

**THE HITE.**

JINRO

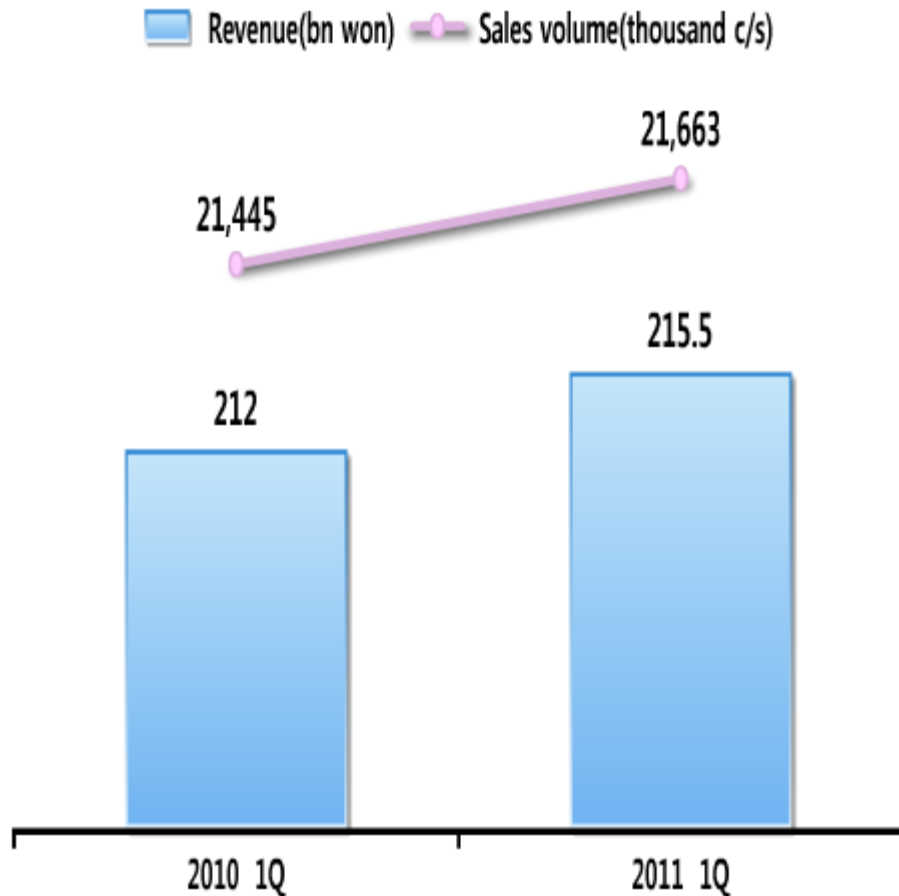
# Hite Brewery IR Material

2011. 1Q

Leading the Future

창조적인 혁신과 도전으로 미래를 선도하는 기업

## Hite Brewery result – Revenue & Sales volume



- **Revenue increased 3.5bn won(1.7%) compared to 1Q 2010**

- ① Sales volume increased 218 thousand c/s

- ② Sales volume trend by each brand (compared to 1Q 2010)

- Hite : decreased by 5.5%

- Max : increased by 20.3%

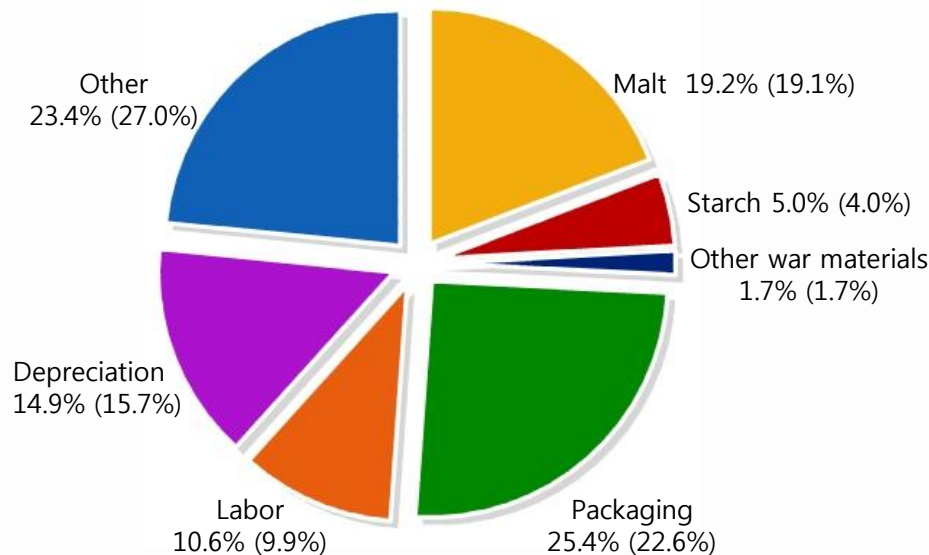
- Dryfinish d : decreased by 6.8%

(compared to 4Q 2010)

