

3Q'19 Earnings release



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.

1. 3Q'19 Earnings Release

- Consolidated Revenue and Profits
- Total accounts (domestic & overseas)
- Total rental gross adds / net adds

2. Business Review

- Health appliance business
- Overseas business

3. New products and 4Q Plan

- New products and 4Q Plan

4. Appendix

- Consolidated financial reports
- Subsidiary results

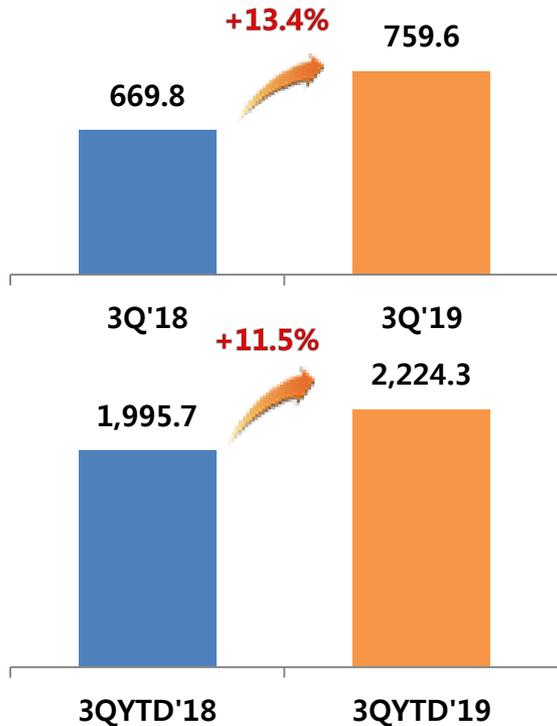
1-1. Consolidated Revenue and Profits

3Q'19 Revenue KRW 759.6bn (+13.4% YoY)

Operating Profit KRW140.3bn(+7.6% YoY), Net Profit KRW110.7bn (17.4% YoY)
- Historical High Quarterly Revenue, OP, NP

Revenue

[Unit: KRW bn]



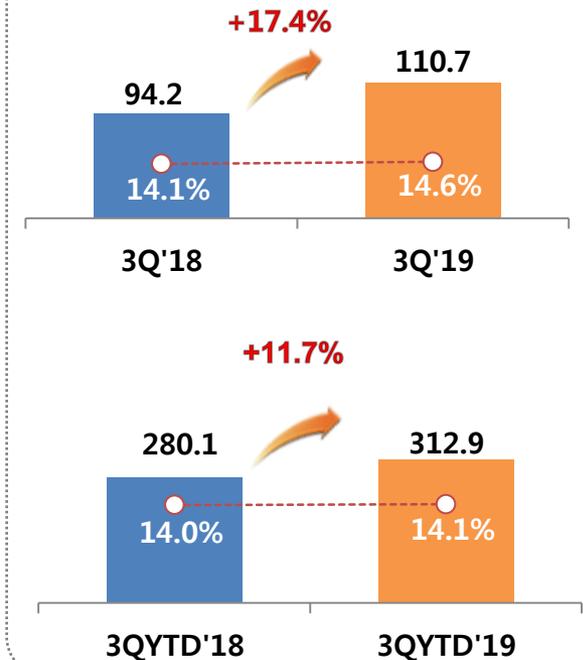
Operating Profit

[Unit: KRW bn/○ : Margin]



