

HiteJinro Results for 2013

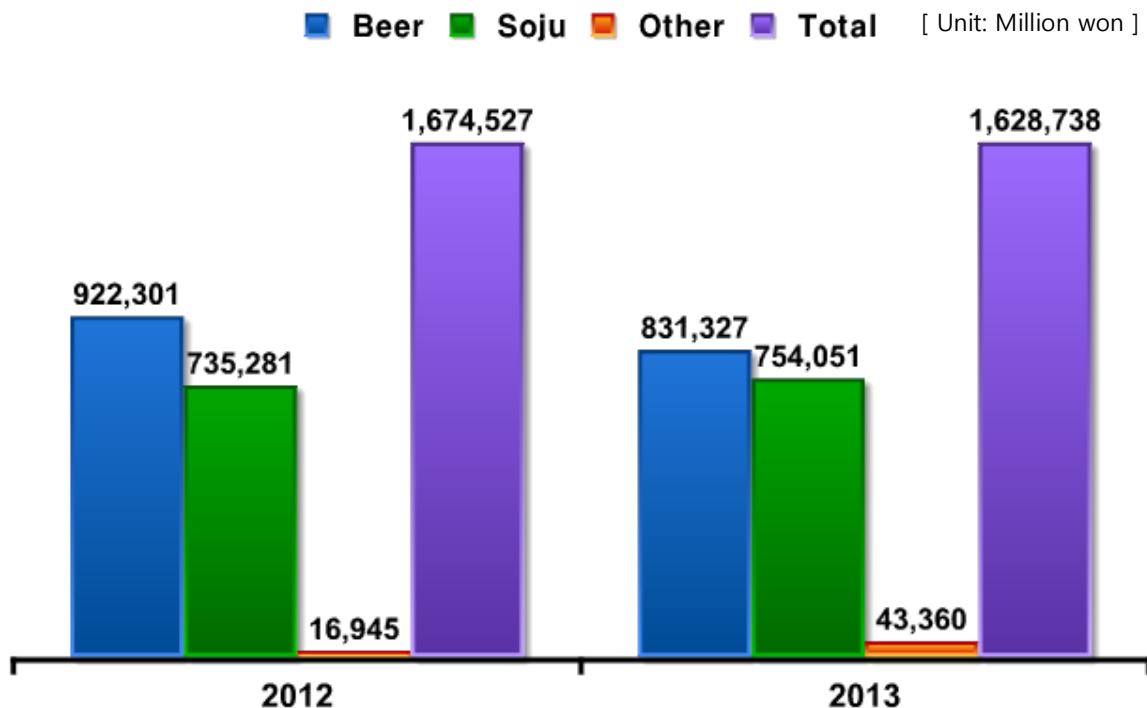
(Based on Non-Consolidated Results)

2014.March

The bottom half of the slide is decorated with large, overlapping, wavy shapes in various shades of blue and purple, creating a modern, abstract background.

① Sales

[Sales by each division]

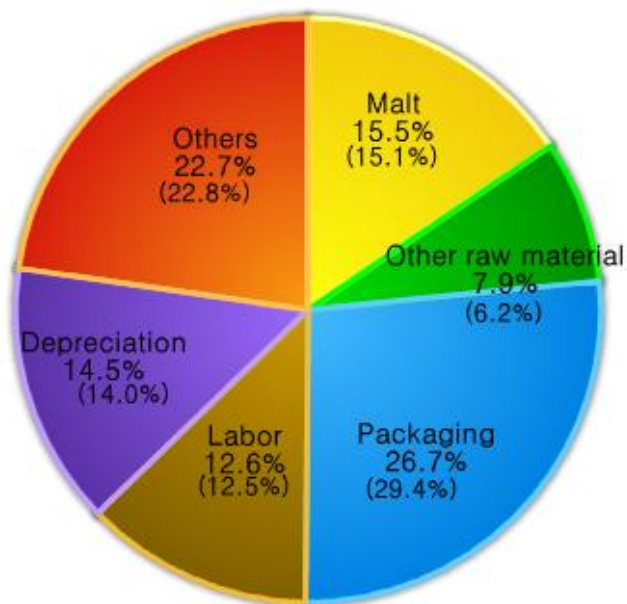


▪ Sales decreased 46bn won (yoy2.7% ↓)

