

Lotte Shopping Co., Ltd.



INVESTOR RELATIONS
29th April 2010

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FY10 1Q Earnings Results

Key Highlights for 1Q 2010

Lotte Shopping Co.,Ltd

- **Both sales and margin posts double digit growth:**
 - Sales growth : +13.3%
 - Operating profit : +28.6%
- **Expanded core businesses**
 - 1 discount stores, 24 supermarkets
- **Outstanding profitability improvement in discount store**
 - OPM improvements : 4.2% → 6.2%
- **Made strategic acquisitions to fortify strong market position further**
 - Announced GS Retail acquisition on Feb 9th (3 dpt. stores, 14 discount stores)
- **Changes in estimation for asset lives according to K-GAAP, in preparation for transition to IFRS**
 - Changes in asset lives of buildings
 - Positive shift in financial implication by adjusting similar accounting method with global peers

Lotte Shopping at a Glance

Lotte Shopping Co.,Ltd

Financial Results

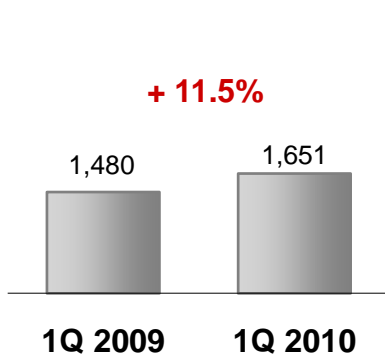
(Unit : KRW bn, %)

	1Q 2009	1Q 2010	2010vs. 2009
Gross Sales	2.9 tr	3.3 tr	+13.3%
Operating Profit	229	294	+28.6%
Profit before tax	258	327	+27.3%
Net Profit	192	250	+29.8%

Department Stores: 'Dominant market leader'

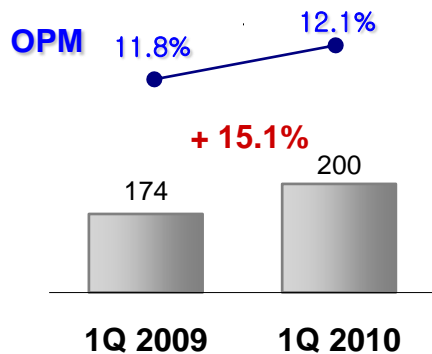
Gross Sales

(Unit: W bn)



Operating Profit

(Unit: W bn)



Key points

- Sales growth +11.5%
- SSS: +6.7%
- OP growth of +15.1%
- EBITDA margin

Full Year		1Q	
2008	2009	2009	2010
13.9%	13.9%	14.5%	13.8%

- OPM of stores operated over 2years

Full Year		1Q	
2008	2009	2009	2010
11.7%	11.9%	11.8%	12.8%

- All product mix showing solid growth
 - Women's & Men's apparel sales growth reflects recovery of consumption
 - Luxury sales posts negative growth due to high base ('09 1Q +43.7% → '10 1Q -4.9%)

Sales growth by product category* (yoy)

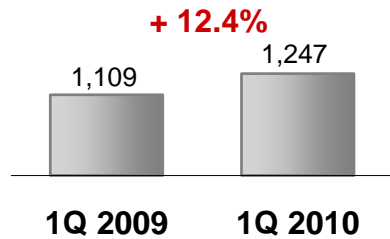
	FY09 1Q	FY10 1Q
Leather goods & Acc.	+11.9%	+5.6%
Women's Fashion	-1.0%	+7.2%
Men's Fashion	-7.8%	+5.8%
Child & Sports	+2.5%	+9.1%
Food	+5.2%	+11.5%
Home Appliance	-1.3%	+11.1%
Luxury Brands	+43.7%	-4.9%

* based on ticket sales including concession sales

Discount Stores: 'Profitability and growth exceed target'

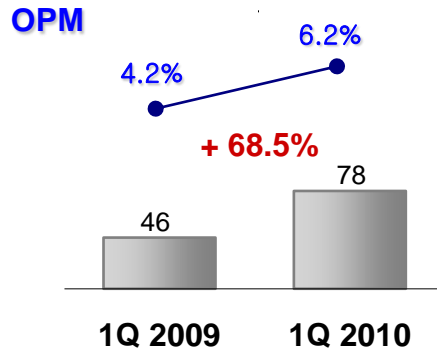
Gross Sales

(Unit: W bn)