Net Profit

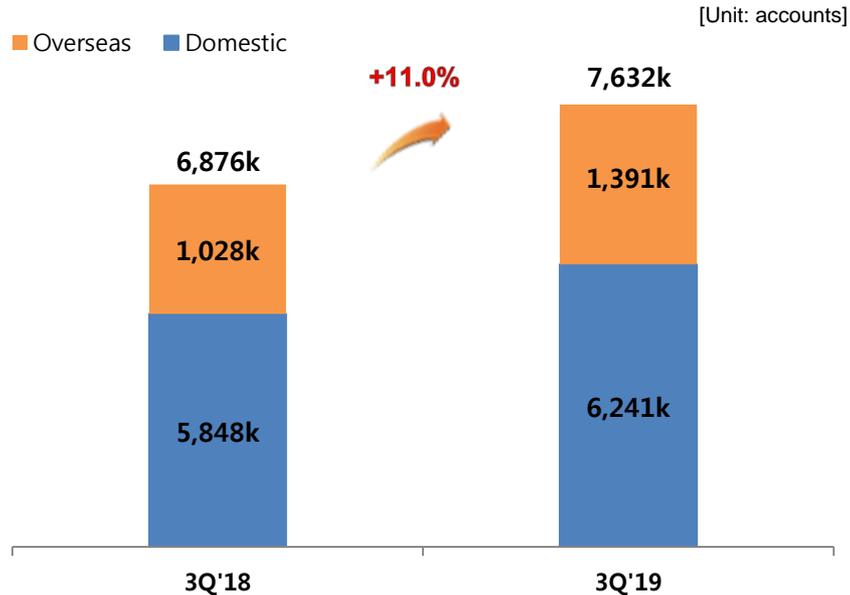
[Unit: KRW bn/○ : Margin]



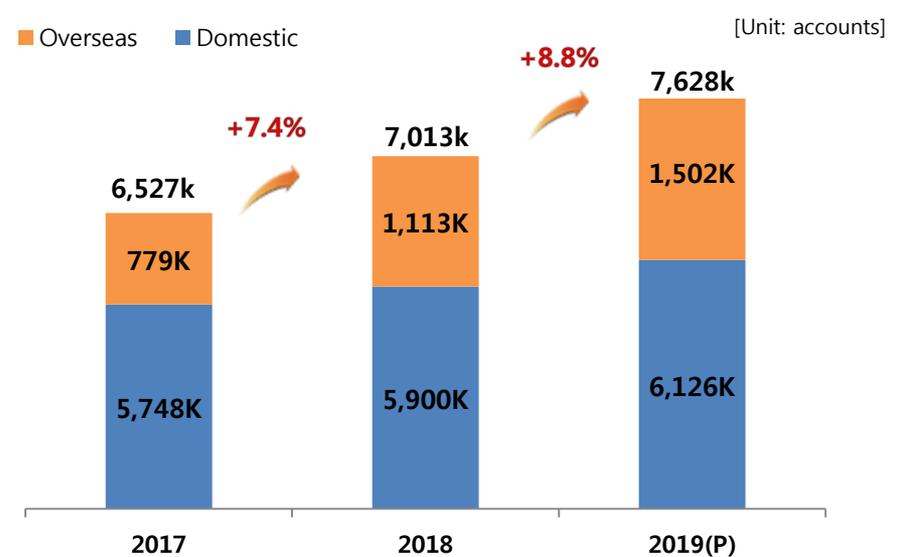
1-2. Total accounts (domestic & overseas)

3Q'19 Total accounts 76.3mn in 4 countries (Korea, Malaysia, U.S., Thailand)

Total accounts (Quarter)



Total accounts (Annual)



③ 3Q'19 total accounts 76.3mn

- Domestic 6.24mn (+6.7% YoY)
- Overseas 1.39mn (+35.3% YoY)
- : Malaysia 1.24mn, U.S. 118K, Thailand 29K

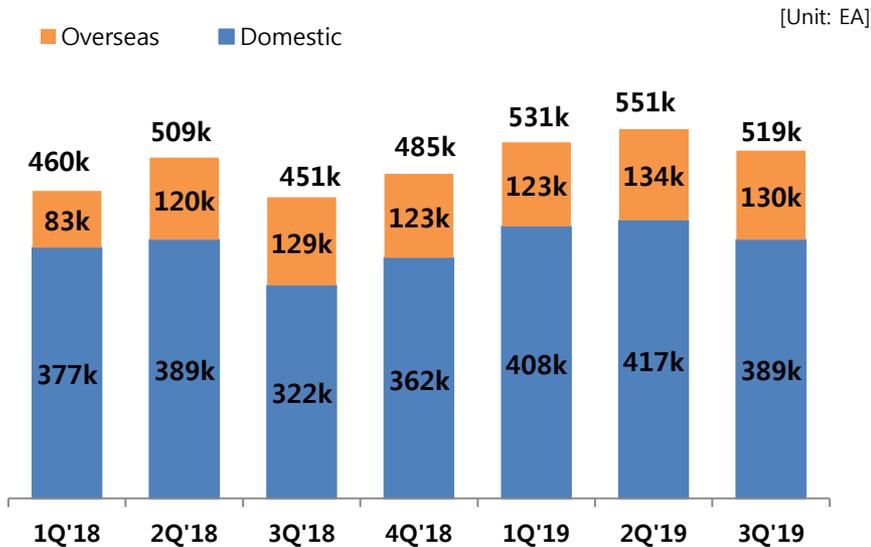
③ Plan to achieve total accounts of 7.6mn by 2019

