



2010 1Q HITE-JINRO Result

2010. 05

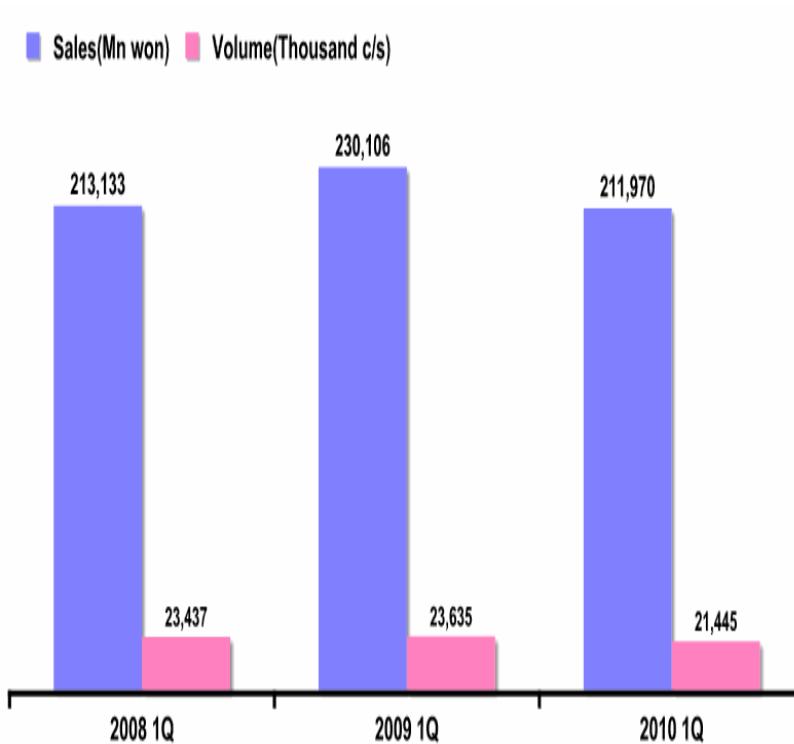
Contents

I. Hite brewery 1Q result

II. Jinro 1Q result

1. Sales & Sales volume

- Sales 212bn won (yoy 7.9% decreased), sales volume 9.3% decreased



- **Sales volume & M/S decreased**

- ① Inventory adjustment on wholesaler side for better inventory management
- ② 1Q shipment base M/S 56.1% (compare to 2009 1Q 1.2%p decreased)*

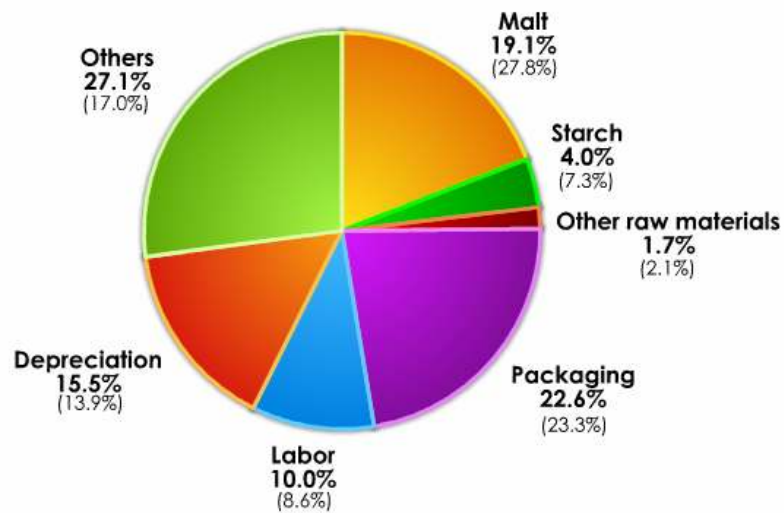
- **Price hike history**

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

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

2. Cost breakdown

- Gross profit 100.8bn won, yoy 13.4% decreased (Gross profit margin 47.6%)