- ① Beer : Decrease 91bn won (9.9% ↓)
 - Volume decreased by 11.3%
 - 5.9% of price hike (2012.July)
- ② Soju : Increase 19bn won (2.6% ↑)
 - Volume decreased by 5.5%
 - 8.2% of price hike (2012.Dec)
- ③ Other :
 - Merge with Hiscot in 2012.July
 - Merge with Bobae in 2013.Nov

② Cost Breakdown

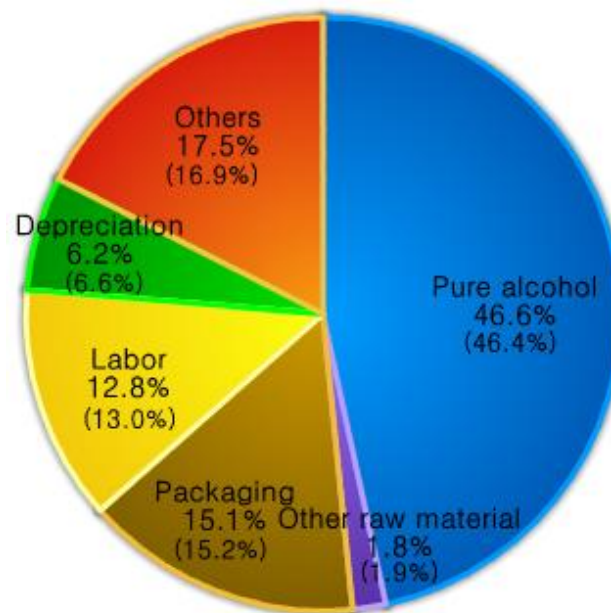
Beer Division



▪ Malt

Unit		Domestic	Import	Total
Volume	2012	3,054ton	108,652ton	111,706ton
	2013	-	97,660ton	97,660ton
Cost (won)	2012	2.8bn	71.3bn	74.1bn
	2013	-	72.7bn	72.7bn

