

Lotte Shopping Co., Ltd.



INVESTOR RELATIONS

28th January 2010

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FY09 Earnings Results

Key Highlights for Fiscal 2009

Lotte Shopping Co.,Ltd

- **Operating profit growth beats market consensus: +22.2%(4Q), + 14.4%(FY09)**
- **Strong top line growth: +12.1% (4Q), +10.0%(FY09)**
- **Expanded core businesses**
 - 1 department store(GwangBok); 6 discount stores; 80 supermarkets: 1 outlet(GwangJu Suwan)
- **Outstanding profitability improvement in discount store**
 - Discount Store SSS : +3.4%(4Q), -0.4%(FY09)
 - OPM for stores operated over 2years : 2.6% → 6.0% (4Q,yoy), 3.4% → 5.4% (FY09,yoy)
- **Made strategic acquisitions to strengthen business portfolio**
 - Times in China (68 stores)
 - Buy the Way (1,472 stores)

Lotte Shopping at a Glance

Lotte Shopping Co.,Ltd

Financial Results

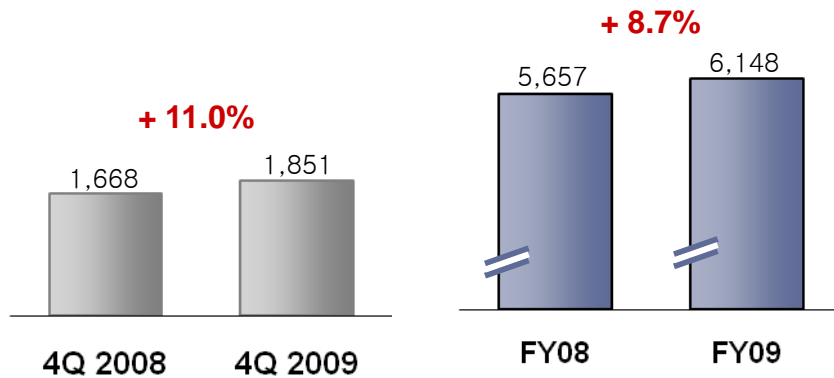
(Unit : KRW bn, %)

	4Q 2009	4Q 2008	2008 vs. 2009	FY09	FY08	2008 vs. 2009
Gross Sales	3.4tr	3.0tr	+12.1%	12.0tr	10.9tr	+10.0%
Operating Profit	260	213	+22.2%	879	768	+14.4%
Profit before tax	249	211	+17.9%	946	925	+2.2%
Net Profit	184	225	-18.4%	722	743	-2.9%

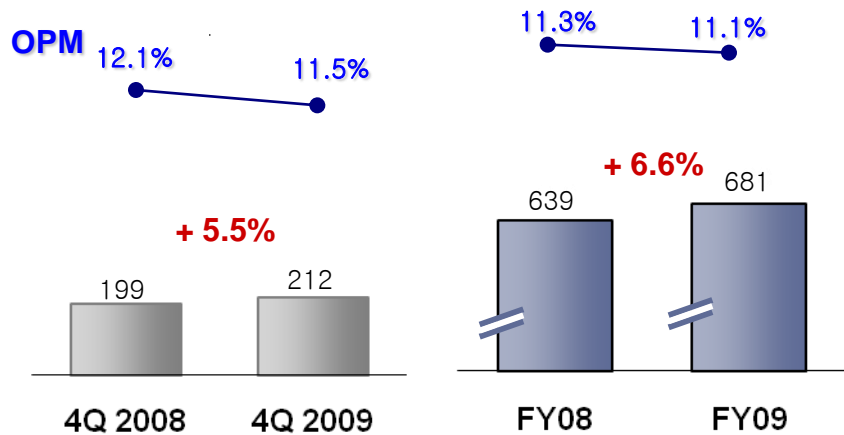
Department Stores: 'Outstanding Performance celebrating 30th Anniversary'

Lotte Shopping Co.,Ltd

Gross Sales (Unit: W bn)



Operating Profit (Unit: W bn)



Key points – 4Q09 & FY09

- Sales growth +11.0%(4Q,yoy), +8.7%(FY09,yoy)
- SSS : +8.7%(4Q,yoy), +6.1%(FY09,yoy)
- EBITDA margin

