

JINRO

2010 3Q Jinro Result

2010.12



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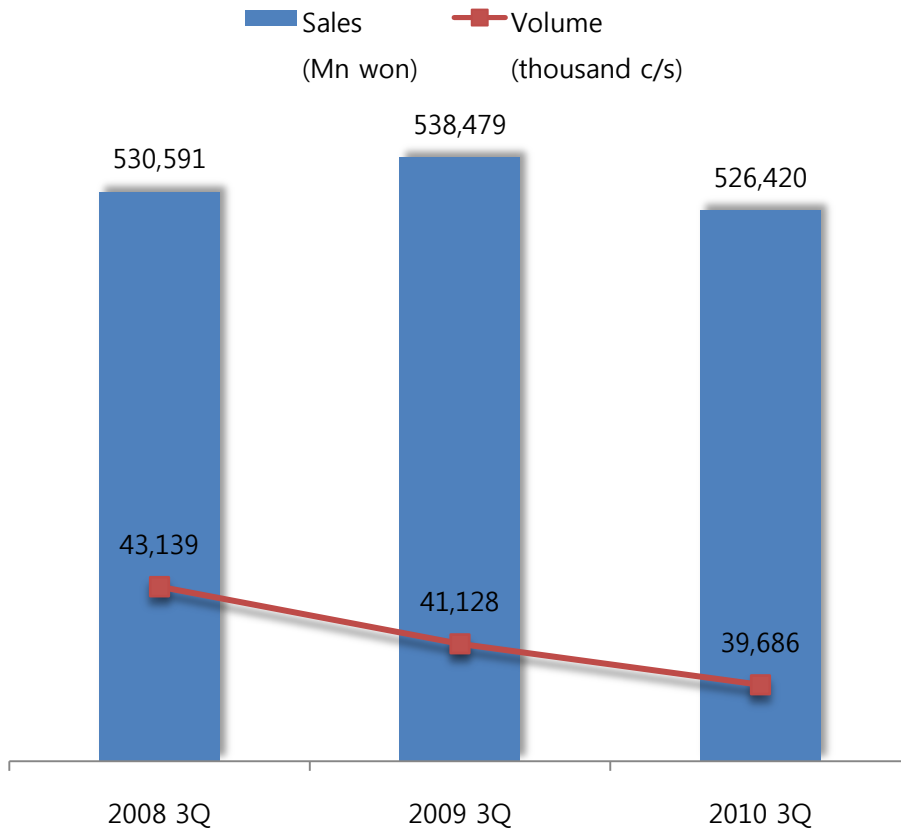
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1. Sales & Volume

- Sales on accumulated base 526.4bn(yoy 2.2% decreased), Volume decreased 3.5%

Sales & Volume

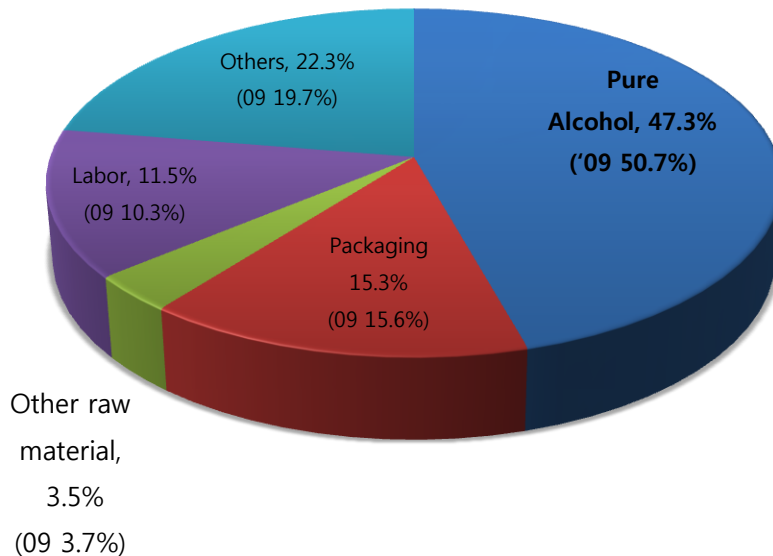


- Sales slightly decreased yoy
 - ① Because low-alcoholic beverage sales increased during the 2010 Worldcup temporarily, soju consumption was affected
 - ② Slow season of soju in 3Q due to abnormal climate
 - ③ Expected Market Share 50%, in terms of shipments
- Recent price increase rate
 - ① '07 May 4.9%
 - ② '08 Dec 5.9%
 - ③ '09, '10 : No raising

2. Cost breakdown

- Gross profit 222.1bn won, yoy 8.4% decreased
- Gross Margin ratio 42.2%,yoy 2.8% decreased