COGS breakdown

※ () 2009 1Q

• Malt

- Volume : domestic 4,367ton (18%), imported 20,041ton (82%)
- Cost : domestic 6.7bn won (31%), imported 14.9bn won (69%)
- Volume 6,389ton, cost 9.8bn won decreased (compare to '09)

• Starch

- Volume : 8,307ton / Cost : 4.5bn won
- yoy 3.8bn won decreased

• Packaging

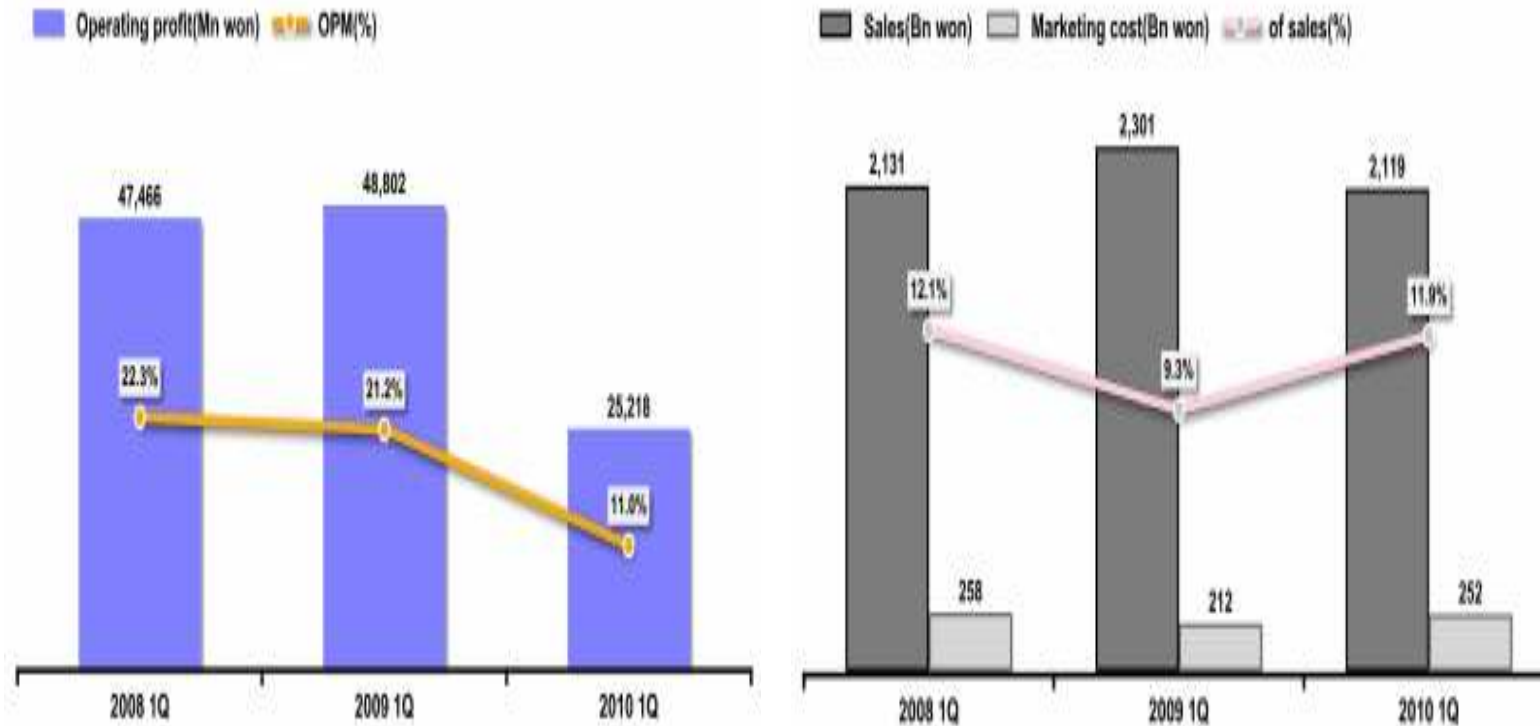
- Cost : 25.6bn won (yoy 0.8bn won decreased)

• Reason for 1Q GPM decreased

- Increase of production because of expectation for peak season's demand
- 1.5bn won bonus payment date changed (Apr. → Mar.)