FY 08		FY 09	
4Q	FY 08	4Q	FY 09
14.7%	13.9%	14.0%	13.9%

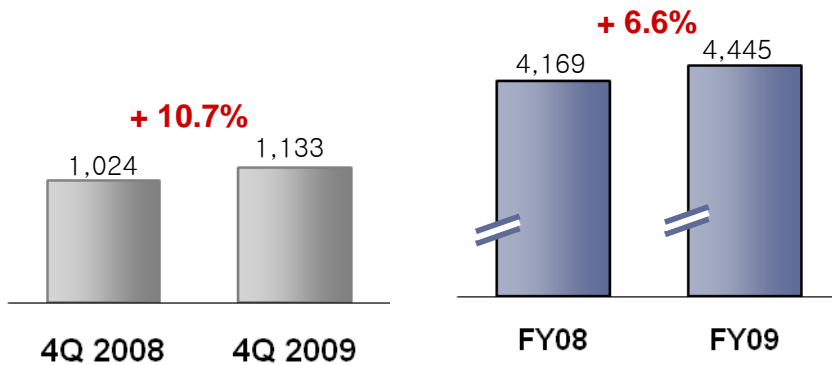
- OPM of stores operated over 2 years

FY 08		FY 09	
4Q	FY 08	4Q	FY 09
12.9%	11.7%	12.5%	11.9%

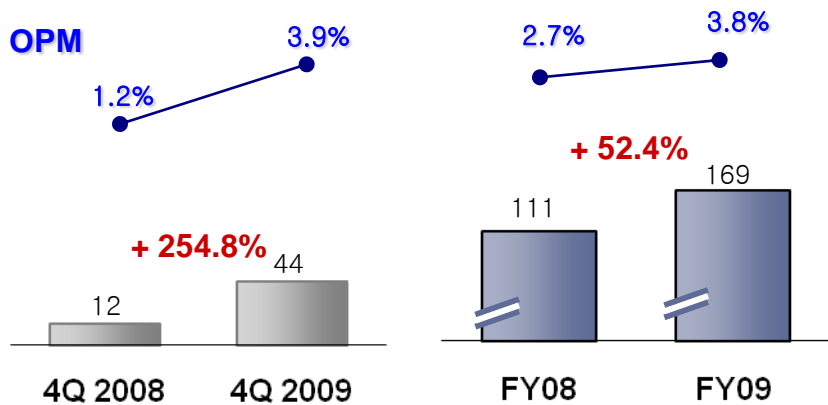
- Weak operating profit margin due to :
 - 1) New store expansion
 - 2) 30th anniversary promotion cost
 - 3) Increase in credit card commission
- Opened GwangBok Store(December)

Discount Stores: 'Dramatic margin improvement'

Gross Sales (Unit: W bn)



Operating Profit (Unit: W bn)



Key points – 4Q08 & FY08

- Sales growth +10.7% (4Q yoy), +6.6% (FY09 yoy)
- SSS: +3.4%(4Q yoy), -0.4.% (FY09 yoy)
- Dramatic OPM growth of +2.7%p(4Q),+1.1%p(FY09) (PB expansion, logistics fee income, Lean Transformation)
- EBITDA margin

FY 08		FY 09	
4Q	FY 08	4Q	FY 09
5.0%	6.0%	7.4%	7.0%

- OPM of stores operated over 2years

FY 08		FY 09	
4Q	FY 08	4Q	FY 09
2.6%	3.4%	6.0%	5.4%

- Opened 6 new stores : 1store in 2Q, 5stores in 4Q

Other Business Division 2009 Results: 'Ready for diverse customer's needs'

Lotte Shopping Co.,Ltd

Lotte Super

"Leading the market growth"

- Strong sales driven by change in consumption pattern
 - Top-line sales +33.9%(4Q), +33.1% (FY09)
 - SSS +2.9%(4Q), +3.4% (FY09)
- 80 new stores opened in 2009 to hit 190 stores in operation
- OPM : 1.6%(4Q), 2.2% (FY09)
 - OPM for stores operated over 2 years:

FY 08		FY 09	
4Q	FY 08	4Q	FY 09
3.0%	3.0%	5.1%	4.6%

Lotte Card

"Ready to become a major player"

