

# Earnings Release for 2013 & 2014's Principal Strategy

## Investor Relations

A decorative graphic at the bottom of the slide features a large, stylized red flower in the center. Surrounding it are various orange and white icons representing different aspects of business and agriculture, such as a globe, a lightbulb, a shopping cart, a fork and spoon, a heart, a plant, and a gift. The background includes curved lines in red, green, and white, and several overlapping circles in shades of red and white.

The data and information stated or implied in the material contain certain forward-looking statements that are subject to known and unknown risks and uncertainties that may cause actual results to differ from those stated or implied.





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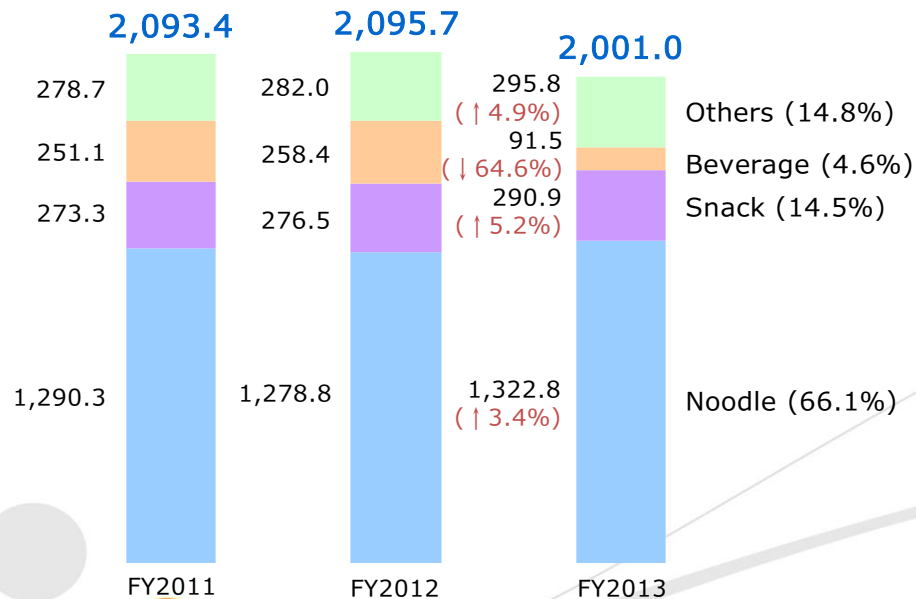
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# I. Business Performance in 2013