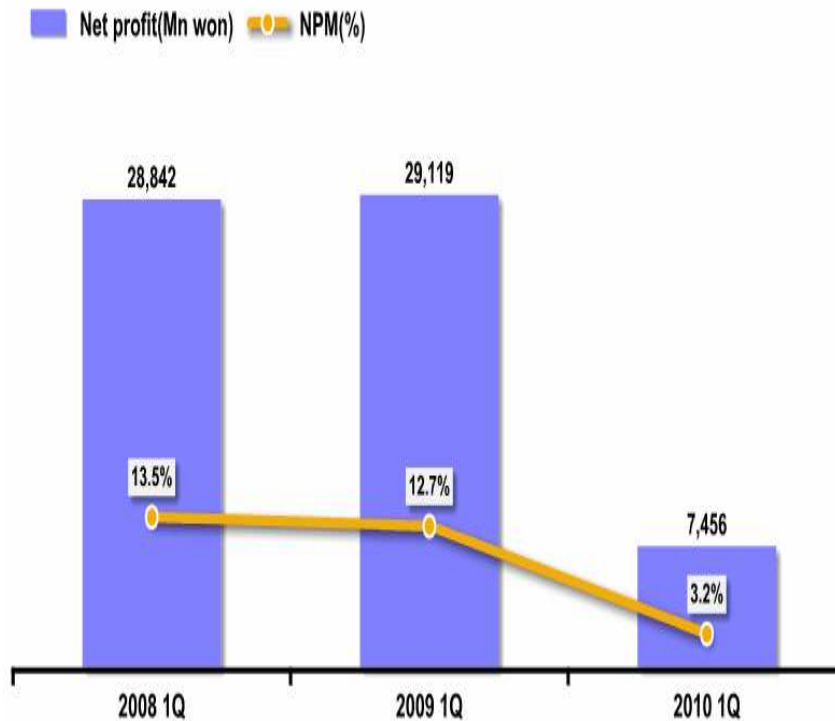
3. Operating profit & Marketing cost

- Operating profit : 25.2bn won (yoy 48.3% decreased, OPM 11%)
- Royalty cost : 2.6bn won (yoy 0.1bn decreased)
- Marketing cost : 25.2bn won, of sales 11.9% (yoy 3.9bn won increased)



4. Net profit

- Net profit 7.5bn won (yoy 74.4% decreased)



- Non-operating profit decreased**

- yoy 5.1bn won decreased
- Interest profit, derivative evaluation profit etc.

- Interest expenses stayed flat**

- Interest expenses 14.2bn won (Avr. rate 5.4%)
- Total interest bearing debt 1.04 trillion won (2010 1Q)

5. Financial statement (Income statement)

Unit : Mn won, Thousand c/s

Items	2010 1Q	In/decrease	Ratio	2009 1Q	Ratio	2008 1Q	Ratio
Sales	211,970	-7.9%	100.0%	230,106	100.0%	213,133	100.0%
Sales Volume	(21,445Cs)	-9.3%		(23,635Cs)		(23,437Cs)	
COGS	111,176	-2.3%	52.4%	113,767	49.4%	98,999	46.4%
Gross profit	100,794	-13.4%	47.6%	116,340	50.6%	114,134	53.6%
SG&A	75,576	11.9%	35.7%	67,537	29.4%	66,668	31.3%
Marketing expenses	25,201	18.4%	11.9%	21,285	9.3%	25,886	12.1%
Operating profit	25,218	-48.3%	11.0%	48,802	21.2%	47,466	22.3%
Non-operating profit	5,433	-48.6%	2.4%	10,563	4.6%	12,472	5.9%
(Equity method gain)	471		0.2%	-	0.0%	(5,502)	2.6%
Non-operating loss	19,353	-12.6%	8.4%	22,131	9.6%	18,311	8.6%
(Interest expenses)	(14,210)	-1.8%	6.2%	(14,477)	6.3%	(13,521)	6.3%
Recurring profit	11,298	-69.7%	4.9%	37,234	16.2%	41,628	19.5%
Special gain	-			-		-	
Special loss	-			-		-	
Profit before tax	11,298	-69.7%	4.9%	37,234	16.2%	41,628	19.5%
Corporate tax	3,842	-52.7%	1.7%	8,115	3.5%	12,786	6.0%
Net profit	7,456	-74.4%	3.2%	29,119	12.7%	28,842	13.5%

