

Lotte Shopping Co., Ltd.



INVESTOR RELATIONS

February 3rd, 2009

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4Q Earnings Results

Key Highlights for Fiscal 2008

- **Strong top line growth: 6.7% for 4Q08, 8.8% for FY08**
- **Annual profit growth to meet consensus under the challenging market conditions**
- **Expanded core businesses**
 - Star City department store; 7 discount stores; 31 supermarkets
- **Continued to successfully diversify the businesses portfolio**
 - Exciting new concepts: Gimhae Premium Outlet, GwangJu Outlet
- **Made strategic acquisitions to strengthen overseas business portfolio**
 - Discount Stores: CTA Makro in Indonesia
- **Continued to deliver on international expansion plans**
 - Opening of department store in Beijing and entry into Vietnam for discount store

Lotte Shopping at a Glance

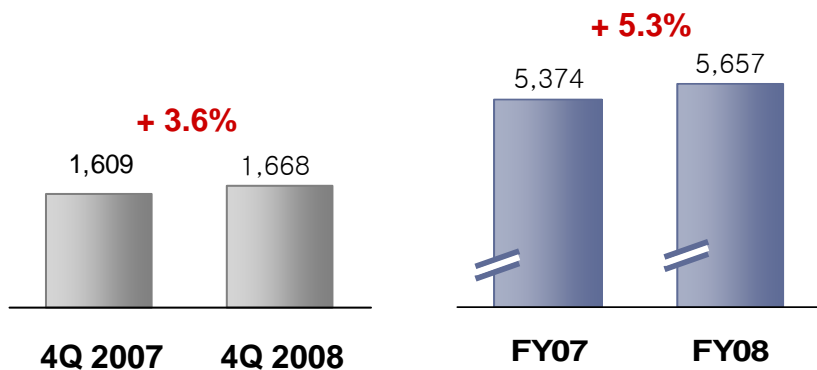
Financial Results

(Unit : KRW bn, %)

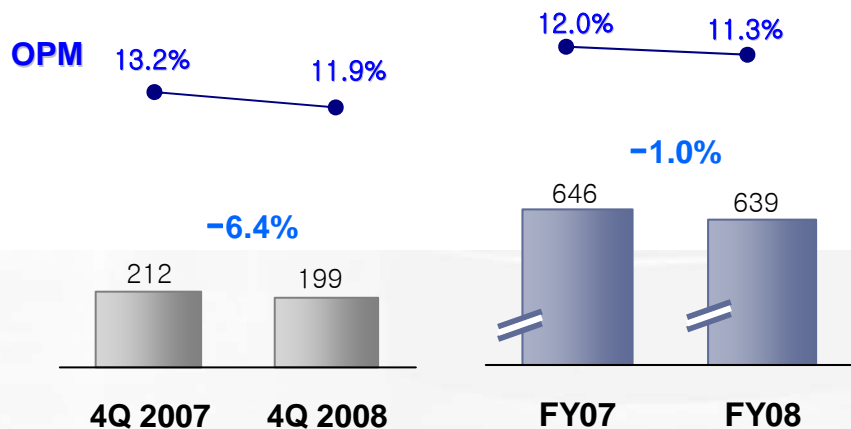
	4Q 2008	4Q 2007	2007vs. 2006	FY08	FY07	2008 vs. 2007
Gross Sales	3.0tr	2.8 tr	+6.7%	11.0tr	10.1 tr	+8.8%
Operating Profit	213	213	-0.3%	769	757	+1.6%
Profit before tax	215	280	-23.1%	931	958	-2.8%
Net Profit	229	188	+21.8%	746	692	+7.8%

Department Stores: 'Stable Performance Despite Challenging Conditions'

Gross Sales (Unit: W bn)



Operating Profit (Unit: W bn)

