



Lotte Shopping Co., Ltd.

4Q and Full Year 2007 Earnings

25th January 2008



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Key Highlights for Fiscal 2007

- **Posted solid top line growth: 7.4% for 4Q07, 8.5% for FY07**
- **Protected margins despite challenging market conditions**
- **Expanded core businesses**
 - Centum City department store; 2 Young Plazas; 6 new Lotte Marts; 27 Supermarkets
- **Continued to successfully diversify the core businesses**
 - Exciting new concepts: ToysRUs, Zara, Kimhae Premium Outlet
- **Made strategic acquisitions to enhance key divisions and drive market share**
 - Discount Stores: CTA Makro in China; Supermarkets: Big Mart in Korea
- **Continued to deliver on international expansion plans**
 - Successful opening of Lotte Plaza in Moscow; Entry into China and Vietnam on course
- **Strengthened infrastructure to support future growth**
 - Osan distribution centre opened on time and in budget

Lotte Shopping at a Glance

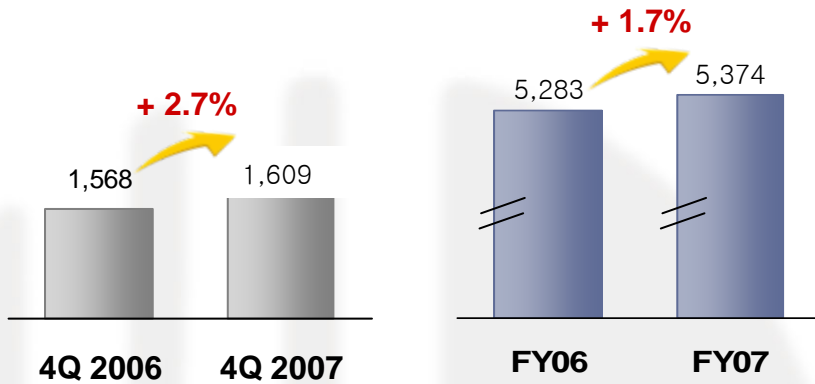
Financial Results

(Unit : KRW bn, %)

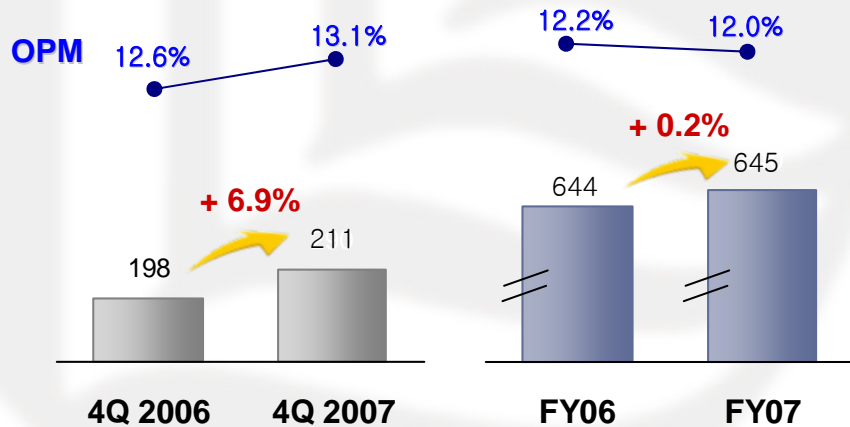
	4Q 2007	4Q 2006	2007 vs. 2006	FY07	FY06	2007 vs. 2006
Gross Sales	2.8 tr	2.6 tr	+7.4%	10.1 tr	9.3 tr	+8.5%
Operating Profit	213	217	-1.8%	756	749	+0.9%
Profit before tax	336	318	+5.5%	1,012	986	+2.6%
Net Profit	256	242	+5.7%	759	740	+2.6%

Department Stores: 'Solid Performance Despite Challenging Conditions'

Gross Sales (Unit: W bn)



Operating Profit (Unit: W bn)

