

THE HITE.

JINRO

Hite Brewery IR Material

March 2011

Leading the Future

Leading the future with creativity,
innovation and a spirit of challenge

Safe harbor statement

Financial statements and earnings results in this document were prepared according to K-GAAP. This document includes forward-looking statements, which are identified by words such as "anticipates," "projects," "expects," "plans," "(E)," and other similar expressions that indicate trends and future events. Because such statements deal with future events, they are subject to various risks and uncertainties and actual results for fiscal year 2010 and beyond could differ materially from the Company's current expectations. Please keep in mind that we may revise our forecasts in line with changes in market environment and our strategy, as these statements represent our current judgment on what the future holds. This document may not be used to prove any legal responsibility for losses incurred by investors.



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A dynamic splash of blue water is shown at the bottom of the page, with droplets and waves of varying sizes and colors (from light to deep blue) creating a sense of movement and freshness.

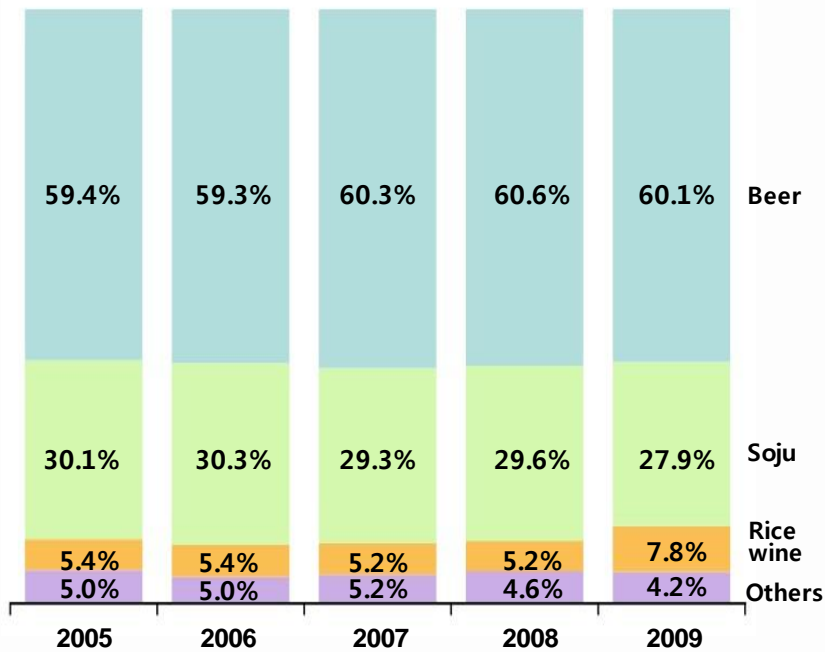
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Overview of Korea's alcoholic beverage market

- Beer still has the highest ratio among other liquor.
- Premium and imported beer are on increasing trend.

