

HAIMARROW FOOD SERVICE

(220630.KQ)



Boombata

화덕 샌드위치 & 참 피자



MOM'S TOUCH
CHICKEN & BURGER



Disclaimer



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Since the company discloses part of the information stated in this document that is required by regulation FD, refer to the relevant information on DART. Otherwise, they are only based on expectations of company's management. Caution should be taken with respect to such information as you invest.

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1. About Haimarrow Food Service



HISTORY

2004 ~
2018

Company Profile

Company Name	Haimarrow Food Service Co., LTD
CEO	Myungil Jun
Establishment	2004
Location	24F, 25F East Central Tower, 1077, Cheonho-daero, Gangdong-gu, Seoul, Republic of Korea
Sales	USD 284.5 mil (2018)
Capital	USD 9.4 mil
Homepage	www.haimarrow.co.kr / www.momstouch.co.kr
Business	Fast Casual Franchise Business Department Food Materials Distribution Business Department
Number of Employees	211 (Dec. 2018)

2018	06	Awarded as K-start up 2018 by Ministry of Trade, Industry and Energy
2017	04 03 02	Acquired Sugar Bubble Launched Boombata (Opend the first store) Established USA Office
2016	10 09 04	Listed on KOSDAQ stock market Opened the first Vietnamese Mom's Touch store in Ho Chi Minh City Opened the first Taiwanese Mom's Touch store in Tainan City
2015	12 10 04	Established Taiwan office Made exclusive contract for supply agency with Cavendish Farms, the biggest food distribution company in eastern Canada. Established Viet Nam office
2014	12 09	Constructed the distribution center and manufacturing factory in Jincheon, geographical center of Korea Opened the 500th Mom's Touch store
2012	12	Awarded as outstanding import corporation by the Ministry of Food and Drug Safety of Korea
2004	02	Established Haimarrow Food Service Co. Ltd.

1. About Haimarrow Food Service_Chairman



The unique difference of MoM's Touch is our **ingredients**. Every order will be **made fresh to order**, to ensure maximum customer satisfaction. We serve products, which are not made of processed and frozen chicken but **fresh chicken**.

"What Haimarrow dreams is to make happier tomorrow with our food"

Haimarrow, HAPPY TOMORROW!

- 1986~1992 : Started working at Baskin Robbins
- 1993~2003 : Worked at TS Haimarrow(Popeyes)
- 2004~2017 : CEO of Haimarrow Food Service Co.,Ltd.
- Present : Chairman of Haimarrow Food Service Co.,Ltd

1. About Haimarrow Food Service_VISION



Mission

Promoting **human happiness** through food business

Vision

No.1 in the mind of our customers

➤ **Co-Prosperity**
Our business partners' growth and success are the driving force of our success.



➤ **Happiness**

Our top priority is the employees' happiness and we work to continuously grow and improve ourselves.



➤ **Customer Focus**

Placing the customer at the core of the company's business and ensuring high quality of service.



Core Value

➤ **Social & National Stability**
We are here to contribute to the society and nation. Furthermore, we strive for Korean reunification.



➤ **Sustainable Success**

We always try to deliver fair values to our stockholders by creating sustainable success.

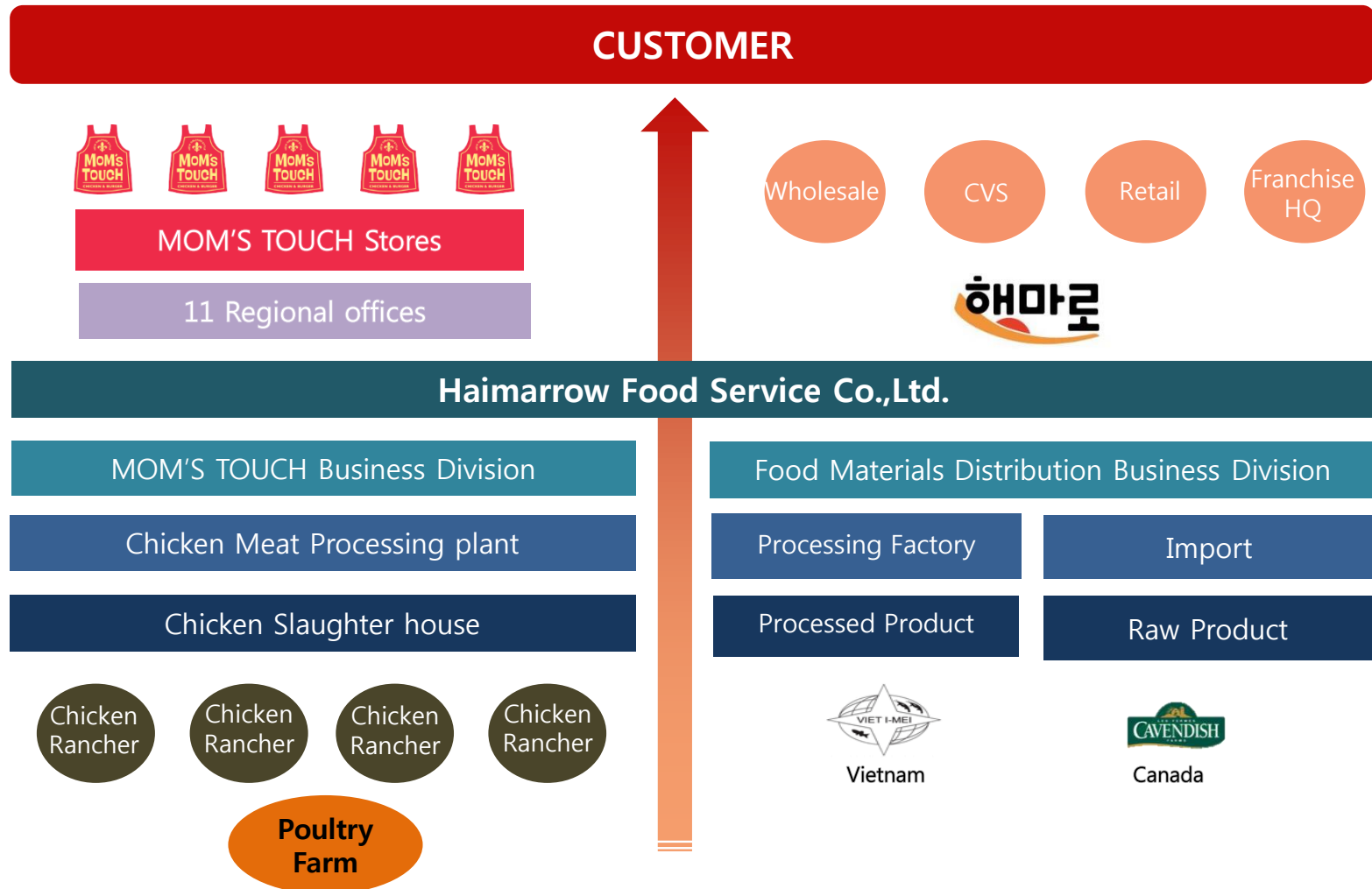


2. Business Department and Business Structure



Business Structure

“ Pursuing the best quality, price competitive, and stable supply system ”





Brand Meaning

MoM's Touch means serving food with a mother's heart.

Our aim is to introduce healthy food that reflects mom's desire to provide the best food to her children. As if a mother prepares a meal for her family from the heart, MoM's Touch cooks the food not fast but in right way.

MoM's Touch is not a typical fast food but a hand-made food that keeps quality through made to order.



