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3Q'24 Earnings release

Nov. 08, 2024





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1. 3Q'24 Earning release

- Key Highlights
- Total rental accounts
- Consolidated revenue & profits

2. Domestic business

- Revenue & accounts
- Rental gross adds & net adds

3. Overseas business

- Revenue & accounts
- Malaysia
- U.S. & Thailand

※ Appendix

- Consolidated financial reports
- Major subsidiaries results

1-1. Key Highlights

1. Consolidated record

- Achieved historical high quarterly revenue and net profit
- Achieved 2024 guidance at 75% in revenue and 80% in operating profit
- Surpassed 10 million total rental accounts

2. Domestic business

- Recorded historical high quarterly revenue +9.9% YoY, demonstrating continued strong growth
- Achieved robust growth in rental sales with +20.6% YoY increase
- Accumulated 3Q'24 rental net adds surpassed annual net adds of 2023
- Surpassed 7 million total accounts in the domestic market

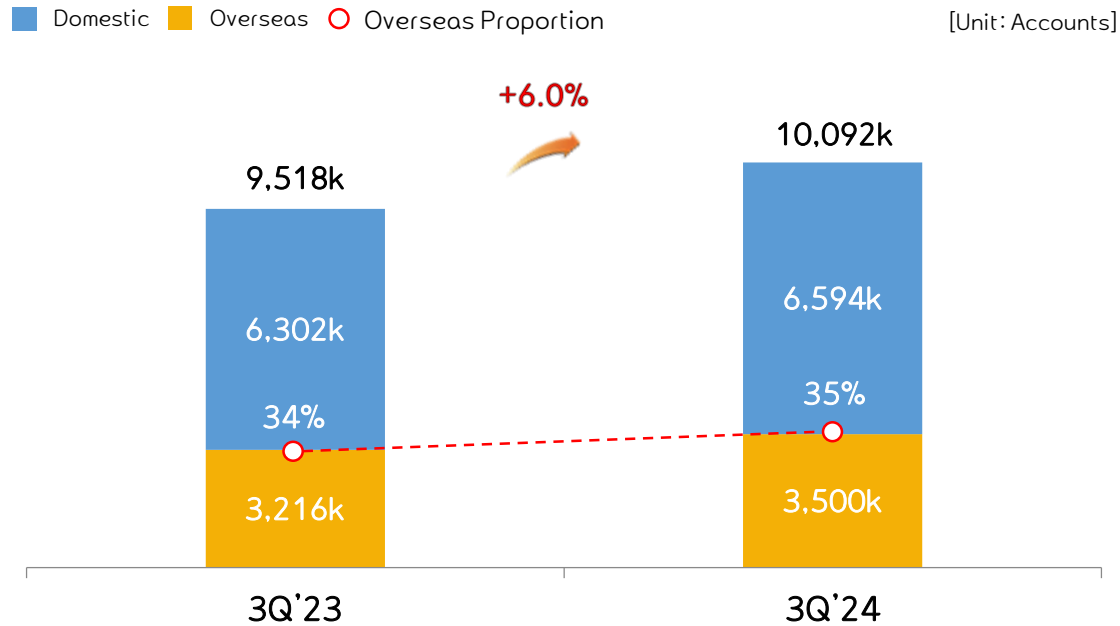
3. Overseas subsidiaries

- Malaysia
 - 1) Recovered to a high single-digit revenue growth rate of +8.8% YoY increase
 - 2) Continued sales growth in water purifiers and air conditioners
- Thailand
 - 1) Continued revenue growth despite a high base last year
 - 2) Expanded growth rate in operating profit due to revenue growth

1-2. Total rental accounts

3Q Total rental accounts surpassed 10mn (+6.0% YoY)

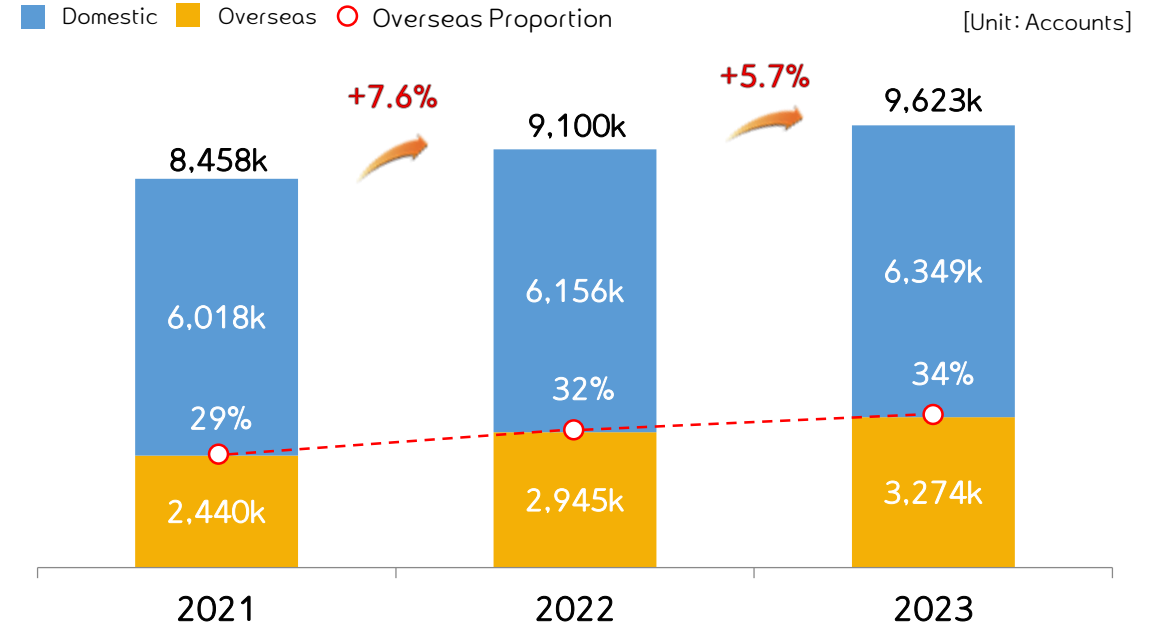
Total rental accounts (Quarterly)