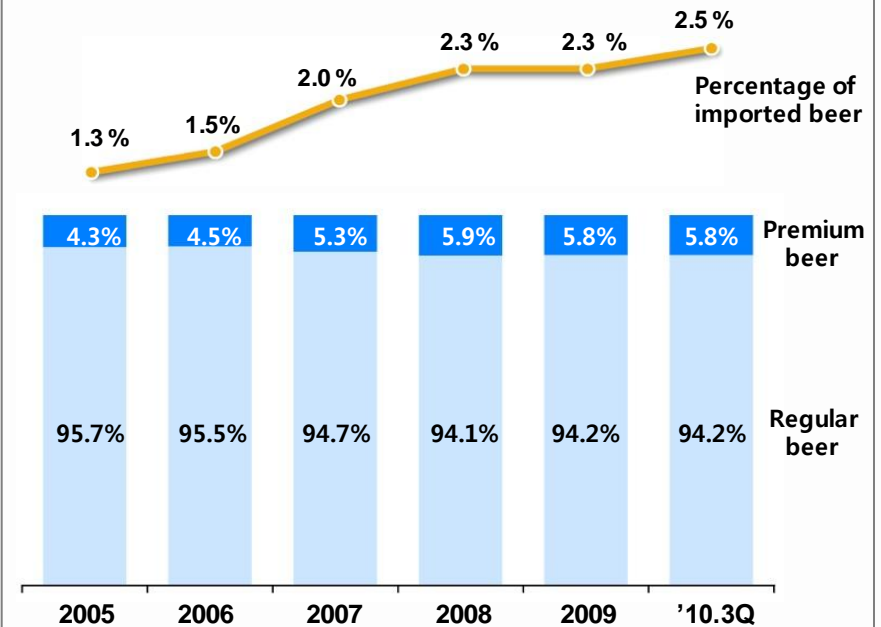
Component ratio by type of liquor



▪ shipment sales volume [Unit: Thousand KL]

2005	2006	2007	2008	2009
3,094	3,171	3,291	3,397	3,333

Premium & imported beer



- CAGR of premium beer: 7.4%('05~'09)
- CAGR of imported beer: 12.7%('05~'09)

※ Source: National tax service (As of June 30, 2010)

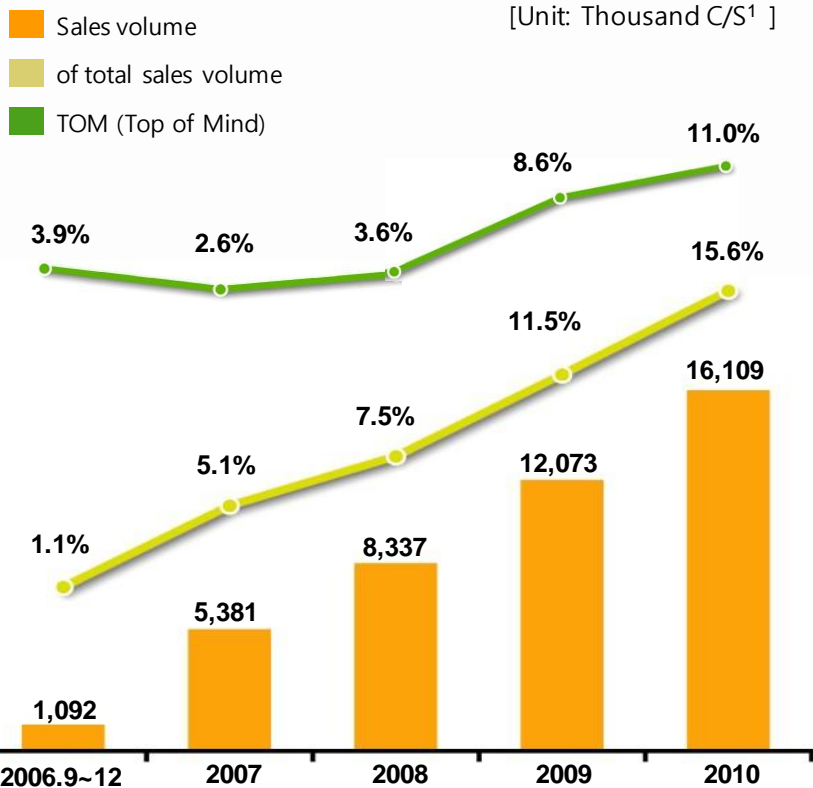
※ Source: Korea Alcohol & Liquor Industry Association