Product Strategy

- **Made to order**
- **Not frozen but refrigerated**
- **Not ground but natural**
- **Hand made Brand images**
- **Various burger and chicken sauces**
- **Release new products to meet the trend**

3. 1st Brand **MOM'S TOUCH** CHICKEN & BURGER



Burger

SIGNATURE

NEW



Thigh Burger



Unbelievable Burger



Incredible Burger



Cheese Bacon Burger



Deep Cheese Burger



White Garlic Burger



Masala Chicken



Fried Chicken with Soy Sauce



Chipao Chicken



Flake Hot Chicken



Fried Chicken with Sichuan Sauce



Onion Cheese Sprinkled Chicken



Ricotta Salad



Onion Cheese French Fries



Cheese Jalapeno Nugget



Egg wrap



Popcorn Dumplings



Kimddukman







- Made to order
- Use chicken that is slaughtered on the day
(HACCP certified chicken meat from 140 chicken farms)
- Use vacuum tumbler method instead of general method and features deep taste and soft meat quality
- Create side menu items that increases the Average Sales Price(ASP)

3. 1st Brand Mom's Touch



Comparing price with competitors in Korea

(Unit : KRW, 1USD= 1,000KRW)

	Mom's Touch	Burgerking	Lotteria	MCD	KFC	Popeyes
Signature Burger	Thigh Burger	Original Long Chicken Burger	T-REX Burger	McSpicy Shanghai Burger	Black Label Classic Burger	Cajun Chicken Burger
Images						
Price	3,400(\$3.4)	4,900(\$4.9)	3,500(\$3.5)	5,100(\$5.1)	6,600(\$6.6)	5,000(\$5.0)
Set menu	5,600(\$5.6)	7,200(\$7.2)	5,600(\$5.6)	6,400(\$6.4)	8,500(\$8.5)	7,400(\$7.4)
Beverage	1,600(\$1.6)	2,000(\$2.0)	1,700(\$1.7)	1,600(\$1.6)	2,000(\$2.0)	1,700(\$1.7)

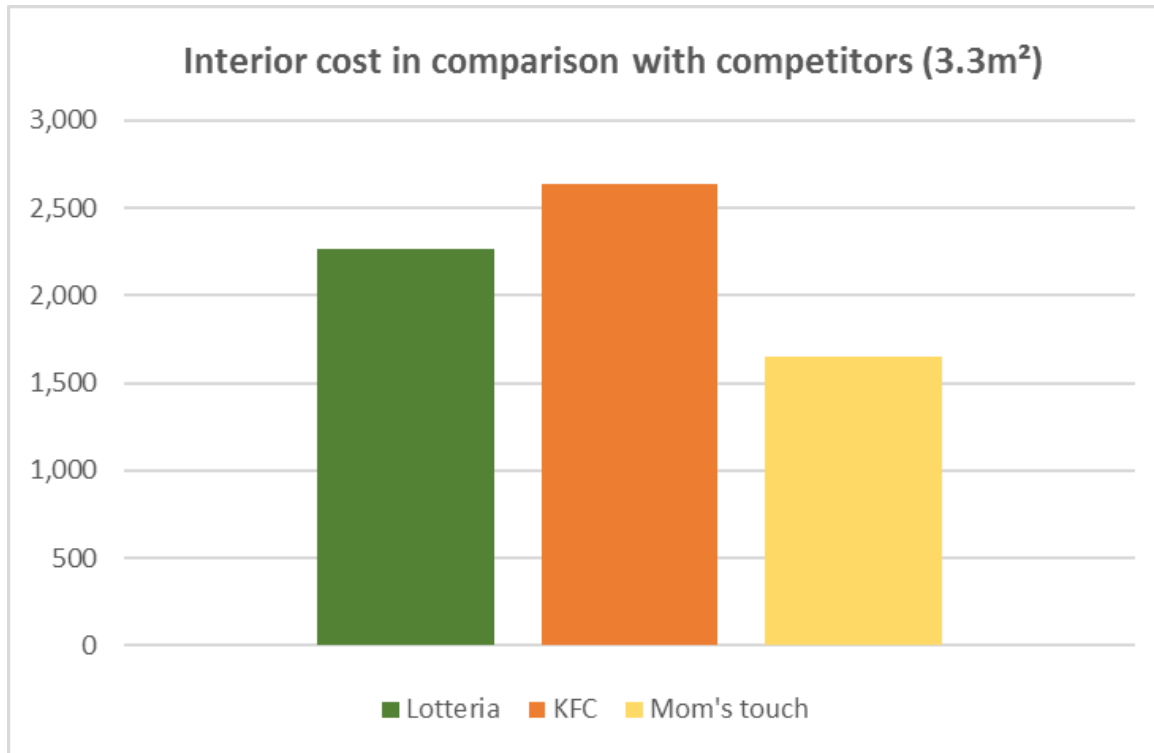
Source: each company's homepage

3. 1st Brand



Comparison of interior cost

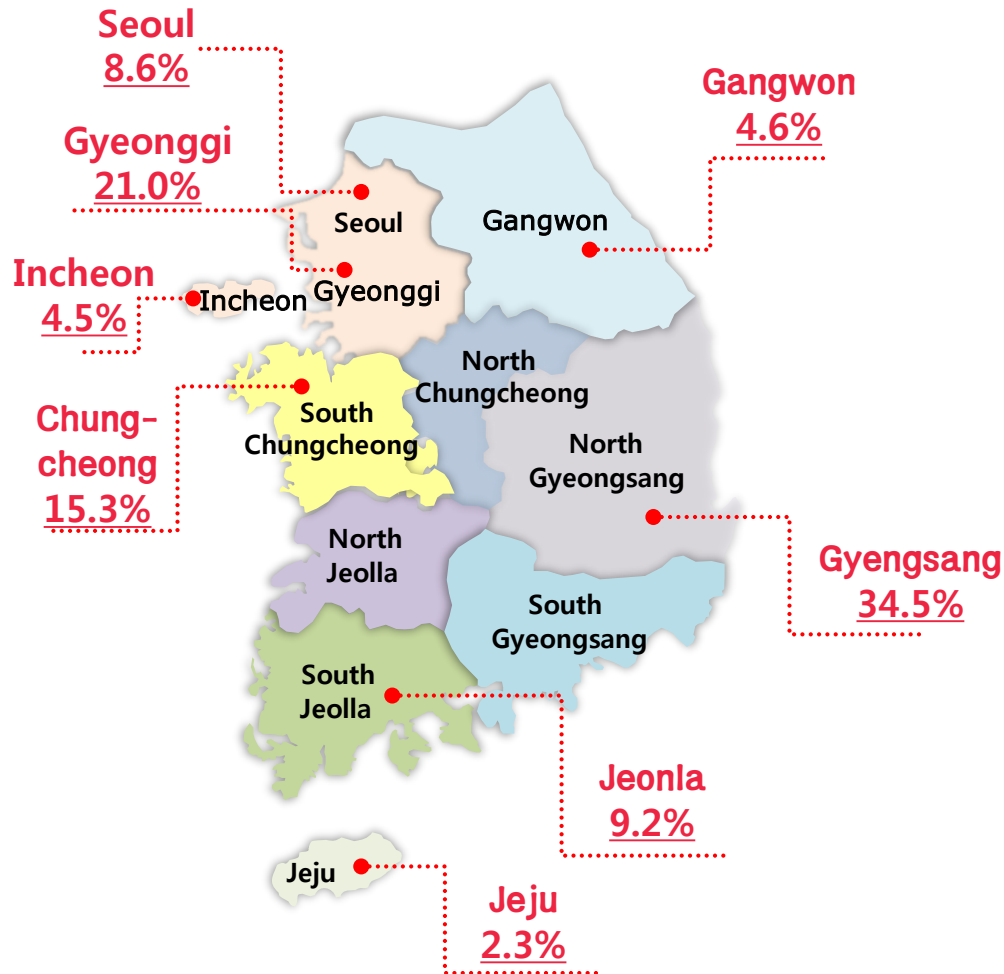
(Unit: KRW 1,000)



Source: FDD (Franchise Disclosure Document) from Fair Trade Commission (2017)



The Number of Stores



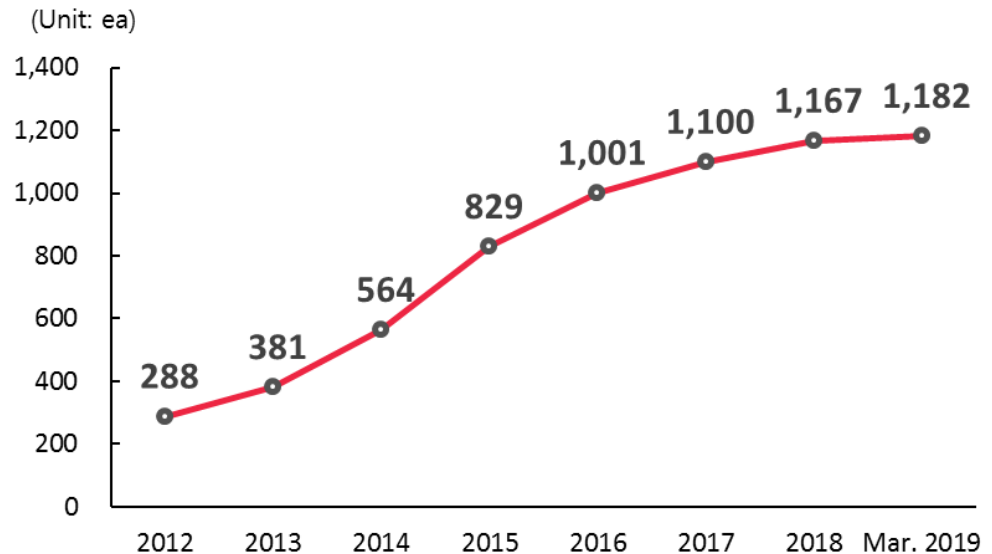
| The Number of Stores as of Mar. 2019 |

