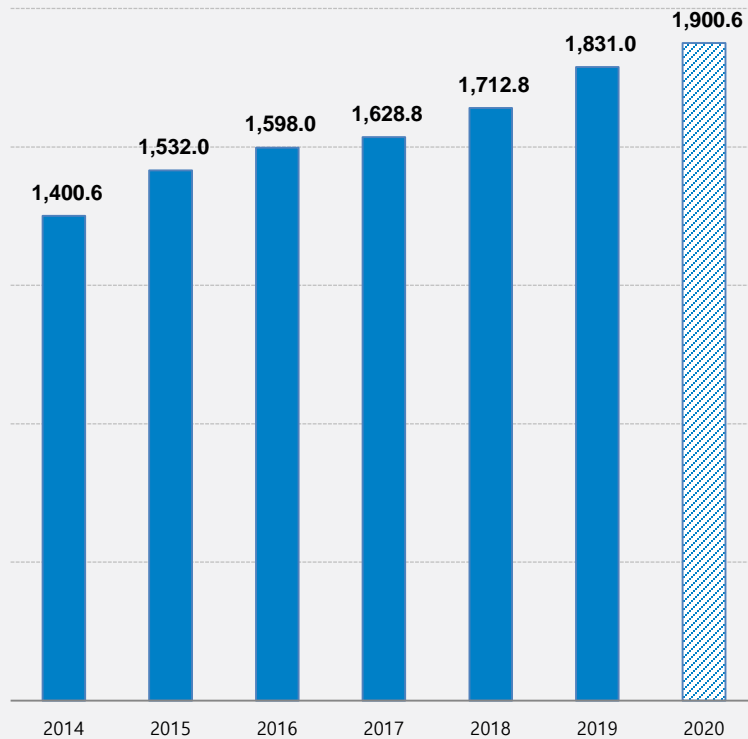


Health appliance business

- Rental(operational+financial) revenue and rental accounts

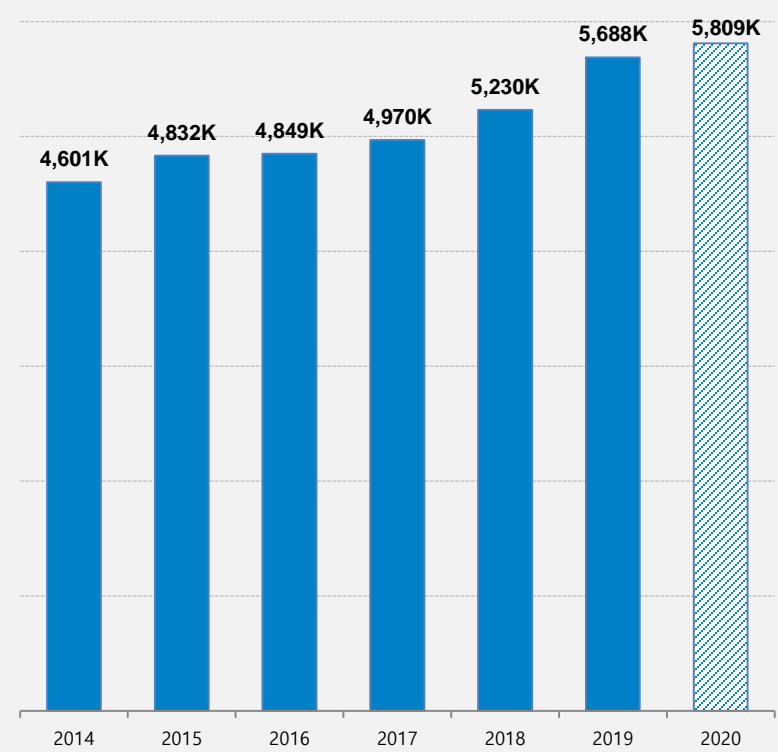
Rental(operational+financial) revenue

(Unit: KRW bn)



Rental accounts

(Unit: accounts)