6. Financial statement (Balance sheet)

Unit : Mn won

Items	2010 1Q	In/decrease	Ratio	2009	2008
Assets	2,269,024	0.1%	100.0%	2,267,130	1,870,356
1. Current Assets	528,539	0.6%	23.3%	525,404	490,910
(1) Cash and receivables	430,565	3.2%	19.0%	417,045	395,958
(2) Inventories	97,974	-9.6%	4.3%	108,360	94,952
2. Non-current Assets	1,740,485	-0.1%	76.7%	1,741,726	1,379,446
(1) Investment	31,259	1.8%	1.4%	30,703	10,863
(2) Property, Land & Equipment	1,639,776	-0.2%	72.3%	1,643,229	1,287,243
(3) Goodwill, Industrial property rights	0		0.0%	0	0
(4) Other non-current Assets	69,450	2.4%	3.1%	67,794	81,341
Liabilities	1,447,315	1.5%	63.8%	1,425,621	1,252,838
1. Current Liabilities	1,123,492	1.9%	49.5%	1,102,772	872,549
2. Non-current Liabilities	323,823	0.3%	14.3%	322,849	380,289
Shareholders' equity	821,708	-2.4%	36.2%	841,509	617,518
1. Shareholders' Equity	49,684	0.0%	2.2%	49,684	48,711
2. Capital surplus	516,747	0.0%	22.8%	516,747	516,751
3. Capital adjustment	-1,072	0.0%	0.0%	-1,072	-806
4. Unappropriated retained earnings	149,477	0.0%	6.6%	149,406	14
5. Retained losses	106,872	-15.7%	4.7%	126,744	52,848