COGS breakdown



• Cause of decreased gross margin ratio

Due to decreased output, unit of fixed cost (labor cost) was increased

The depreciation cost and bottle handling fee was increased

Pure alcohol ratio in the cost breakdown decreased yoy 3.4%

increase ratio of pure alcohol

- 07 3.5%
- 08 10%
- 09,10 Freeze price

Distribution channel of pure alcohol

Pure alcohol company(10ea)

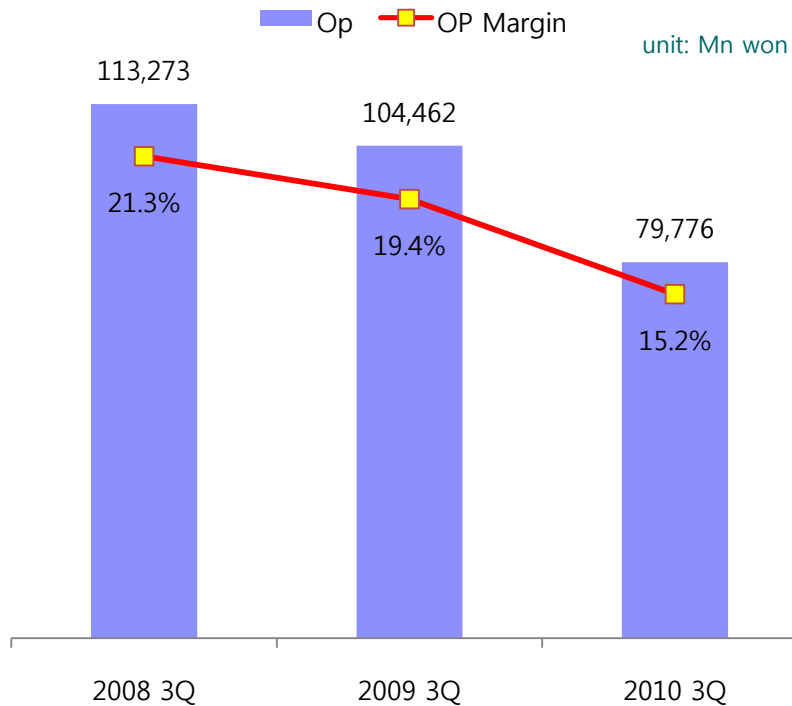
→Korea Ethanol Supplies company(1ea)

→ Soju Company

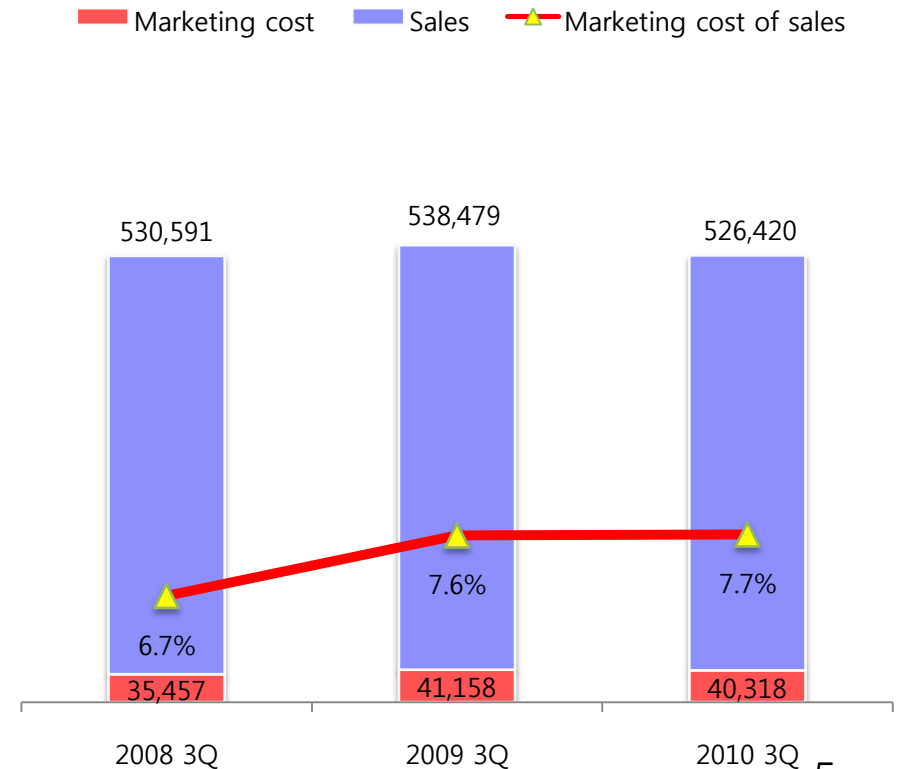
3. Operating profit & Marketing cost

- Operating Profit : 79.8bn won yoy 23.6% decreased(cause of increasing of salary)
- Marketing cost: 40.3bn won 7.7% of sales(Although promotion cost was increased by world cup, marketing cost was decreased by 2.0% yoy)