## 1. Sales(Excluding overseas affiliates)

### Sales Break-down

Unit : krw bn



### Business Performance in 2013

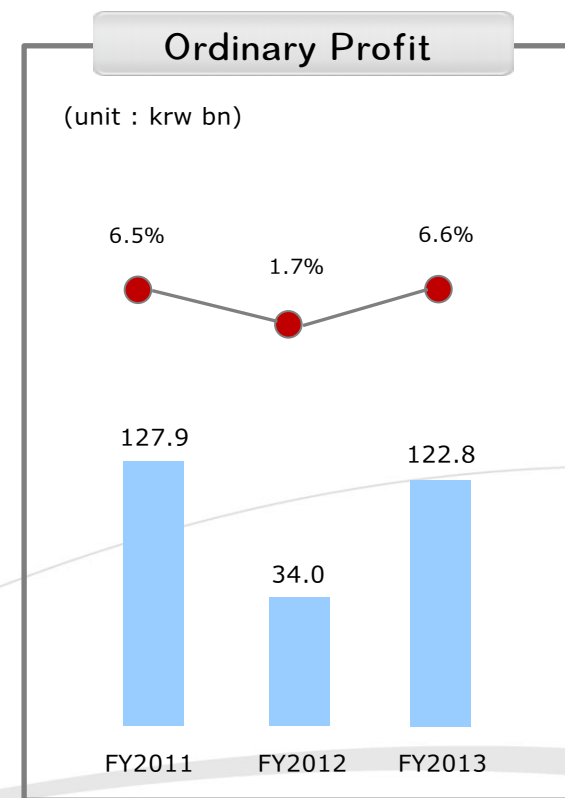
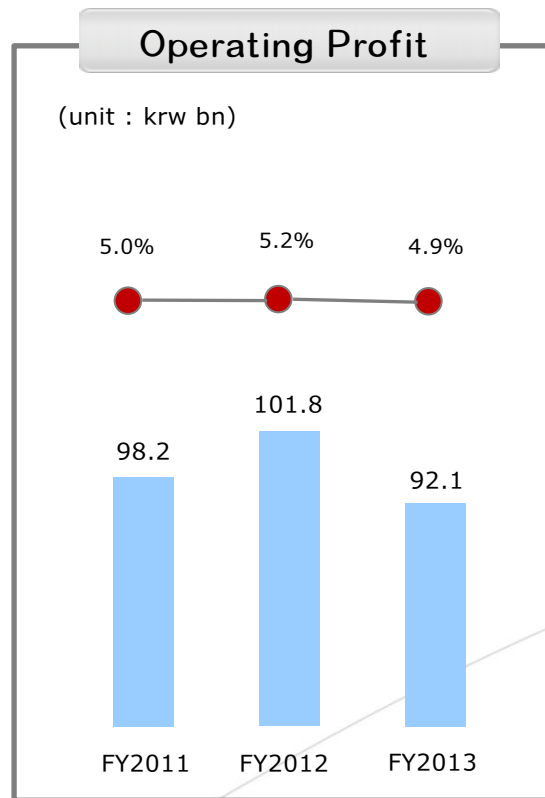
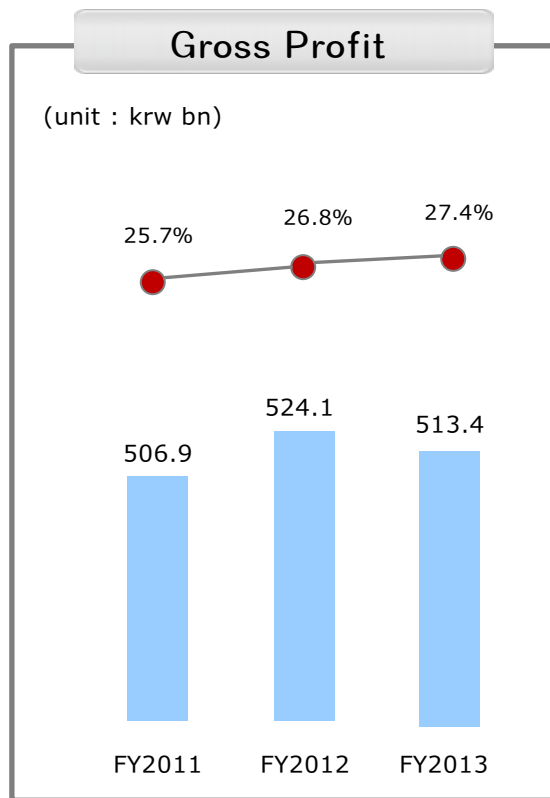
- Overall sales decreased 4.5% year on year
- Noodle
  - Sales increased due to market share recovery
- Snack
  - Strong sales of potato chips
- Beverage
  - The drop in sales by the end of Samdasoo contract
- Others
  - Sales of foreign brands increased due to expansion in sales of Pringles
  - Sluggish sales in export markets

※ Sales are excluding sales commission (liabilities of estimated Return goods, sales rebate).

※ Figures in parenthesis are proportions of each business division.

# 1. Business Performance in 2013

## 2. Profitability(Excluding overseas affiliates)



※ K-IFRS applies

• The downturn in sales contributed to decreased gross profit, but decreased cost of merchandise contributed to increased gross profit margin

• SG&A cost ₩422.4bn(21.6%)  
→ ₩421.2bn(22.5%)  
- Advertisement ₩66.5bn(3.4%)  
→ ₩58.2bn(3.1%)  
- Transportation and Storage Expenses ₩69.5bn(3.5%) → ₩71.1bn(3.8%)