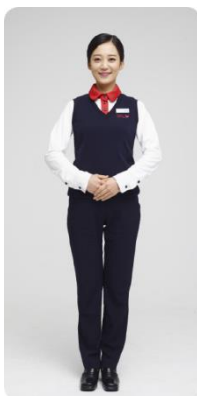


Health appliance business - Sales & service platform

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



Cody

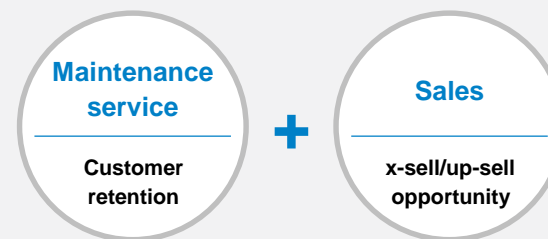


Home-care professionals

Competitiveness of Cody network

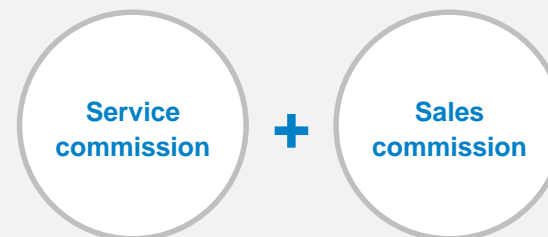
•Strong customer relationship

- 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

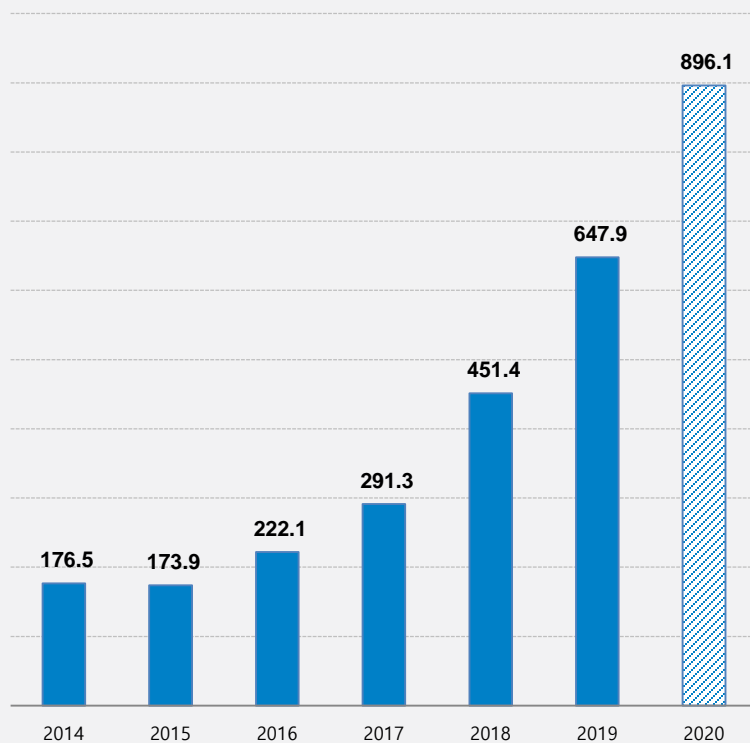
- High efficiency by covering close area due to scalability
(Less than 1km² per Cody, total accounts 5.90mn)

Overseas business

- Overseas subsidiaries revenue and rental accounts

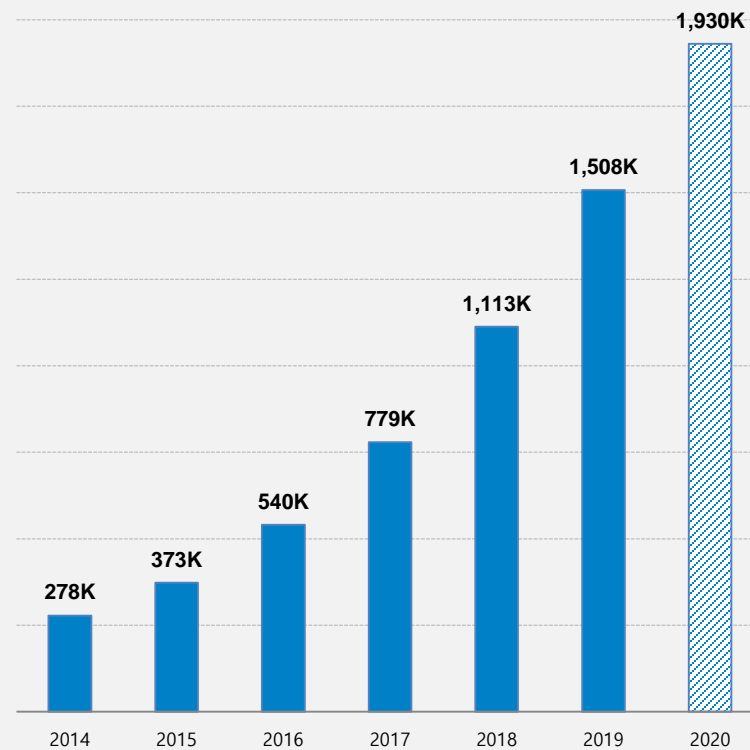
Overseas subsidiaries revenue

(Unit: KRW bn)



Overseas subsidiaries rental accounts

(Unit: accopunts)