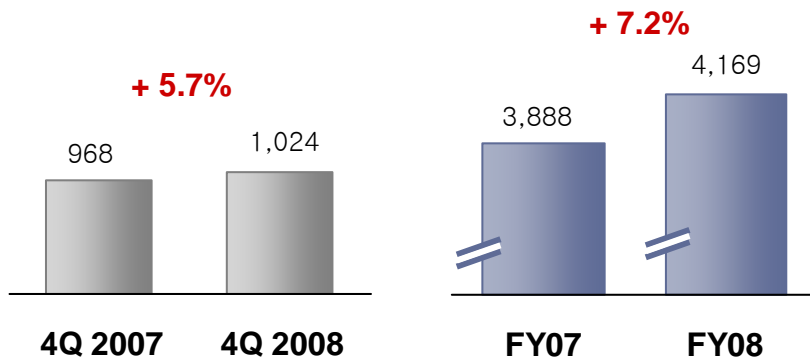


Key points – 4Q08 & FY08

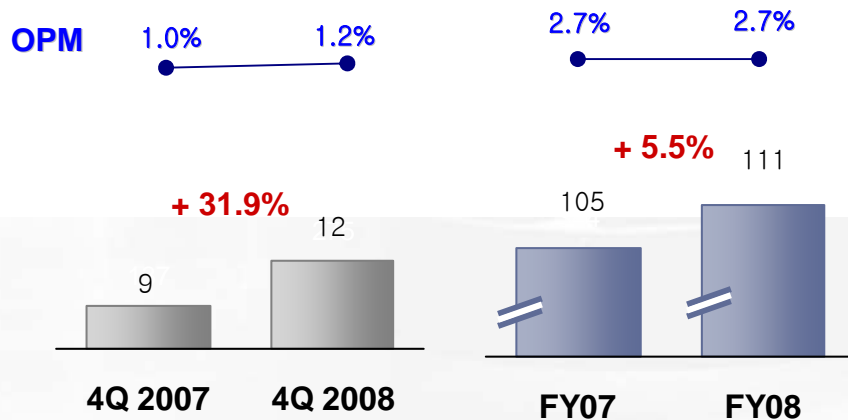
- Sales growth +3.6%(4Q yoy), +5.3%(FY08 yoy)
- Same store sales up by 2.5%(FY08 yoy)
- Sales contribution from luxury sales(+30.8%, FY08 yoy) and leisure sports (+12.2%, FY08 yoy)
- Operating profit decline due to pressures from :
 - 1) New store expansion
 - 2) Increase in credit card commission
- Sales per customer increased by 2.7% (FY08)
- Opened Star City and two Outlets (Gimhae premium, GwangJu)

Discount Stores: 'Improvement in Progress but slower than expected'

Gross Sales (Unit: W bn)



Operating Profit (Unit: W bn)



Key points – 4Q08 & FY08

- Sales growth +5.7% (4Q yoy), +7.2%(FY08 yoy) despite slower than expected market condition
- Same store sales up by 0.8%(FY08 yoy)
- Strong gross margin expansion +1%p (due to strong buying power, private brands expansion, and logistics fee income)
- Higher labor costs due to new store openings impacted ability to leverage SG&A and drive operating margin expansion
- Opened 7 new stores

Other Business Division 2008 Results: *'Ready for diverse customer's needs'*

 Lotte Shopping Co., Ltd.

Lotte Super

"Strong growth driven"

- Strong sales driven by change in consumption pattern
 - Top-line sales +45.5% (FY08)
 - SSS +5.9% (FY08)
- 31 new stores to hit 110 stores in operation
- OPM 2.1% (vs. 0.8%, FY07)

Lotte Card

"Continued growth & contribution"

- Revenue and transaction volume up, driven by increases in credit card usage
- Number of card holders increased to 8.6m by year end versus 7.7m at end of 2007
- However, facing pressure on margins due to:
 - 1) Increase in funding cost
 - 2) Increase in marketing cost
 - 3) Decrease on card commission

Lotte Homeshopping

"Sales growth to leverage Lotte Brand"

- Solid transaction volume growth (31.1% for 4Q08 and 31.2% for FY08)
- Increased market share to 17.4% by year end versus 13.6% in 2007
- Strengthening Lotte brand name in on-line market and catalogue business

China

“Preparing for the world’s Largest Consumer market”

- **Department Store**
 - 1st China store at Beijing
- **Discount Store**
 - Makro stores (Acquired in 2007) renovation in progress

Indonesia

“Preparing for Future Growth”

- **Discount Store**
 - Acquires 19 Makro stores

Russia

“Defensive under volatile market situation”

- **Department Store**
 - Moscow Store in progress

Vietnam

“Penetrating into the Promising market ”

- **Discount Store**
 - 1st Vietnam store at Hochimin
- **Department Store**
 - Diamond Plaza under contract management