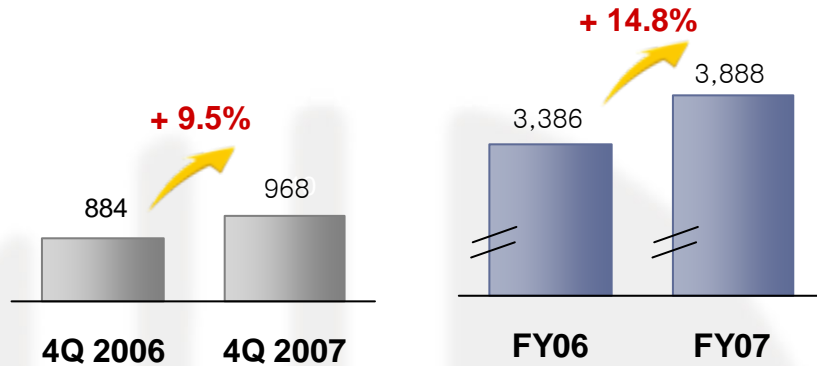


Key points – 4Q07 & FY07

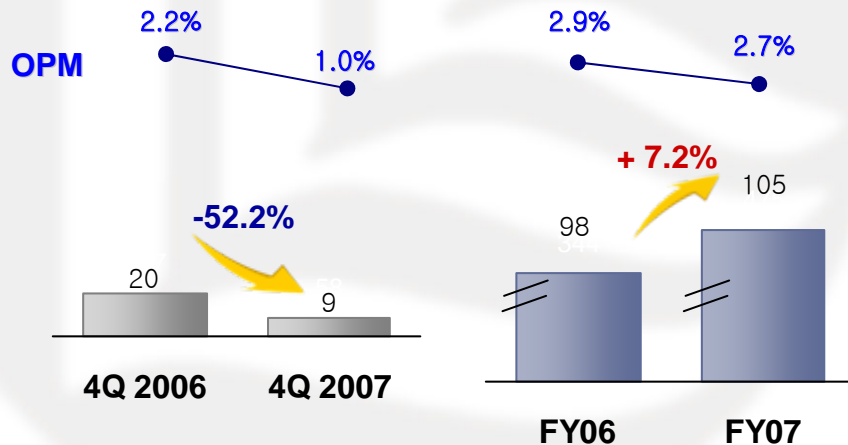
- Sales growth (2.7% 4Q07; 1.7% FY07) despite challenges including fewer promotional days, unseasonable weather
- Grew sales per customer by 3.9% for the year
- Opened Centum City and Moscow locations on schedule
- Continued growth in operating profit, but operating margins pressured by lower sales than planned and promotional costs for new stores

Discount Stores: 'Steady Progress but Slower than Planned and Room for Improvement'

Gross Sales (Unit: W bn)



Operating Profit (Unit: W bn)



Key points – 4Q07 & FY07

- Opened 6 new stores
- Strong total sales growth (9.5% 4Q07; 14.8% FY07) despite slower than planned store openings
- Slight gross margin expansion for both 4Q07 and FY07 due to strong buying power, private brands expansion, and high margin mix
- Higher labor costs and delayed store openings impacted ability to leverage SG&A and drive operating margin expansion

Other Business Division 2007 Results:

'Diversifying Business & Adding Revenue'

Lotte Super

"Growing Chain & Improving Margins"

- Achieved first full year of profitability
- Acquired 14 stores through Big Mart, reaching 79 stores by year end
- Annual sales grew 33%, including the acquisitions

Lotte Card

"Continued Strong Growth & Contribution"

- Revenue and transaction volume up significantly, driven by increases in cash advances and card loans
- Number of card holders increased to 7.7m by year end versus 7.1m at end of 2006
- However, relatively lower profit due to:
 - 1) Increase in provision
 - 2) Tax expense
 - 3) Investment in IT

Lotte Homeshopping

"Rapid Sales Growth & Leveraging Lotte Brand"