	# of Stores			%, (2019 MAR)	Lotteria (2017)
	(2017 DEC)	(2018 DEC)	(2019 MAR)		
Seoul	76	99	102	8.6	204
Gyeonggi	220	240	248	21.0	320
Incheon	55	53	53	4.5	78
Chungcheong	169	178	181	15.3	181
Jeolla	104	109	109	9.2	143
Gyengsang	397	407	408	34.5	360
Gangwon	55	55	54	4.6	52
Jeju	24	26	27	2.3	12
Total	1,100	1,167	1,182	100	1,350



Increasing Number of Stores

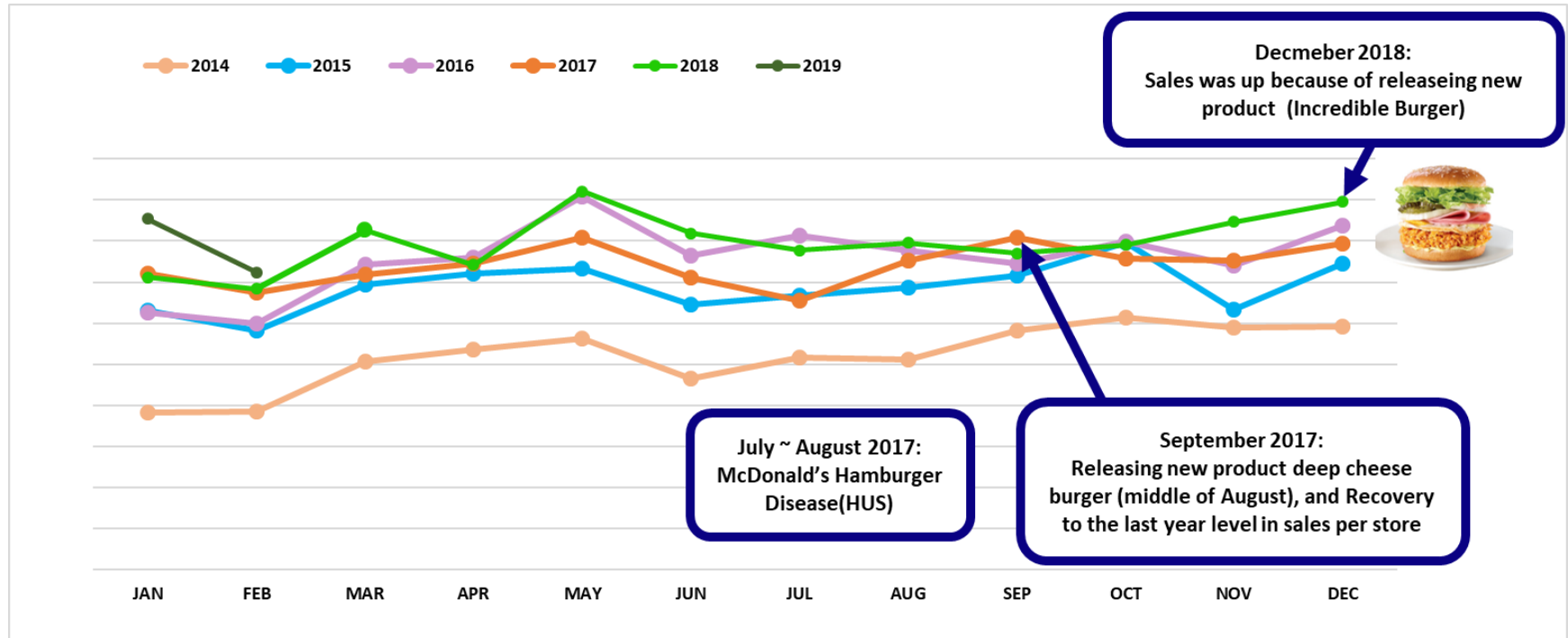
Year	# of stores
2012	288
2013	381
2014	564
2015	829
2016	1,001
2017	1,100
2018	1,167
Mar. 2019	1,182



- The number of stores has increased continuously and substantially
- 5 Years CAGR(Compound annual growth rate) 25.1% (2018)
- As of Mar. 2019, the number of stores is 1,182



Monthly Average Sales Per Restaurant



- Increased brand awareness (Viral, SNS) → The sales per store increased
- The sales per store is more than doubled compared to 2014
- Expect this trend to continue (due to increased number of stores in Seoul metropolitan areas)



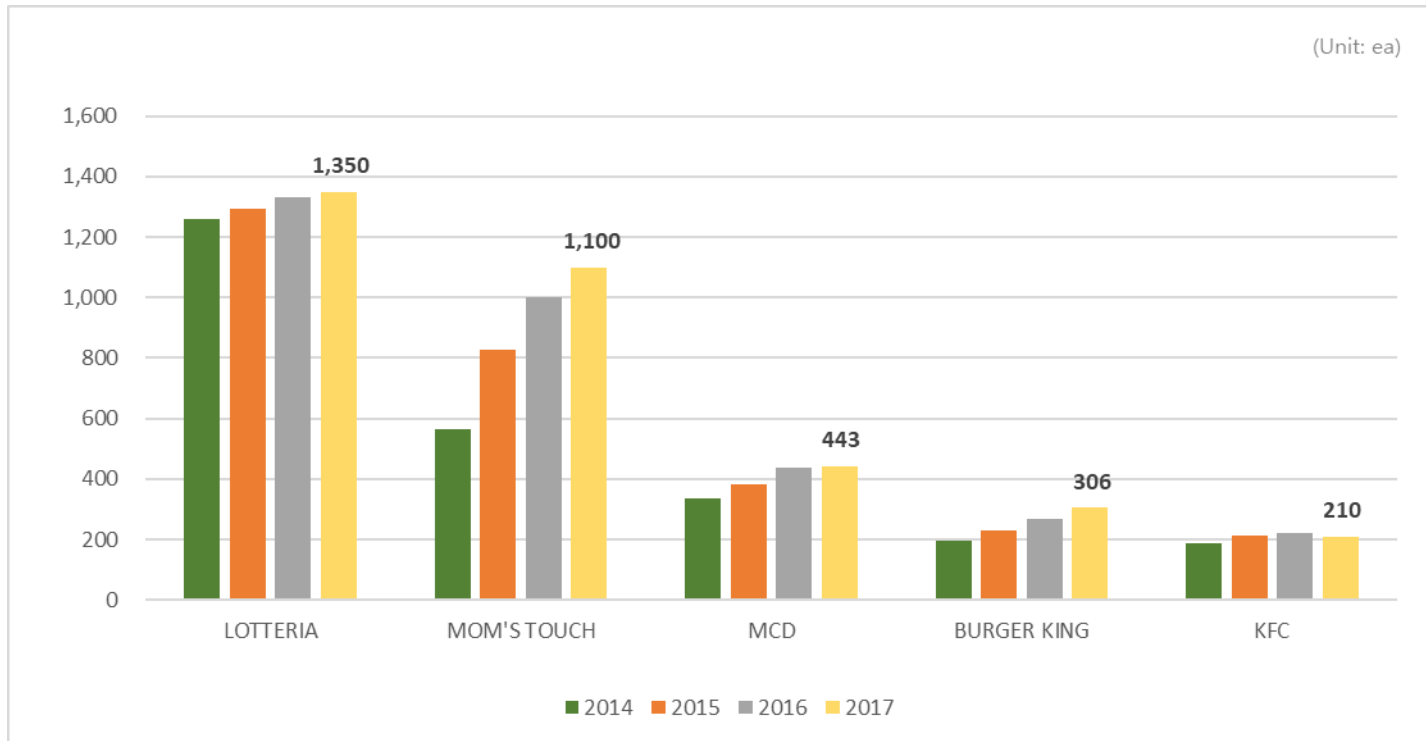
Brand Strategy

LOW Investment, HIGH Efficiency for Franchisees

Marketing Mix	Peer Group (McDonalds, KFC, BKR, Lotteria)	Mom's Touch
Store Size	Big, wide (300m ² ↑)	Small, medium (100m ² ↓)
Store Interior	Fast Food Store	Cafe Style Store
Store Site	Open at Main Road Site	2 nd Road, School, University
Menu	Diversified Menu	Diversified, but Simple Materials
Equipment	Big, Expensive System	Small, Cheap System
Operation Way	Pre-cooking, Fast Food	After order-cooking, Slow Food
Image	Junk Food	Health Friendly Food, Hand made
Investment (ROI)	High Investment (1,000,000\$)	Low Investment (100,000\$)
	Low ROI (over 5years)	High ROI (1year)
Potential Franchisee	Limited Target	Broad Target