- **3Q'24 Total rental accounts 10mn (+6.0% YoY)**

- Domestic 6.59mn (+4.6% YoY)
- Overseas 3.50mn (+8.8% YoY)

Total rental accounts (Annually)

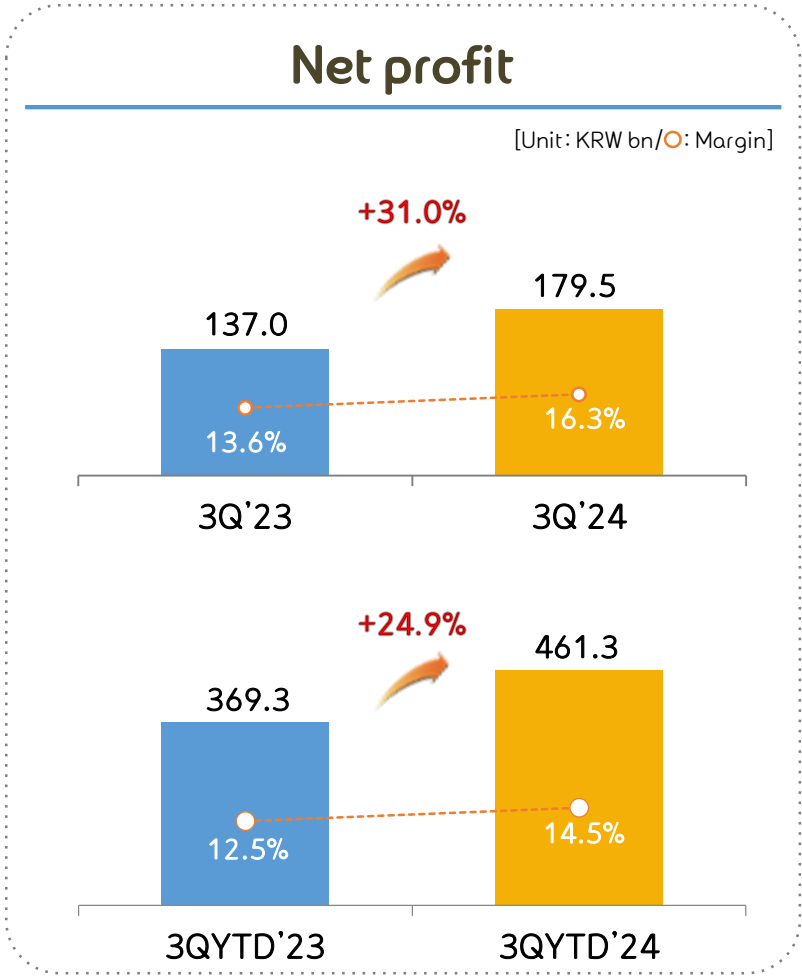
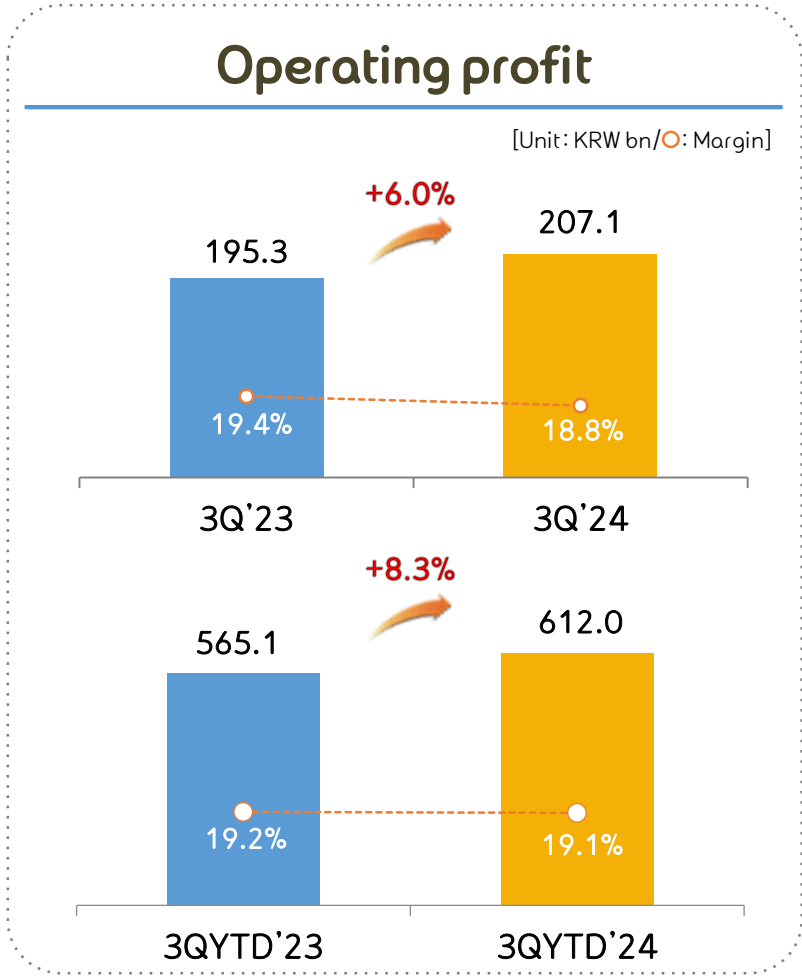
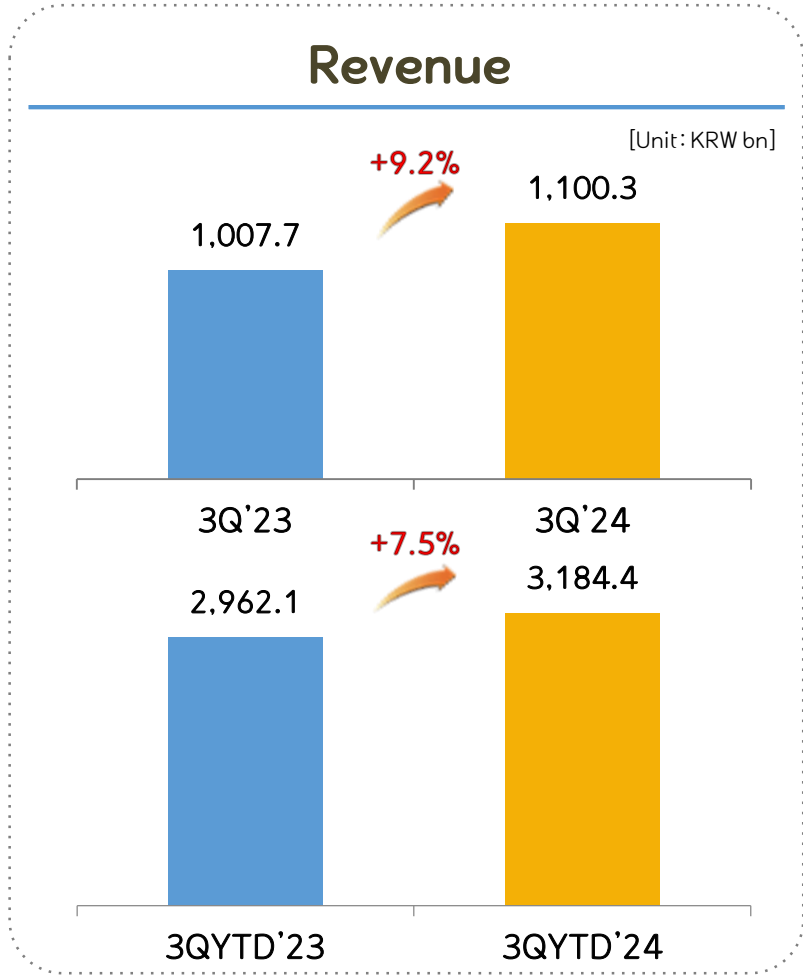