2020 Revenue & operating profit

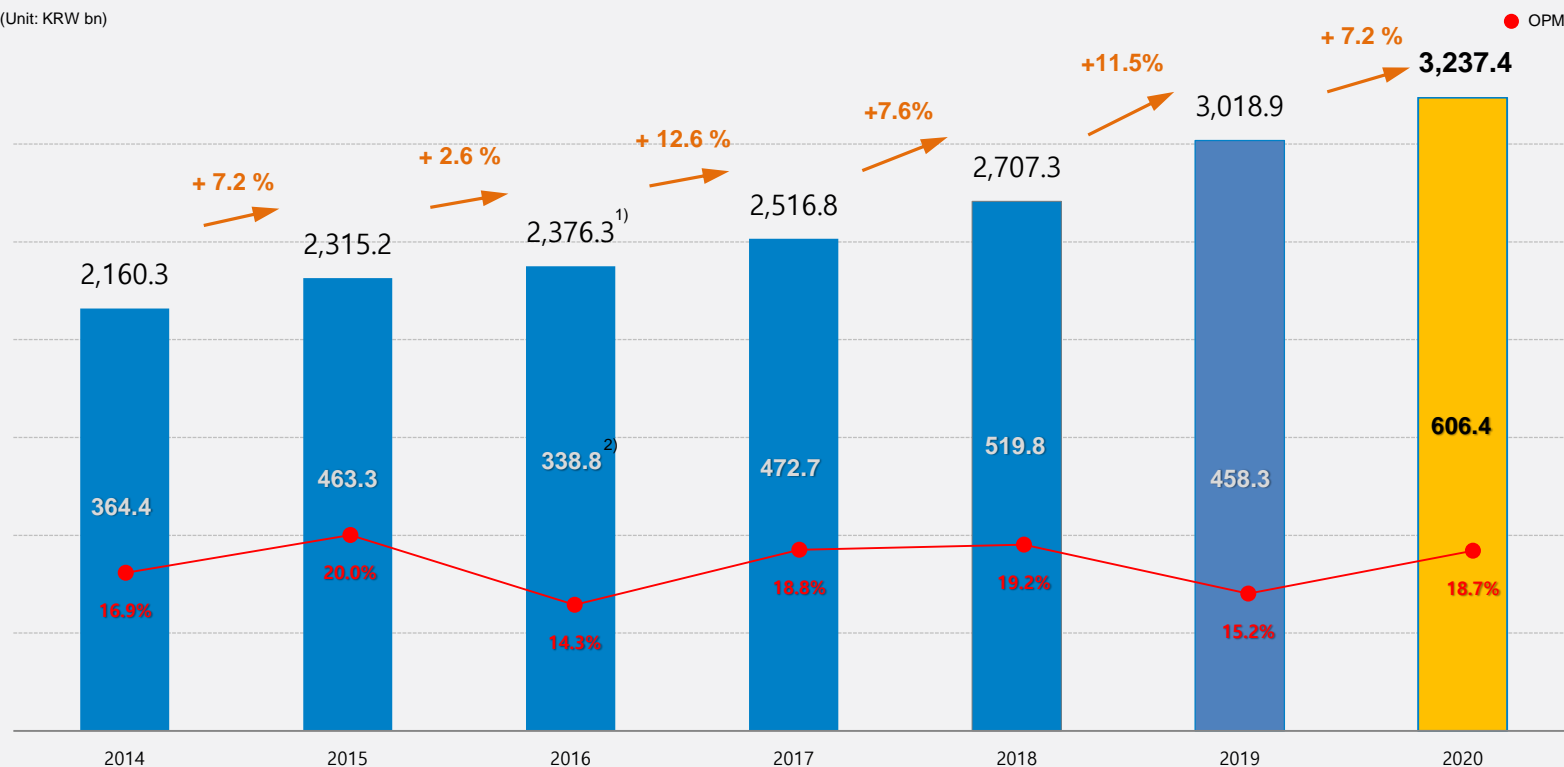
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Consolidated base

(Unit: KRW bn)



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)

	2018	2019	2020
Sales	2,707.3	3,018.9	3,237.4
Growth(YoY)	7.6%	11.5%	7.2%
Cost of Sales	878.3	1,010.4	1,043.9
% of sales	32.4%	33.5%	32.2%
Gross Profit	1,829.1	2,008.5	2,193.5
Gross Profit Margin	67.6%	66.5%	67.8%
Selling and Administrative Expenses	1,309.2	1,550.2	1,587.1
Operating Profit	519.8	458.3	606.4
Operating Profit Margin	19.2%	15.2%	18.7%
Income Tax	118.8	119.2	135.7
Net Profit	349.8	332.2	404.7
Net Profit Margin	12.9%	11.0%	12.5%

Balance sheet

- K-IFRS, Consolidated base

(Unit: KRW bn)

	Dec. 2019	Dec. 2020
Cash and cash equivalents	60.5	115.8
Account receivable	310.2	317.0
Inventories	112.8	134.0
Current Assets	766.9	896.9
Fixed assets	1,270.8	1,225.1
Intangible assets	168.4	140.4
Non-current Assets	2,088.0	2,132.2
Assets	2,855.0	3,029.0
Short-term borrowings	860.6	700.1
Current portion of bonds	-	-
Current portion of long-term borrowings	-	-
Current Liabilities	1,586.8	1,417.3
Long-term borrowings	9.4	9.4
Corporate bond	-	-
Non-current Liabilities	190.9	121.7
Liabilities	1,777.8	1,539.0
Shareholders' equity	1,077.2	1,490.0
Liabilities and Shareholders' equity	2,855.0	3,029.0

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