# Cost breakdown

• Gross profit 105.1bn won, yoy 4.2% increased (Gross profit margin 48.8%)

## COGS



※ ( ): 2010.1Q

### ▪ Malt

- Volume: domestic 4,910 ton (17.9%)  
imported 22,576 ton (82.1%)
- Cost: domestic 8.1 bn won (37.2%)  
imported 13.7 bn won (62.8%)
- 3,077 ton increased in volume,  
0.13 bn won increased (compared to '10.1Q)

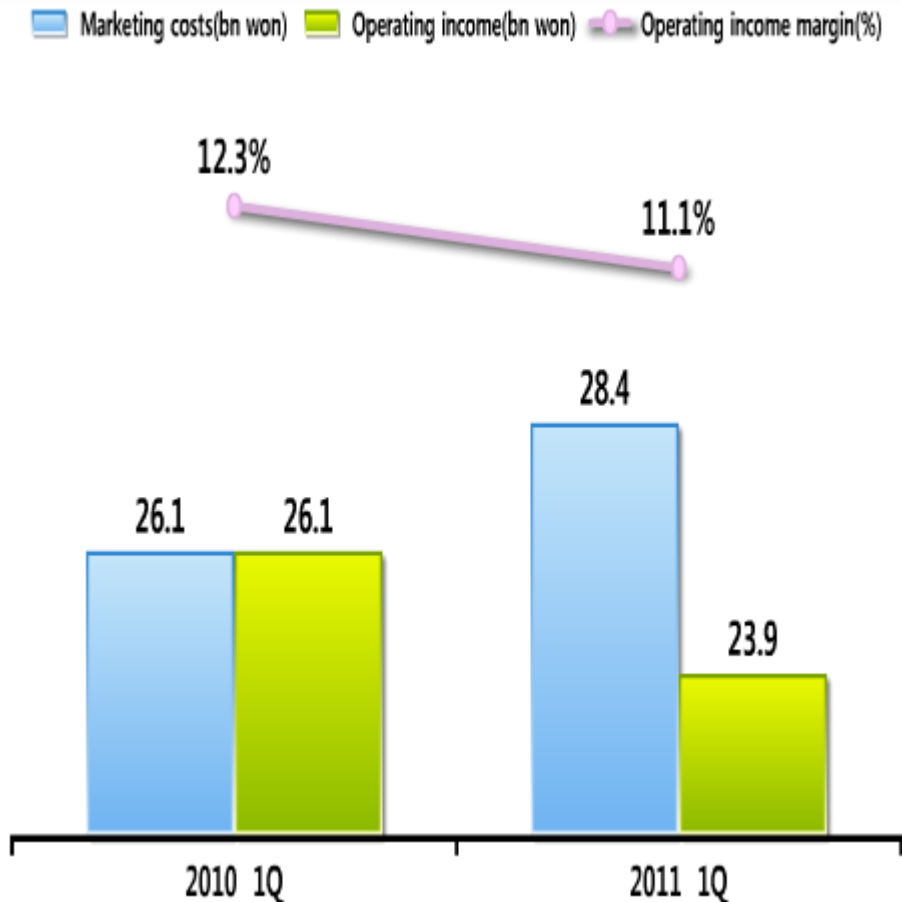
### ▪ Starch

- Volume: 9,008 ton / Cost: 56.4 bn won
- 701 ton increased in volume,  
1.1 bn won increased (compared to '10.1Q)

### ▪ Packaging

- Cost: 28.8 bn won
- 3.2 bn won increased (compared to '10.1Q)