Brand Performance

- Max and dry-finish d are gradually growing

Max

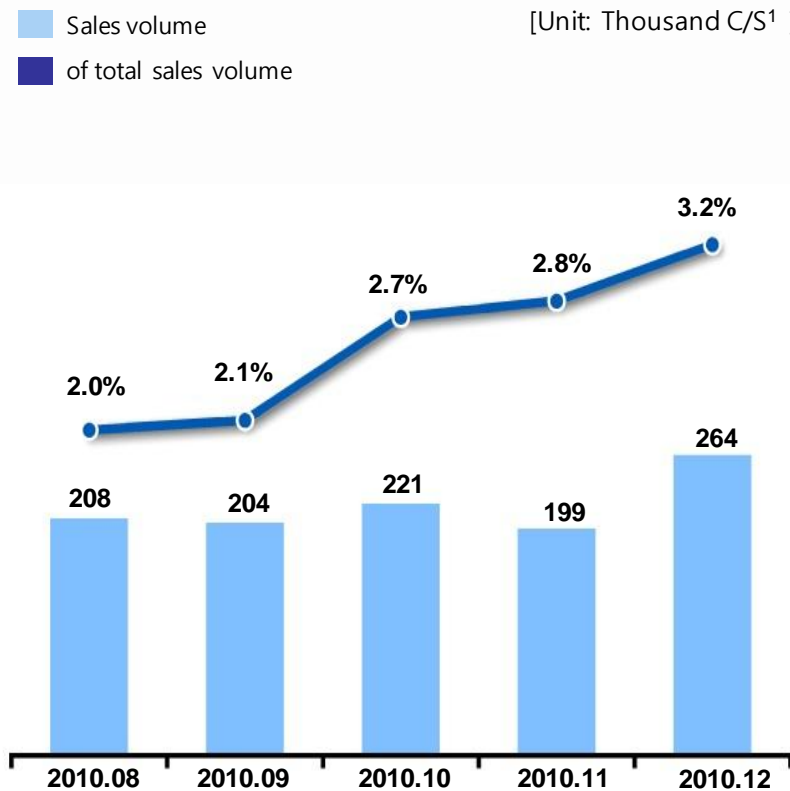
[Unit: Thousand C/S¹]



※ Max was launched in September, 2006

dry-finish d

[Unit: Thousand C/S¹]



※ 'dry-finish d' was launched in August, 2010

1 C/S = 500ml X 20btl = 10L

Hite-Jinro merger synergies

- The optimum business environment will be materialized based on the possibility of growth and efficiency as of April, 2011