Soju Division



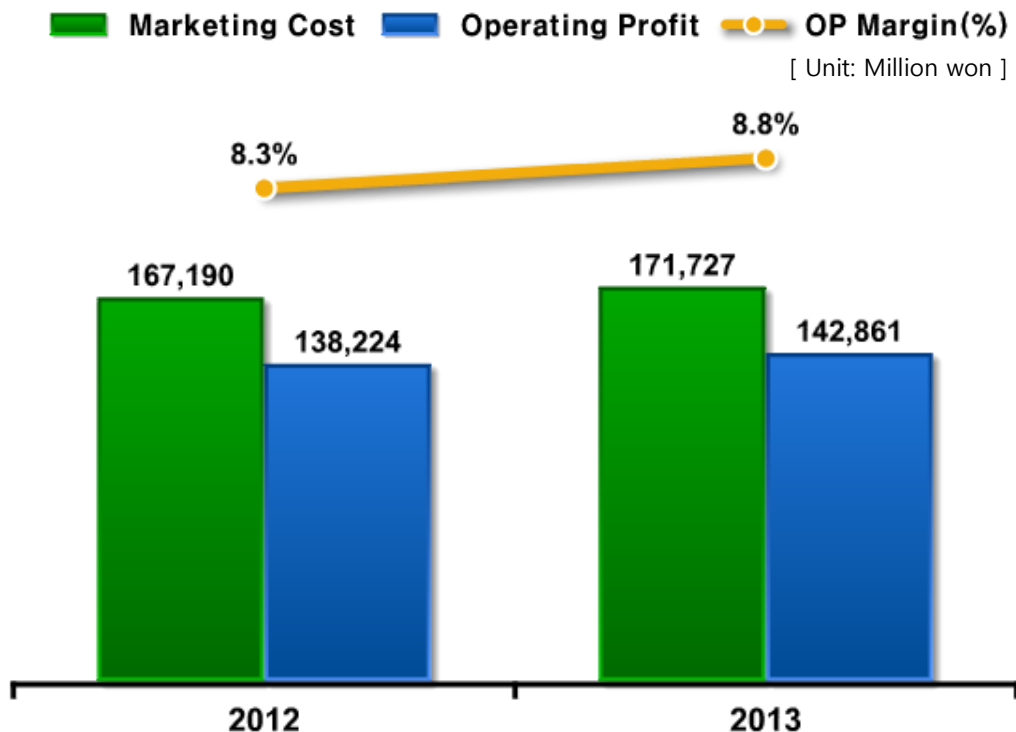
▪ Pure Alcohol

- 2013: 118,710KL (about 350,000won/drum)
- 2012: 122,269KL (about 350,000won/drum)

※ () : Result in 2012

③ Operating Profit

[Operating Profit & Marketing Cost*]



- **OP decreased 4.6bn won(yoy 3.4% ↑)**

OP Margin increased by 0.5%p

① Improve GPM little bit

② Decrease SG&A (yoy 2.6% ↓)

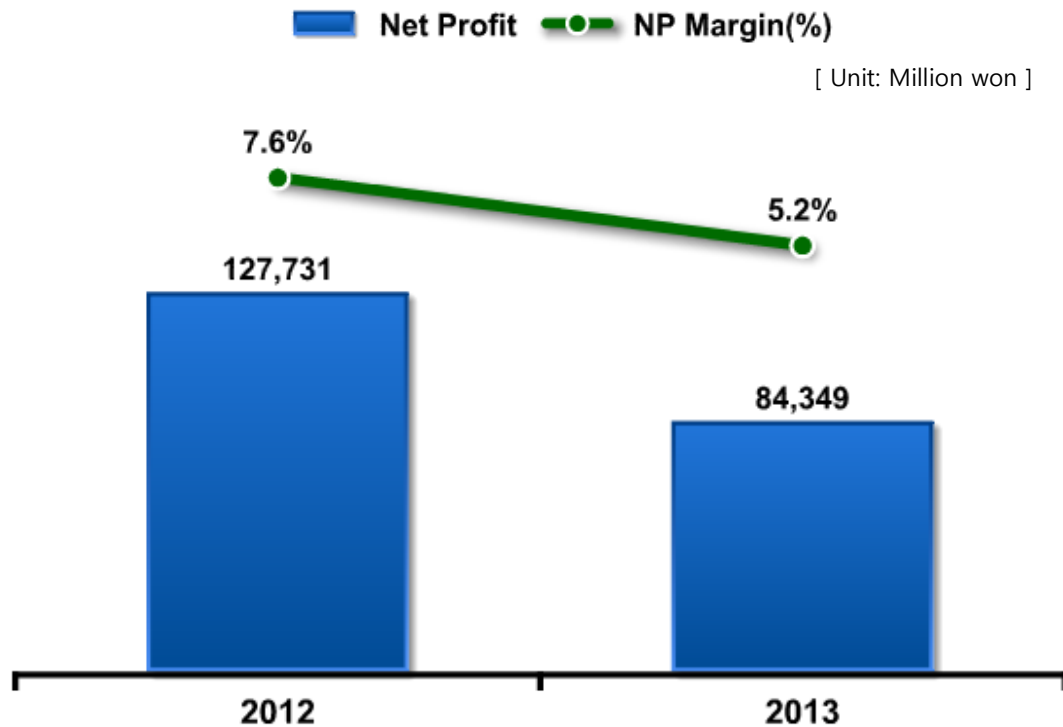
- One off cost incurred due to voluntary retirement in 2012