- Revenue and transaction volume up, driven by increases in credit card usage
- Number of card holders increased to 9m (FY09) vs. 8m (FY08)
- Expanding M/S to 6.5%(FY09) vs. 6.3%(FY08)
- Delinquency ratio trend

FY08 4Q	FY09 1Q	FY09 2Q	FY09 3Q	FY09 4Q
1.90%	2.25%	2.41%	2.15%	1.37%

- However, facing pressure on margins due to:
 - 1) Increase in marketing cost
 - (ex: DC Card promotion)
 - 2) Decrease on card commission rate
 - for small scale vendors

Other Business Division 2009 Results: 'Ready for diverse customer's needs'

Lotte Shopping Co.,Ltd

Lotte Homeshopping

“Sales growth to leverage Lotte Brand”

- Solid transaction volume growth (59.5% for 4Q09 and 49.7% for FY09)
- Increased market share to 20.8% by year end versus 17.4% in 2008
- Strengthening Lotte brand name in on-line market and catalogue business

Seven Eleven (K-7)

“Searching for synergy within Lotte Shopping”

- Acquired Buy the Way SPA
- On the process to enhance synergy and profitability with existing Lotte retail business (ex:increasing joint purchasing with Lotte Mart)

Non-Operating Profit Analysis

Lotte Shopping Co.,Ltd

(Unit: W bn)

	FY08 4Q	FY09 4Q	FY08	FY09
Operating Profit	213	260	768	879
Non-Operating Profit	-2	-11	157	67
Equity Method Gains	-7	19	111	138
Lotte Card	14	18	125	126
Lotte Midopa	9	8	32	30
* Lotte Station Building	5	5	17	17
Lotte Homeshopping	-3	-2	-18	-7
** Oversea Business	-27	-21	-47	-69
Others	-5	11	2	*** 41
Interest Income	14	9	43	32
Interest Expense	-12	-22	-29	-67
Others	3	-17	**** 33	-36
Profit Before Tax	211	249	925	946

* Includes good will amortization amount of 10 bnW (quarterly)

** Includes good will amortization amount of China Makro 3 bnW, Indonesia Makro 5 bnW (quarterly)

*** Includes 9 bnW gains from asset contribution (Foodstar, Lotte Engineering & Machinery MFG.)

**** Includes one-off gain of 37bnW from sale of land & property (Sales & Lease back for 3 discount stores)

BTW Inc. (Buy the Way) M&A

■ Acquisition method : purchasing 100% ownership from Unitas for 274bnW

■ Financial Summary (FY08)

B/S		(Unit:bnW)	
Current Asset	40	Current Liability	89
		Non-current Liability	52
Non-current Asset	204	Paid in capital	103

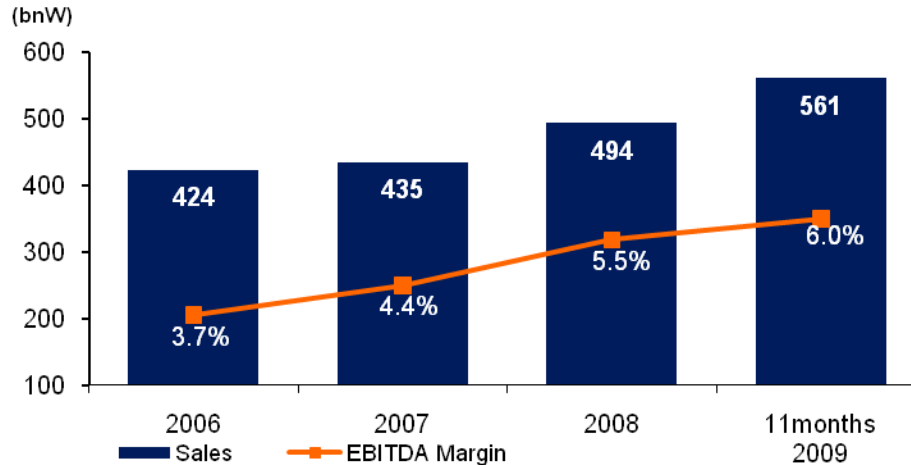
	I/S		(Unit:bnW)	
	FY07	%	FY08	%
Sales	435		494	
GP	115	26.3	133	26.9
SG&A	117	26.9	126	25.4
OP	-3	-0.6	7	1.5
EBITDA	19	4.4	27	5.5