- 2019(P) 7.63mn
- Domestic 6.13mn (+3.8% YoY)
- Overseas 1.5mn (+34.9% YoY)

1-3. Total rental gross adds / net adds

Historical high 3Q rental gross adds
Historical high quarterly rental net adds

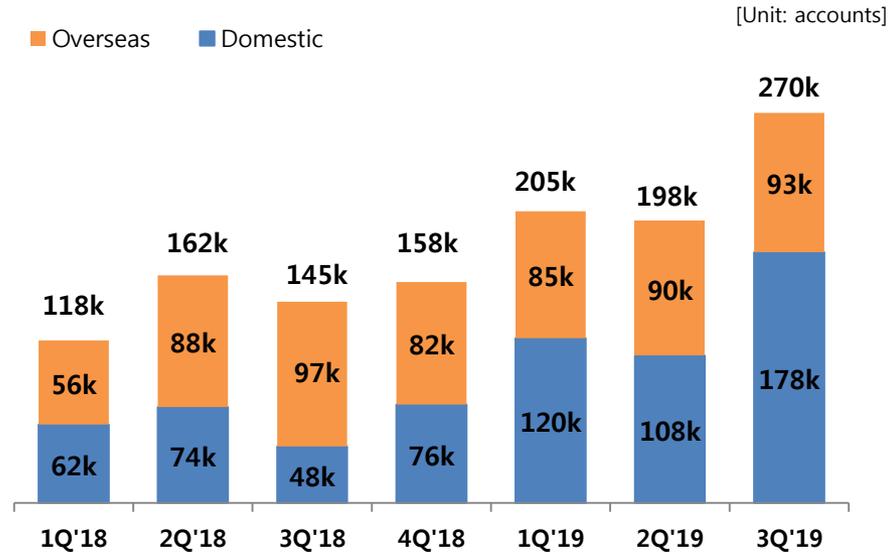
Total rental gross adds



3Q total rental gross adds 519K

- Domestic 389K (+20.8% YoY)
- Overseas 130K (+1.0% YoY)
- : Malaysia 124K, U.S. 6,770, Thailand 3,238

Total rental net adds



3Q total rental net adds 270K

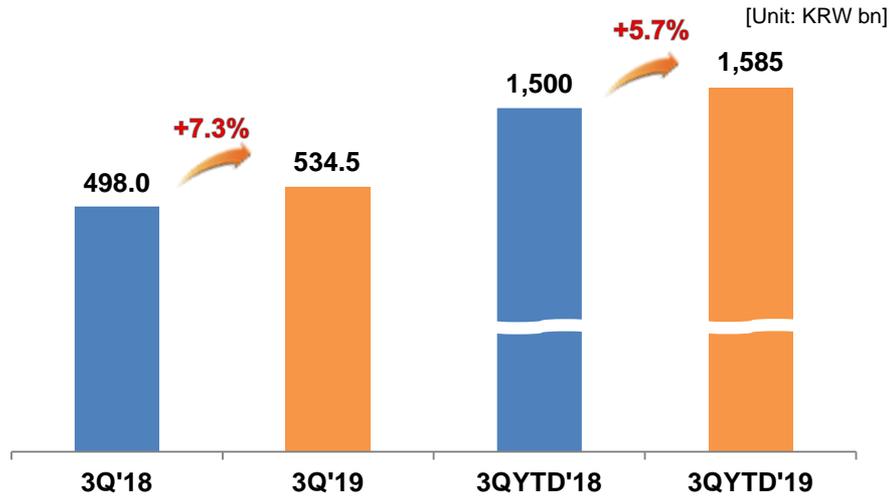
- Domestic 178K (Ex-Woongjin rental 104K)
- Overseas 93K
- : Malaysia 90K, U.S. 231, Thailand 2,786