• Foreign exchange profit ₩5.9bn → ₩1.5bn

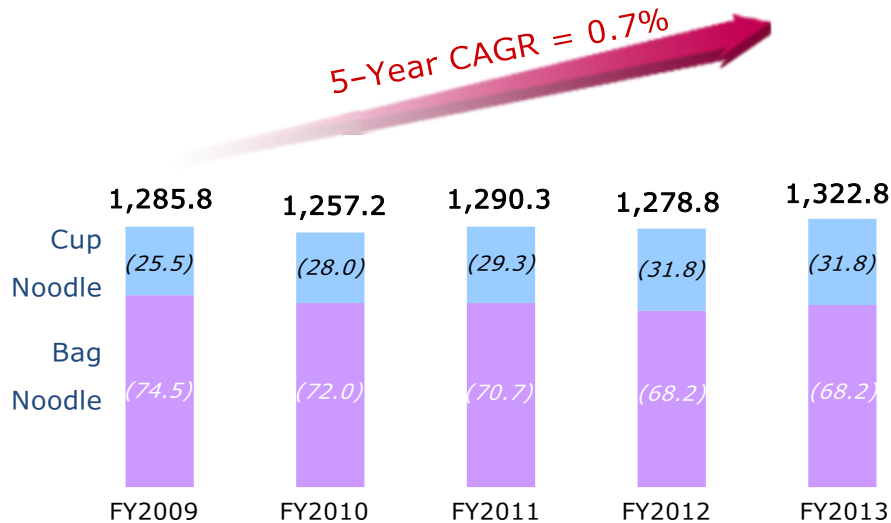
※ F.T.C fine ₩107.8bn in 2012

# II. Performance by Divisions

## 1. Noodle Division

### Sales Trend of Noodle Division

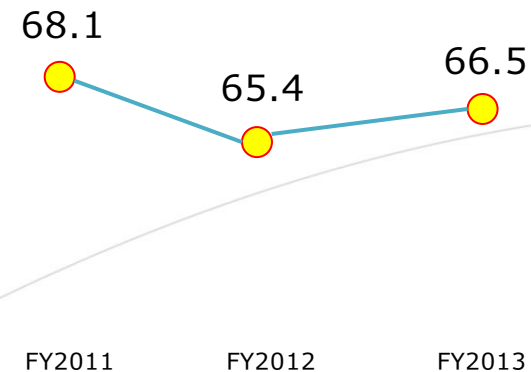
(Unit : krw bn, %)



※ Figures in parenthesis represent total percent data.

### The Trend of Nongshim M/S in total Noodle Market

(Unit : %)



※ Figures represent AC. Nielsen RI M/S data.

#### ● Sales increased by 3.4% year on year

- Market share recovered
  - 65.4% in 2012 → 66.5% in 2013
- Strong sales of bag noodles( ↑ 3.5%) & cup noodles( ↑ 3.4%)

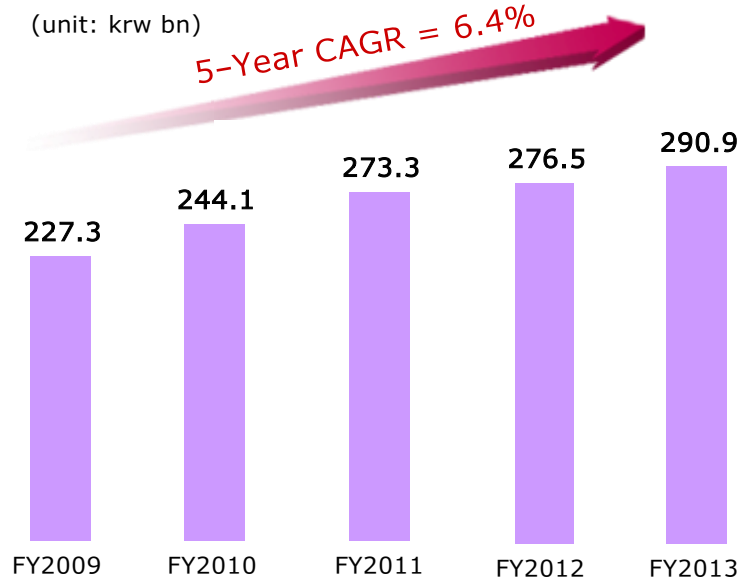
#### ● 2014's Principal Strategy

- Accelerating growth of next powerful brands
  - Bowl Noodle Soup & Shin Ramyun Black
- Development of new customers by high value products

