Lotte Shopping Co., Ltd.

INVESTOR RELATIONS

23rd October 2009

LOTTE SHOPPING

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FY09 3Q Earnings Results

Key Highlights for FY09 3Q

- **Stable growth in both sales and profit**
  - Sales growth +9.6% yoy, Operating profit growth +12.5% yoy
- **Outstanding SSS performance in department stores**
  - Department Store SSS: +6.9%
- **Tight cost control more than offsetting negative SSS in discount store**
  - Discount Store SSS: −3.6%
  - Operating profit growth +39.4%, OPM +90bp (FY08 3Q 2.7% → FY09 3Q 3.6%)
- **Growth supported by continuous growth of Supermarket**
  - Top-line growth of +29.8%
  - Opened additional 25 stores in 3Q (165 stores in operation YTD)
- **Restructuring to streamline core retail business**
  - Plan to spin off Krispy Kreme Doughnut and sold Food Division
  - Acquired K-7 (Seven Eleven Korea)

Lotte Shopping at a Glance

Financial Results

(Unit : KRW bn, %)

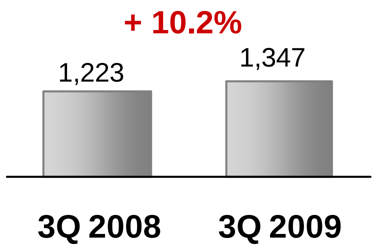
	3Q 2008	3Q 2009	yoy	1Q – 3Q 2008	1Q – 3Q 2009	yoy
Gross Sales	2.6 tr	2.9 tr	9.6%	7.9 tr	8.7 tr	9.2%
Operating Profit	148	167	12.4%	555	618	11.4%
Profit before tax	170	184	8.6%	714	696	-2.4%
Income from Continued Operation	122	142	16.7%	516	535	3.2%
* Discontinued Operation	1	3	-	2	5	-
Net Profit	123	145	18.9%	518	538	3.9%

*Food Division; includes gains from disposal of food division in 3Q 2009 (4 bnW)

Department Stores: *'Solid growth across all stores and all product line'*

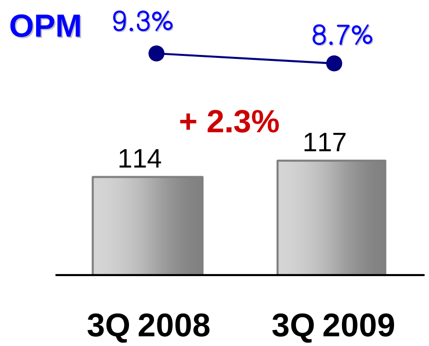
Gross Sales

(Unit: W bn)



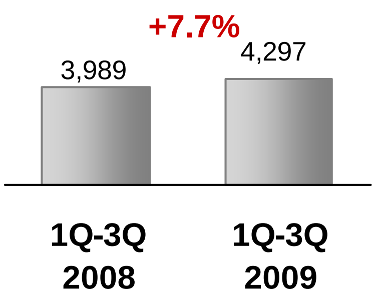
Operating Profit

(Unit: W bn)



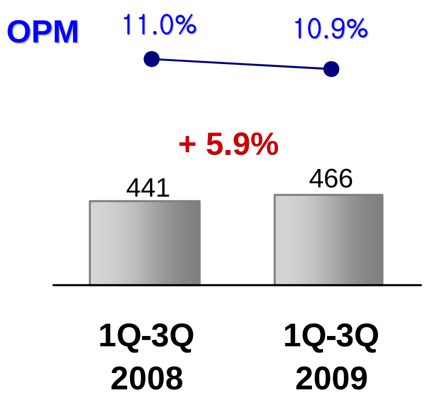
Gross Sales

(Unit: W bn)



Operating Profit

(Unit: W bn)



Key points

- Outstanding SSS growth (+6.9% YoY) continues.
- Margin dilution due to depreciation cost and promotion cost increase
- OPM of stores operated over 2 years

FY 08		FY 09	
3Q	1Q-3Q	3Q	1Q-3Q
9.5%	11.3%	9.6%	11.7%

- EBITDA margin

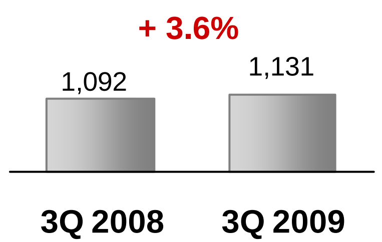
FY 08		FY 09	
3Q	1Q-3Q	3Q	1Q-3Q
12.4%	13.6%	12.0%	13.9%