- **Targeting stable rental accounts growth and continued expansion of overseas proportion**

- '23 Total rental accounts +5.7% YoY
- Overseas rental proportion 34% (+2%p YoY)

1-3. Consolidated revenue and profits

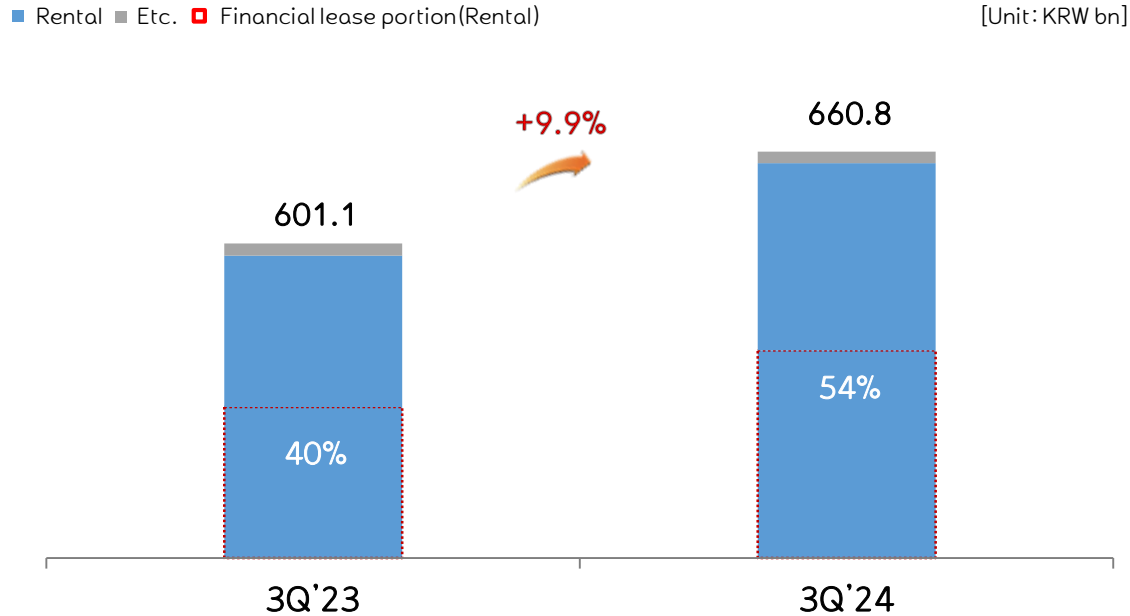
3Q'24 Revenue KRW 1,100.3bn (+9.2% YoY),
 Operating Profit KRW 207.1bn (+6.0% YoY), Net Profit KRW 179.5bn (31.0% YoY)
 – Historical high quarterly Revenue and Net profit