# II. Performance by Divisions

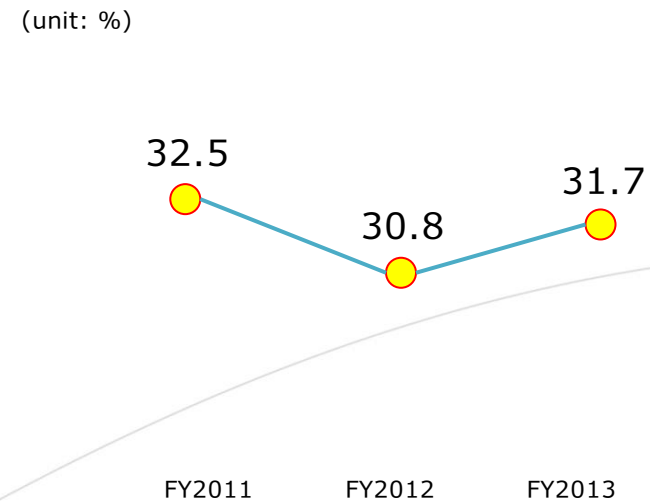
## 2. Snack Division

### Sales Trend of Snack Division



※ Source : Nongshim

### The Trend of Nongshim M/S in total Snack Market



※ Figures represent AC. Nielsen RI M/S data.

- Sales increased by 5.2% year on year
  - Sales of potato based snacks increased by 5.2%
    - 45.2% rise in Sumi Chip sales
  - Sales of flour based snacks stagnated

- 2014's Principal Strategy
  - Innovating main items through renewal and repackaging
  - Accelerating sales of potato based and corn based snacks

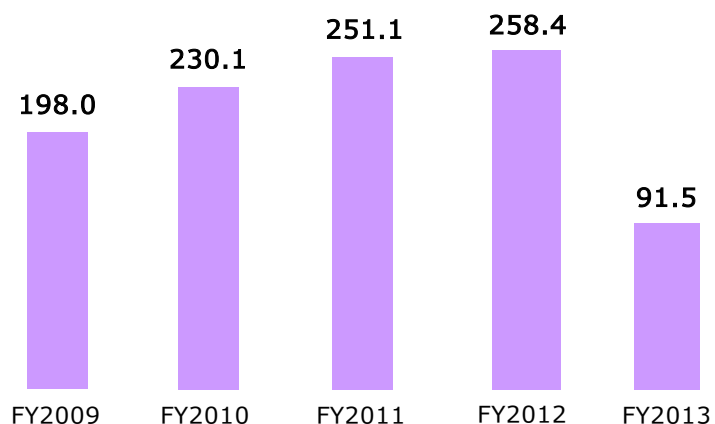


## II. Performance by Divisions

### 3. Beverage Division & Others

#### Sales Trend of Beverage Division

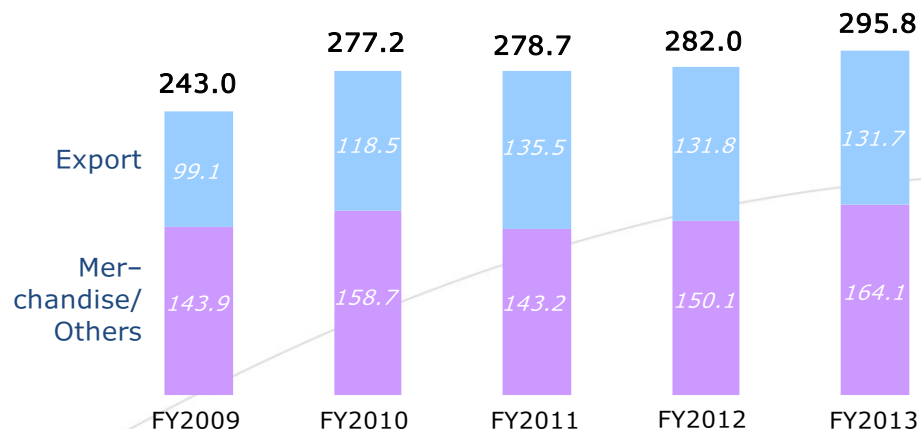
(unit: krw bn)



※ Source : Nongshim

#### Sales Trend of Merchandise & Export

(unit: krw bn)



※ Source : Nongshim

- **Sales decreased by 64.6% year on year**
  - The Samdasoo contact was terminated by the end of last year
- **2014's Principal Strategy**
  - Expanding sales of Baeksan Mountain Water
  - Cultivating leading brand in soda and sports drink