Comparison of the number of stores

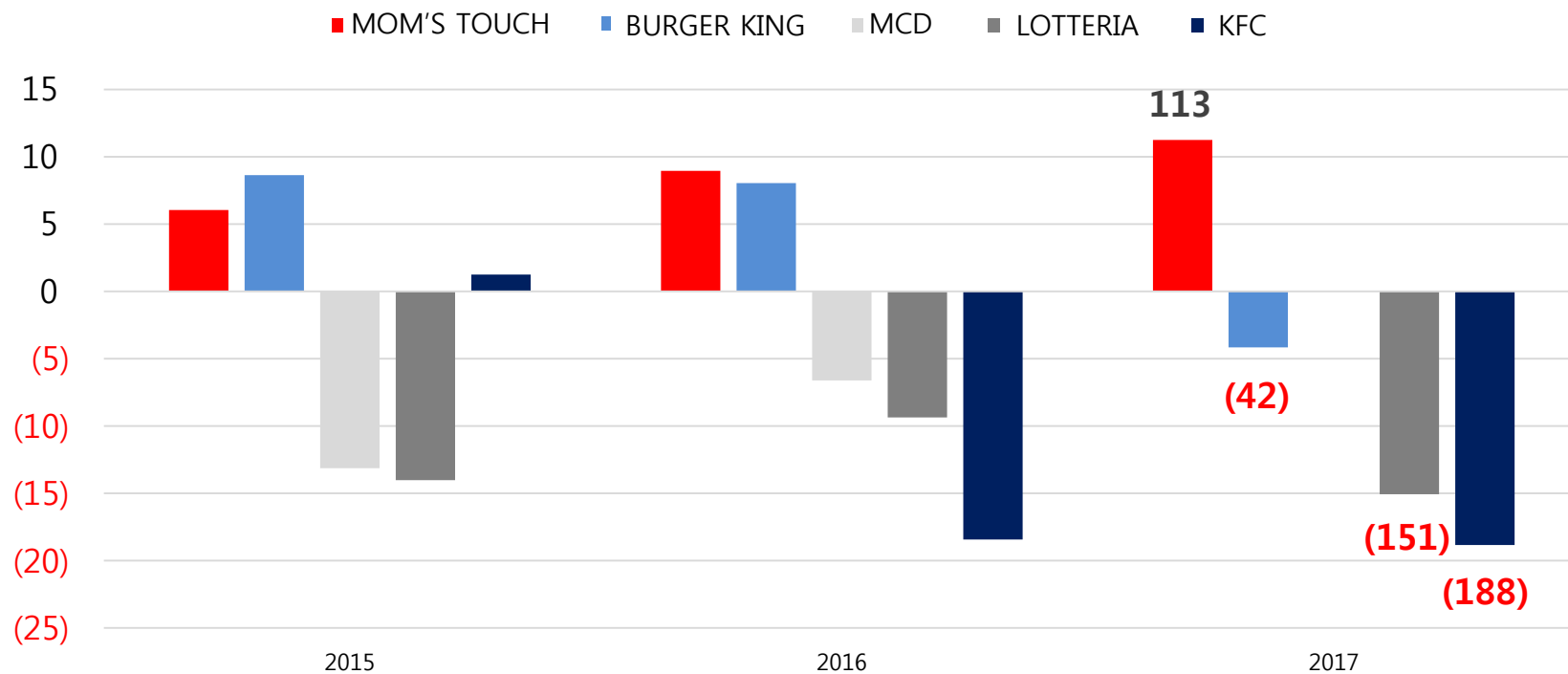


Source: Franchise business report from Fair Trade Commission, Industry data of Franchise



Comparison of increased Net Profit

(Unit: KRW 100mil, 1USD=1,000 KRW)



Source: Franchise business report from Fair Trade Commission, Industry data of Franchise



Financial Performance of Local F/C Brands (FY 2017)

(Unit : KRW, 1USD= 1,000KRW)

(Unit: 1 billion won)	Haimarrow (2018)	Haimarrow (2017)	Burger Franchisors			
			MCD	Burgerking	KFC	Lotteria
Revenue	285	240	691	346	161	1,090
Operating Profit	23	16	4	2	(17)	(8)
Net Income	17	11	(7)	(4)	(19)	(15)
Asset	127	105	758	313	72	1,237
Liability	55	48	364	166	61	643
Equity	72	57	394	147	11	595
Number of Units	1,167	1,100	436	306	210	1,350
Number of Franchised Chains	1,167	1,100	128	95	210	1,216
Percentage of Franchised Chains (%)	100	100	29	31	100	90
Number of employees	211	189	28,389	5,429	2,714	10,422
Sales per person	1,348	1,268	24	64	59	105

Source: HFS and MPK financials are from annual report, Lotteria is from press release and other brands are from audit report and franchise report from Fair Trade Commission
MCD financials are based on 2016 annual report, Number of units, and employees of Lotteria, Burger king, KFC are based on 2016 annual report

- The revenue of Burger King and Lotteria decreased in 2016. And McDonald turned net loss in 2015 and in M&A market for sales
- KG Group, a PG and VAN transaction company, bought KFC Korean entity for USD 50M

Records of the Top 5 Hamburger Brands for 3yrs. In KOR

(Unit: USD 100thousand, 1USD=1,000KRW)

Franchise Headquarters	2015			2016			2017		
	Revenue	OP	NI	Revenue	OP	NI	Revenue	OP	NI
Lotteria	11,232	(19)	(140)	11,249	65	(94)	10,896	(77)	(151)
MCD	6,033	20	(131)	6,913	42	(66)	n/a	n/a	n/a
Burger King	2,785	121	86	2,532	108	80	3,459	15	(42)
KFC	1,747	25	12	1,770	(126)	(184)	1,614	(173)	(188)
Mom's Touch	1,486	88	60	2,019	169	90	2,396	155	113
Total	23,283	236	(112)	24,483	258	(174)	18,364	(81)	(268)

(Unit: %)

Franchise Headquarters	Growth Rate (2016 YoY%)			Growth Rate (2017 YoY%)			For 3Years CAGR		
	Revenue	OP	NI	Revenue	OP	NI	Revenue	OP	NI
Lotteria	0.2	Deficit to surplus	Deficit	(3.1)	Surplus to deficit	Deficit	(1.0)	60.0	2.5
MCD	14.6	109.8	Deficit	n/a	n/a	n/a	n/a	n/a	n/a
Burger King	(9.1)	(11.4)	(7.0)	36.6	(86.3)	Surplus to deficit	7.5	(50.5)	(178.4)
KFC	1.3	Surplus to deficit	Surplus to deficit	(8.8)	Deficit	Deficit	(2.6)	(290.2)	(347.7)
Mom's Touch	35.9	92.0	48.1	18.6	(8.5)	25.8	17.2	20.7	23.1

Launched HMR Ginseng Chicken Soup (Samgyetang)



가정 간편식
집에서도 맛있게 간편하고 든든하게

맘스터치 삼계탕

구매 시, 직원에게
말씀해주세요

대중삼계탕
800g (1인분) | 6,900

소중삼계탕
600g (1인분) | 4,900

※ HMR 삼계탕은 상온보관 제품입니다.
※ HMR 삼계탕은 가정에서 조리하여 드시는 제품입니다.