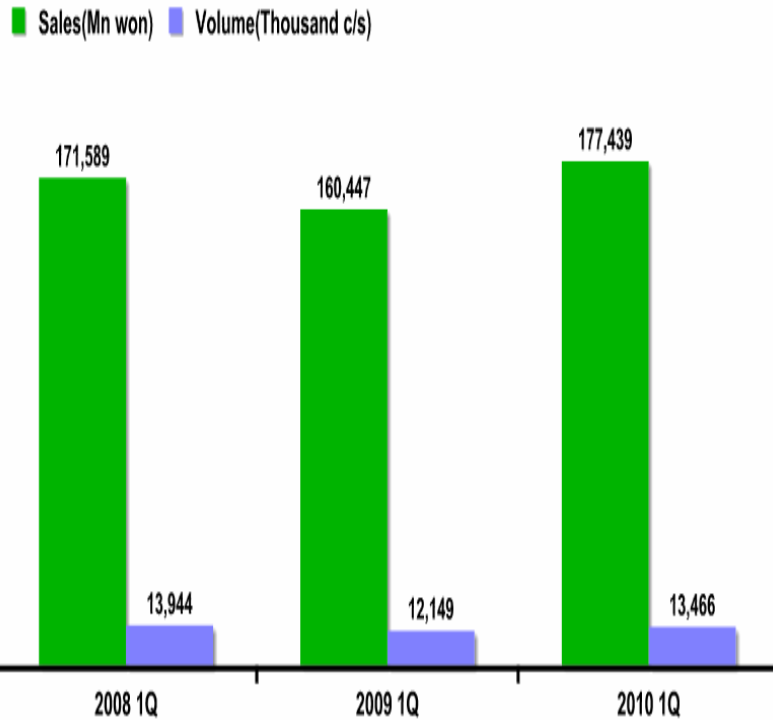
Contents

I. Hite brewery 1Q result

II. Jinro 1Q result

1. Sales & Sales volume

- Sales 177.4bn won (yoy 10.6% increased), sales volume 10.8% increased



- **Sales volume increased & M/S recovered**

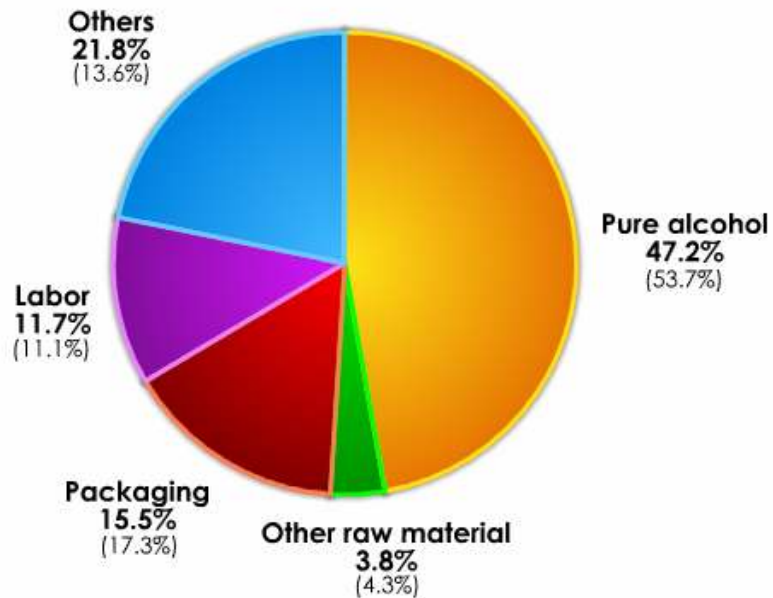
- ① Because of Dec. 2008 price hike, 2009 1Q sales volume was weak
- ② 1Q shipment base M/S 50.1% (compare to 1Q 2009 2.2%p increased)

- **Price hike history**

- ① '07 May 4.9%
- ② '08 Dec 5.9%

2. Cost breakdown

- Gross profit 76.3bn won, yoy 5.8% increased (Gross profit margin 43.0%)



COGS breakdown

※ () 2009 1Q

• Main raw material

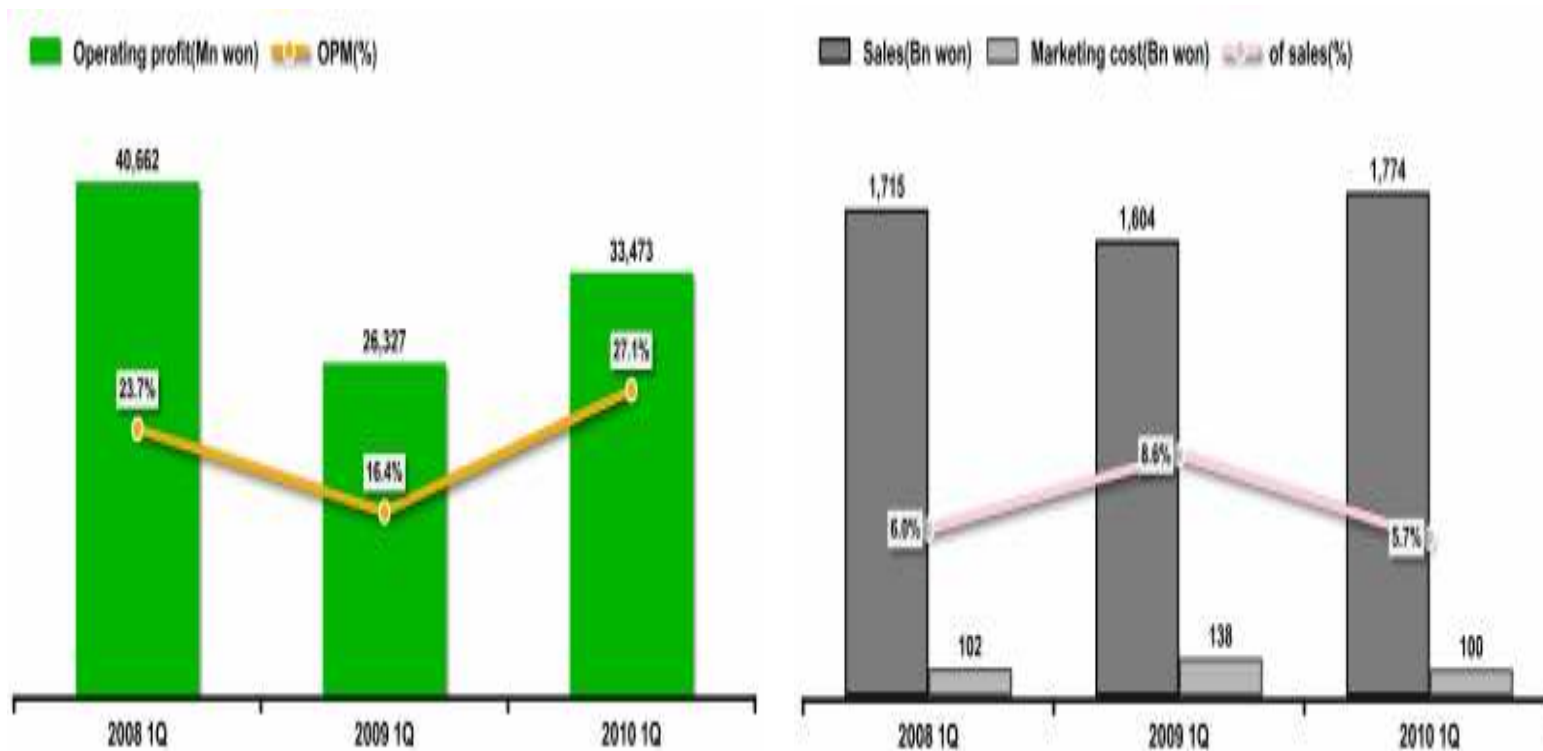
- Pure alcohol cost roughly 46bn won (unit price stayed flat compare to '09)
- Packaging cost roughly 15bn won