2-1. Domestic business

Historical high quarterly revenue KRW660.8bn (+9.9% YoY)
Total accounts 7.03mn (+4.2% YoY), surpassing 7mn accounts

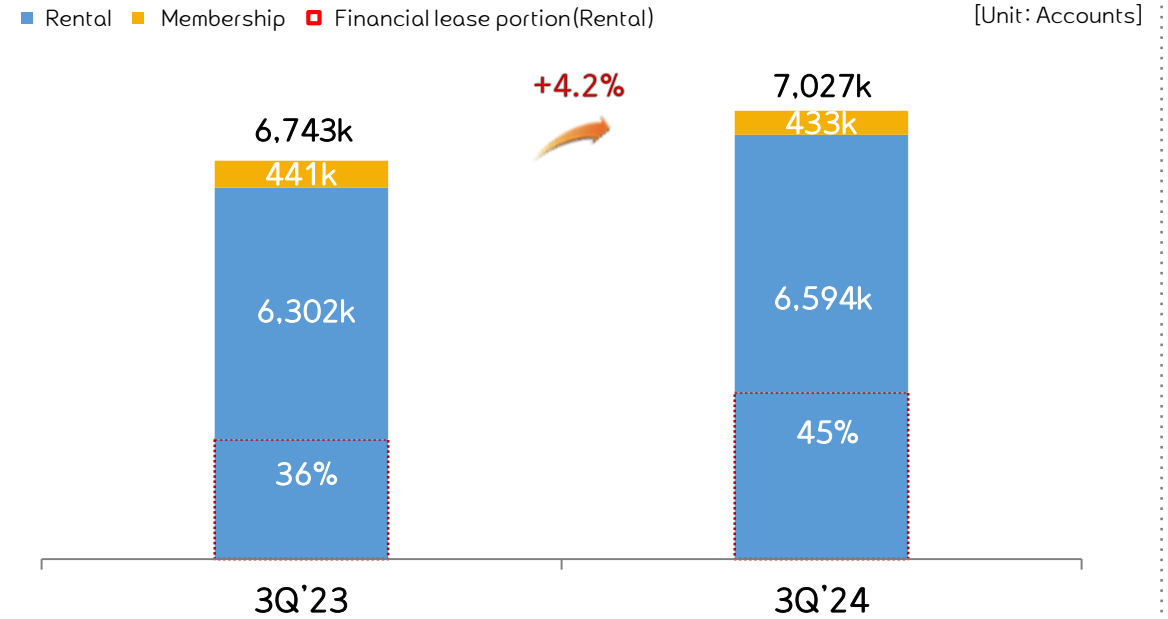
Revenue



• **3Q'24 Domestic business revenue KRW 660.8bn**

- Rental (Operating, Financial) revenue KRW 630.4bn (+10.5% YoY)
- : Revenue growth driven by increased rental sales of water purifiers and key product categories
- Others (Membership, Lump-sum) revenue KRW30.4bn (-0.9% YoY)