- **Sales increased by 4.9% year on year**
  - Export( ↓ 0.1%) to Japan decreased
  - Merchandise&Others( ↑ 9.3%) :  
Rapid rise in sales of Pringles / Sales decline in Kellogg's cereal
- **2014's Principal Strategy**
  - Reinforcing sales promotion and advertising for growth markets(Oceania, Africa etc.)
  - Fostering of new foreign brands

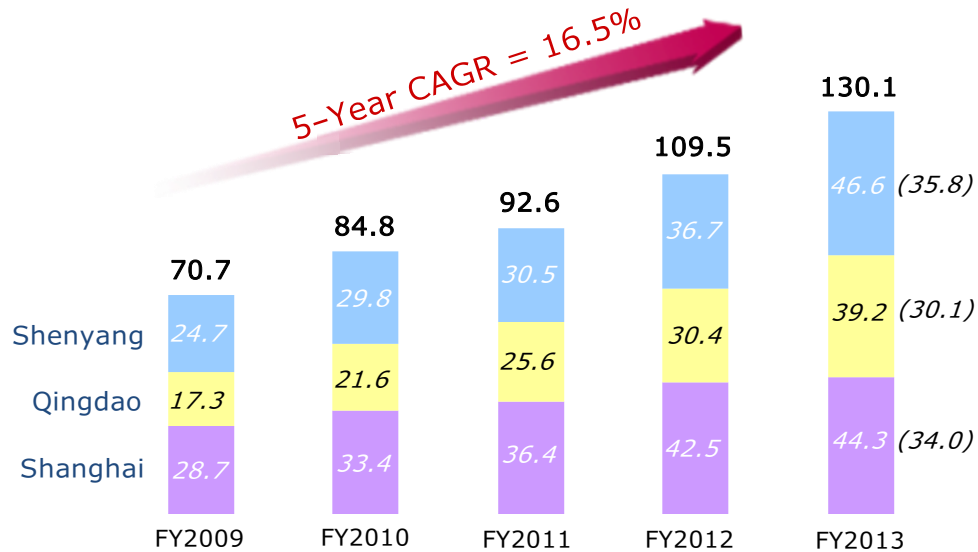


# III. Globalization

## 1. Chinese Market & American Market

Sales Trend in Chinese Market

(Unit : U\$mn, %)

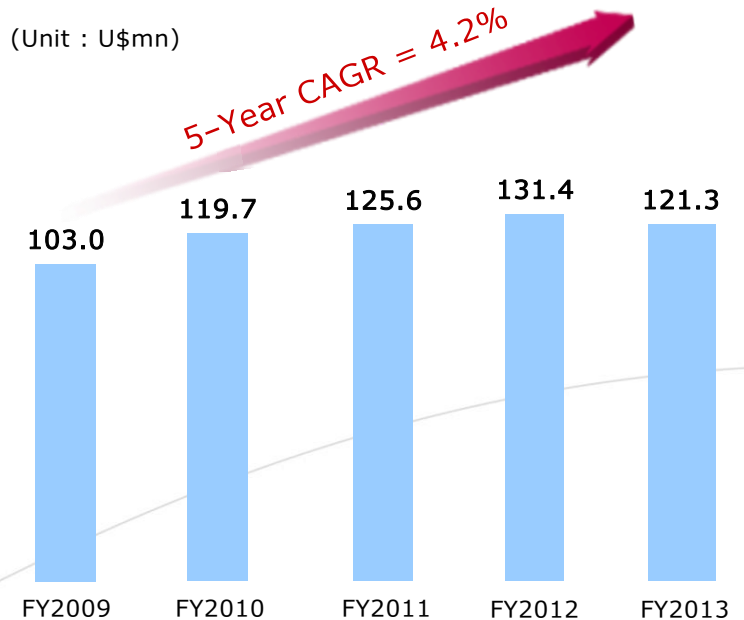


Note : Figures in parenthesis are total proportions .