- Bad debt expense reduced due to a increase of collecting rate for trade and other payables

- **Marketing cost 172 bn won**

* Marketing cost = Advertising + Market research + Sales promotions + Market development + Overseas market development

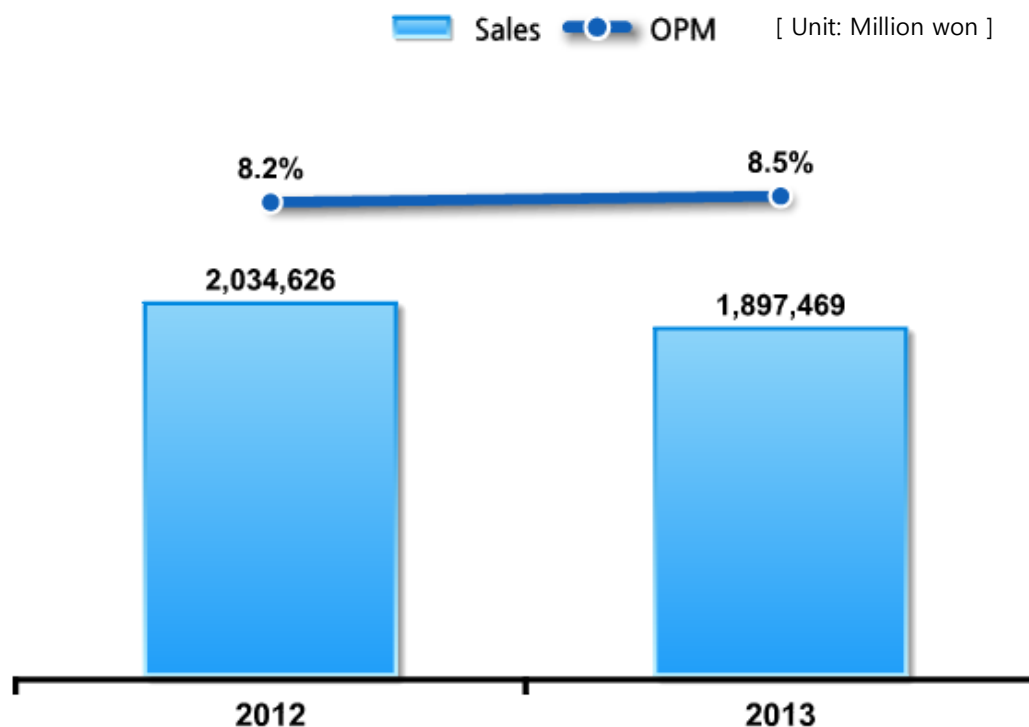
④ Net Profit



- NP decreased 43.4bn won (yoy 34.0% ↓) , NP Margin decreased by 2.4%p
- Reason for a decrease in NP
 - Make a profit due to the equity swap in 2013.4Q but the profit was smaller than 2012
 - ① Gain on disposition in 2012: 73bn won (Current head office in Seo-cho, 30% shares of PRKI)
 - ② Gain on disposition in 2013: 48bn won (Jinro Soju ↔ Hitejinro Industry)

⑤ Consolidated Result

[Sales, Operating Profit]



▪ Results of major subsidiaries

- Sales and OP decreased by 6.7%, 3.7%

- ① Decrease sales of some subsidiaries related to Japan due to the weak yen
- ② China Branch: Increase sales but decrease profit due to the increased marketing cost

(bn won)		2012	2013	Variation
Jinro INC	Sales	303.6	224.8	-26%
	NP	5.2	4.4	-16%
Jinro soju	Sales	54.9	50.1	-9%
	NP	13.0	5.7	-56%
China Branch	Sales	17.0	18.7	10%
	NP	1.6	1.0	-34%