Accounts



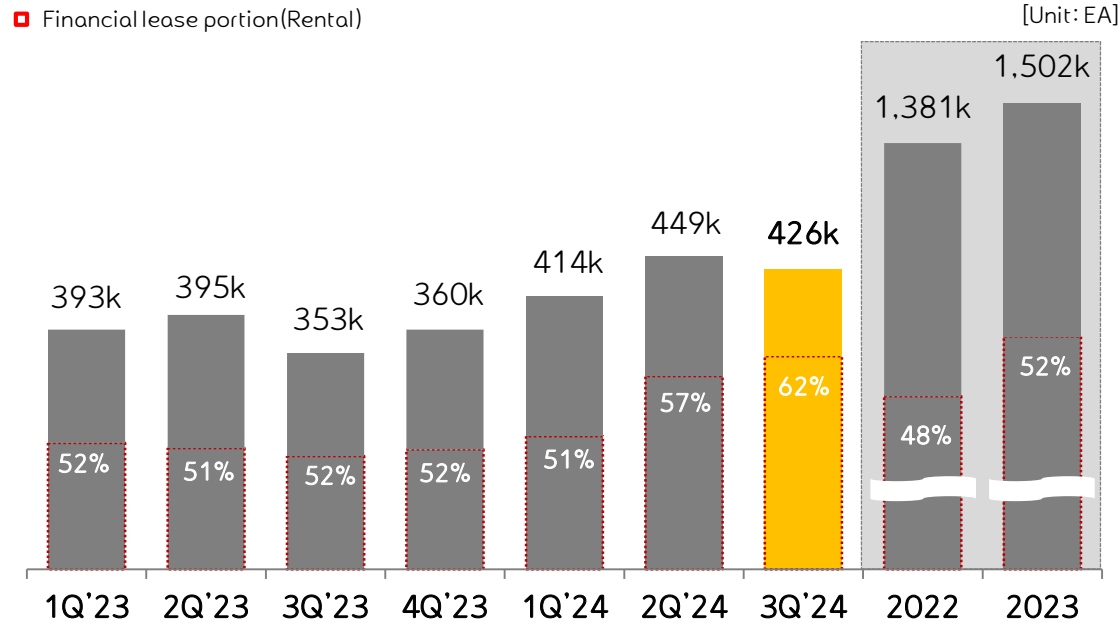
• **3Q'24 Total accounts 7.03mn**

- Rental accounts: 6.59mn (+292k, +4.6% YoY)
- Membership accounts: 433k (-0.8k, -1.7% YoY)

2-2. Domestic business

Rental gross adds achieved double-digit growth for two consecutive quarters (+20.6% YoY)
Strong growth of rental net adds due to increase of gross adds and management of cancellation rate

Rental gross adds¹⁾

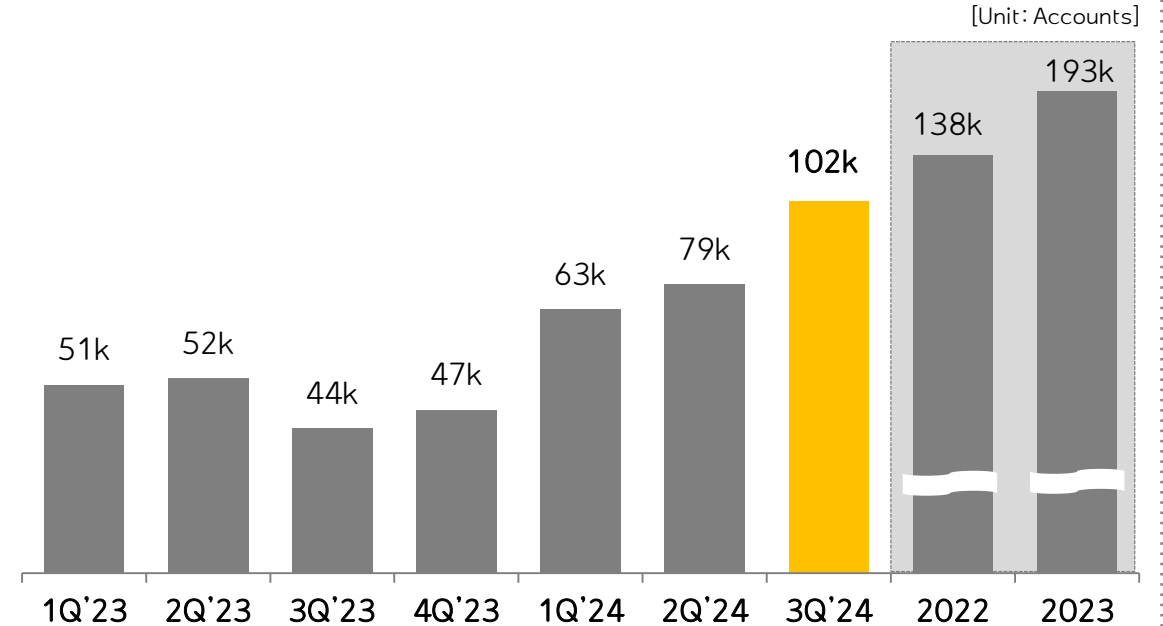


• 3Q'24 Rental gross adds 426k

- Rental gross adds 426k (+20.6% YoY, -5.1% QoQ)
- : Double-digit YoY growth of rental gross adds due to increase of water purifier, bidet and BEREX categories sales
- : Ice water purifier sales increased +41.2% YoY due to release of new product