- Added Suwan outlet(GwangJu) in 3Q
- KwangBok Dpt. Store(BuSan) to open in 4Q

Discount Stores: *'Margin improvement through efforts of cost control'*

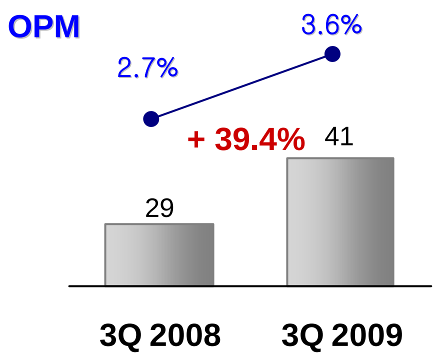
Gross Sales

(Unit: W bn)



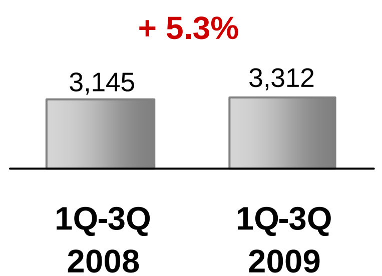
Operating Profit

(Unit: W bn)



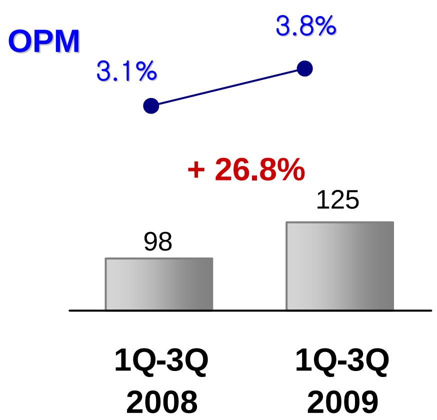
Gross Sales

(Unit: W bn)



Operating Profit

(Unit: W bn)



Key points

- Outstanding margin improvements through
  ① Visible efficiency measure

	FY08 1Q – 3Q	FY09 1Q – 3Q
- Throughput Ratio	55.6%	58.2%
- PB sales	17.2%	19.5%
- Lean Transformation		

  ② Disciplinary cost control in SG&A

- SSS growth : −3.6% (3Q YoY)
  - reflects the market condition of discount store

- OPM of stores operated over 2 years

FY 08		FY 09	
3Q	1Q−3Q	3Q	1Q−3Q
3.4%	3.6%	5.3%	5.3%

- EBITDA margin

FY 08		FY 09	
3Q	1Q−3Q	3Q	1Q−3Q
5.9%	6.3%	6.8%	6.9%

- 3 Lotte Marts to open in 4Q (68 stores at year end)

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

Lotte Super

"Growth continues "

- Top line soared by +29.8%, SSS growth of +0.3% YoY
- Operating profit decreased by -10.5% YoY due to cost pressure from accelerated new openings and weak SSS
- Steady expansion in progress
  - 25 new stores in 3Q, 165 stores in operation

Lotte Card

"Efforts to increase MS"

- Healthy delinquency ratio trends, expected to maintain current level until year end.

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

- Sales growth of +12.3%(3Q YoY)
  - Operating profit declined −25.1%
- Marketing cost (promotion cost, provisions for the unused credit) increased due to MS gain efforts
  - # of cardholders 2Q 8.4M → 3Q 8.7M
  - Adjusted operating profit excluding provisioning for unused credit : +14.4%

Lotte Homeshopping

"Leading the industry growth"

- Growth leader in the industry
  - Transaction volume +49.9%, 3Q YoY, (Market average +26.3%)
- E-Commerce business growing at +66.1%
- Operating profit increased +163.2%(3Q YoY)
  - OPM: FY08 3Q 3.7% → FY09 3Q 6.6%

Non-Operating Profit Analysis

Lotte Shopping Co.,Ltd

(Unit: W bn)

	FY08 3Q	FY09 3Q	FY08 1Q-3Q	FY09 1Q-3Q
Operating Profit	**149**	**167**	**555**	**618**
Non-Operating Profit	**21**	**17**	**159**	**78**
Equity Method Gains	**23**	**33**	**118**	**120**
Lotte Card	31	26	112	109
Lotte Midopa	7	8	22	22
Lotte Station Building	3	3	12	11
* Lotte Homeshopping	-6	0	-14	-5
** Oversea Business	-13	-12	-29	-48
Others	1	8	16	*** 31
Interest Income	**8**	**8**	**29**	**23**
Interest Expense	**6**	**17**	**17**	**45**
Others	**-4**	**-7**	**** **29**	**-20**
Profit Before Tax	**170**	**184**	**714**	**696**

* 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)

Times M&A

Acquisition Process

■ **Total Acquisition price is variable to success in general offer: 72.29% ~ 100% ownership**