Hite-Jinro merger synergies

Pursuing strategies

- Greater sales and more efficient operations
- A step-by-step, gradual approach

Action plans

- Sales to wholesalers: cooperation
- Sales to retailers: integration

Stronger market dominance

ERP system establishment

World's leading liquor company

Innovative
work process

Improved
management

Integrated
ERP solution

Work process

- Improved decision making & evaluation process

Organization

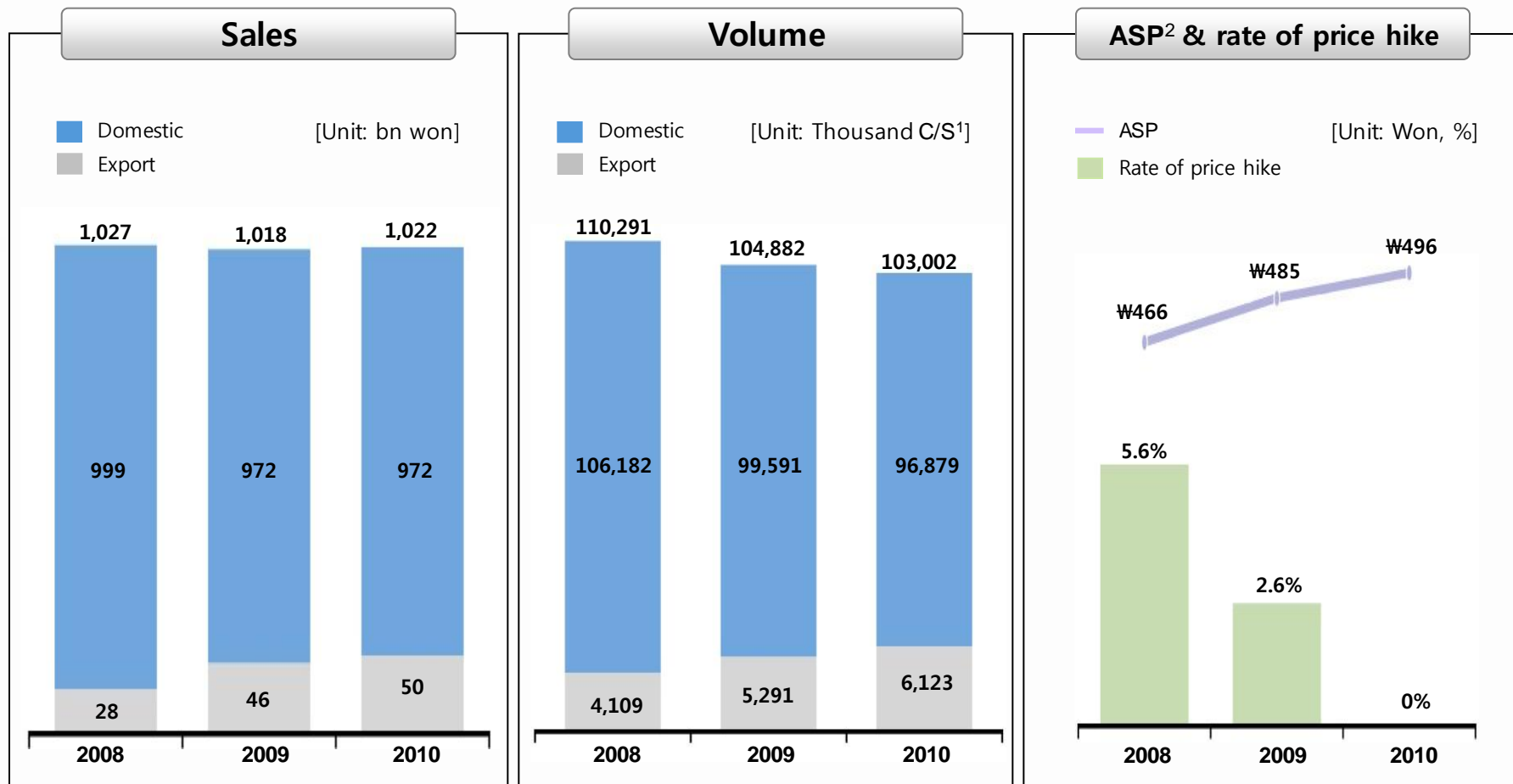
- Intense change management program

IT

- Freer communication and information sharing

Trend of sales, volume & price

- Sales have been maintained by a price hike and increase in exports despite a decrease in sales volume.
- Sales and sales volume in 2011 will increase through M/S growth.



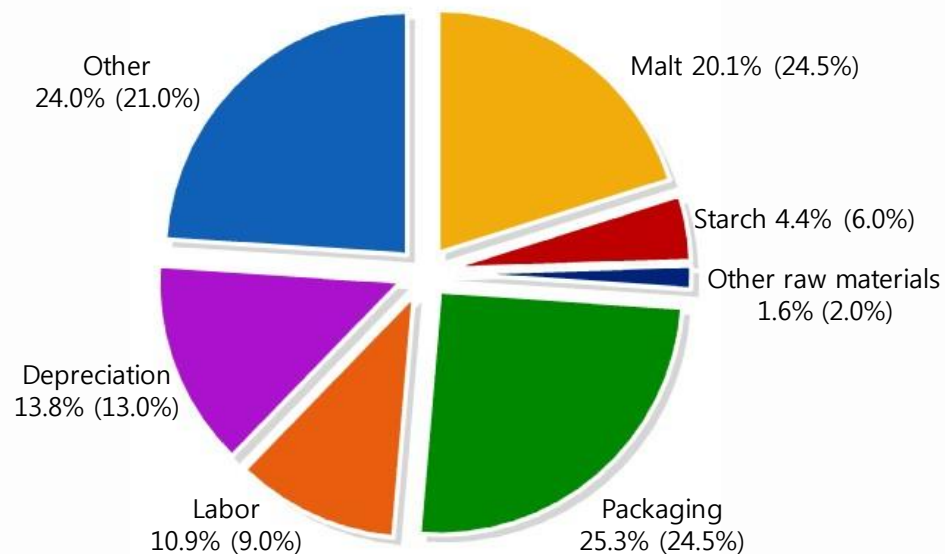
1 C/S = 500ml * 20btl = 10L

2 ASP = Average Selling Price = Net sales (excluding tax) divided by total volume (500ml bottle base)

Cost breakdown

• Gross profit 515.3bn won, yoy 0.5% increased (Gross profit margin 50.4%)