⑥ Financial Statement : Non-consolidated Statement of Financial Position

Brief Statement of Financial Position

Item (Unit : won)	2013	Variation	Ratio	2012
Assets	3,398,638,438,639	-1.91%	100.00%	3,464,862,522,835
1. Current assets	665,942,509,187	2.02%	19.59%	652,782,686,658
(1) Cash and cash equivalents	18,124,978,796	97.79%	0.53%	9,163,861,663
(2) Trade and other current receivables	479,614,786,349	-3.00%	14.11%	494,427,670,832
(3) Other current financial assets	416,594,337	-73.66%	0.01%	1,581,783,621
(4) Other current assets	55,313,305,473	56.98%	1.63%	35,234,810,803
(5) Inventories	112,472,844,232	0.09%	3.31%	112,374,559,739
2. Non-current assets	2,732,695,929,452	-2.82%	80.41%	2,812,079,836,177
(1) Trade and other current receivables	59,117,418,472	-32.07%	1.74%	87,025,241,009
(2) Other non-current financial assets	53,382,701,790	4.00%	1.57%	51,327,947,240
(3) Non-current available-for-sale financial assets	7,410,065,469	2.63%	0.22%	7,220,207,148
(4) Investments in subsidiaries	299,709,306,849	12.44%	8.82%	266,551,415,629
(5) Tangible assets	2,074,180,710,597	-1.42%	61.03%	2,104,075,805,011
(6) Intangible assets	197,876,631,792	-0.96%	5.82%	199,800,399,906
(7) Investment property	27,206,637,792	78.18%	0.80%	15,269,381,224
(8) Deferred tax asset	13,812,456,691	-82.91%	0.41%	80,809,439,010
Liabilities	1,990,982,070,402	-3.27%	58.58%	2,058,277,213,080
1. Current liabilities	1,293,323,728,331	-10.07%	38.05%	1,438,143,187,637
2. Non-current liabilities	697,658,342,071	12.50%	20.53%	620,134,025,443
Equity	1,407,656,368,237	0.08%	41.42%	1,406,585,309,755
1. Issued capital	368,842,230,000	0.90%	10.85%	365,562,745,000
2. Capital surplus	693,225,432,390	-0.12%	20.40%	694,063,051,715
3. Elements of other stockholder's equity	-64,802,520,315	-11.69%	-1.91%	-73,380,248,458
4. Retained earnings	410,391,226,162	-2.37%	12.08%	420,339,761,498

⑥ Financial Statement : Non-consolidated Income Statement

Brief Income Statement

Item (Unit : won)	2013			2012	
	Value	Ratio	Variation	Value	Ratio
Sales	1,628,737,708,941	100.00%	-2.73%	1,674,527,255,056	100.00%
Cost of Sales	909,474,975,239	55.84%	-3.69%	944,325,723,183	56.39%
Gross Profit	719,262,733,702	44.16%	-1.50%	730,201,531,873	43.61%
SG&A	576,402,094,149	35.39%	-2.63%	591,977,541,663	35.35%
Operating Income	142,860,639,553	8.77%	3.35%	138,223,990,210	8.25%
Other gains	55,385,340,187	3.40%	-31.61%	80,983,231,085	4.84%
Other expense	21,846,806,538	1.34%	-19.39%	27,102,350,442	1.62%
Finance income	33,419,624,610	2.05%	-21.65%	42,652,592,002	2.55%
Finance costs	58,647,054,152	3.60%	-23.57%	76,733,385,947	4.58%
Profit(loss) before tax	151,171,743,660	9.28%	-4.34%	158,024,076,908	9.44%
Income tax expense	66,822,347,723	4.10%	120.59%	30,292,688,991	1.81%
Net Profits	84,349,395,937	5.18%	-33.96%	127,731,387,917	7.63%