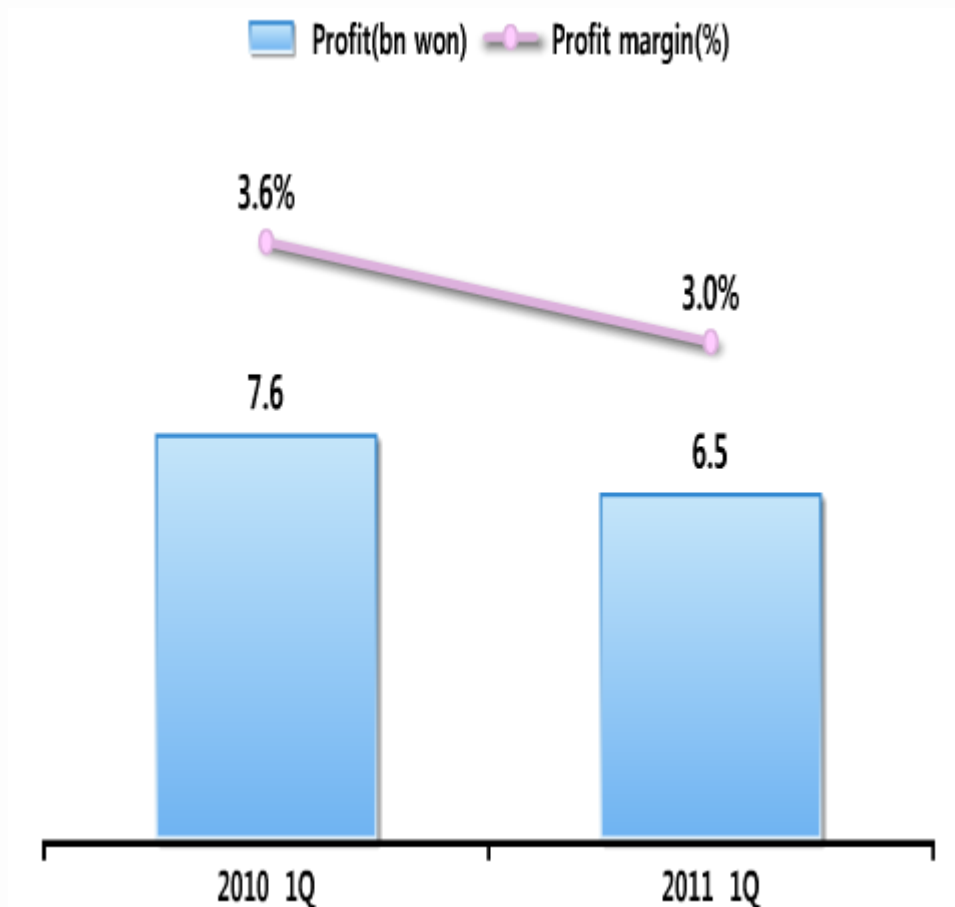
## Hite Brewery result – Marketing cost & Operating income



- **Operating income decreased 2.2bn won (8.1%), operating income margin decreased by 1.2%p**

- ① Although labor cost increased in 2010, gross profit margin increased due to lower cost malt used in 1Q 2011 compared to 1Q 2010 (GPM 47.6% → 48.8%)
- ② Operating income has fallen off because SG&A cost increased 6.2bn won despite a rise in gross profit
  - Total marketing cost increased 2.3bn won because of media advertising, promotion material, sponsorship, etc
  - Labor cost increased 1.2bn won because of a wage increase in 2010

## Hite Brewery result – Profit



- **Profit decreased 1.1bn won(13.7%), profit margin decreased by 0.6%p**

① Although operating income decreased by 2.2bn won, a drop in profit was slight because of a reduction in finance costs

- Interest expense decreased because a reduction in total interest bearing debt (1,040bn won → 1,010bn won)

# Hite Brewery Condensed Financial Statements

## Statement of financial position

[Unit: Mn won]	1Q 2011	2010
Current assets	537,790	535,496
Cash and cash equivalents	19,984	24,312
Trade and other current receivables	406,307	389,937
Other current financial assets	446	745
Inventories	80,279	89,701
Other current non-financial assets	30,775	30,801
Non-current assets	1,739,614	1,748,355
Long-term trade and other non-current receivables, gross	17,198	17,873
Non-current available-for-sale financial assets	2,054	2,115
Investments in subsidiaries	28,943	28,943
Other non-current financial assets	43,238	42,503
Investment property	75,864	76,873
Property, plant and equipment	1,561,745	1,569,577
Intangible assets other than goodwill	10,572	10,471
<b>Total assets</b>	<b>2,277,405</b>	<b>2,283,851</b>
Current liabilities	1,122,078	1,114,839
Non-current liabilities	298,932	294,303
<b>Total liabilities</b>	<b>1,421,010</b>	<b>1,409,142</b>
Issued capital	49,684	49,684
Capital surplus	516,747	516,747
Treasury shares	-1,072	-1,072
Elements of other stockholder's equity	-17	-14
Reserves	145,000	99,400
Retained earnings	146,053	209,964
<b>Total equity</b>	<b>856,395</b>	<b>874,709</b>

## Statement of comprehensive income

[Unit: Mn won]	1Q 2011	1Q 2010
<b>Revenue</b>	<b>215,544</b>	<b>211,970</b>
Cost of sales	110,401	111,047
<b>Gross profit</b>	<b>105,143</b>	<b>100,923</b>
SG&A	80,161	73,996
Other income	117	109
Other expense	1,165	986
<b>Operating income</b>	<b>23,933</b>	<b>26,050</b>
Finance income	2,234	3,170
Finance costs	15,167	16,211
Other gains	1,102	1,044
Other losses	1,010	2,157
<b>Profit(loss) before tax</b>	<b>11,092</b>	<b>11,897</b>
Income tax expense	4,559	4,328
<b>Profit</b>	<b>6,534</b>	<b>7,570</b>