- June of 2018, In to Home Meal Replacement Market
- Popular hit among housewives and single-person households
- Dec of 2018, New HMR products were launched

3. 1st Brand MOM'S TOUCH



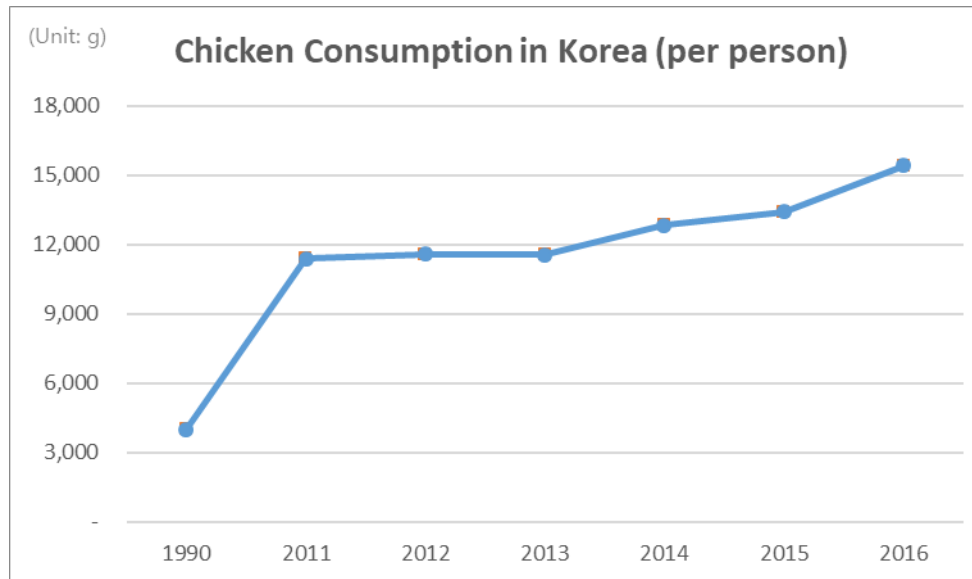
Launched MOM's Touch Mall (Online mall)



- Feb of 2019, In to E-Commerce Market
- Provide various processed chicken meat products on the basis of know-how.
- Developing new products continuously to extension our product line.



Trend of Chicken Consumption in Korea



- The amount of Chicken consumption is around 800million chickens a year in Korea, the consumption of chicken per person is 14 chickens
- Chicken consumption per person has increased from 4~5kg in 1990's to 15.4kg in 2016
- The rising income level in Korea means people are consuming more meat. And These days people prefer meat with less fat.
- Chicken is especially easy to get via delivery service

1) Launching on March 2017

- Launch Date: March 2017
- The 1st Boombata store located at Songpa-gu, Seoul
- Opened 1 directly managed stores and 8 franchisees stores(18.12.31)



Chicken&Ssam Plate
\$11.9~\$17.9



Italian Oven Sandwich
\$3.3~\$5.5



PIZZA
\$6.9~\$9.9

2) Boombata Strategy

- The best quality of fired oven pizza and Sandwich is made of naturally fermented refrigerated dough offered at a affordable price.
- Growth of middle-low priced pizza brands, while the fall of the big 3 pizza brands in the pizza market
- The sandwich market has a current value of \$1 billion. The market is smaller than pizza market, but it is growing
- Better cost competitiveness and unit economics than MoM's Touch
- IF) More than 500 Boombata restaurants... (30 restaurants opened spontaneously under the franchise operating system)

Boombata

화덕 샌드위치 & 쌀 피자



Italian Oven Sandwich

A Sandwich with hot baked dough from Italian oven, fresh vegetable and toppings

(Unit : KRW, 1USD= 1,000KRW)

Comparison with Competitors

Brand	Fast Casual	Sandwich shop		Bakery	
	Boombata	Subway	Quiznos	TOUS les JOURS	PARIS BAGUETTE
Images					
Signature Menu	Herb Chicken	BLT	Double Bacon BLT	BELT	BELT
Price (KRW)	4,300(\$4.3)	5,100(\$5.1)	5,500(\$5.5)	5,000(\$5.0)	6,000(\$6.0)

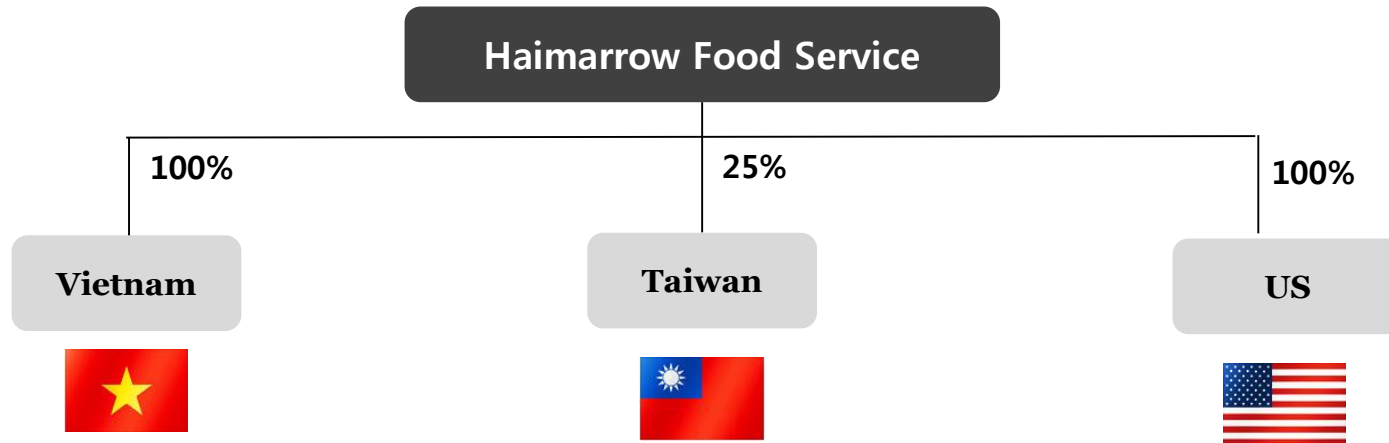
Why is the oven pizza expensive?



(Unit : KRW, 1USD= 1,000KRW)

Comparison with Competitors

Brand	Fast Casual	Oven Pizza		Delivery		Take-out
	Boombata	The Place	Mad for Garlic	Domino's Pizza	Pizza Hut	Pizza School
Images						
Signature Menu	Gorgonzola	Gorgonzola	Gorgonzola	Super Supreme -Medium	Super Supreme -Medium	Gorgonzola
Price (KRW)	7,900(\$7.9)	18,900(\$18.9)	21,800(\$21.8)	18,500(\$18.5)	18,900(\$18.9)	9,000(\$9.0)