※ B/S on consolidated base between BTW Holdings and BTW

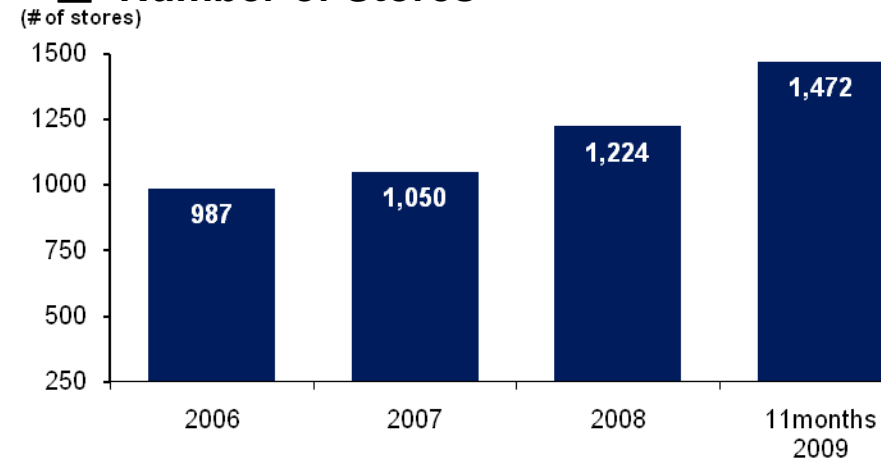
■ Company Summary

Name of company	<ul style="list-style-type: none"> ● BTW Inc.
Profile	<ul style="list-style-type: none"> ● '90. June : Launched 'DongYang' mart under DongYang Group ● '03. Aug. : Changed name to 'Buy the Way' ● '06. July : 'UNITAS' acquired 100% stake of BTW ● '08. Jan. : Merged with 'BTW CVS Holdings'
# of Employee	<ul style="list-style-type: none"> ● 344 (full-time employee, as of Dec. '08)
# of stores (Nov. '09)	<ul style="list-style-type: none"> ● Total : 1,472 <ul style="list-style-type: none"> ➢ Direct : 38 stores (2.6%) ➢ Agent : 618 stores (42.0%) ➢ Franchise : 816 stores (55.4%)