¹⁾Including financial lease sales : Applies to all gross adds in this material

Rental net adds



• 3Q'24 Rental net adds 102k

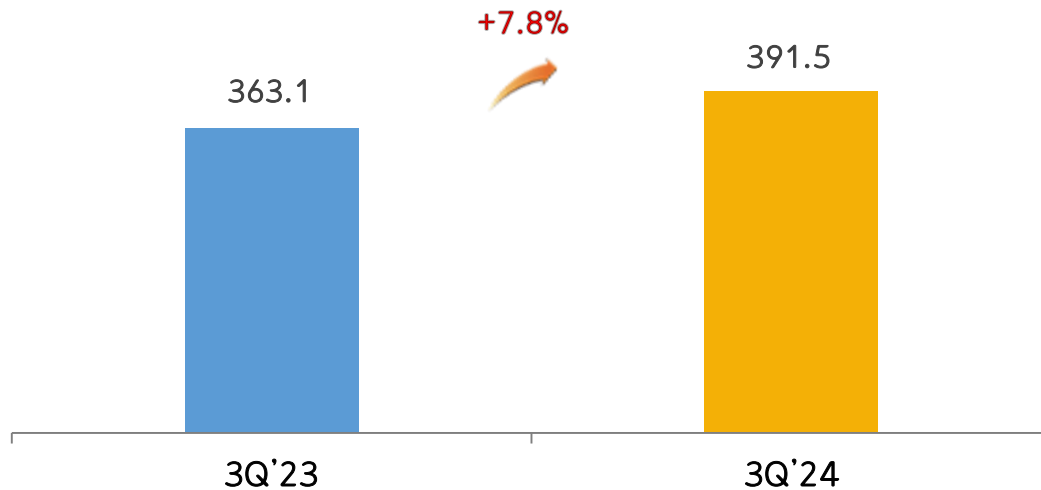
- Rental net adds 102k (+134.3% YoY, +28.7% QoQ)
- : Continued growth in rental net adds due to strong growth of rental gross adds and stable management of cancellation rate

3-1. Overseas business

Overseas subsidiaries revenue KRW 391.5bn (+7.8% YoY)
Continued growth of total overseas accounts 3.65mn (+7.9% YoY)

Revenue

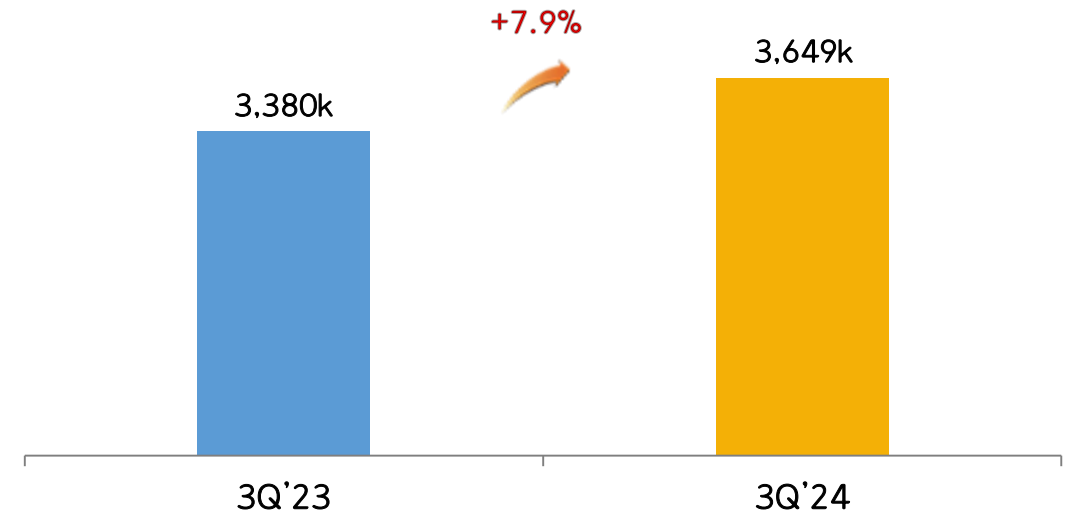
[Unit: KRW bn]



- **3Q'24 Overseas subsidiaries revenue KRW 391.5bn**
 - Recovered growth rate from Malaysia subsidiary drives revenue growth of overseas subsidiaries
 - Continued growth from Thailand, Indonesia and etc.

Accounts

[Unit: Accounts]



- **3Q'24 Total overseas accounts 3.65mn**
 - Continued growth of overseas subsidiaries accounts in Malaysia, U.S., Thailand and etc.

3-2. Overseas business

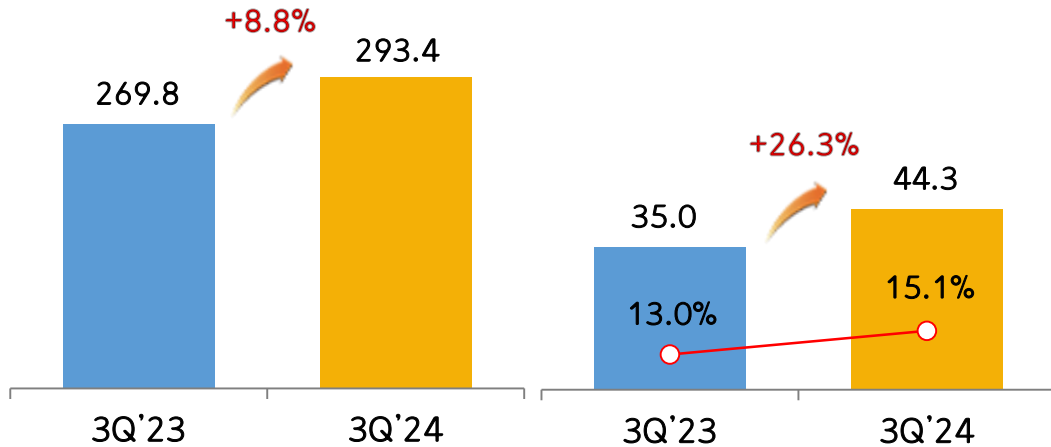
Malaysia revenue **KRW 293.4bn(+8.8% YoY)**
Continued stable growth of total accounts **3.14mn(+5.3% YoY)**