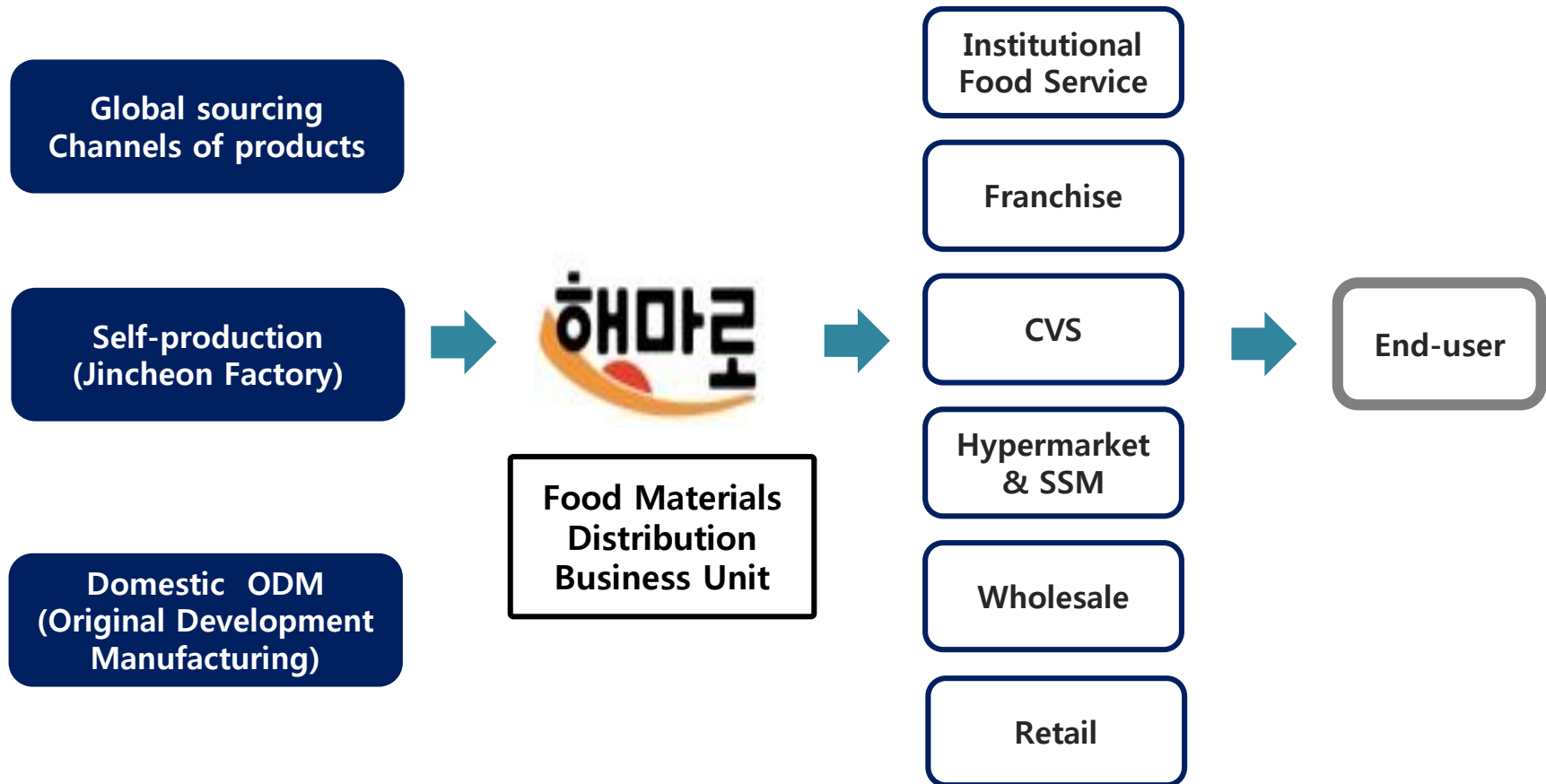


- Expanded into 3 countries (Dec. 2018)
- **Vietnam** : 2 directly managed stores
- **Taiwan** : 4 directly managed stores and 2 franchisees stores (Dec. 2018)

6. Food Materials Distribution Business Department



Value Chain

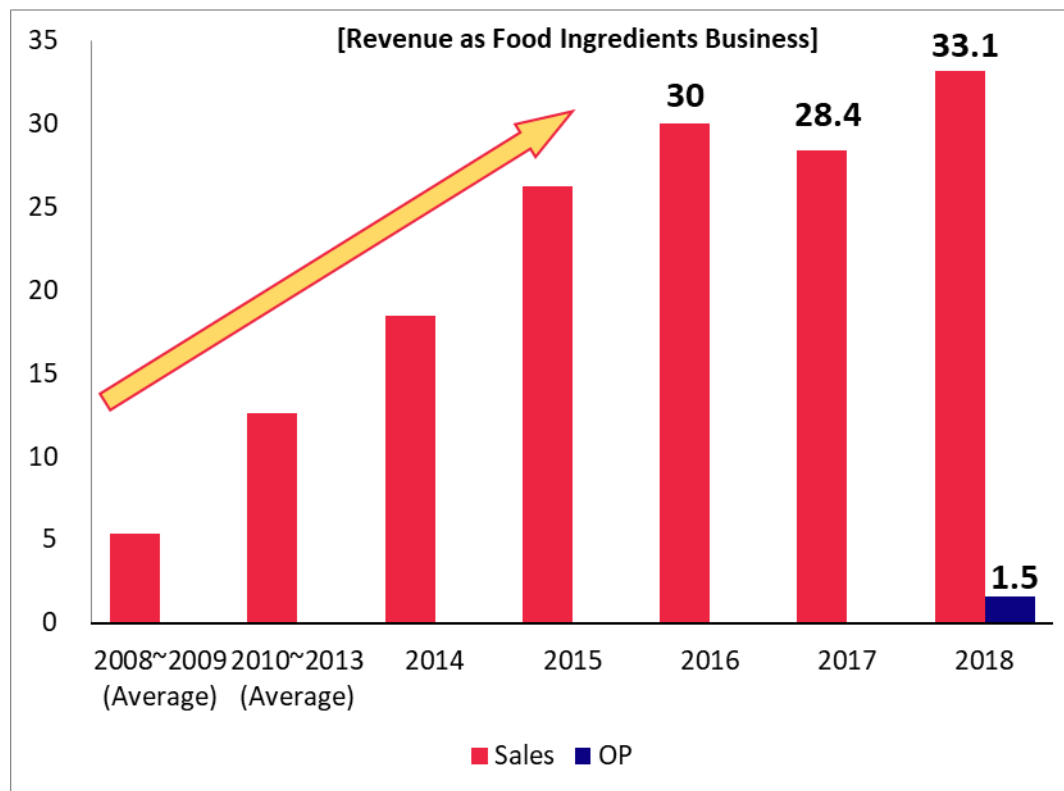


6. Food Materials Distribution Business Department



The increase trend of sales in Haimarrow Distribution Sales Division

(Unit : 1mil USD, 1usd= 1,000KRW)



- As of the end of 2018, sales was 33.1 million USD
- As of 2018, Operating Profit Growth Rate is 19% year on year

6. Food Materials Distribution Business Department



Main B2B Customers

CVS



Top CVS brand in KOR



2nd CVS brand in KOR



3rd CVS brand in KOR



4th CVS brand in KOR

Hypermarket
OEM/ODM



Top Hypermarket in KOR



2nd Hypermarket in KOR



3rd Hypermarket in KOR



Best Known Brand in HMR

Franchisor and
F&B Co.



삼성웰스토리

No.1 M/S of institutional
food Service in KOR



A world best food distributor
and food service company



B2B food distributor and
food service company



Sushi and Roll franchise
restaurant in KOR

Global
Counterparty



Vietnam-
The biggest food company



The biggest potato producer
in North America

6. Food Materials Distribution Business Department

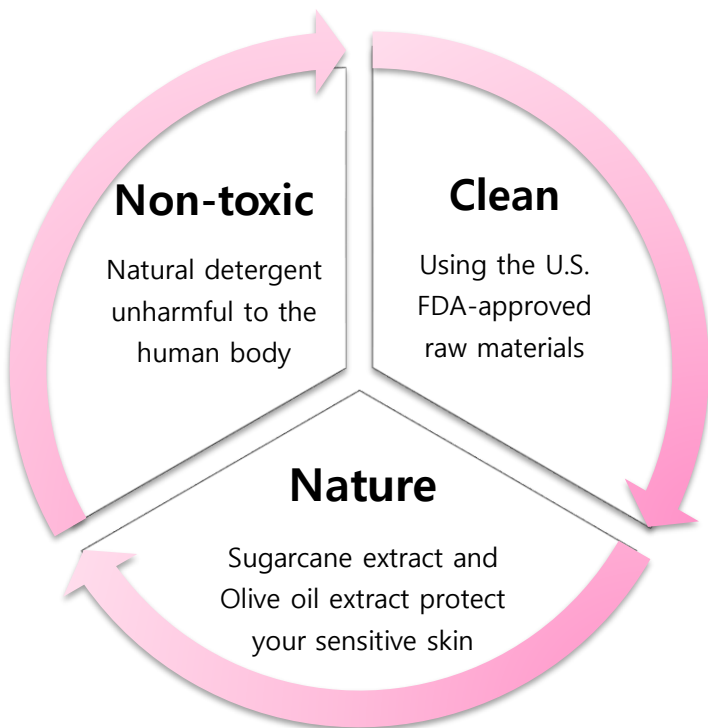


Haimarrow Jincheon Logistics Center foreground



7. Subsidiary

Eco-friendly Household Chemicals



Location

○ Seoul office

58, Seongnae-ro, Gangdong-gu, Seoul, Republic of Korea

○ Head office&Factory

13-1, Donghae-daero 2315beon-gil, Cheongha-myeon, Buk-gu, Pohang-si, Gyeongsangbuk-do, Republic of Korea

○ Gwangyang factory

50, Jikdong 1-gil, Gwangyang-eup, Gwangyang-si, Jeollanam-do, Republic of Korea

○ Dangjin factory

394 Donggok-ri, Songsan-myeon, Dangjin, Chungnam



- Established in March, 1999
- Number of Employees : 65 (Dec. 2018)
- Sales: 25.4 billion KRW (2018)
- A safe detergent made of sugarcane and olive oil (The Kitchen, Laundry Detergent and Baby Detergent)
- Haimarrow paid 8.1 billion KRW to acquire the 100% shares of Sugar Bubble Co., Ltd on April, 2017.
- Homepage: www.sugarbubble.com