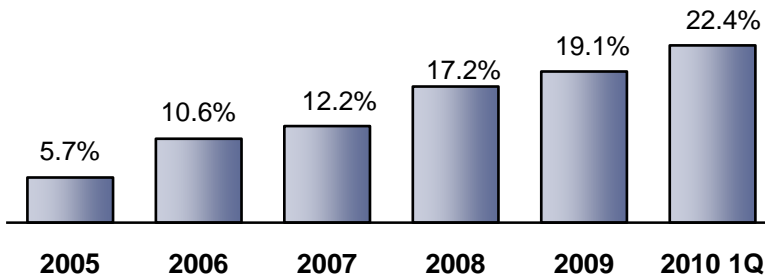


Operating Profit

(Unit: W bn)



Private Brands sales contribution



Key points

- Sales growth +12.4%
- SSS: +3.4%
- Dramatic OPM improvement, up by +2.0%p (PB expansion, logistics fee income, Lean Transformation)
- EBITDA margin

Full Year		1Q	
2008	2009	2009	2010
6.0%	7.0%	7.2%	8.0%

- OPM of stores operated over 2years

Full Year		1Q	
2008	2009	2009	2010
3.4%	5.4%	4.4%	7.2%

- Opened 1 new store

Other Business Division 2010 1Q Results: ‘Ready for diverse customers’ needs’

Lotte Shopping Co.,Ltd

Lotte Super

“Leading the market growth”

- Maintaining constant growth rate
 - Top-line sales : +40.3%
 - SSS : +0.9%
- 24 new stores opened in 1Q to hit 214 stores in operation
- OPM : 2.9%
 - OPM for stores operated over 2 years:
3.0%(1Q09) → 4.4%(1Q10)

Lotte Card

“Ready to become a major player”

- Revenue and transaction volume up, driven by increase in credit card usage
- Expanding M/S to 7.1%(Feb.'10) vs. 6.5%(Dec.'09)
- Delinquency ratio trend

FY08 4Q	FY09 1Q	FY09 2Q	FY09 3Q	FY09 4Q	FY10 1Q
1.90%	2.25%	2.41%	2.15%	1.25%	1.44%

- Margin improvements due to:
 - 1) Decrease in average funding cost
 - FY09 1Q 5.79% → FY10 1Q 5.02%
 - 2) Decrease in cost for bad debt provisions

Other Business Division 2010 1Q Results: *'Ready for diverse customer's needs'*

Lotte Shopping Co.,Ltd

Lotte Homeshopping

" Shine as market leader in growth "

- Sales growth +49.7%
- market average +23.4%
- Increased market share to 22.2%
(+3.3%p, yoy)
- Strengthening Lotte brand name in
on-line market and catalogue business
- Launches Full-HD broadcasting

Seven Eleven (K-7)

***"Searching for synergy
within Lotte Shopping"***

- On the process of integrating 'BTW'
- 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)

	FY09 1Q	FY10 1Q
Operating Profit	229	294
Non-Operating Profit	29	33
Equity Method Gains	35	39
Lotte Card	38 [*]	34
Lotte Midopa	8	10
Lotte Station Building	4	5
Lotte Homeshopping ^{**}	-2	0
Oversea Business ^{***}	-25	-21 ^{****}
Others	12 ^{*****}	11
Interest Income	8	11
Interest Expense	-14	-26
Others	-	9
Profit Before Tax	258	327

* Includes one off gain of 20bnW from selling VISA shares

** 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 good will amortization amount of Times 11bnW from FY10 1Q

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

Appendix

Income Statement

Lotte Shopping Co.,Ltd

(Unit: KRW bn)

Lotte Shopping

	2008					2009					2010
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q
	Gross sales	2,695	2,621	2,617	2,992	10,925	2,904	2,892	2,868	3,353	12,017
Gross profit	787	776	763	893	3,219	859	863	839	1,015	3,576	967
Operating profit	205	202	148	213	768	228	224	167	257	877	294
(%)	7.6%	7.7%	5.6%	7.1%	7.0%	7.9%	7.7%	5.8%	7.8%	7.3%	8.9%
EBITDA	277	281	233	312	1,103	313	313	262	360	1,248	352
(%)	10.3%	10.7%	8.9%	10.4%	10.1%	10.8%	10.8%	9.1%	10.7%	10.4%	10.7%
Profit before tax	305	239	170	211	925	257	255	184	243	940	244
discontinued operation	-	1	1	-	2	1	1	3		4	
Net profit	227	168	124	224	743	192	200	147	178	716	250

