

Lotte Shopping Co., Ltd.



INVESTOR RELATIONS
24th July 2009

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FY09 2Q Earnings Results

Key Highlights for FY09 2Q

Lotte Shopping Co.,Ltd

- **Both sales and profit grew by double digit**
 - Sales growth +10.3% yoy, Operating profit growth +10.9% yoy
- **Strong SSS growth in department stores and supermarkets**
 - Department Store: 4.0%, Supermarket: 5.2%
- **Tight cost control with positive SSS in discount store**
 - Discount Store SSS: 1.2%
 - OPM +70bp (FY08 2Q 2.8% → FY09 2Q 3.5%)
- **Outstanding performance of Supermarket**
 - Top-line growth of +34.7%
 - OPM +80bp (FY08 2Q 2.0% → FY09 2Q 2.8%)

Lotte Shopping at a Glance

Lotte Shopping Co.,Ltd

Financial Results

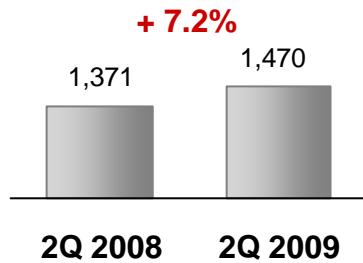
(Unit : KRW bn, %)

	2Q 2008	2Q 2009	2008vs. 2009	1H 2008	1H 2009	2008vs. 2009
Gross Sales	2.6 tr	2.9 tr	+10.3%	5.3tr	5.8tr	+9.0%
Operating Profit	202	224	+10.9%	407	453	+11.2%
Profit before tax	239	256	+7.1%	545	514	-5.7%
Net Profit	168	200	+19.3%	395	392	-0.7%

Department Stores: 'riding over economic tides'

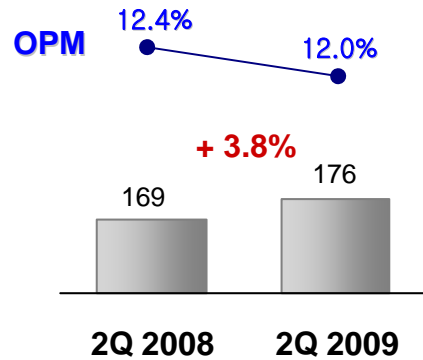
Gross Sales

(Unit: W bn)



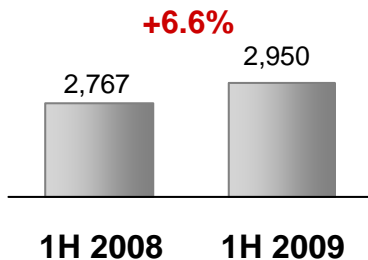
Operating Profit

(Unit: W bn)



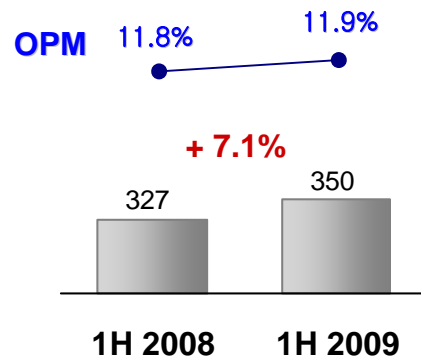
Gross Sales

(Unit: W bn)



Operating Profit

(Unit: W bn)



Key points

- Strong SSS growth (+4.0% yoy) despite negative economic condition
- Recovery of consumption throughout nations : Gap between regional stores and metropolitan stores narrows
- SSS OPM continuous to improve
 - OPM of stores operated over 2 years

FY 08		FY 09	
2Q	1H	2Q	1H
12.6%	11.9%	12.8%	12.7%

- EBITDA margin

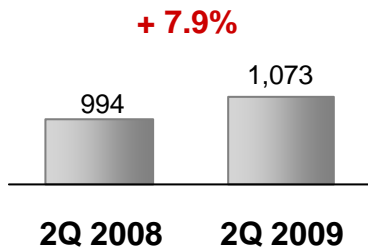
FY 08		FY 09	
2Q	1H	2Q	1H
14.9%	14.2%	14.9%	14.7%

- Plan to add an additional outlet in 3Q

Discount Stores: 'tangible improvements'

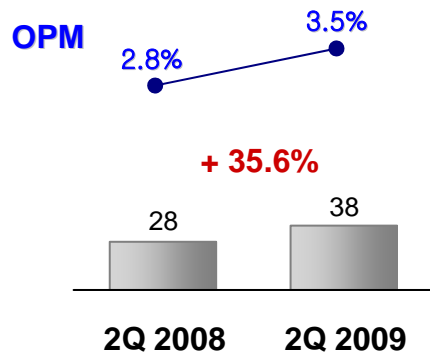
Gross Sales

(Unit: W bn)



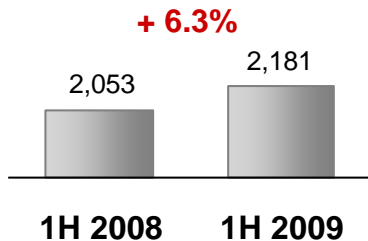
Operating Profit

(Unit: W bn)