Operating Profit



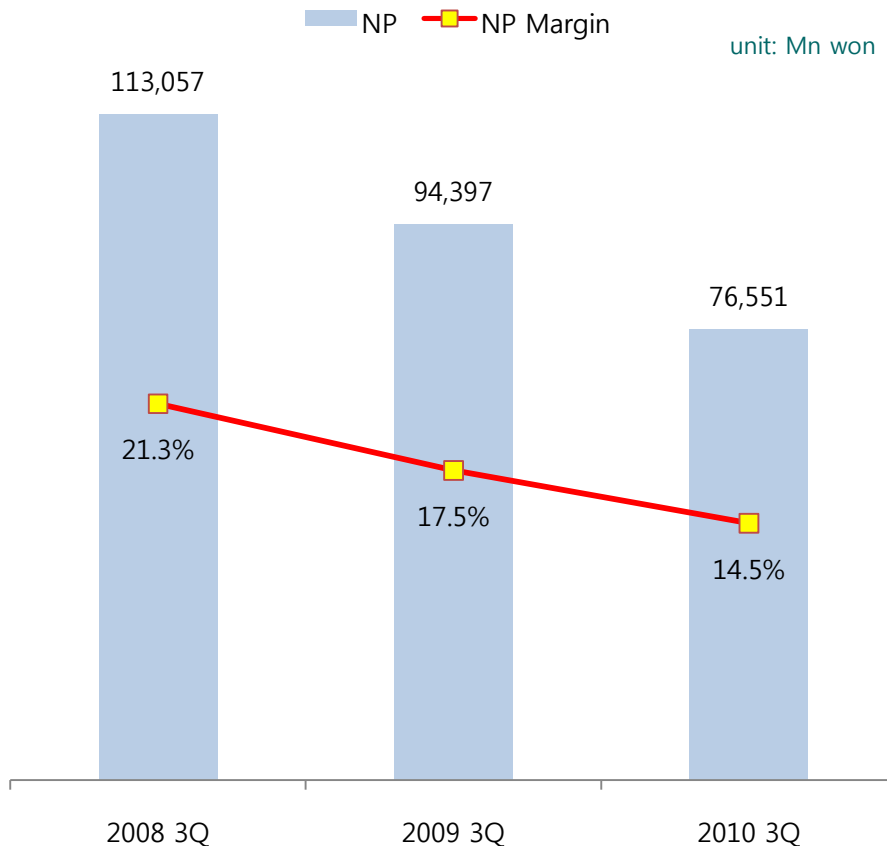
Marketing cost



4. Net profit

- Net Profit in 3Q 76.6bn won (yoy 18.9% decreased)

Net Profit



•Cause of net profit decrease

- corporate tax increased 14.5bn won

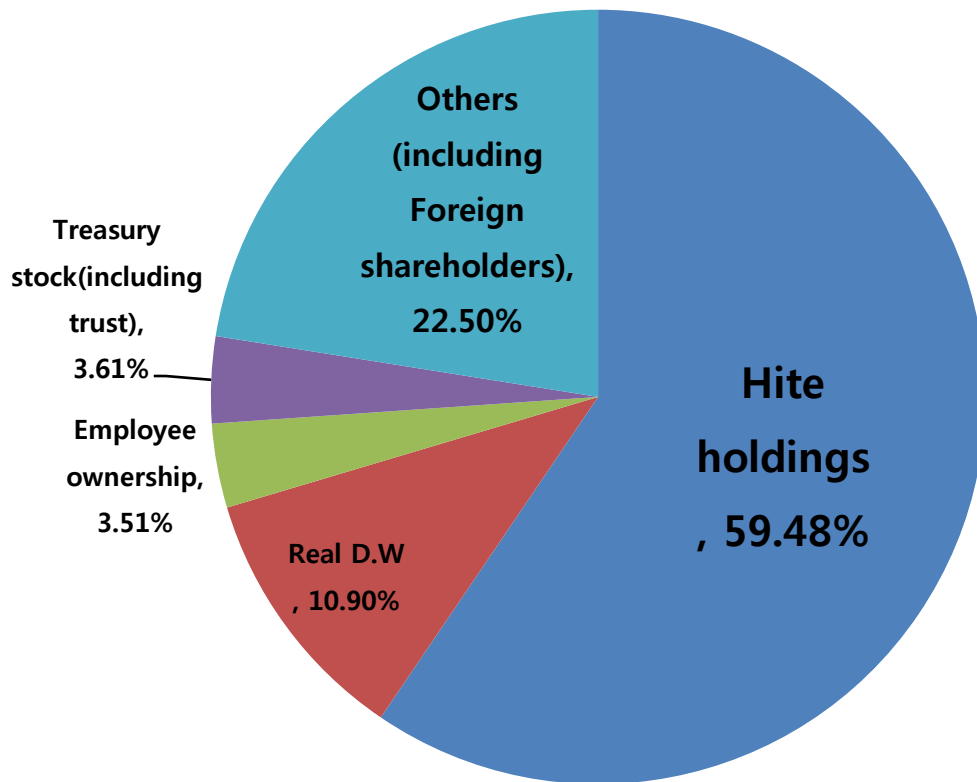
half the corporate tax was appropriated for the last quarter of 2009, however as a listed company, in 2010 the cost of the corporate tax was appropriated according to financial regulations.