2-1. Health appliance business

Historical high quarterly revenue KRW 534.5bn (+5.7% YoY)

Total accounts 6.24mn (+6.7% YoY) including Woongjin Rental's account

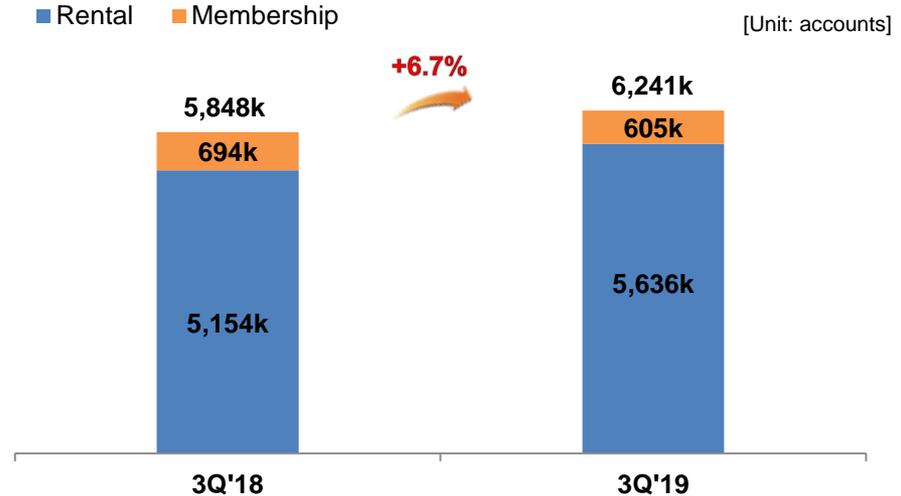
Health Appliance¹⁾



© 3Q'19 Health appliance revenue KRW 534.5bn

- Rental and financial lease : KRW 469.0bn (+9.8% YoY)
: Revenue increase due to continued growth of rental net adds
: Financial lease revenue growth driven by increase of mattress and new product categories (clothing purifier, electric range) sales
- Lump-sum and other : KRW 38.2bn (-7.3% YoY)
: Excluding the change in sales scheme for clothing purifier & electric range the revenue went up by +13.1% YoY

Accounts²⁾³⁾



© 3Q'19 Total account 6.24mn

- Rental accounts : 5.64mn (+482k, +9.3% YoY)
: Rental net adds increase due to strong rental gross adds and stable cancellation rate
: Rental accounts excluding Woongjin rental accounts 5.56mn (+408k, +7.9% YoY)
- Membership accounts 605k (-89k, -12.8% YoY)

1) Including other health appliance revenue (A/S, Installation and etc.): Applies to all health appliance revenue in this material

2) Excluding non-performing, 5 year maturity pending and free membership accounts: Applies to all accounts in this material