Malaysia

[Unit: KRW bn / O: Margin]

Revenue

OP



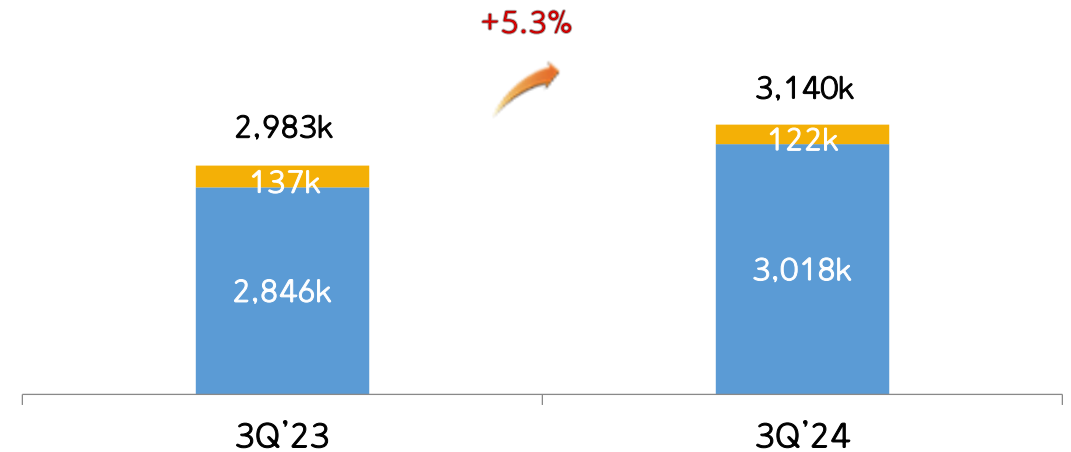
- **3Q'24 Malaysia revenue KRW 293.4bn, OPM 15.1%**

- Revenue growth driven by strong sales of water purifiers and air conditioners
- Operating profit improved due to revenue growth and impact of one-off expenses from last year

Accounts

[Unit: Accounts]

■ Rental ■ Membership



- **3Q'24 Malaysia Total accounts 3.14mn**

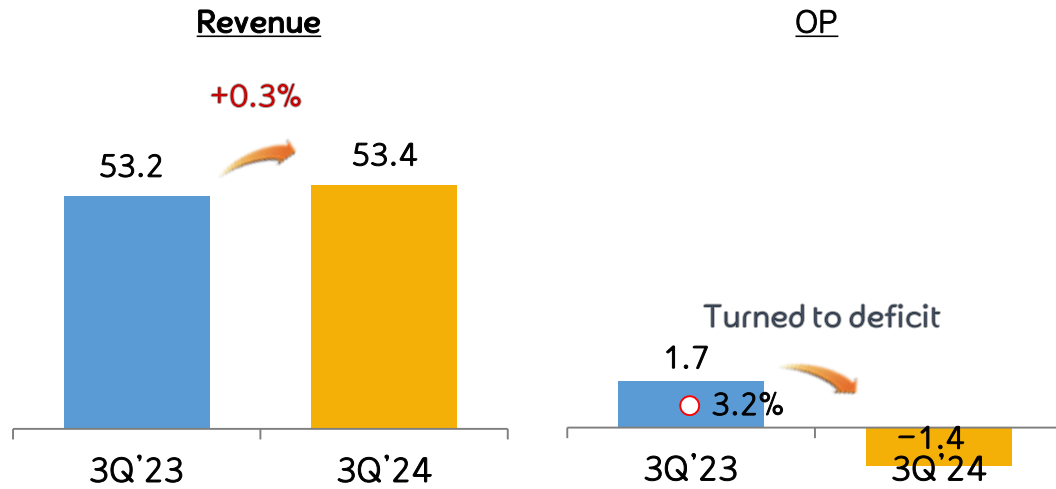
- Rental accounts 3.02mn (+172k, +6.0% YoY)
- Membership accounts 122k (-15k, -10.8% YoY)

3-3. Overseas business

U.S. revenue **KRW 53.4bn(+0.3% YoY)**
 Thailand revenue **KRW 32.5bn(+8.9% YoY)**

U.S.

[Unit: KRW bn / ○: Margin]