• Reason for 1Q GPM decreased

- Increase of production because of expectation for volume increase
- 1.1bn won bonus payment date changed (Apr. → Mar.)

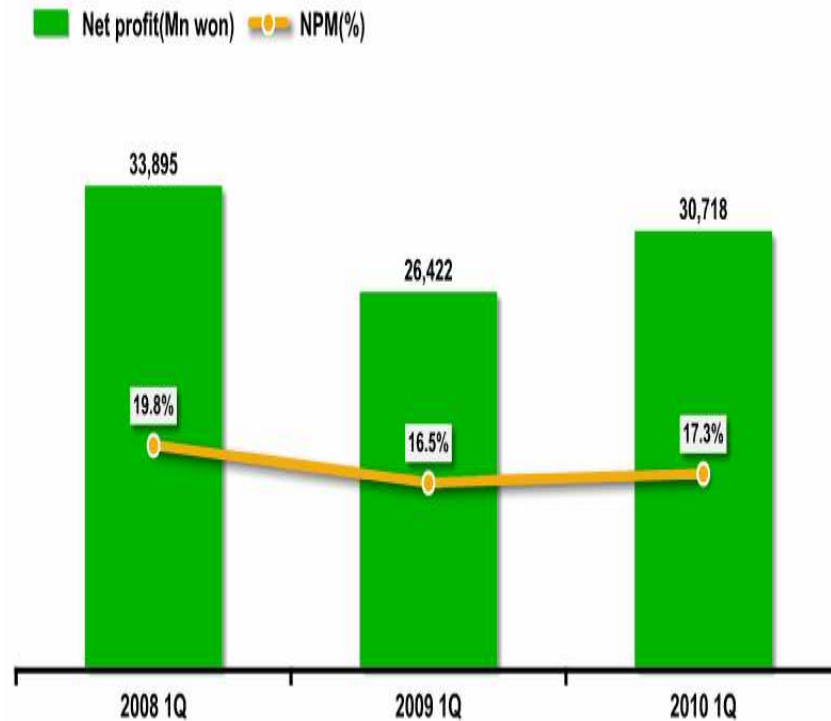
3. Operating profit & Marketing cost

- Operating profit : 33.5bn won (yoy 27.1% increased, OPM 18.9%)
- Marketing cost : 10.1bn won, of sales 5.7% (yoy 3.7bn won decreased)