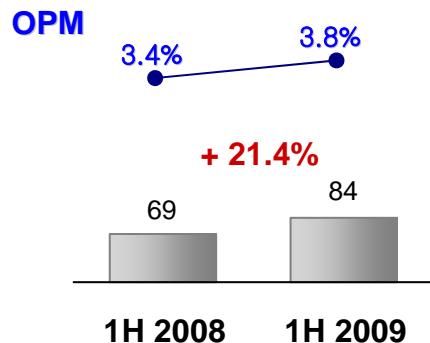
Gross Sales

(Unit: W bn)



Operating Profit

(Unit: W bn)



Key points

- Outstanding margin improvements through
 - ① Visible efficiency measure
 - Distribution Center throughput ratio (FY08 1H : 51.6% → FY09 1H : 57.9%)
 - PB sales (FY08 1H : 16.6% → FY09 1H : 19.6%)
 - Lean Transformation
 - ② Disciplinary cost control in SG&A
- SSS growth +1.2% 2Q yoy
 - First quarter to turn positive since FY08 2Q

- OPM of stores operated over 2 years

FY 08		FY 09	
2Q	1H	2Q	1H
3.2%	3.8%	4.9%	5.2%

- EBITDA margin

FY 08		FY 09	
2Q	1H	2Q	1H
6.2%	6.5%	6.8%	7.0%

Other Business Division Results: 'Revenue pick-up from Diversified Business'

Lotte Shopping Co.,Ltd

Lotte Super

"Growing to be the mainstream"

- Top line soared by +34.7%, SSS growth of +5.2% yoy
- Operating profit grew by +86.8% yoy
 - OPM: FY08 2Q 2.0% → FY09 2Q 2.8%
- Store expansion already meets full year guidance
 - 30 new stores in 1H, 140 stores in operation

Lotte Card

"Signs of Macro recovery"

- Delinquency ratio higher than 1Q, but shows positive monthly trend in June

FY08 4Q	FY09 1Q	FY09 2Q
1.90%	2.25%	2.41%

- Sales growth of +8.4%(2Q,yoy)
- Operating profit growth of +10.4%
- Tight cost control in major cost items was enabling to offset increased provisioning

Lotte Homeshopping

"Showing the highest growth rate"

- Growth leader in the industry (Transaction volume +49.0%, 2Q yoy)
- Catalogue business has grown to contribute 9.4% of total sales
 - Catalogue business MS: (FY09 1Q 19.2% → FY09 2Q 23.5%)
 - Expected to break even at the year end

Non-Operating Profit Analysis

Lotte Shopping Co.,Ltd

(Unit: W bn)

	FY08 2Q	FY09 2Q	FY08 1H	FY09 1H
Operating Profit	202	224	407	453
Non-Operating Profit	37	32	138	61
Equity Method Gains	39	52	95	87
Lotte Card	34	45	80	83
Lotte Midopa	8	7	16	15
Lotte Station Building	4	4	9	8
* Lotte Homeshopping	-5	-3	-9	-4
** Oversea Business	-6	-11	-7	-36
Others	4	10	6	*** 21
Interest Income	8	8	21	15
Interest Expense	- 4	-15	-11	-28
Others	- 6	-13	**** 33	-13
Profit Before Tax	239	256	545	514

* 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)

Appendix

Income Statement

Lotte Shopping Co.,Ltd

(Unit: KRW bn)

Lotte Shopping

	2008					2009	
	1Q	2Q	3Q	4Q	YTD	1Q	2Q
Gross sales	2,705	2,634	2,630	3,000	10,970	2,915	2,906
Gross profit	788	776	764	893	3,222	860	864
Operating profit	205	202	149	213	769	229	224
(%)	7.6%	7.7%	5.7%	7.1%	7.0%	7.9%	7.7%
EBITDA	277	281	233	313	1,104	313	314
Profit before tax	306	239	170	212	927	258	256
Net profit	227	168	123	224	743	192	200

Lotte Department Store

	2008					2009	
	1Q	2Q	3Q	4Q	YTD	1Q	2Q
Gross sales	1,396	1,371	1,223	1,668	5,657	1,480	1,470
Gross profit	457	457	400	553	1,866	489	489
Operating profit	157	169	114	199	639	174	176
(%)	11.3%	12.4%	9.3%	11.9%	11.3%	11.8%	12.0%
EBITDA	190	204	150	245	789	215	219

Lotte Mart

	2008					2009	
	1Q	2Q	3Q	4Q	YTD	1Q	2Q
Gross sales	1,059	994	1,092	1,024	4,169	1,109	1,073
Gross profit	250	237	264	242	994	270	263
Operating profit	41	28	29	12	111	46	38
(%)	3.9%	2.8%	2.7%	1.2%	2.7%	4.2%	3.5%
EBITDA	72	61	64	52	249	79	73



Thank You



Lotte Shopping Investor Relations