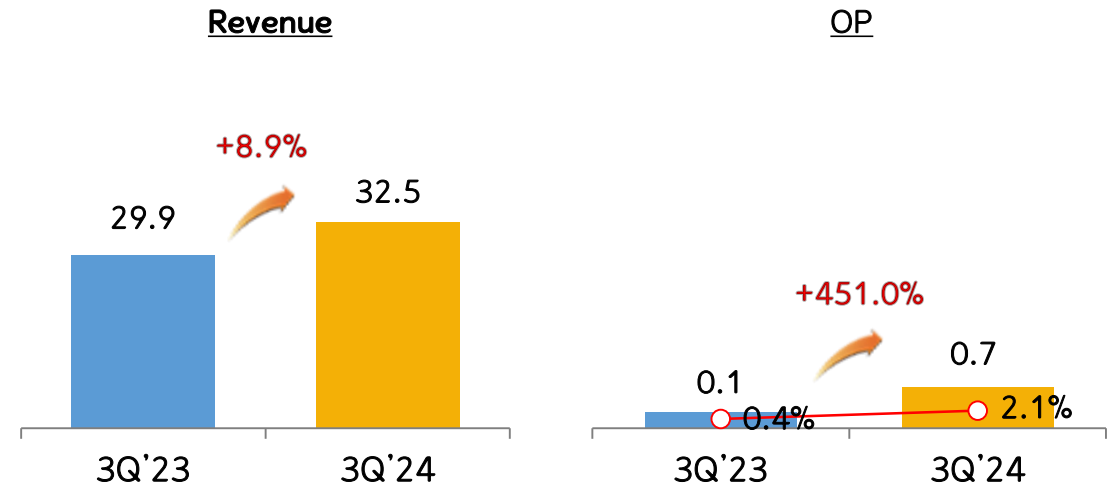


• **3Q'24 U.S. revenue KRW 53.4bn, OP turned to a deficit**

- D-to-D channel revenue increased by +8.4% YoY due to the expansion of the China organization
- OP turned to a deficit due to decreased sales in retail channel
- Retail channel revenue growth expected to increase due to upcoming holiday promotions on Amazon, such as Black Friday

Thailand

[Unit: KRW bn / ○: Margin]



• **3Q'24 Thailand revenue KRW32.5bn, OPM 2.1%**

- Despite a high base last year, revenue increased by +8.9% YoY (+13.4% QoQ)
- Operating profit growth expanded as a result of revenue growth

APPENDIX

- Consolidated financial reports
- Major subsidiaries results

Consolidated financial reports

• Balance Sheet

(Unit: KRW bn)	Sep. '24	Dec. '23
<Assets>	5,453.7	4,851.0
Current Assets	1,639.7	1,591.6
Cash and cash equivalents	113.9	260.3
Accounts receivable	197.2	247.6
Financial lease receivable	1,032.5	822.0
Inventories	215.9	197.9
Non-Current Assets	3,813.9	3,259.3
Fixed assets	1,018.3	1,019.1
Intangible assets	207.7	188.4
Finance lease receivables	2,342.5	1,838.3
<Liabilities>	2,380.6	2,213.2
Current Liabilities	1,674.4	1,509.0
ST Borrowings	405.3	342.6
Current portion of bonds	229.9	269.9
Current portion of LT borrowings	96.8	57.6
Non-Current Liabilities	706.2	704.2
LT Borrowings	68.4	139.5
Corporate bond	499.2	459.4
<Shareholders' Equity>	3,073.0	2,637.8
Debt to Equity Ratio	77.5%	83.9%
Net Debt to Equity Ratio	38.6%	38.2%

• Income Statement

(Unit: KRW bn)	3Q'24	3Q'23	YoY
Revenue	1,100.3	1,007.7	9.2%
COGS	392.9	349.0	12.6%
Gross profits	707.4	658.7	7.4%
SG&A	500.3	463.4	8.0%
Operating profits	207.1	195.3	6.0%
Margin(%)	18.8%	19.4%	-0.6%p
Other income	38.8	24.6	57.9%
Other expenses	-1.2	19.9	-
Financial income	1.4	1.5	-7.1%
Financial expenses	16.4	13.7	19.3%
Profit before tax	231.1	187.2	23.6%
Corporate tax	51.6	50.2	2.7%
Net income	179.5	137.0	31.0%
Margin(%)	16.3%	14.5%	+2.8%p

Major subsidiaries results

(Unit: KRW bn)	3Q'24	3Q'23	YoY
Malaysia			
Revenue	293.4	269.8	8.8%
OP	44.3	35.0	26.3%
Margin	15.1%	13.0%	+2.1%p
U.S.			
Revenue	53.4	53.2	0.3%
OP	-1.4	1.7	Turn to deficit
Margin	-	3.2%	-
China			
Revenue	0.7	1.3	-47.7%
OP	-0.1	-0.2	-
Margin	-	-	-
Thailand			
Revenue	32.5	29.9	8.9%
OP	0.7	0.1	451.0%
Margin	2.1%	0.4%	+1.7%p
Indonesia			
Revenue	8.6	5.0	71.9%
OP	-1.4	-2.1	-
Margin	-	-	-
Vietnam			
Revenue	1.2	1.2	-0.8%
OP	-0.7	-2.0	-
Margin	-	-	-
Coway Entech			
Revenue	14.7	18.4	-20.0%
OP	0.6	0.8	-25.7%
Margin	4.1%	4.5%	-0.4%p
BEREX Tech			
Revenue	20.8	17.4	20.1%
OP	1.5	1.2	26.5%
Margin	7.2%	6.9%	+0.3%p

Malaysia : Recovery of high single-digit revenue growth

U.S. : Revenue growth due to stable growth from d-to-d channel

China : Effort for stable settlement and growth

Thailand : Continued revenue growth and expansion of operating profit growth

Indonesia : Revenue growth due to expansion of the sales organization and increased sales volume

Vietnam : Effort for stable settlement and growth

Coway Entech : Decrease of revenue due to lower than expected progress in existing construction

BEREX Tech : Revenue growth driven by increase of mattresses and frames sales

coway

THANK YOU!