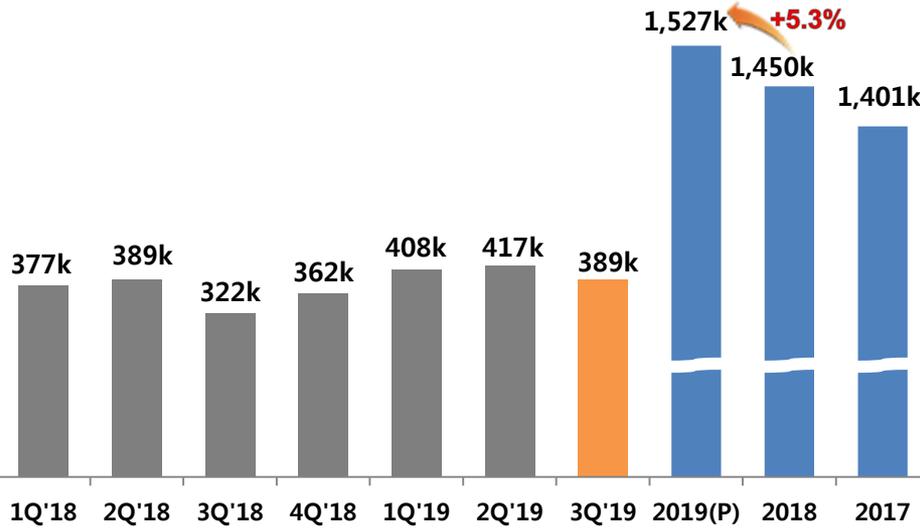
3) Including financial lease accounts: Applied to all accounts in this material

2-1. Health appliance business

Historical high 3rd quarter rental gross adds and continued growth of rental net adds

Rental gross adds¹⁾

[Unit: EA]

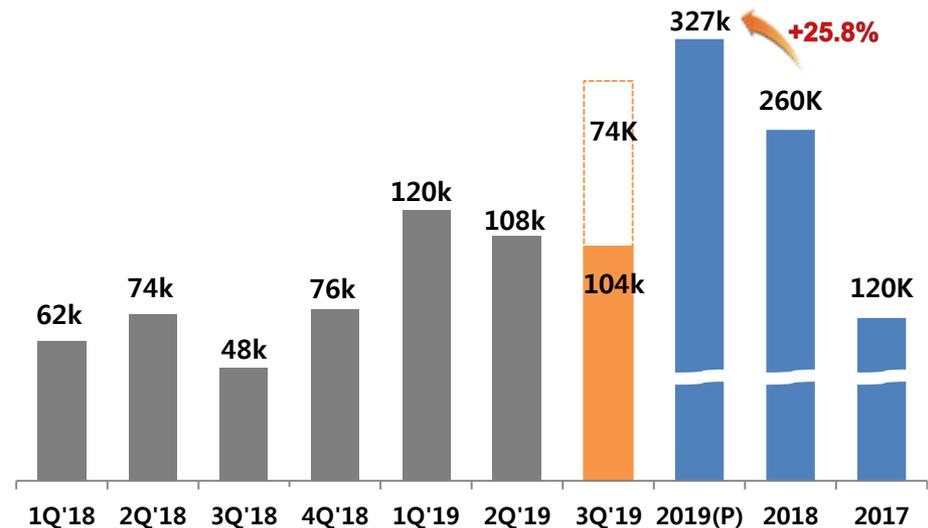


Historical high rental gross adds among 3QYTD (1.21mn)

- Rental gross adds 389k in 3Q'19 (+20.8% YoY, -6.8% QoQ)
- : Strong growth of all product categories
- : Additional sales from new products(clothing purifier, electric range)

Rental net adds

[Unit: accounts]



Continued growth of rental accounts attributable to 104k rental net adds increase

- Including Woongjin Rental accounts : 178k
- Rental net add increase 104k due to strong growth of major product and new product categories sales and stable management of cancellation rate

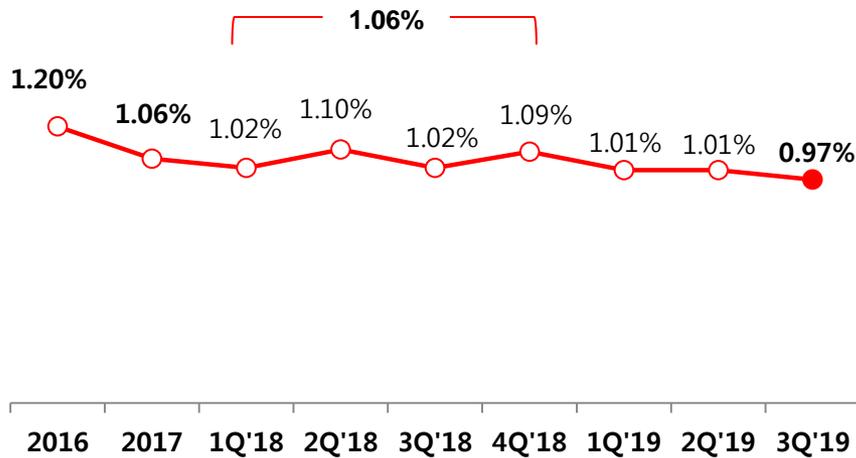
1) Including financial lease sales : Applies to all gross adds in this material