Lotte Department Store

	2008					2009					2009
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q
	Gross sales	1,396	1,371	1,223	1,668	5,657	1,480	1,470	1,347	1,851	6,148
Gross profit	457	457	400	553	1,866	489	489	441	616	2,034	541
Operating profit	157	169	113	199	639	174	176	117	211	677	200
(%)	11.3%	12.4%	9.2%	11.9%	11.3%	11.8%	12.0%	8.7%	11.4%	11.0%	12.1%
EBITDA	190	204	150	245	789	215	219	161	258	853	228
(%)	13.6%	14.9%	12.3%	14.7%	13.9%	14.5%	14.9%	12.0%	14.0%	13.9%	13.8%

Lotte Mart

	2008					2009					2009
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	1Q
	Gross sales	1,059	994	1,092	1,024	4,169	1,109	1,073	1,131	1,133	4,445
Gross profit	250	237	264	242	994	270	263	280	278	1,092	306
Operating profit	41	28	29	12	111	46	38	41	43	168	78
(%)	3.9%	2.8%	2.7%	1.2%	2.7%	4.2%	3.5%	3.6%	3.9%	3.8%	6.2%
EBITDA	72	61	64	52	249	79	73	77	83	312	100
(%)	6.8%	6.2%	5.9%	5.0%	6.0%	7.2%	6.8%	6.8%	7.4%	7.0%	8.0%

	(unit:bnW)				
	2006	2007	2008	2009	2010(E)
	Year End	Year End	Year End	Year End	Year End
Department Store	395	596	589	624	1,151
Discount Store	743	636	500	407	504
Others	98	206	123	155	115
Oversea Business	10	26	621	893	530
Total	1,246	1,464	1,833	2,079	2,300

* Capex includes equity investment to subsidiaries. GS Retail is not included

Store Network

Domestic Stores

		2006	2007	2008	2009	2010(E)			
		Year End Total	Year End Total	Year End Total	Year End Total	Opening		GS Retail	Year End Total(E)
						1H(E)	2H(E)		
Department Store	full-line store	20	21	22	23	-	*	-	23
	franchise store	3	3	3	3	-	-	3	6
	young plaza	1	3	3	3	-	-	-	3
	outlet mall	-	-	2	3	1	-	-	4
Discount Store	50	56	63	69	3	6	14	92	
Supermarket	52	79	110	190	30	30	-	250	

* Open 1 new store, and scrap 1 store.

Overseas Stores

		2006	2007	2008	2009	2010(E)			
		Year End Total	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	-	-	-	1
	China	-	-	1	1	-	-	-	1
Discount Store	China	-	**8	8	****79	5	8	-	92
	Vietnam	-	-	1	1	1	2	-	4
	Indonesia	-	-	***19	***19	1	2	-	22

** acquired 8 CTA Makro stores in Beijing and Tianjin.

***acquired 19 Makro stores in Indonesia.

****acquired 68 Times stores in China.(including 11 supermarket)

Balance Sheet

Lotte Shopping Co.,Ltd

(Unit: KRW bn)

	2005	2006	2007	2008	2009	Mar-10
Total assets	8,370	11,854	11,942	13,323	18,658	19,584
Current assets	1,390	3,465	2,153	1,943	2,033	2,777
Non-current assets	6,980	8,389	9,789	11,380	16,625	16,807
Total liabilities	5,149	4,350	3,768	4,478	6,327	7,046
Current liabilities	3,528	3,378	3,293	3,149	3,288	3,439
Non-current liabilities	1,621	972	476	1,329	3,039	3,607
Shareholder's equity	3,221	7,504	8,174	8,845	12,332	12,538
Paid-in-capital	100	145	145	145	145	145
Capital surplus	1,148	4,652	4,652	4,652	4,652	4,652
Accumulated other comprehensive income	62	64	78	40	2,851	2,860
Retained earnings	1,911	2,643	3,298	4,008	4,685	4,898

* The land revalued at price as end of 2009

Thank You



Lotte Shopping Investor Relations