



Lotte Shopping Co., Ltd.

Investor Relations



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Response to Challenges

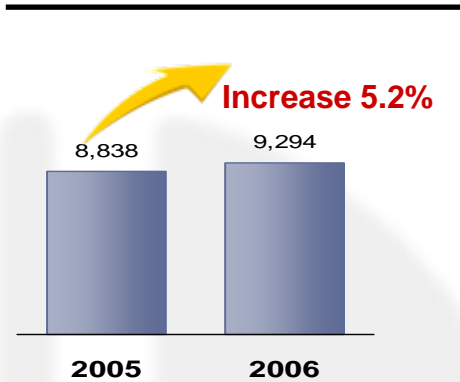
2006 Annual Results

INVESTOR RELATIONS

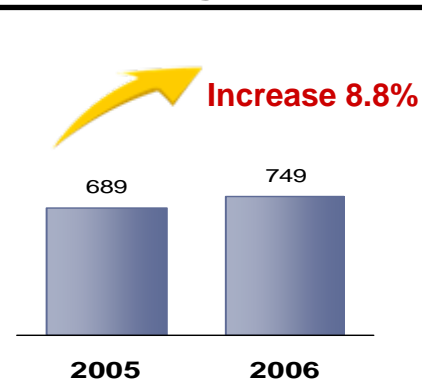
(Unit: W bn)

Lotte Shopping

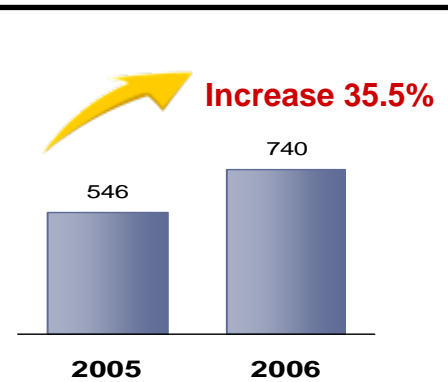
Gross Sales



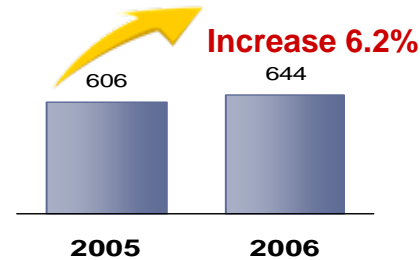
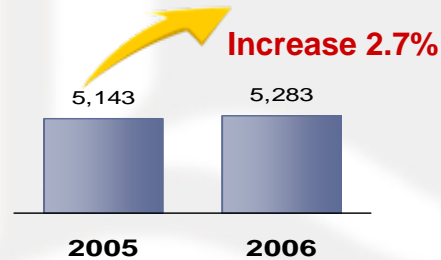
Operating Profit



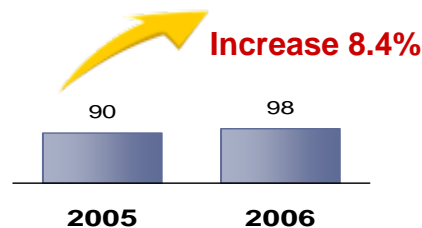
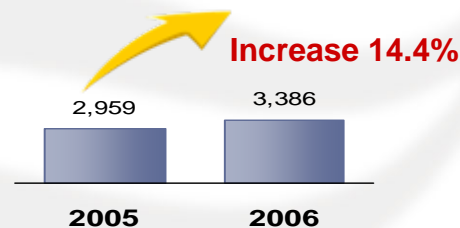
Net Income



Department Store



Discount Store



2006 Annual Results

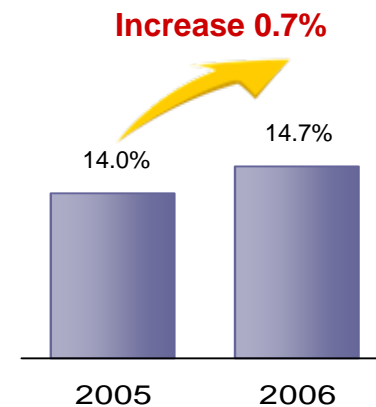
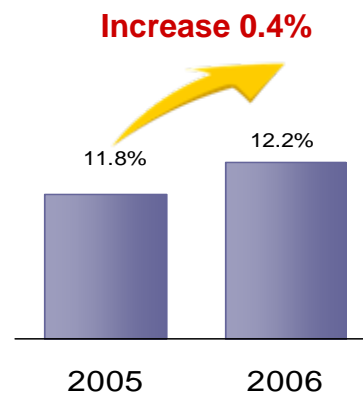
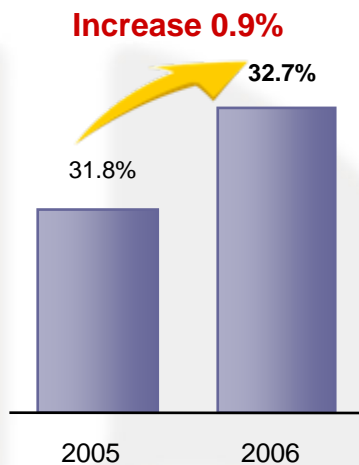
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Gross Profit Margin