⑥ Financial Statement : Consolidated Statement of Financial Position

Brief Income Statement

Item (Unit : won)	2013	Variation	Ratio	2012
Assets	3,553,146,711,201	0.98%	100.00%	3,518,666,190,307
1. Current assets	797,394,865,820	-1.79%	22.44%	811,948,777,383
(1) Cash and cash equivalents	63,215,980,426	-18.41%	1.78%	77,484,443,501
(2) Trade and other current receivables	535,874,483,689	-4.92%	15.08%	563,580,115,138
(3) Other current financial assets	441,713,187	-88.16%	0.01%	3,729,683,014
(4) Other current assets	141,222,255,374	10.58%	3.97%	127,707,757,196
(5) Inventories	56,640,433,144	43.59%	1.59%	39,446,778,534
2. Non-current assets	2,755,751,845,381	1.81%	77.56%	2,706,717,412,924
(1) Trade and other current receivables	59,227,953,680	-32.13%	1.67%	87,267,243,725
(2) Other non-current financial assets	46,168,759,057	-12.17%	1.30%	52,568,534,760
(3) Non-current available-for-sale financial assets	25,136,267,769	-41.28%	0.71%	42,804,854,304
(4) Tangible assets	2,338,012,620,884	6.86%	65.80%	2,187,835,805,536
(5) Intangible assets	227,236,735,785	2.87%	6.40%	220,888,679,611
(6) Investment property	32,629,078,528	110.57%	0.92%	15,495,767,451
(7) Deferred tax asset	27,287,789,543	-72.65%	0.77%	99,771,911,421
(8) Other non-current assets	52,640,135	-37.79%	0.00%	84,616,116
Liabilities	2,170,025,901,248	2.86%	61.07%	2,109,594,358,429
1. Current liabilities	1,396,974,197,559	-5.16%	39.32%	1,472,925,280,393
2. Non-current liabilities	773,051,703,689	21.42%	21.76%	636,669,078,036
Equity	1,383,120,809,953	-1.84%	38.93%	1,409,071,831,878
1. Equity attributable to owners of parent	1,382,586,591,827	-1.84%	38.91%	1,408,573,748,611
(1) Issued capital	368,842,230,000	0.90%	10.38%	365,562,745,000
(2) Capital surplus	709,299,320,749	-0.12%	19.96%	710,136,940,074
(3) Treasury stock	-122,693,569,784	0.00%	-3.45%	-122,693,569,784
(4) Other equity	4,597,707,716	-83.33%	0.13%	27,586,727,695
(5) Surplus reserve	41,600,000,000	25.68%	1.17%	33,100,000,000
(6) Retained earnings	380,940,903,146	-3.53%	10.72%	394,880,905,626
2. Non-controlling interests	534,218,126	7.25%	0.02%	498,083,267

⑥ Financial Statement : Consolidated Income Statement

Brief Statement of Financial Position

Item (Unit : won)	2013			2012	
	Value	Ratio	Variation	Value	Ratio
Sales	1,897,468,863,524	100.00%	-6.74%	2,034,625,756,891	100.00%
Cost of Sales	1,074,666,461,804	56.64%	-7.59%	1,162,926,787,947	57.16%
Gross Profit	822,802,401,720	43.36%	-5.61%	871,698,968,944	42.84%
SG&A	661,750,940,782	34.88%	-6.07%	704,543,941,122	34.63%
Operating Income	161,051,460,938	8.49%	-3.65%	167,155,027,822	8.22%
Other gains	72,928,476,383	3.84%	6.62%	68,402,523,888	3.36%
Other expense	24,442,279,773	1.29%	-14.92%	28,727,605,969	1.41%
Finance income	4,032,383,099	0.21%	-31.77%	5,909,931,962	0.29%
Finance costs	58,952,868,949	3.11%	-24.29%	77,861,941,925	3.83%
Equity method income	-	-	-	2,108,212,800	0.10%
Profit(loss) before tax	154,617,171,698	8.15%	12.87%	136,986,148,578	6.73%
Income tax expense	75,514,123,837	3.98%	125.75%	33,449,953,450	1.64%
Net Profits	79,103,047,861	4.17%	-23.60%	103,536,195,128	5.09%