COGS



▪ Malt

– Volume: domestic 22,509 ton (17.8%)
imported 104,312 ton (82.2%)

– Cost: domestic 36.1bn won (35.1%)
imported 66.8 bn won (64.9%)

– 311 ton decrease in volume,
21.4 bn won decrease in cost (compared
to '09)

▪ Starch

– Volume: 41,603 ton / Cost: 22.3 bn won

– 6,317ton decrease in volume,
7.1bn won decrease in cost (compared to '09)

▪ Packaging

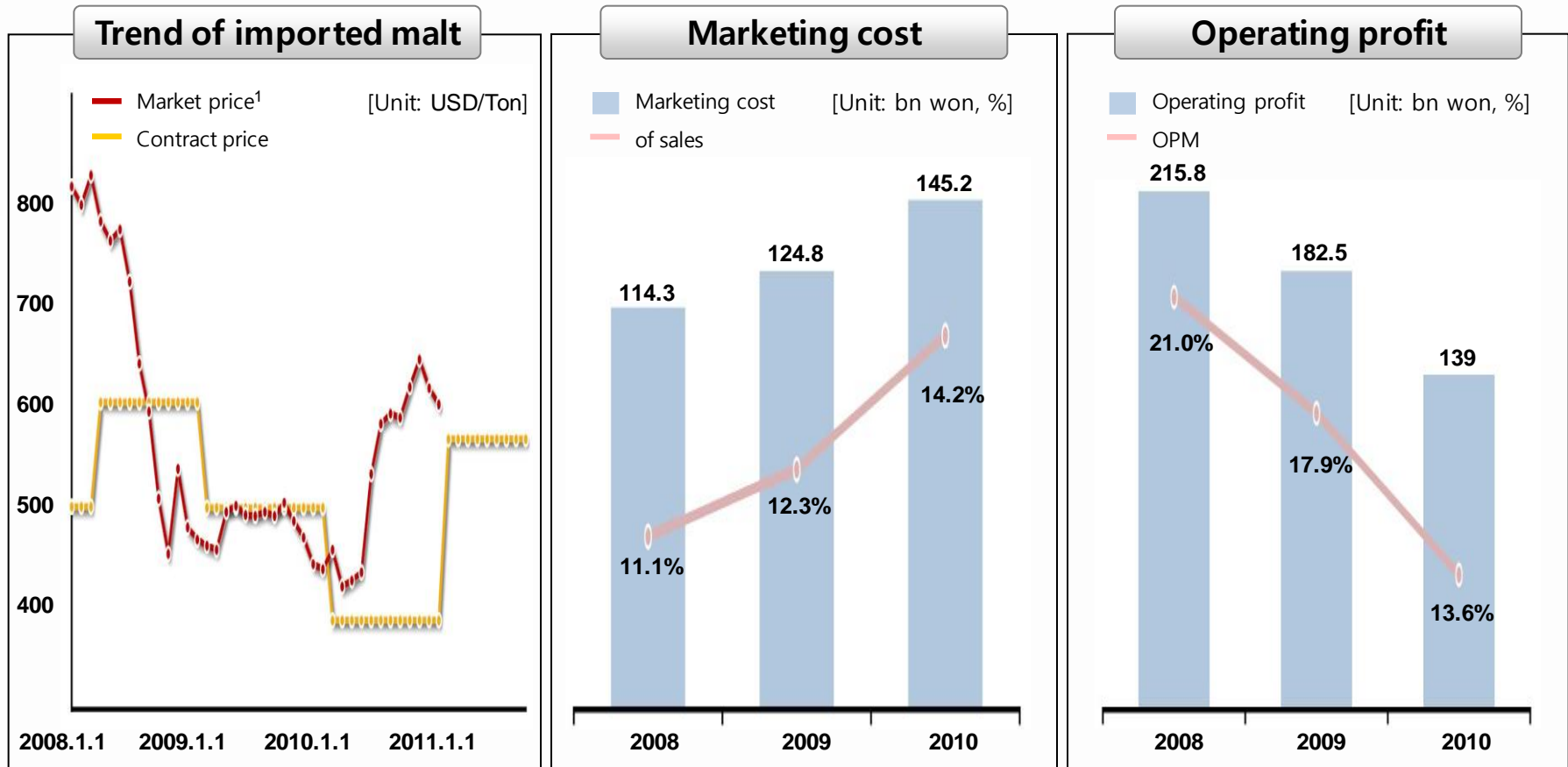
– Cost: 129.4 bn won

– 5.6bn won increase (compared
to '09)

