

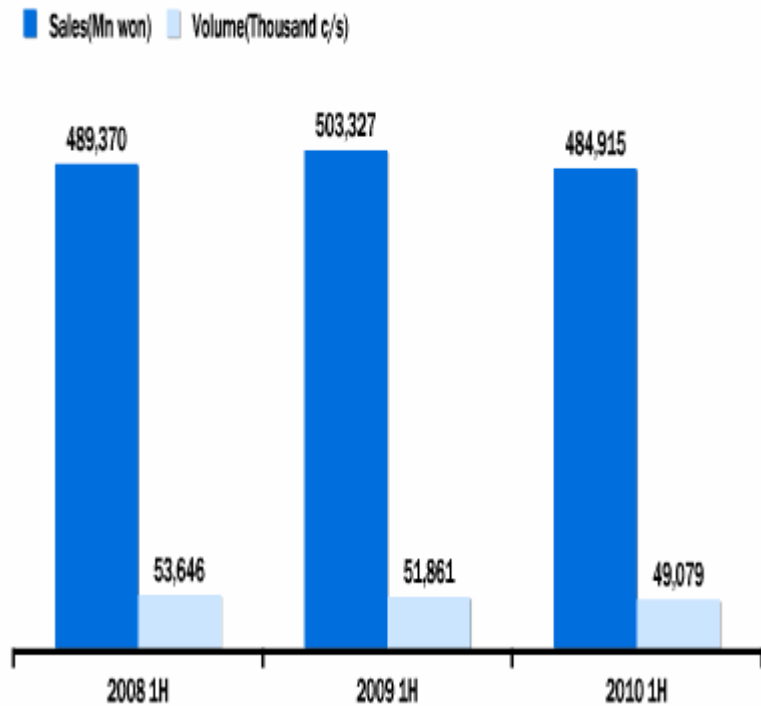


## 2010 1H Hite Brewery Result

2010. 08

# 1. Sales & Sales volume

- Sales 484.9bn won (yoy 3.7% decreased), sales volume 5.4% decreased



## • Sales volume & M/S decreased

- ① Inventory adjustment on wholesaler side for better inventory management in 1Q
- ② Market reduction (bad weather, social issues such as "warship Cheonan") and World Cup effect that was lower than expectation caused sales volume decreased
- ③ Because of competitor's sales push on renewal brand, shipment base M/S decreased to 55.3%  
(compare to '09 1H 1.8%p decreased)\*

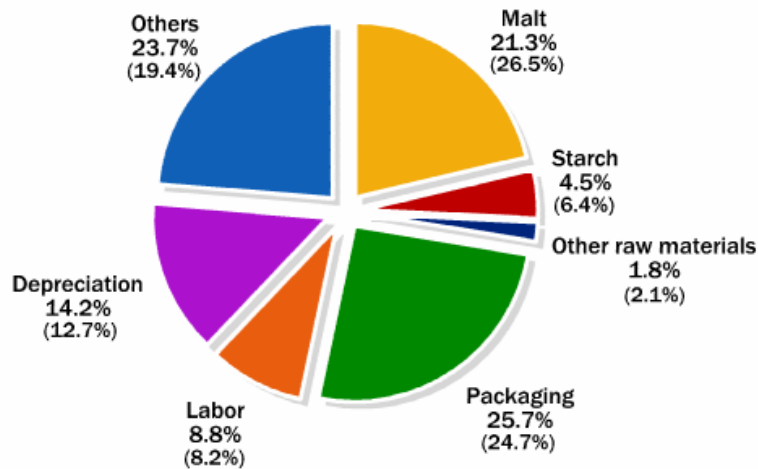
## • Recent price hike

- ① '07 Jan 3%, May 1.9%
- ② '08 July 5.6%
- ③ '09 Dec 2.6%

\*Company's own estimation on 1H M/S : 57%

## 2. Cost breakdown

- Gross profit 244.9bn won, yoy 6.0% decreased (Gross profit margin 50.5%)



COGS breakdown ※ ( ) 2009 1H

### • Malt

- Volume : domestic 11,729 ton (19%), imported 51,420 ton (81%)
- Cost : domestic 18.1bn won (34%), imported 34.5bn won (66%)
- Volume 4,107 ton, cost 12.6bn won decreased (compare to '09 1H)