About Sugar Bubble

- 1999. 03** Established Green Chemical Co., Ltd.
- 1999. 08** A Certificate of Venture Company was issued by the Ministry of SMEs and Startups
- 2000. 02** Appointed as an INNO-BIZ company by the Ministry of SMEs and Startups
- 2000. 07** Opened a branch office in Gwangyang
- 2002. 10** Won a grand prize of Venture Company Award(received a presidential citation)
- 2006. 09** Received a President Award in the 7th New Tech Korea.
Ranked on the top KS-WCI(Korean Standards-Wellbeing Consumer Index)
in the Cleaning Department at a Kitchen Detergent.
- 2008. 04** Changed the company name from "Green Chemical Co., Ltd" to "Sugar Bubble Co., Ltd"
- 2008. 06** Acquired a Environmentally Sustainable Product Certification by KEITI
(Korea Environmental Industry & Technology Institute)
- 2011. 06** Went under the court receivership
- 2011. 04** Acquired a Austrailia LOHAS Certification for a dishwashing detergent
- 2014. 06** Lunched a Baby Detergent
- 2016. 01** Started to export Sugar Bubble products to Sams Club in China
- 2017. 04** Ended the court receivership process on April 4th
Acquired by the Haimarrow Food Service., Ltd
- 2018. 06** Launched Hair and Bath Brand

7. Subsidiary

Kitchen Detergent



Laundry Detergent



Baby Detergent



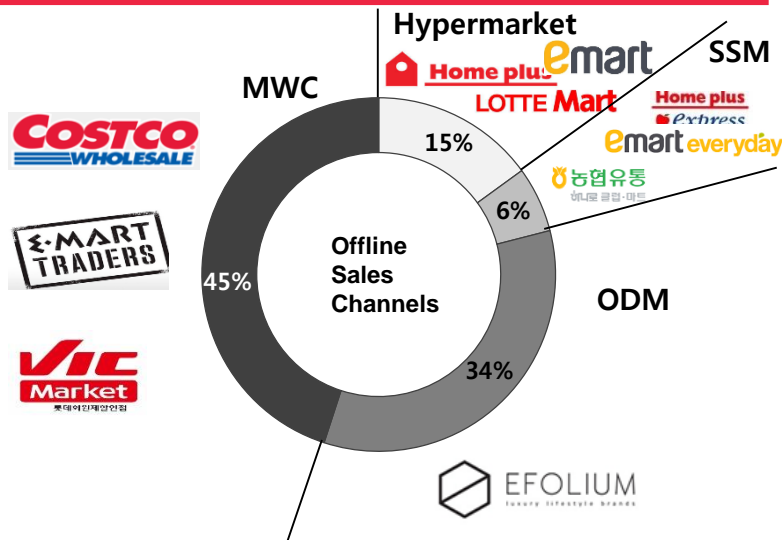
H&B



- Sugar Bubble Co., Ltd produced a natural detergent combining sugarcane with olive oil.
- According to the test for acute oral toxicity conducted by Korea Testing&Research Institute, Sugar Bubble is safer than salt. It's products are less toxic and not harmful to the body.
- Developed premium product line following the trend toward using natural materials.

7. Subsidiary

Offline Sales Channels(4Q18)



Source: Haimarrow Food Servie Co., Ltd

Status before and after being the major subsidiaries in 2017

(Unit: mil. KRW)	2016	2017	1Q18	2Q18	3Q18	4Q18	QoQ (%)
Sales	19,925	15,892	4,916	6,340	6,953	7,209	3.7
Gross Profit	5,245	5,496	1,804	2,094	2,229	2,412	8.2
GPM(%)	26.3	34.6	36.7	33.0	32.1	33.5	4.4
SG&A	3,891	3,976	1,137	1,649	1,571	1,934	23.1
Operating Profit	1,354	1,520	667	445	658	478	(27.4)
OPM(%)	6.8	9.6	13.6	7.0	9.5	6.6	(30.5)

Source1: Haimarrow Food Servie Co., Ltd

Source2: Consolidated Statements of 'Sugar Bubble Co., Ltd.'

- Sugar Bubble Co., Ltd had already repaid all debt. During the 2th quarter, it reduced COGs by 4.5% QoQ.
- Currently, Sales are composed of offline (70%), special sales and overseas sales (24%), and online (6%) (as of 4Q18)
- Sugar Bubble Co., Ltd targets massive and nature-oriented detergent market.
- 2018 Sales: approximately KRW 25.4 billion, net income of 2.1 billion, net asset value exceeding KRW 6 billion. Property value is over KRW 4 billion.

8. Investment point of Haimarrow Food Service Co., Ltd



1) Cost Structure

((Unit: KRW 100 million))	2012	2013	2014	2015	2016	2017	2018
Sales	351	489	795	1,486	2,019	2,396	2,845
Gross Profit	84	116	217	396	525	677	848
SG&A	76	94	150	308	356	522	617
Operating profit	8	23	68	88	169	155	231
Net Income	6	18	54	60	90	113	168

- COGS Rate : Gradually declined from 76.1% in 2012 to 70.2% in 2018 (buying power and efficiency improved)
- Cost Structure in the Future : Improved in buying power and logistics efficiency due to increased restaurants, resulting decreased SG&A ratio (Advertising expense was increased because of New released product Incredible Burger in 4Q 2018)
- Decrease in COGS-to-sales ratio due to the drop in exchange rates (Based on the standardized sales ratio KRW 1,205.00 (Dec. 30 2016) → KRW 1,137.00 (Mar. 31 2019))

8. Investment point of Haimarrow Food Service Co., Ltd



2) Peer Valuation

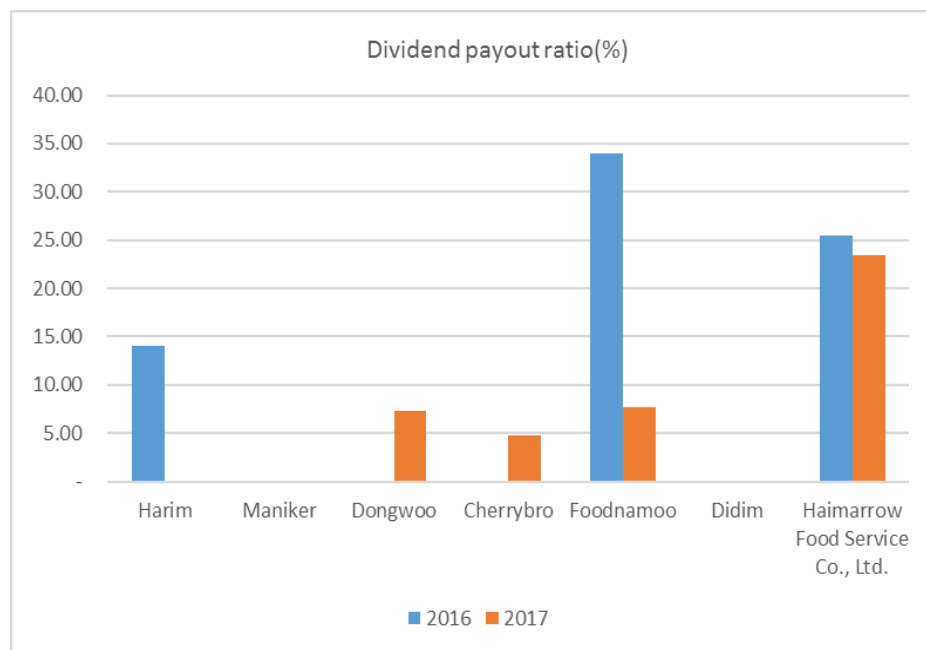
Global Franchise Valuation Table										(Unit: M\$)
Ticker	Year	RRGB US Equity	DRI US Equity	Jack US Equity	MCD US Equity	HABT US Equity	WEN US Equity	YUMC Equity	JFC PM Equity	220630 KS Equity
MKT Cap.	2017	733	11,906	2,649	133,531	201	3,890	15,338	274,758	193
Sales	2015	1,256	6,934	1,540	25,413	231	1,870	6,909	2,216	N/A
	2016	1,296	7,170	1,599	24,622	284	1,435	6,752	2,400	174
	2017	1,381	8,080	1,554	22,820	332	1,223	7,144	2,631	224
COGs	2015	963	5,392	921	15,624	109	1,184	5,931	1,823	N/A
	2016	1,019	5,600	962	14,417	131	745	5,610	1,956	129
	2017	909	6,335	949	12,200	158	513	5,829	2,153	161
GPM	2015	23.4%	22.2%	39.2%	38.5%	52.8%	36.7%	14.2%	17.7%	N/A
	2016	21.4%	21.9%	38.9%	41.4%	53.9%	48.1%	16.9%	18.5%	26.0%
	2017	34.2%	21.6%	38.9%	46.5%	52.4%	58.1%	18.4%	18.2%	28.2%
OP	2015	67	622	197	7,146	12	275	488	118	N/A
	2016	11	678	230	7,745	14	315	640	140	15
	2017	39	767	266	9,553	7	215	785	133	14
OPM	2015	5.3%	7.7%	13.5%	28.1%	3.6%	14.7%	6.8%	5.3%	N/A
	2016	0.8%	8.4%	15.1%	31.5%	4.2%	22.0%	9.0%	5.8%	8.4%
	2017	2.8%	9.5%	17.1%	41.9%	2.1%	17.6%	11.0%	5.5%	6.5%
PER	2015	19	17	24	25	73	25	N/A	47	N/A
	2016	65	23	26	22	64	28	19	34	19
	2017	24	18	23	27	60	21	40	39	18
PBR	2015	2.2	3.9	168.1	14.6	7.9	3.8	N/A	7.6	N/A
	2016	2.1	4.6	250.4	15.6	3.8	6.3	4.2	6.2	4.1
	2017	1.9	4.9	7.1	40.9	1.7	6.8	5.5	6.4	3.6
PSR	2015	0.7	1.1	1.8	4.2	1.2	1.8	N/A	2.3	N/A
	2016	0.6	1.3	2.3	4.2	1.0	2.5	1.4	1.8	0.8
	2017	0.5	1.3	1.8	5.9	0.6	3.2	2.2	2.1	0.9