- **Sales increased by 18.7% year on year**
  - Expansion of regional bases and reinforcement of sales structure in 2-3 level cities
  - Expanded sales of inland area
- **2014's Principal Strategy**
  - Broadening sales of regional bases and developing the entry of new cities
  - Reinforcing sales structure and organizing management system

Sales Trend in American Market

(Unit : U\$mn)



※ Source : Nongshim

- **Sales decreased by 7.8% year on year**
  - Reduced the scale of promotion to improve profitability
  - Sales in 4Q recovered due to expansion of sales in mainstream market
- **2014's Principal Strategy**
  - Market expansion through extensive promotion
  - Launching new products and tapping into new markets

# Appendix.

## 1. Summary of Financial Statements(Excluding overseas affiliates)

### Balance Sheet

(unit: krw bn, %)

Account	'09	'10	'11	'12	'13
Total Assets	1,812.7	2,113.6	2,170.4	2,093.4	2,129.9
Cash/Deposits	439.2	497.9	493.0	435.4	480.9
Trade Receivables	127.5	147.0	158.2	157.8	155.6
Inventories	120.4	103.5	128.5	120.8	129.4
Investment	138.0	181.3	198.2	198.0	258.3
Tangible Assets	914.8	933.9	930.4	923.2	885.6
Total Liabilities	605.0	675.3	692.1	652.4	622.7
Trade Payables	290.1	307.3	313.9	277.2	280.2
Short-term Borrowings	54.9	58.9	101.0	85.7	73.9
Long-term Borrowings					
Total shareholders' equity	1,207.7	1,438.3	1,478.3	1,441.0	1,507.2
Shareholders' equity	30.4	30.4	30.4	30.4	30.4
D/E Ratio	50.1	47.0	46.8	45.3	41.3
Net Cash	384.3	439.0	392.0	349.7	407.0
BPS(₩)	198,557	236,456	243,040	236,906	247,785

※ K-IFRS applies  
K-GAAP applies to '09

### Income Statement

(unit: krw bn, %)

Account	'09	'10	'11	'12	'13	
Sales	Ramyun	1,285.8	1,257.2	1,290.3	1,278.8	1,322.8
	Snack	227.3	244.1	273.3	276.5	290.9
	Beverage	198.0	230.1	251.1	258.4	91.5
	Others	243.0	277.2	278.7	282.0	295.8
	Total	1,954.1	2,008.6	2,093.4	2,095.7	2,001.0
Gross profit	501.7	540.9	506.9	524.1	513.4	
Operating Income	105.1	139.6	98.2	101.8	92.1	
Ordinary Income	156.4	176.9	127.9	34.0	122.8	
Net Income	127.5	136.7	86.2	0.2	92.6	
Sales growth rate *	10.0%	2.8%	4.2%	-0.6%	-4.5%	
Rp growth rate *	46.7%		-27.7%	-73.4%	260.8%	
Op Margin	5.7%	7.4%	5.0%	5.2%	4.9%	
Rp Margin	8.5%	9.3%	6.5%	1.7%	6.6%	
EPS (₩)	22,041	23,643	14,902	36	16,016	
ROE (%)	11.0		5.9	0.0	6.1	

※ Sales are excluding sales commission (liabilities of estimated Return goods, sales rebate)  
K-IFRS applies(K-GAAP applies to '09)

# Appendix.

## 1. Summary of Financial Statements(Including overseas affiliates)

### Balance Sheet

(unit: krw bn)

	FY2013	FY2012
Assets	2,215.4	2,151.3
Current Assets	918.3	843.3
Non-current Assets	1,297.1	1,308.0
Liabilities	698.7	692.0
Current Liabilities	587.4	576.2
Non-current Liabilities	111.3	115.8
Equity	1,516.7	1,459.3
Controlling Interest	1,499.1	1,440.8
- Share Capital	30.4	30.4
- Share Premium	123.7	123.7
- Other Reserves	(84.9)	(80.9)
- Retained Earnings	1,429.9	1,367.6
Minority Interest	17.5	18.5