- Solid top-line sales growth (29% for 4Q07 and 11.8% for FY07)
- Increased market share to 12.5% by year end versus 11.3% at end of 2006
- Strengthening Lotte brand name in on-line market

Key Goals for 2008 for Core Business Divisions

Lotte Department Store

“Deliver Solid & Consistent Growth & Profitability”

- One full line department in core market
- Total sales growth will accelerate versus 2007
- Elevate brands to drive sales
- Enhance presence in Russia and expand into China

Lotte Discount Store

“Focus on Growth, Efficiencies & Profitability”

- 5-7 new stores in core market
- Expand into China and Vietnam
- Drive gross margins through PB sales, inventory management, and leveraging new Osan DC
- Focus on ‘LEAN Management,’ process improvements, and cost savings

Lotte Super

“Leverage Expanded Footprint & Drive Sales”

- 15-20 new stores planned
- Continued efficiency gains expected from...
 - Increase in PB sales
 - Reinforcing fresh food and new delicacy offerings
 - Improve operating systems

Summary of Long-Term Goals

- **Strengthen global presence for the Lotte brand and become one of the world's leading retailers**
- **Drive stable and consistent performance in core businesses**
- **Introduce new focus on cost savings and operating discipline**
 - Implement initiatives to control costs
 - Focus on profitability in each business segment
 - Drive efficiencies from infrastructure improvements and new operating processes
- **Execute multi-pronged growth strategy**
 - Expand department store chain in-line with market growth
 - Expand total number of discount stores and supermarkets
 - Introduce new business formats (young plaza, shopping mall etc)
 - Make selective strategic acquisitions to enhance market share

Appendix

(Unit: KRW bn)

Lotte Shopping

	2006				
	1Q	2Q	3Q	4Q	YTD
Gross sales	2,254	2,243	2,180	2,617	9,294
Gross profit	642	646	618	766	2,672
Opererating profit	188	196	149	217	749
(%)	8.3%	8.8%	6.8%	8.3%	8.1%
EBITDA	245	260	217	291	1,012
Profit before tax	248	208	212	318	986
Net profit	180	148	170	242	740

	2007				
	1Q	2Q	3Q	4Q	YTD
Gross sales	2,429	2,376	2,468	2,812	10,085
Gross profit	697	696	705	825	2,923
Opererating profit	184	192	168	213	756
(%)	7.6%	8.1%	6.8%	7.6%	7.5%
EBITDA	250	265	245	298	1,058
Profit before tax	232	240	204	336	1,012
Net profit	172	179	151	256	759

Lotte Department Store

	2006				
	1Q	2Q	3Q	4Q	YTD
Gross sales	1,310	1,272	1,133	1,568	5,283
Gross profit	420	419	368	520	1,726
Opererating profit	155	172	120	198	644
(%)	11.8%	13.5%	10.6%	12.6%	12.2%
EBITDA	185	205	154	234	777

	2007				
	1Q	2Q	3Q	4Q	YTD
Gross sales	1,319	1,269	1,177	1,609	5,374
Gross profit	430	424	384	534	1,772
Opererating profit	150	163	121	211	645
(%)	11.4%	12.8%	10.3%	13.1%	12.0%
EBITDA	182	197	157	250	786

Lotte Mart

	2006				
	1Q	2Q	3Q	4Q	YTD
Gross sales	794	824	884	884	3,386
Gross profit	176	180	196	194	747
Opererating profit	31	22	25	20	98
(%)	3.9%	2.7%	2.8%	2.2%	2.9%
EBITDA	52	46	52	49	198

	2007				
	1Q	2Q	3Q	4Q	YTD
Gross sales	943	922	1,054	968	3,888
Gross profit	212	212	244	219	887
Opererating profit	31	27	38	9	105
(%)	3.3%	2.9%	3.6%	1.0%	2.7%
EBITDA	59	57	70	46	232

Thank You

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