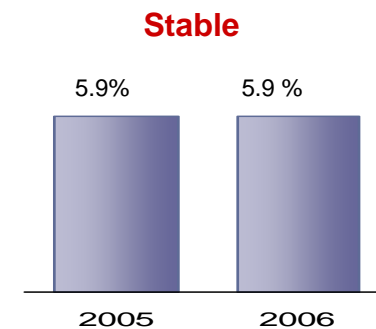
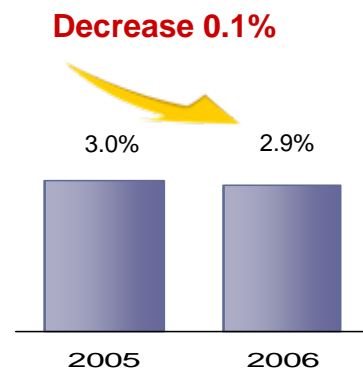
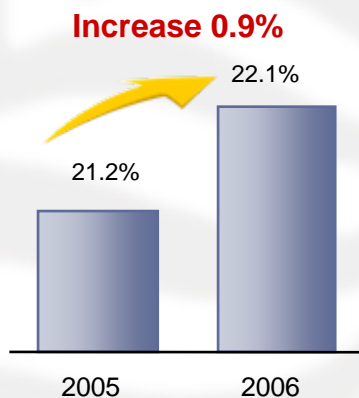
Operating Profit Margin

EBITDA Margin

Department Store



Discount Store



2007 Guidance

INVESTOR RELATIONS

(Unit: W bn)

	2006 Results			2007 Guidance					
	Lotte Shopping	Department Store	Discount Store	Lotte Shopping	Department Store		Discount Store		
					YOY	YOY	YOY	YOY	
Gross Sales	9,294	5,283	3,386	10,235	10.1	5,555	5.2	3,972	17.3
Gross Profit	2,672	1,726	747	2,990	11.9	1,829	6.0	917	22.8
Operating Profit	749	644	98	791	5.5	676	5.0	105	7.9
Ordinary Profit	986	-	-	951	▲3.5	-	-	-	-
Net Income	740	-	-	690	▲6.8	-	-	-	-

Capex Plan

INVESTOR RELATIONS

(Unit: W bn)

	2005	2006	2007E
Department store	165	405	786
Discount store	439	743	702
Others	112	98	189
Total	716	1,246	1,677

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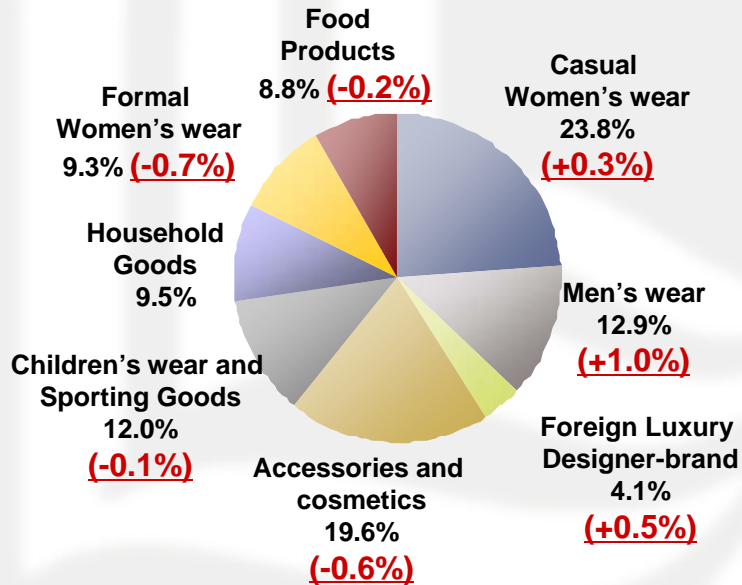
Department Store Strategy

INVESTOR RELATIONS

Focus on High Margin Business

- Increase portion of higher margin business: Casual Women's wear(+0.3%), Men's wear(+1.0%)
- Decrease portion of lower margin business

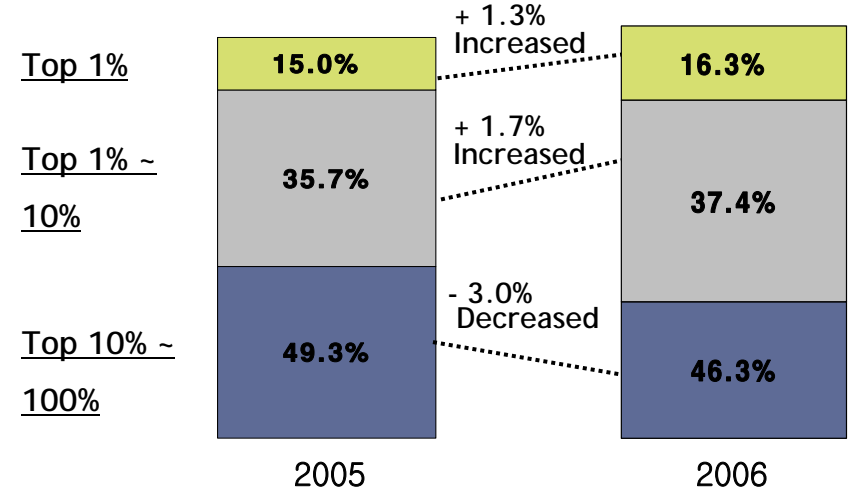
2006 Business Mix



CRM Based Marketing

- Secure loyal customer base through integrated membership program
- Integrated marketing efforts across Lotte affiliates
- Enhance CRM Data base