※ (): based on '09 result

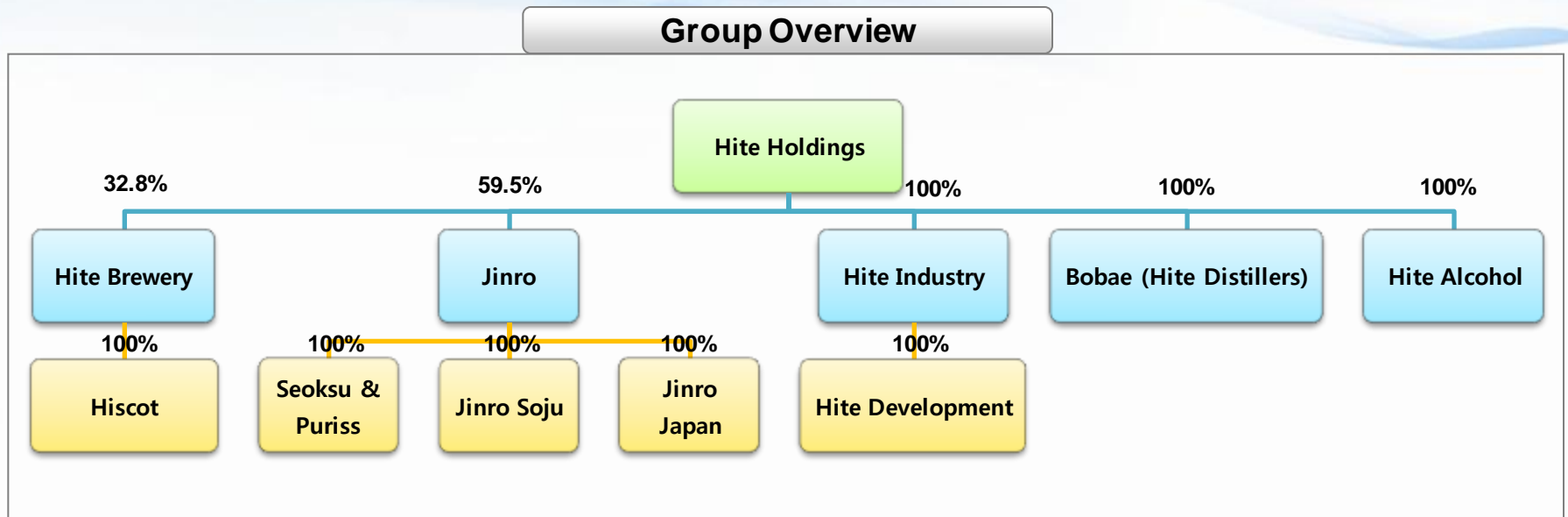
Trend of malt price, marketing cost & operating profit

- The cost burden is expected in 2011 because the price of imported malt increased by 46% compared to 2010.
- Marketing cost increased due to strengthening brand portfolio in 2010, but it will be reduced about 10bn won in 2011.
- An increase in sales volume and a decrease in marketing costs will maintain operating margin in 2011 despite the cost burden.