### Income Statement

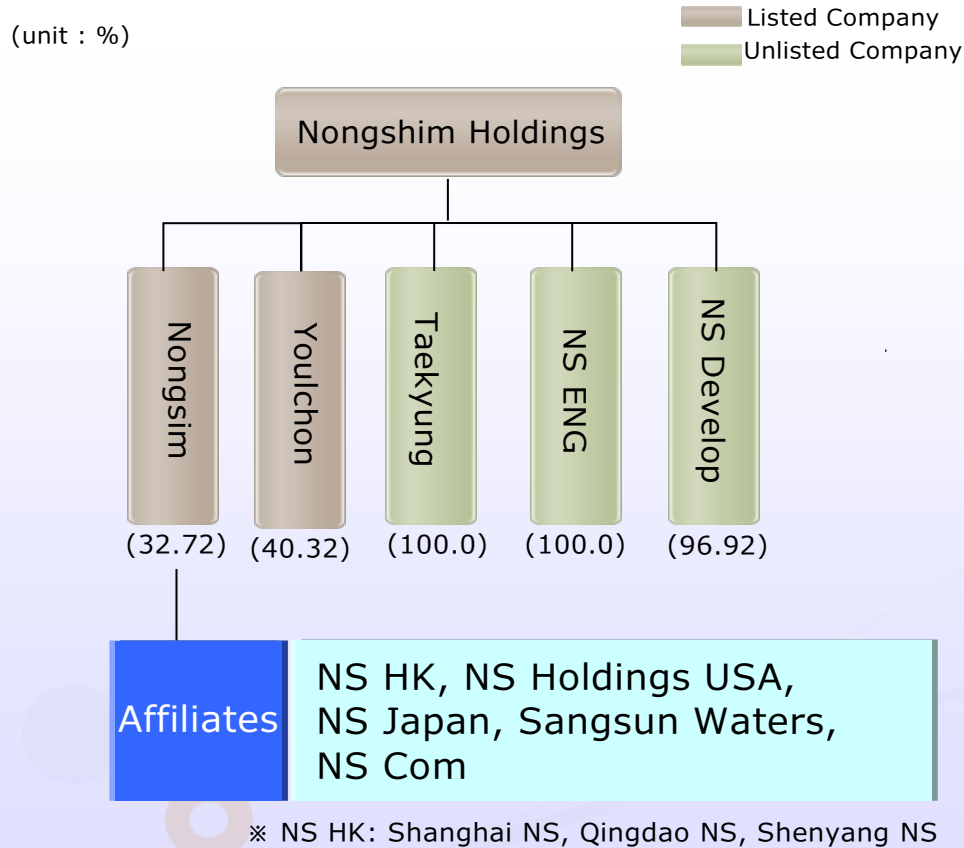
(unit: krw bn)

	FY2013	FY2012
Sales	2,086.7	2,175.7
Cost of Sales	(1,500.5)	(1,577.6)
Gross Profit	586.1	598.1
SG&A	(493.5)	(501.2)
Operating Profit	92.6	96.9
- Other Income	18.4	19.6
- Other Costs	(5.7)	(113.0)
- Finance Income	20.1	31.1
- Finance Costs	(7.3)	(9.0)
Profit before Income Tax	118.1	25.6
Net Profit	86.9	(9.2)

# Appendix.

## 2. Stockholder Status

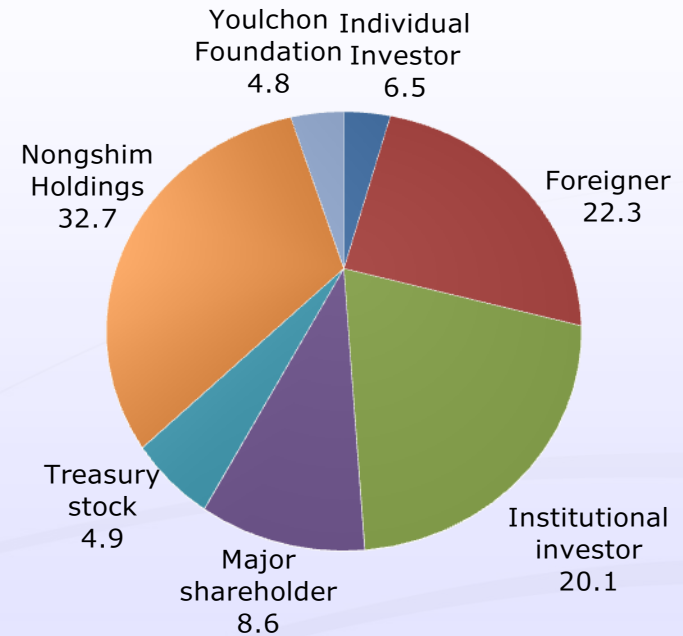
Subsidiary company of Nongshim Holdings' Status



Note : Figures in parenthesis are proportions of equity for Nongshim Holdings' subsidiary company at the end of '13

Nongshim's Principal stockholder Status (End of '13)

(unit : %)



Relation to Majority shareholder composition  
**51.1%**

Note : Nongshim Stockholder's list (End of '13)