Sales Contribution by Customer Segments



(Source :Lotte Card)

Department Store Strategy

INVESTOR RELATIONS

Continuous Expansion

- A new full-line store to open in 2007 (total 24 stores nationwide)
- Two young-fashion stores
- Moscow store to open in 3Q 2007
- Made a joint venture agreement in China to open a department store in 1H 2008



Centum City
in 2007



Young Plaza
in 2007



Moscow
in 2007



Beijing
in 2008

New Opportunities to Grow Revenue

- Category Killers and Specialty Stores
- Shopping mall - Sky Park shopping mall to open in 2010



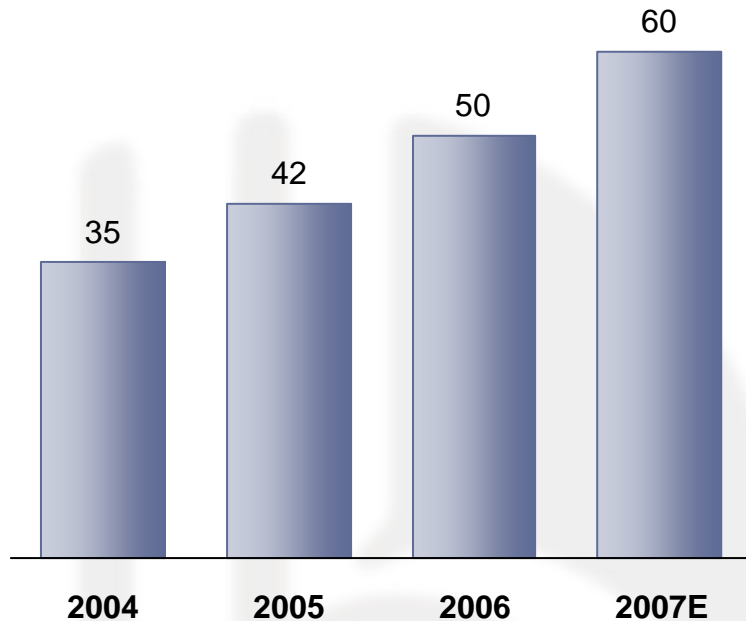
Develop New Store Formats

- Introduce new store formats inside Lotte department store
 - Multi shop
 - Mega shop

Discount Store Strategy

INVESTOR RELATIONS

Opening of New Stores



Overseas Expansion

- Made a joint venture agreement to open discount stores in Vietnam
- Plan to open 1st store in 1H 2008

New Distribution Center

- Osan center covers 80 stores - to open in Oct 2007
- Gimhae center covers 35 stores - to open in 2008
- Increase through-put ratio from 46% in 2006 to 70% in 2009
- When opened, gross profit margin to increase by 1%p



Osan to open
in Oct 2007



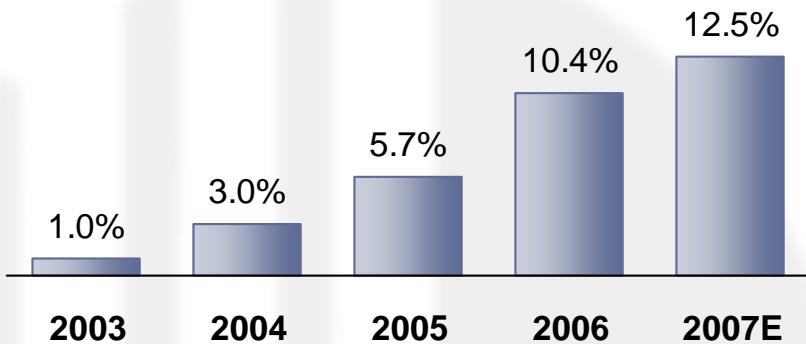
Gimhae to open
in 2008

Discount Store Strategy

INVESTOR RELATIONS

Private Brands and Outsourcing

- 10.4% of total sales to come from private brands sales in 2006 and 12.5% in 2007



- Overseas outsourcing to increase from current 1.1% to 2.0% in 2007
 - License in with the Murugappa Group in India for direct sourcing in household goods
 - Obtain overseas sourcing know-how from Li& Fung

Enhanced Store Format

- One stop shopping through convenience facilities such as laundry, banking, administrative services, and travel agents etc.
- Optimize product mix by category through improvement in merchandising

CRM Based Marketing

- Development of CRM system
- Enhance CRM Data base
- Secure a loyal customer base by increasing visit frequencies and repurchase rates