### • Starch

- Volume : 20,622ton / Cost : 11.2bn won
- yoy 4.7bn won decreased

### • Packaging

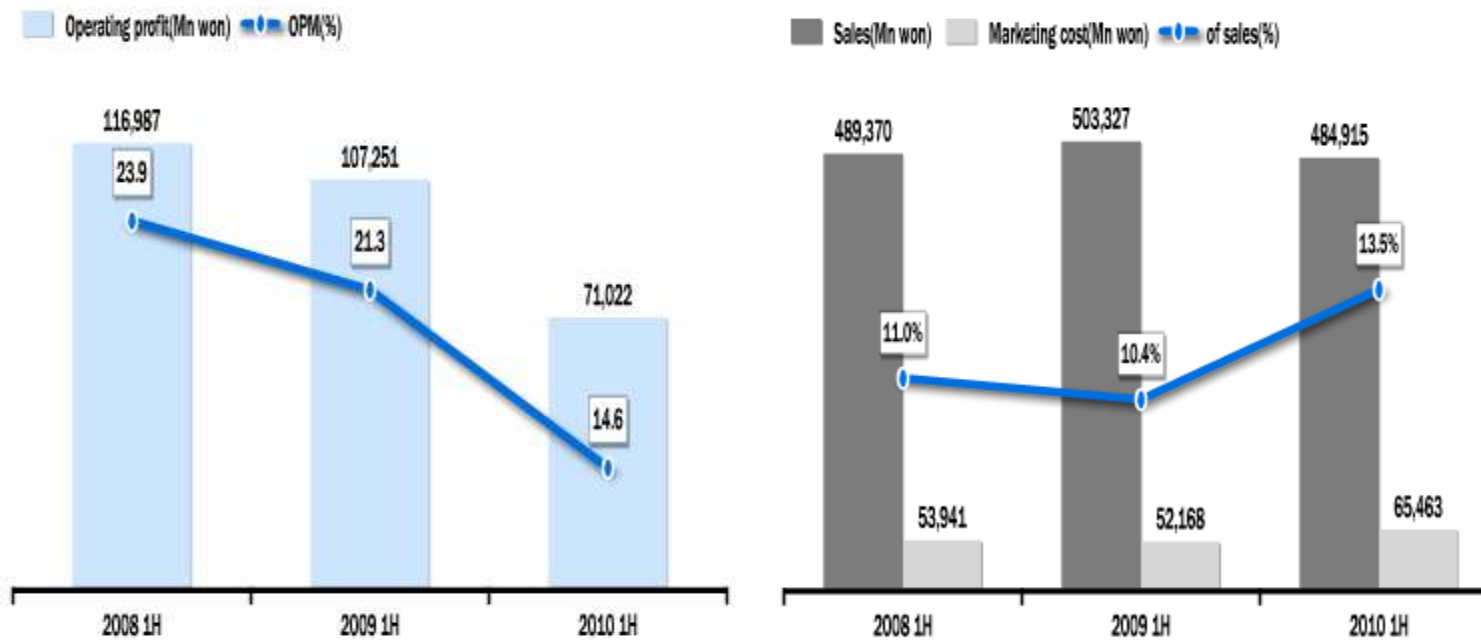
- Cost : 63.5bn won (yoy 2.8bn won decreased)
- Unit price of can increased

### • Reason for 1H GPM decreased

- Over-supply, because of expectation for peak season, caused increase in work in process
- Fixed costs (labor, overhead expenses) increased

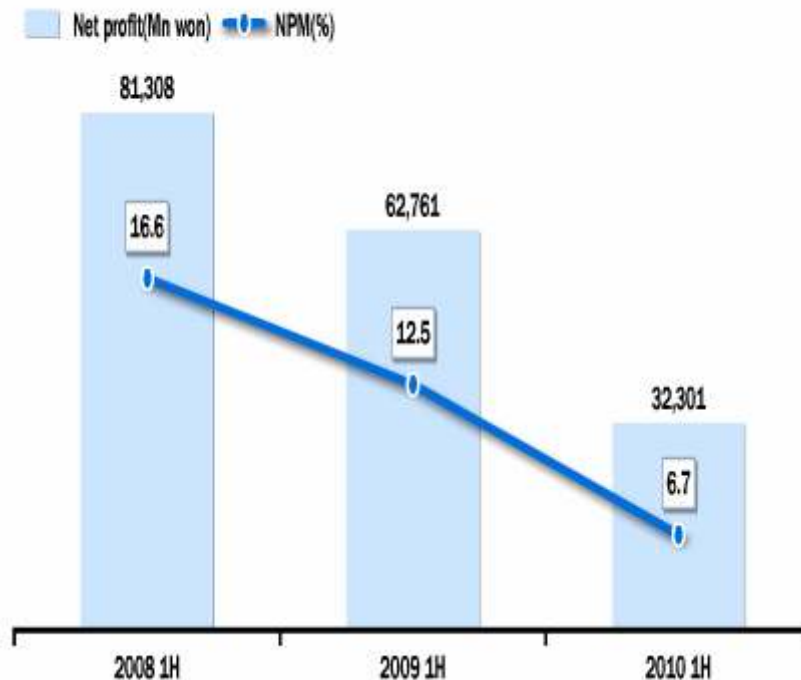
### 3. Operating profit & Marketing cost

- Operating profit : 71bn won (yoy 33.8% decreased, Operating profit margin 14.6%)
- Royalty cost : 5.8bn won (yoy 0.2bn won decreased, because of sales reduced)
- Marketing cost : 65.5bn won, of sales 13.5%  
(yoy 13.3bn won increased, because of new commercial and World Cup promotion)