2-1. Health appliance business

Stable management of cancellation rate and decrease of rental asset disposal expense rate

Cancellation rate

[Unit: %]

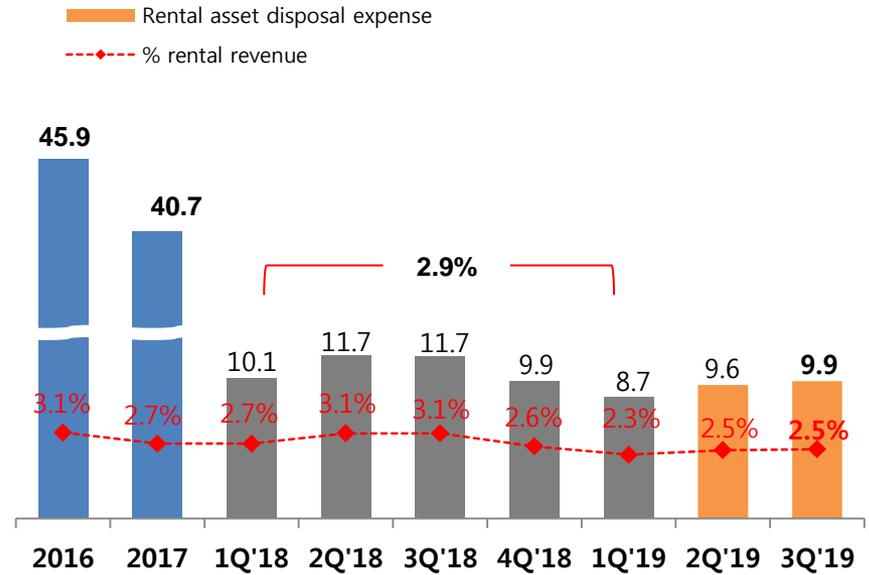


◎ Stable management of cancellation rate

- Cancellation rate 0.97% in 3Q'19 (-0.05%p YoY, -0.04%p QoQ)
- : Continue to manage around 1% cancellation rate by in-depth customer care and strengthened service quality

Rental asset disposal expense

[Unit: KRW bn, %]



◎ Making efforts to stabilize rental asset disposal expense rate

- Rental asset disposal expense KRW 9.9 bn
- : Stable management (2.5% of rental revenue, -0.6%p YoY) due to decrease of cancellation rate and etc.

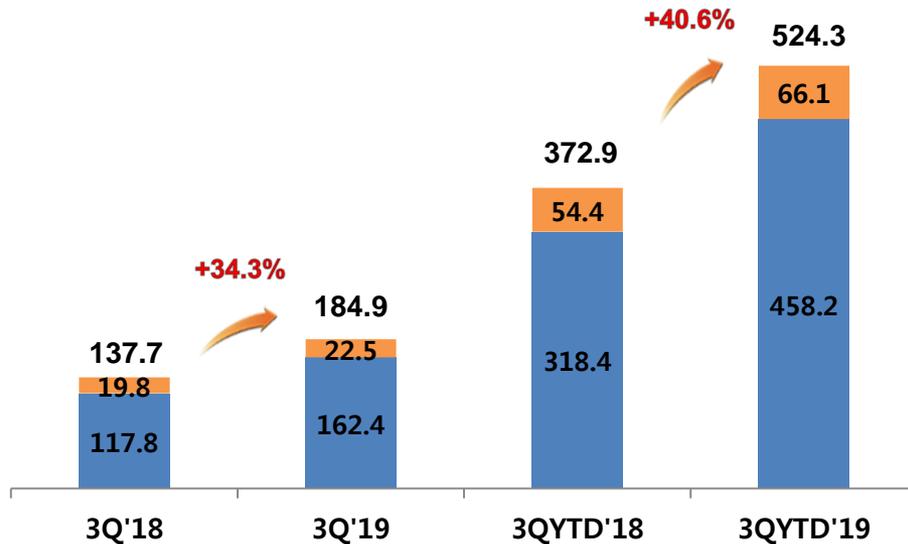
2-2. Overseas business

Overseas revenue KRW 184.9bn (+34.3% YoY) Continued growth of overseas subsidiaries revenue