4. Net profit

- Net profit 30.7bn won (yoy 16.3% increased)



- Equity method gains increased**

- 1Q equity method gains 8.8bn won
- yoy 1.8bn won increased
(Pernod ricard's equity gains 1.6bn won quarterly reflected, until '09 half-yearly reflected)

- Interest expenses decreased**

- Interest expenses 3.9bn won
(Avr. Rate 4.6%)
- yoy 1.1bn won decreased
- Total interesting bearing debt 330bn won (2010 1Q)

- Corporate tax reflected**

- 1Q corporate tax rate : 17.5%

5. Financial statement (Income statement)

Unit : Mn won, Thousand c/s

Items	2010 1Q	In/decrease	Ratio	2009 1Q	Ratio	2008 1Q	Ratio
Sales	177,439	10.6%	100.0%	160,447	100.0%	171,589	100.0%
(Sales Volume)	(13,466Cs)	10.8%		(12,149Cs)		(13,944Cs)	
COGS	101,189	14.5%	57.0%	88,373	55.1%	93,059	54.2%
Gross profit	76,250	5.8%	43.0%	72,074	44.9%	78,530	45.8%
SG&A	42,776	-6.5%	24.1%	45,747	28.5%	37,869	22.1%
(Marketing expenses)	(10,099)	-26.9%	5.7%	(13,817)	8.6%	(10,274)	6.0%
Operating profit	33,473	27.1%	18.9%	26,327	16.4%	40,662	23.7%
Non-operating profit	12,997	38.1%	7.3%	9,413	5.9%	9,521	5.5%
(Equity method gains)	(8,789)	25.6%	5.0%	(6,997)	4.4%	(2,329)	1.4%
Non-operating loss	9,239	-0.8%	5.2%	9,318	5.8%	16,287	9.5%
(Interest expenses)	(3,906)	-22.7%	2.2%	(5,051)	3.1%	(7,382)	4.3%
Recurring profit	37,232	40.9%	21.0%	26,422	16.5%	33,895	19.8%
Special Gain	-	-	-	-	-	-	-
Special loss	-	-	-	-	-	-	-
Profit before tax	37,232	40.9%	21.0%	26,422	16.5%	33,895	19.8%
Corporate tax	6,514		3.7%	-	0.0%	-	0.0%
Net profit	30,718	16.3%	17.3%	26,422	16.5%	33,895	19.8%

6. Financial statement (Balance sheet)

Unit : Mn won

Items	2010 1Q	In/decrease	Ratio	2009	2008
Assets	1,388,410	-1.0%	100.0%	1,402,469	1,319,219
1. Current Assets	284,155	10.9%	20.5%	256,196	357,416
(1) Cash and receivables	253,327	13.2%	18.2%	223,748	334,758
(2) Inventories	30,827	-5.0%	2.2%	32,448	22,658
2. Non-current Assets	1,104,255	-3.7%	79.5%	1,146,273	961,803
(1) Investment	309,235	-10.5%	22.3%	345,542	334,979
(2) Property, Land & Equipment	611,735	-0.6%	44.1%	615,636	350,853
(3) Goodwill, Industrial property rights	1,321	-6.5%	0.1%	1,413	1,270
(4) Other non-current Assets	181,964	-0.9%	13.1%	183,681	274,701
Liabilities	736,170	12.2%	53.0%	656,415	844,435
1. Current Liabilities	520,578	-8.4%	37.5%	568,091	665,502
2. Non-current Liabilities	215,592	144.1%	15.5%	88,324	178,933
Shareholders' Equity	652,240	-12.6%	47.0%	746,054	474,784
1. Shareholders' Equity	215,000	0.0%	15.5%	215,000	215,000
2. Capital surplus	619	0.0%	0.0%	619	619
3. Capital adjustment	-60,005	30.5%	-4.3%	-45,979	-16
4. Unappropriated retained earnings	205,448	-4.0%	14.8%	213,996	18,129
5. Retained losses	291,177	-19.7%	21.0%	362,418	241,051