Non-Operating Profit Analysis

(Unit: W bn)	FY 08 4Q	FY 08
Operating Profit	213	769
Non-Operating Profit	2	162
Equity Method Gains	-3	115
Lotte Card	14	126
Lotte Midopa	7	30
Lotte Stationary	5	17
Lotte Homeshopping *	-3	-17
Oversea Business **	-27	-47
Others	1	6
Interest Income	14	43
Interest Expense	-12	-29
Others	3	33
Profit Before Tax	215	931

* Includes good will amortization amount of 39 bnW (annual)

** Includes good will amortization amount of 6 bnW (4Q), 9 bnW (annual)

■ **Controlling risk and Efficient cost control**

1) Marketing Strategies

- Enhance CRM database to enhance customer royalty
- Executing co-marketing among stores located in same region
- Changing merchandise mix to correspond with change of consumption pattern

2) Cost Saving Strategies

- Focus on profitability in each business segment
- Implement initiatives to control costs
- Drive efficiencies from infrastructure improvements and new operating processes

Appendix

Income Statement

(Unit: KRW bn)

Lotte Shopping

	2007					2008				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Gross sales	2,429	2,376	2,468	2,812	10,085	2,705	2,634	2,630	3,000	10,970
Gross profit	697	696	705	825	2,923	788	776	764	893	3,222
Operating profit	184	192	168	213	757	205	202	149	213	769
(%)	7.6%	8.1%	6.8%	7.6%	7.5%	7.6%	7.7%	5.7%	7.1%	7.0%
EBITDA	250	265	245	299	1,059	277	281	233	313	1,104
Profit before tax	232	242	205	280	958	306	239	170	215	931
Net profit	172	180	152	188	692	227	168	123	229	746

Lotte Dpt. Store

	2007					2008				
	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
Gross profit	430	424	384	534	1,772	457	457	400	553	1,866
Operating profit	150	163	121	212	646	157	169	114	199	639
(%)	11.4%	12.8%	10.3%	13.2%	12.0%	11.3%	12.4%	9.3%	11.9%	11.3%
EBITDA	182	197	157	251	786	190	204	150	245	789

Lotte Mart

	2007					2008				
	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
Gross profit	212	212	244	219	887	250	237	264	242	994
Operating profit	31	27	38	9	105	41	28	29	12	111
(%)	3.3%	2.9%	3.6%	1.0%	2.7%	3.9%	2.8%	2.7%	1.2%	2.7%
EBITDA	59	57	70	46	232	72	61	64	52	249

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

* Capex includes equity investment to subsidiaries

Store Network

Domestic Stores

		2006	2007			2008				
		Year End Total	Opening		acquisition/ adjustments	Year End Total	Opening		acquisition/ adjustments	Year End Total(E)
			1H	2H			1H	2H(E)		
Department Store	full-line store	20		1	-	21	-	1	-	22
	franchise store	3	-	-	-	3	-	-	-	3
	young plaza	1	1	1	-	3	-	-	-	3
	outlet mall	2			-	-		2	-	2
Discount Store		50	2	4	-	56	2	5	-	63
Supermarket		52	2	12	*13	79	11	20	-	110

* acquired 14 Big Mart stores, and scrapped 1 store

Overseas Stores

		2006	2007			2008				
		Year End Total	Opening		acquisition/ adjustments	Year End Total	Opening		acquisition/ adjustments	Year End Total(E)
			1H	2H			1H	2H(E)		
Department Store	Russia	-	-	1	-	1	-	-	-	1
	China	-	-	-	-	-	-	1	-	1
Discount Store	China	-	-	-	**8	8	-	1	-	9
	Vietnam	-	-	-	-	-	-	1	-	1
	Indonesia	-	-	-	-	-	-	-	***19	19

** acquired 8 CTA Makro stores in Beijing and Tianjin

***acquired 19 Makro stores in Indonesia

Balance Sheet

	2004	2005	2006	2007	2008
Total assets	7,597	8,370	11,854	11,942	13,323
Current assets	1,337	1,390	3,465	2,153	1,943
Non-current assets	6,260	6,980	8,389	9,789	11,380
Total liabilities	4,926	5,149	4,350	3,768	4,478
Current assets	3,112	3,528	3,378	3,293	3,149
Non-current assets	1,814	1,621	972	476	1,329
Shareholder's equity	2,670	3,221	7,504	8,174	8,845
Paid-in-capital	100	100	145	145	145
Capital surplus	1,148	1,148	4,652	4,652	4,652
Accumulated other comprehensive income	50	62	64	78	40
Retained earnings	1,373	1,911	2,643	3,298	4,008

Thank You



Lotte Shopping Investor Relations