Overseas revenue

■ 해외법인매출 ■ ODM/Dealer

[Unit: KRW bn]



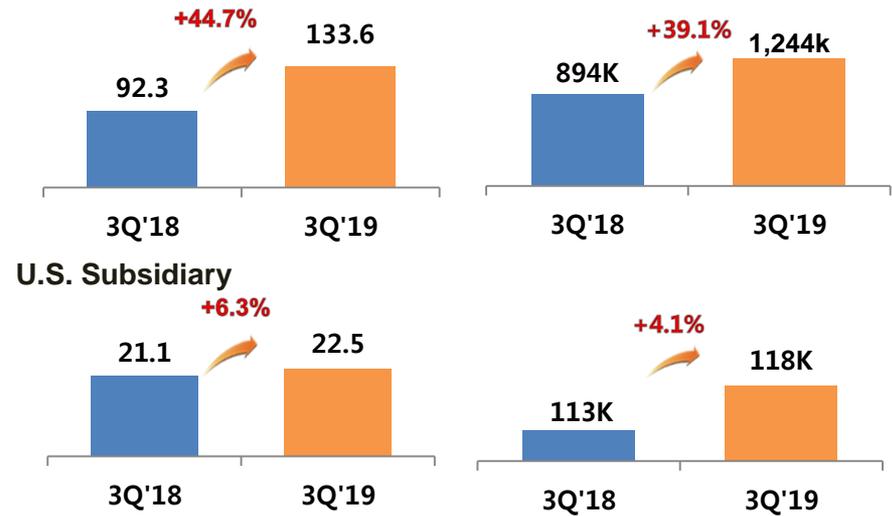
Overseas subsidiaries revenue

Malaysia Subsidiary

[Unit: KRW bn, accounts]

Revenue

Accounts



◎ Overseas revenue KRW 184.9bn

- Overseas subsidiaries revenue : KRW 162.4bn (+37.8% YoY)
: Strong growth from Malaysia and U.S. subsidiaries
- ODM/Dealer revenue : KRW 22.5bn (+13.5% YoY)
: Expect revenue increase due to expansion of brand partners

◎ Continued growth from overseas subsidiaries

- 3Q'19 Malaysia: +44.7% YoY revenue growth (1,244k)
: Historical high revenue among quarters (KRW 133.6bn)
- 3Q'19 U.S.: +6.3% YoY revenue growth (118K)
: Historical high revenue among 3rd quarters (KRW 22.5bn)

New Products

1 Health appliance business

④ Premium CIROO water purifier



- Innovative designed water purifier (30% downscale)
- : Mirror design in front with touch display
- Direct-flow CIROO filter
- : Differentiae removal performance with competitors by applying direct RO filtration system

④ Organic design air purifier



- Premium design with real material
- : Nordic emotional design with real fabric
- Enhanced convenience functionality
- : Fine dust numerical display and fast wireless charging function applied

④ B2G/B2B target air purifier



- Dual type air purifier (Wall mount/ Standalone)
- : Korea's largest 115m² area coverage air purifier
- : Real time numerical display of fine dust concentration

4Q'19 Plan

1 Health appliance business

④ Enhancement of non door-to-door channels

- Increase B2G/B2B sales by releasing exclusive product line-up
- : Improve order success rate by developing customized products and providing customized services
- : Bid on Ministry of Environment, Ministry of health and welfare and etc.
- Strengthen retail channel line-up targeting millennial customers
- : Launch on-line exclusive water purifier, air purifier and etc.
- : Launch clothing purifier and portable air purifier at hyper market