## 4. Net profit

- Net profit 32.3bn won (yoy 48.5% decreased)



- **Non-operating profit increased**

- yoy 4.3bn won increased
- Equity method gains increased (Hiscot was included as subsidiary since Apr. '09)
- Because of F/X, evaluation/transaction profit of derivative product increased

- **Interest expenses increased**

- Interest expenses 28.9bn won (Avr. Rate 5.25%)
- yoy 0.7bn won increased
- Total interest bearing debt 950bn won (2010 1H)

## 5. Financial statement (Income statement)

Unit : Mn won, Thousand c/s

Items	2010 1H	In/decrease	Ratio	2009 1H	Ratio	2008 1H	Ratio
<b>Sales</b>	<b>484,915</b>	<b>-3.7%</b>	<b>100.0%</b>	<b>503,327</b>	<b>100.0%</b>	<b>489,370</b>	<b>100.0%</b>
Sales Volume	(49,079 Tc/s)	-5.4%		(51,861 Tc/s)		(53,646 Tc/s)	
COGS	239,998	-1.2%	49.5%	242,890	48.3%	227,828	46.6%
<b>Gross profit</b>	<b>244,917</b>	<b>-6.0%</b>	<b>50.5%</b>	<b>260,436</b>	<b>51.7%</b>	<b>261,541</b>	<b>53.4%</b>
SG&A	173,895	13.5%	35.9%	153,186	30.4%	144,554	29.5%
Marketing expenses	65,463	25.5%	13.5%	52,168	10.4%	53,941	11.0%
<b>Operating profit</b>	<b>71,022</b>	<b>-33.8%</b>	<b>14.6%</b>	<b>107,251</b>	<b>21.3%</b>	<b>116,987</b>	<b>23.9%</b>
Non-operating profit	19,478	28.0%	4.0%	15,222	3.0%	36,704	7.5%
(Equity method gain)	1,312		0.3%	-	0.0%	(23,225)	4.7%
Non-operating loss	44,655	8.5%	9.2%	41,144	8.2%	39,088	8.0%
(Interest expenses)	(28,920)	2.6%	6.0%	(28,190)	5.6%	(29,051)	5.9%
<b>Recurring profit</b>	<b>45,846</b>	<b>-43.6%</b>	<b>9.5%</b>	<b>81,328</b>	<b>16.2%</b>	<b>114,604</b>	<b>23.4%</b>
Special gain	-			-		-	
Special loss	-			-		-	
<b>Profit before tax</b>	<b>45,846</b>	<b>-43.6%</b>	<b>9.5%</b>	<b>81,328</b>	<b>16.2%</b>	<b>114,604</b>	<b>23.4%</b>
Corporate tax	13,544	-27.1%	2.8%	18,567	3.7%	33,295	6.8%
<b>Net profit</b>	<b>32,301</b>	<b>-48.5%</b>	<b>6.7%</b>	<b>62,761</b>	<b>12.5%</b>	<b>81,308</b>	<b>16.6%</b>

## 5. Financial statement (Balance sheet)

Unit : Mn won

Items	2010 1H	In/decrease	Ratio	2009	2008
<b>Assets</b>	<b>2,319,317</b>	<b>2.2%</b>	<b>100.0%</b>	<b>2,269,024</b>	<b>2,267,130</b>
1. Current Assets	554,475	4.9%	23.9%	528,539	525,404
(1) Cash and receivables	450,798	4.7%	19.4%	430,565	417,045
(2) Inventories	103,677	5.8%	4.5%	97,974	108,360
2. Non-current Assets	1,764,842	1.4%	76.1%	1,740,485	1,741,726
(1) Investment	57,896	85.2%	2.5%	31,259	30,703
(2) Property, Land & Equipment	1,635,985	-0.2%	70.5%	1,639,776	1,643,229
(3) Goodwill, Industrial property rights	0		0.0%	0	0
(4) Other non-current Assets	70,960	2.2%	3.1%	69,450	67,794
<b>Liabilities</b>	<b>1,466,131</b>	<b>1.3%</b>	<b>63.2%</b>	<b>1,447,315</b>	<b>1,425,621</b>
1. Current Liabilities	1,167,255	3.9%	50.3%	1,123,492	1,102,772
2. Non-current Liabilities	298,876	-7.7%	12.9%	323,823	322,849
<b>Shareholders' equity</b>	<b>853,185</b>	<b>3.8%</b>	<b>36.8%</b>	<b>821,708</b>	<b>841,509</b>
1. Shareholders' Equity	49,684	0.0%	2.1%	49,684	49,684
2. Capital surplus	516,747	0.0%	22.3%	516,747	516,747
3. Capital adjustment	-1,072	0.0%	0.0%	-1,072	-1,072
4. Unappropriated retained earnings	156,109	4.4%	6.7%	149,477	149,406
5. Retained losses	131,718	23.2%	5.7%	106,872	126,744