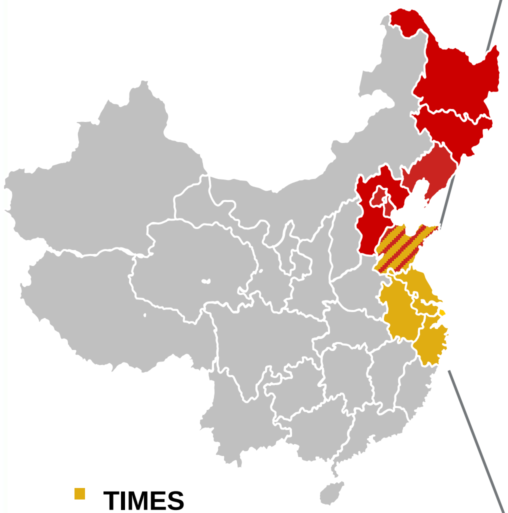
▶ **Acquisition price per share : HK$ 5.575**

	CSI (major shareholder)	Free Float	Total
Outstanding (thousand)	631,800	242,190	873,990
	72.29%	27.71%	100.0%
Acquisition Price (HKD)	$3.5bn	$1.4bn	$4,9bn

■ **VGO (Voluntary General Offer) process will be applied**

▶ **Secured advance agreement with major shareholder to transfer his 72.29% ownership**

About Times Ltd.



Company Info	▪ Times Ltd ▪ Establish in1997 (Jiangsu Times) ▪ Listed on HKEX (July, 2007)
# of stores	▪ 65 stores (9owned) - Hypermarket 53 stores (8owned) - Supermarket 12 stores (1owned)
# of Employee	▪ 12,950
Expansion Strategy	▪ Concentrate on 2nd, 3rd, 4th Tier city near Jiangsu province (Shandong, Anhui, Zhejiang)
Key Management Position	▪ Fang family

Financial Summary

B/S (FY08) (Unit:bnW)

Current Asset	288	Current Liability	365
		Non-current Liability	10
Non-current Asset	342	Paid in capital	212
		Retained Earning	43

I/S (Unit:bnW)

	FY07	%	FY08	%
Sales	729		866	
GP	164	22.5	199	23.0
SG&A	133	18.2	154	17.8
OP	31	4.3	45	5.2
EBITDA	43	5.9	60	6.9

※ Currency : 1RMB=200KRW

Reasons for acquiring Times

■ Time & Location meets Lotte Mart's China expansion strategy

Step1. : North East Region (Beijing, Teinjin, Shandong, Dongbei etc.) → **Step2.: Chang Jiang Region** (Shanghi, Jiangsu, Zhejiang, Anhui etc.) →

- **Step 3. : Zhu Jiang Region** (Guangzhu, Guangdong, Jiangxi, Fujian, Hunan etc.)
- **Step 3. : Western Region** (Chongquing, Szechuan, Shaanxi etc)

■ Superior sales and profit growth than average Chinese hypermarket retailers

- **OPM 5%**
- **Expansion focused on Tier 3~5 cities** → **Higher potentials for future growth**

■ Saves cost and time more than greenfield expansion

■ Leverage the scale merit with and enjoy synergy with the existing North Eastern Chinese Network

■ Better access to competent local human resource network

■ Gain opportunities to improve operational efficiency by securing infrastructure such as distribution center

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	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	8,664
Gross profit	697	696	705	825	2,923	787	776	763	893	3,219	859	863	839	2,561
Oprerating profit	184	192	168	213	757	205	202	148	213	768	228	224	167	618
(%)	**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%**	**7.1%**
EBITDA	250	265	245	299	1,059	277	281	233	312	1,103	313	313	262	888
(%)	**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%**	**10.2%**
Profit before tax	232	242	205	280	958	305	239	170	211	925	257	255	184	696
discontinued operation						-	1	1	-	2	1	1	3	5
Net profit	172	180	152	188	692	227	168	124	224	743	192	200	147	538

Lotte Department Store

	2007					2008					2009			
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	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	4,297
Gross profit	430	424	384	534	1,772	457	457	400	553	1,866	489	489	441	1,418
Oprerating profit	150	163	121	212	646	157	169	113	199	639	174	176	117	466
(%)	**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%**	**10.9%**
EBITDA	182	197	157	251	786	190	204	150	245	789	215	219	161	595
(%)	**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%**	**13.9%**

Lotte Mart

	2007					2008					2009			
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	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	3,312
Gross profit	212	212	244	219	887	250	237	264	242	994	270	263	280	814
Oprerating profit	31	27	38	9	105	41	28	29	12	111	46	38	41	125
(%)	**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%**	**3.8%**
EBITDA	59	57	70	46	232	72	61	64	52	249	79	73	77	229
(%)	**6.3%**	**6.2%**	**6.6%**	**4.8%**	**6.0%**	**6.8%**	**6.2%**	**5.9%**	**5.1%**	**6.0%**	**7.2%**	**6.8%**	**6.8%**	**6.9%**

Thank You

Lotte Shopping Investor Relations

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