2 Overseas business

④ Continued growth of overseas business

- Indonesia Subsidiary
- : Continue recruitment of sales and stabilize initial process
- : Begin of rental sales in Nov. (Official launch event in January 2020)
- U.S. Subsidiary
- : Enhance sales during Amazon's "Holiday Gift Guide" promotion (Halloween, Black Friday, Thanks Giving and Christmas)

APPENDIX

- Consolidated financial reports
- Subsidiary results

Consolidated financial reports

② Balance Sheet

(Unit: KRW bn)	Sep. '19	Dec. '18
<Assets>	2,748.6	2,374.1
Current Assets	959.0	843.7
Cash and cash equivalents	68.2	69.4
Accounts receivable	356.9	325.6
Inventories	118.5	102.9
Non-Current Assets	1,789.6	1,530.4
Fixed assets	878.8	781
Intangible assets	171.5	160.3
<Liabilities>	1,622.9	1,286.4
Current Liabilities	1,502.3	1,234.3
ST Borrowings	861.1	731.1
Current portion of bonds	-	-
Current portion of LT borrowings	-	-
Non-Current Liabilities	120.6	52.1
LT Borrowings	9.6	10
Corporate bond	-	-
<Shareholders' Equity>	1,125.7	1,087.7
Debt to Equity Ratio	144.2%	118.3%
Net Debt to Equity Ratio	71.3%	61.8%

② Income Statement

(Unit: KRW bn)	3Q'19	3Q'18	YoY
Revenue	759.6	669.8	13.4%
COGS	250.6	214.0	17.1%
Gross profits	509.0	455.8	11.7%
SG&A	368.7	325.4	13.3%
Operating profits	140.3	130.4	7.6%
Margin(%)	18.5%	19.5%	-1.0%P
Other income	15.8	1.1	1375.6%
Other expenses	-1.5	8.8	-
Financial income	0.3	0.3	-0.7%
Financial expenses	5.6	4.7	18.6%
Profit before tax	152.3	118.2	28.8%
Corporate tax	41.6	24.0	73.6%
Net income	110.7	94.2	17.4%
Margin(%)	14.6%	14.1%	0.5%P

Subsidiaries results — 5 entities (4 overseas subsidiaries, Coway Entech)

(Unit: KRW bn)	3Q'19	3Q'18	YoY
Malaysia			
Revenue	133.6	92.3	44.7%
OP	14.2	17.0	-16.6%
Margin	10.6%	18.4%	
U.S.			
Revenue	22.5	21.1	6.3%
OP	-0.9	1.3	-
Margin	-	6.4%	
China			
Revenue	0.7	0.4	103.1%
OP	-0.4	-0.8	-
Margin	-	-	
Thailand			
Revenue	5.6	4.0	38.4%
OP	-0.4	-0.1	-
Margin	-	-	
Coway Entech			
Revenue	19.2	16.9	14.0%
OP	0.8	-0.6	-
Margin	4.3%	-	

Malaysia

- . 3Q'19 Revenue KRW 133.6bn (+44.7% YoY), OPM 10.6%
- . 3Q'19 accounts 1,247k (3Q'18 894k, +39.5% YoY)
 - : Revenue +38.6% YoY in local currency
 - : Revenue increase driven by strong water purifier volume growth
 - : OPM 10.6% due to account reclassification of non-operating expense item to operating expense

U.S.

- . 3Q'19 Revenue KRW 22.5bn (+6.3% YoY)
- . 3Q'19 accounts 118K (3Q'18 113K +4.1% YoY)
 - : Revenue -0.5% YoY in local currency

China

- . 3Q'19 Revenue KRW 0.7bn (+103.1% YoY)
 - : Revenue increase due to air purifier sales increase

Thailand

- . 3Q'19 Revenue KRW 5.6bn (+38.4% YoY)
 - : Revenue increase due to water purifier and air purifier volume increase

Coway Entech

- . 3Q'19 Revenue KRW 19.2bn (+14.0% YoY)
 - : Revenue and operating profit increase due to high margin new orders

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