■ Sales Trend



■ Number of Stores

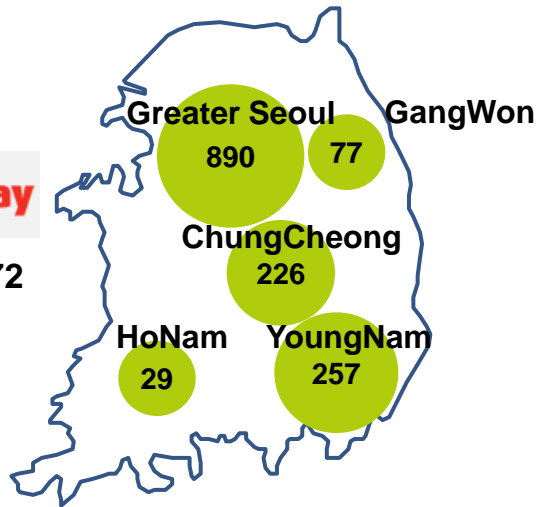


About BTW

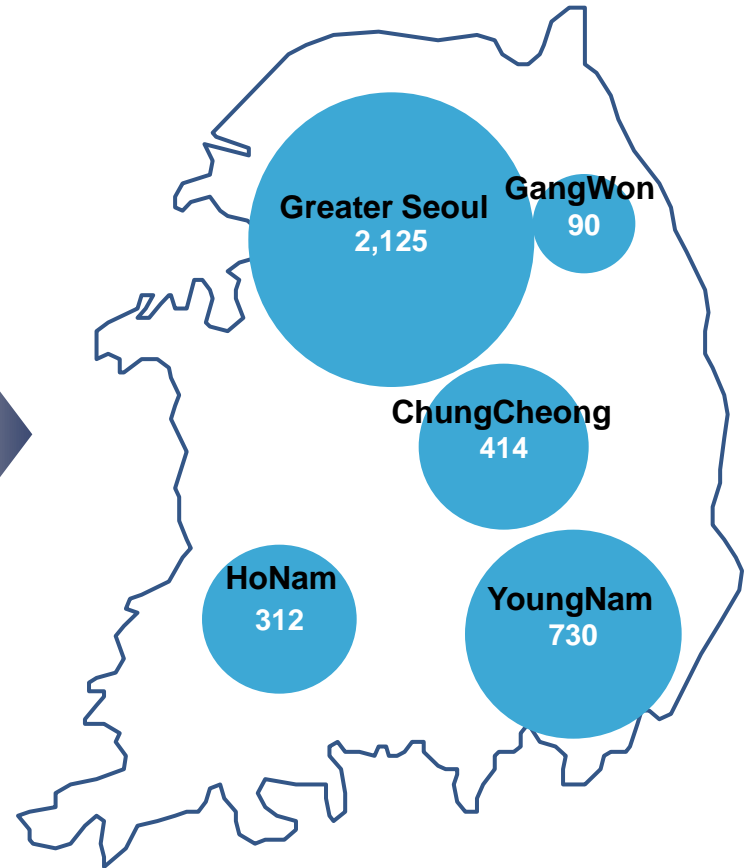
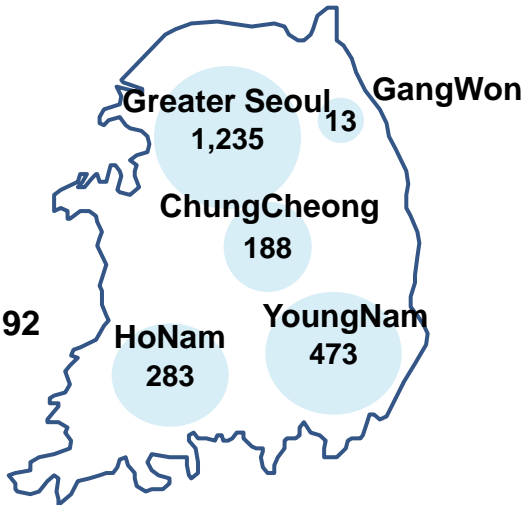
Store Network (as of Nov.2009)



of Stores: 1,472
(M/S 11%)



of Stores: 2,192
(M/S 16%)



of Stores: 3,664
(M/S 27%)

Why “ BTW ” ?

■ BTW acquisition saves time in becoming top player

- Establish a bridgehead to become top player in the industry by increasing M/S from 16% to 27% after the acquisition
- Increases brand power of CVS operated by Lotte Shopping

■ Strengthens PB and Fresh Food business

- Expand SKU with Lotte's existing retail format
- Enhance margin through joint purchase

■ Leverage synergy effect

- Better efficiency expected through rearrangement of staff, MD, RFC
- Synergy with Lotte affiliates (IT, logistics, finance etc.)

Appendix

Income Statement

Lotte Shopping Co.,Ltd

(Unit: KRW bn)

Lotte Shopping	2007					2008					2009				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
	Gross sales	2,429	2,376	2,468	2,812	10,085	2,695	2,621	2,617	2,992	10,925	2,904	2,892	2,868	3,353
Gross profit	697	696	705	825	2,923	787	776	763	893	3,219	859	863	839	1,015	3,576
Operating profit	184	192	168	213	757	205	202	148	213	768	228	224	167	260	879
(%)	7.6%	8.1%	6.8%	7.6%	7.5%	7.6%	7.7%	5.6%	7.1%	7.0%	7.9%	7.7%	5.8%	7.8%	7.3%
EBITDA	250	265	245	299	1,059	277	281	233	312	1,103	313	313	262	362	1,250
(%)	10.3%	11.2%	9.9%	10.6%	10.5%	10.3%	10.7%	8.9%	10.4%	10.1%	10.8%	10.8%	9.1%	10.8%	10.4%
Profit before tax discontinued operation	232	242	205	280	958	305	239	170	211	925	257	255	184	249	946
Net profit	172	180	152	188	692	227	168	124	224	743	192	200	147	184	722