. Cause of none op revenue and expense variation

Equity method income 5.2bn won increased
sold invest stocks income 3bn won increased
Interest cost 1.6bn won decreased

Equity status of Jinro(all of the issued stocks in 2010' Nov)

Jinro



- ✓ Total Stocks: 40,500,000
 - Equity share 40,495,303
 - Preferred share 4,697
- ✓ Hite holdings 59.48%
- ✓ Real D.W 10.90%
- ✓ Foreign Shareholders 6.50%
- ✓ Employee ownership 3.51%
- ✓ Treasury stock 3.61%
- ✓ Others (institution & Private) 22.50%

Financial Statement(Balance Statement)

Balance statement

Unit : Mn won

Items	2010 3Q	In/Decrease	Ratio	2009	2008
Assets	1,328,867	-5.2%	100.0%	1,402,468	1,319,219
1. Current Assets	222,625	-13.1%	16.8%	256,196	357,416
(1) Cash and receivables	193,032	-13.7%	14.5%	223,748	334,758
(2) Inventories	29,593	-8.8%	2.2%	32,448	22,658
2. Non-current Assets	1,106,242	-3.5%	83.2%	1,146,272	961,803
(1) Investment	316,330	-8.5%	23.8%	345,542	334,979
(2) Property, Land & Equipment	611,776	-0.6%	46.0%	615,636	350,853
(3) Goodwill, Industrial property rights	1,384	-2.1%	0.1%	1,413	1,270
(4) Other non-current Assets	176,752	-3.8%	13.3%	183,681	274,701
Liabilities	689,087	5.0%	51.9%	656,415	844,435
1. Current Liabilities	508,606	-10.5%	38.3%	568,091	665,502
2. Non-current Liabilities	180,481	104.3%	13.6%	88,324	178,933
Shareholders' Equity	639,780	-14.2%	48.1%	746,055	474,784
1. Shareholders' Equity	215,000	0.0%	16.2%	215,000	215,000
2. Capital surplus	619	0.0%	0.0%	619	619
3. Capital adjustment	-71,205	54.9%	-5.4%	-45,979	-16
4. Unappropriated retained earnings	211,497	-1.2%	15.9%	213,997	18,129
5. Retained losses	283,869	-21.7%	21.4%	362,418	241,051

Financial statement(Income Statement)

Income statement

Unit: Mn won, Thousand c/s

ITEM	2010 3Q	In/Decrease	Ratio	2009 3Q	Ratio
Sales	526,420	-2.2%	100.0%	538,479	100.0%
(Volume thousand)	(39,686Cs)	-3.50%		(41,128Cs)	
COGS	304,327	2.8%	57.8%	295,934	55.0%
Gross profit	222,093	-8.4%	42.2%	242,545	45.0%
SG&A	142,317	3.1%	27.0%	138,083	25.6%
(Marketing expenses)	(40,318)	-2.0%	7.7%	(41,158)	7.6%
Operating profit	79,776	-23.6%	15.2%	104,462	19.4%
Non-operating profit	46,418	47.7%	8.8%	31,433	5.8%
Gain valuation using equity method of accounting	(30,381)	20.4%	5.8%	(25,223)	4.7%
Non-operating loss	26,190	-19.4%	5.0%	32,502	6.0%
(Interest expense)	(11,857)	-11.7%	2.3%	(13,434)	2.5%
Recurring profit	100,004	-3.3%	19.0%	103,393	19.2%
Profit before tax	100,004	-3.3%	19.0%	103,393	19.2%
Corporate tax	23,453	160.7%	4.5%	8,996	1.7%
Net profit	76,551	-18.9%	14.5%	94,397	17.5%