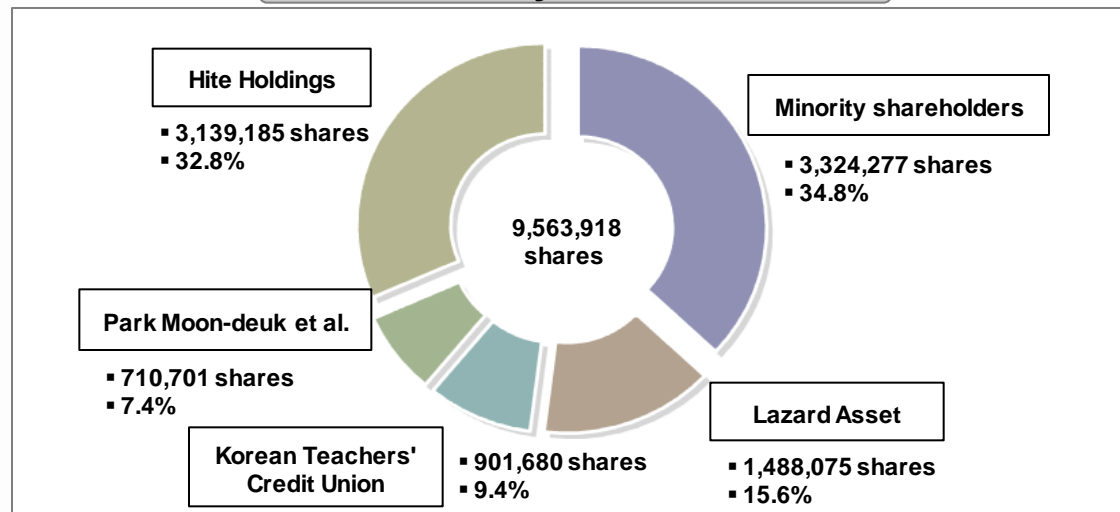


¹ Market prices are checked from 'E-Malt.com' at the end of every month.

Hite-Jinro Group's ownership structure



Hite Brewery's shareholders



※ Note: based on common stock, as of Dec 24, 2010

Financial statements

Balance sheet

[Unit: bn won]	2008	2009	2010
Current assets	490.9	525.4	531.9
Quick assets	396.0	417.0	442.2
Inventories	95.0	108.4	89.7
Non-current assets	1,379.4	1,741.7	1,752.4
Investments	10.9	30.7	35.0
Plant, property and equipment	1,287.2	1,643.2	1,646.4
Intangible assets	0	0	0
Others	81.3	67.8	70.9
Total assets	1,870.4	2,267.1	2,284.3
Current liabilities	872.5	1,102.8	1,110.0
Non-current liabilities	380.3	322.8	289.8
Total liabilities	1,252.8	1,425.6	1,399.7
Paid-in capital	48.7	49.7	49.7
Additional paid-in capital	516.8	516.7	516.7
Capital adjustment	-0.8	-1.1	-1.1
Accumulated other comprehensive income	0	149.4	149.3
Retained earnings	52.8	126.7	169.9
Shareholders' equity	617.5	841.5	884.6

Income statement

[Unit: bn won]	2008	2009	2010
Sales	537.4	1,017.5	1,022.3
Cost of goods sold	262.5	499.7	507.0
Gross profit	274.9	517.8	515.3
SG&A	174.3	335.3	376.3
Operating profit	100.6	182.5	139.0
Non-operating income	20.1	40.6	39.0
Non-operating expenses	41.8	95.4	77.3
Pretax profit	78.8	127.8	100.8
Corporate tax	26.0	28.5	30.3
Net profit	52.8	99.2	70.5