자료: Nasdaq, Brand official Homepage

8. Investment point of Haimarrow Food Service Co., Ltd



3) Dividend Policy



	Shares flag	2018	2017	2016
Par value(KRW)		100	100	100
(Consolidated) Net Income (Mil. KRW)		16,808	11,255	8,946
(Non-Consolidated) Net Income (Mil. KRW)		14,432	10,310	9,295
(Consolidated) Earnings per Share(KRW)		181	121	107
Total Cash Dividends (Mil. KRW)		2,817	2,629	2,281
Total Stock Dividends (Mil. KRW)		-	-	-
(Consolidated) Cash Dividend Rate(%)		16.6	23.4	25.5
Cash Dividend Yield Ratio(%)	-	1.4	1.4	1.4
Stock Dividend Yield Ratio(%)	-	-	-	-
Cash Dividend Per share(KRW)	-	30	28	25
Stock Dividend Per share	-	-	-	-

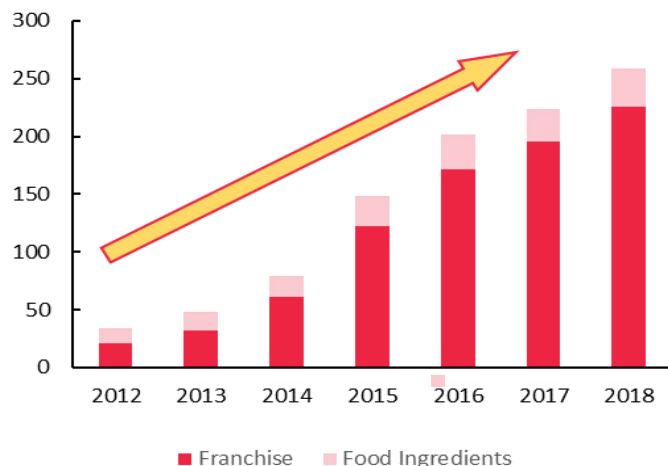
- Price-dividend ratio in 2018 will be 1.4%, and 16.6% of Net income was paid as dividend
- Will continue to focus on returning profits to the shareholders with high dividend yielding policy

8. Investment point of Haimarrow Food Service Co., Ltd



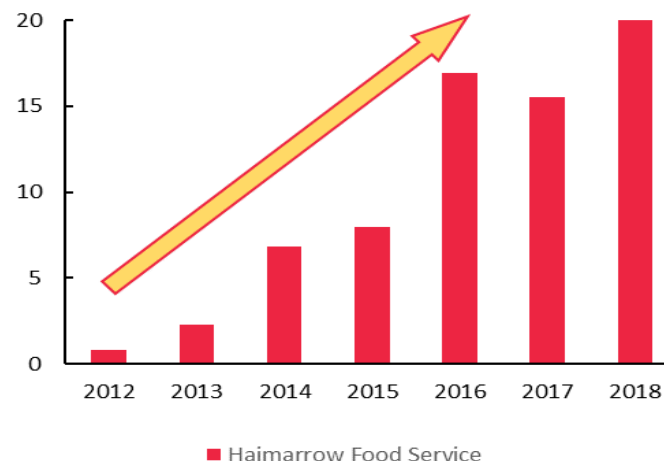
Net Revenue Increase

(Unit : 1mil USD, 1usd= 1,000KRW)



Operating Profit Increase

(Unit : 1mil USD, 1usd= 1,000KRW)



- Increasing brand value known for its affordability
- Constant increase in sales per restaurant and the number of restaurants
- The growth will be sustainable in 2018
- Possible improvement in profitability and logistics efficiency due to increase in the number of stores in existing brand and new brand
- Sugar Bubbles revenue and profit was consolidated in 2Q 2017
- Possible decline in cost ratio by enjoying synergy effects at SG&A level among Sugar Bubble, Boombata and MoM's Touch and increased buying power.
- MoM's Touch restaurants located in Seoul account for about 8.6% of the total, but the 20% of total population live in the capital. Seoul is the top of the sales per restaurant (the area with the highest purchasing power)
- MoM's Touch is 100% franchise business, so do not have risk from the direct investment
- Expect to generate additional revenue from the mobile service, HMR products and online mall.

9. Appendix

Financial Statement

(unit : 1 KRW)

	2018	2017	2016
Assets			
Current Assets	60,910,461,687	55,691,663,077	40,497,438,845
Quick assets	45,500,557,091	42,726,649,325	28,462,899,091
Inventories	15,409,904,596	12,965,013,752	12,034,539,754
Non-current assets	66,462,475,474	49,090,701,239	34,374,959,471
Investments	8,247,460,916	6,600,527,360	2,391,905,421
Tangible assets	45,964,117,278	35,253,452,767	29,170,380,280
Intangible assets	7,697,382,454	5,061,739,171	932,308,856
Other non-current assets	4,553,514,826	2,174,981,941	1,880,364,914
Total assets	127,372,937,161	104,782,364,316	74,872,398,316
Liabilities			
Current Liabilities	48,343,313,426	21,096,741,475	24,070,687,500
Non-current liabilities	6,528,407,249	26,750,590,172	7,652,946,754
Total liabilities	54,871,720,675	47,847,331,647	31,723,634,254
Equity			
Equity attributable to owners of the parent company	72,028,619,208	56,935,032,669	43,148,764,062
Capital stock-common	9,389,778,600	9,389,778,600	9,124,702,700
Additional Paid-in and Other Capital	15,844,498,628	15,844,498,628	8,686,411,771
Retained Earnings	44,730,763,125	30,304,721,762	21,598,087,299
Other Capital Components	2,063,578,855	1,396,033,679	3,739,562,292
Non-controlling interest equity	472,597,278	-	-
Total equity	72,501,216,486	56,935,032,669	43,148,764,062
	(2018.01.01~2018.12.31)	(2017.01.01~2017.12.31)	(2016.01.01~2016.12.31)
Sales	284,496,704,350	239,567,841,710	201,928,720,608
Operating income(loss)	23,078,627,661	15,461,424,782	16,895,967,229
Profit (loss)	16,807,520,735	11,255,858,293	8,946,029,773
Total comprehensive income	16,874,225,688	10,849,159,119	8,731,855,304
Earnings per Share (EPS)	181	121	107
The number of consolidated company	7	4	1

Thank you

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