Lotte Department Store	2007					2008					2009				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
	Gross sales	1,319	1,269	1,177	1,609	5,374	1,396	1,371	1,223	1,668	5,657	1,480	1,470	1,347	1,851
Gross profit	430	424	384	534	1,772	457	457	400	553	1,866	489	489	441	616	2,034
Operating profit	150	163	121	212	646	157	169	113	199	639	174	176	117	212	678
(%)	11.4%	12.8%	10.3%	13.2%	12.0%	11.3%	12.4%	9.2%	11.9%	11.3%	11.8%	12.0%	8.7%	11.4%	11.0%
EBITDA	182	197	157	251	786	190	204	150	245	789	215	219	161	259	854
(%)	13.8%	15.5%	13.3%	15.6%	14.6%	13.6%	14.9%	12.3%	14.7%	13.9%	14.5%	14.9%	12.0%	14.0%	13.9%

Lotte Mart	2007					2008					2009				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
	Gross sales	943	922	1,054	968	3,888	1,059	994	1,092	1,024	4,169	1,109	1,073	1,131	1,133
Gross profit	212	212	244	219	887	250	237	264	242	994	270	263	280	278	1,092
Operating profit	31	27	38	9	105	41	28	29	12	111	46	38	41	44	169
(%)	3.3%	2.9%	3.6%	1.0%	2.7%	3.9%	2.8%	2.7%	1.2%	2.7%	4.2%	3.5%	3.6%	3.9%	3.8%
EBITDA	59	57	70	46	232	72	61	64	52	249	79	73	77	84	313
(%)	6.3%	6.2%	6.6%	4.8%	6.0%	6.8%	6.2%	5.9%	5.0%	6.0%	7.2%	6.8%	6.8%	7.4%	7.0%

	(unit:bnW)			
	2006	2007	2008	2009
	Year End	Year End	Year End	Year End
Department Store	395	596	589	624
Discount Store	743	636	500	407
Others	98	206	123	155
Oversea Business	10	26	621	893
Total	1,246	1,464	1,833	2,079

* Capex includes equity investment to subsidiaries

Store Network

Domestic Stores

		2006	2007	2008	2009(E)			
		Year End Total	Year End Total	Year End Total	Opening		acquisition/ adjustments	Year End Total(E)
					1H(E)	2H(E)		
Department Store	full-line store	20	21	22	-	1	-	23
	franchise store	3	3	3	-	-	-	3
	young plaza	1	3	3	-	-	-	3
	outlet mall	-	-	2	-	1	-	3
Discount Store	50	56	63	1	5	-	69	
Supermarket	52	*79	110	30	50	-	190	

* acquired 14 Big Mart stores, and scrapped 1store

Overseas Stores

		2006	2007	2008	2009(E)			
		Year End Total	Year End Total	Year End Total	Opening		acquisition/ adjustments	Year End Total(E)
					1H(E)	2H(E)		
Department Store	Russia	-	1	1	-	-	-	1
	China	-	-	1	-	-	-	1
Discount Store	China	-	**8	8	1	2	****68	79
	Vietnam	-	-	1	-	-	-	1
	Indonesia	-	-	***19	-	-	-	19

** acquired 8 CTA Makro stores in Beijing and Tianjin

***acquired 19 Makro stores in Indonesia

****acquired 65 Times stores in China

Balance Sheet

Lotte Shopping Co.,Ltd

(Unit: KRW bn)

	2005	2006	2007	2008	* 2009
Total assets	8,370	11,854	11,942	13,323	15,054
Current assets	1,390	3,465	2,153	1,943	2,027
Non-current assets	6,980	8,389	9,789	11,380	13,027
Total liabilities	5,149	4,350	3,768	4,478	5,519
Current liabilities	3,528	3,378	3,293	3,149	3,281
Non-current liabilities	1,621	972	476	1,329	2,238
Shareholder's equity	3,221	7,504	8,174	8,845	9,535
Paid-in-capital	100	145	145	145	145
Capital surplus	1,148	4,652	4,652	4,652	4,652
Accumulated other comprehensive income	62	64	78	40	48
Retained earnings	1,911	2,643	3,298	4,008	4,690

*Asset Revaluation not adopted



Thank You



Lotte Shopping Investor Relations