

Earnings Release for 1st Half of 2014

Investor Relations



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Table of Contents

**I . Business Performance in
1st Half of 2014**

II. Performance by Divisions

- Noodle Division

- Snack Division

- Beverage Division / Others

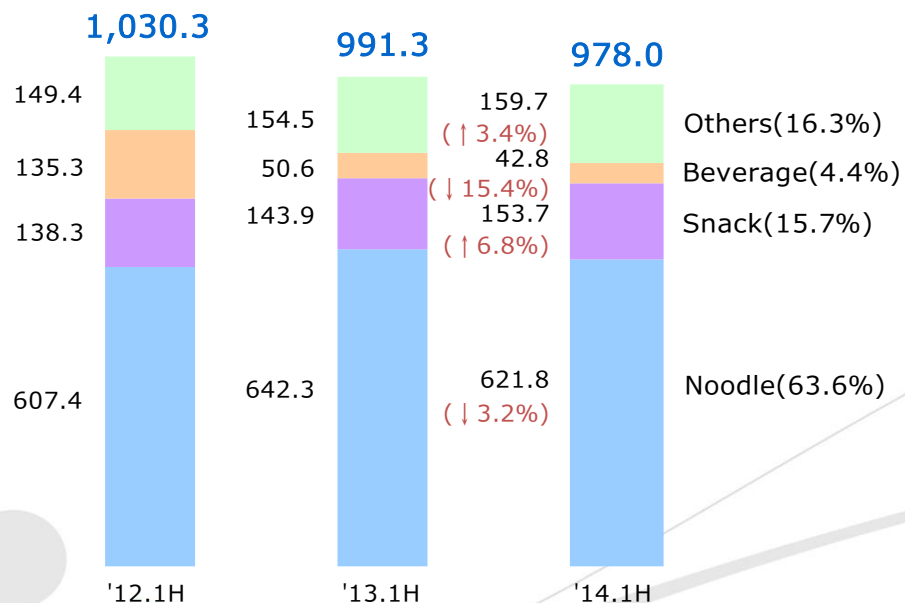
Appendix

I. Business Performance in 1st Half of '14

1. Sales(Excluding overseas affiliates)

Sales Break-down

Unit : krw bn



Business Performance in 1st Half of '14

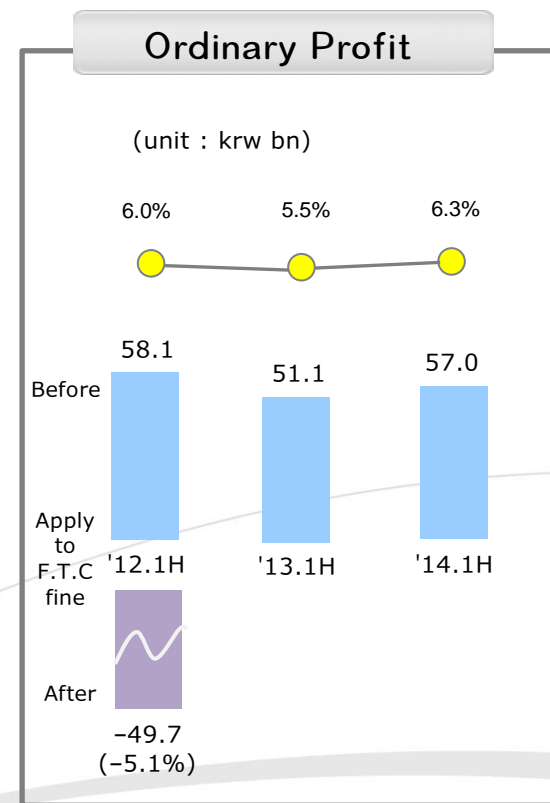
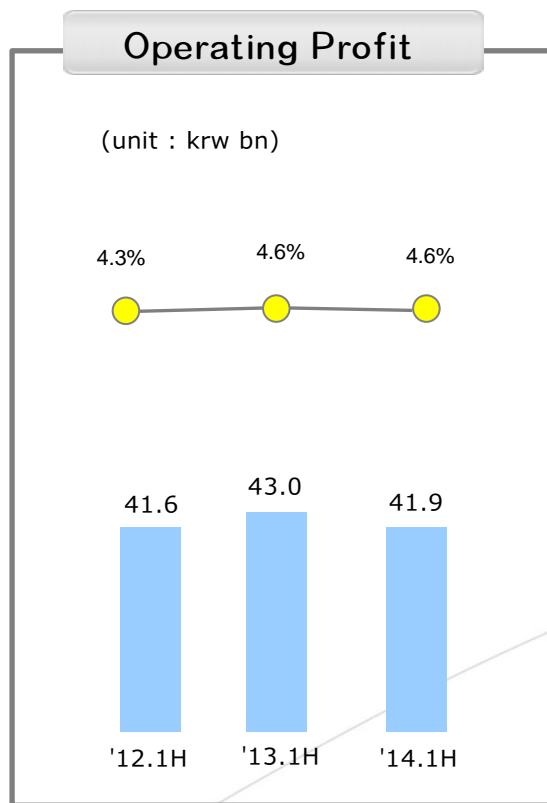
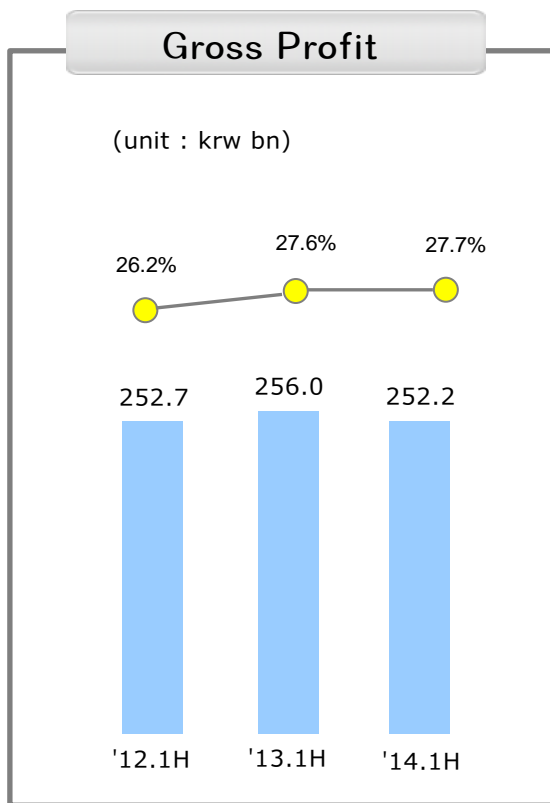
- Overall sales decreased 1.3% year on year
- Noodle
 - Sales decreased due to fierce competition
- Snack
 - Strong sales of flour based and corn based snacks
- Beverage
 - Sluggish sales in main brands
- Others
 - Sales of foreign brands increased due to expansion in sales of Pringles and Nestle products

※ 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 1st Half of '14

2. Profitability(Excluding overseas affiliates)



※ K-IFRS applies

• The drop in sales contributed to decreased gross profit

- SG&A cost ₩213.0bn(23.0%) → ₩210.3bn(23.1%)
 - Advertisement ₩30.2bn(3.3%) → ₩31.2bn(3.4%)
 - Service Contract Expenses ₩27.9n(3.0%) → ₩26.5bn(2.9%)

• Foreign exchange profit -₩7.0bn → ₩1.4bn

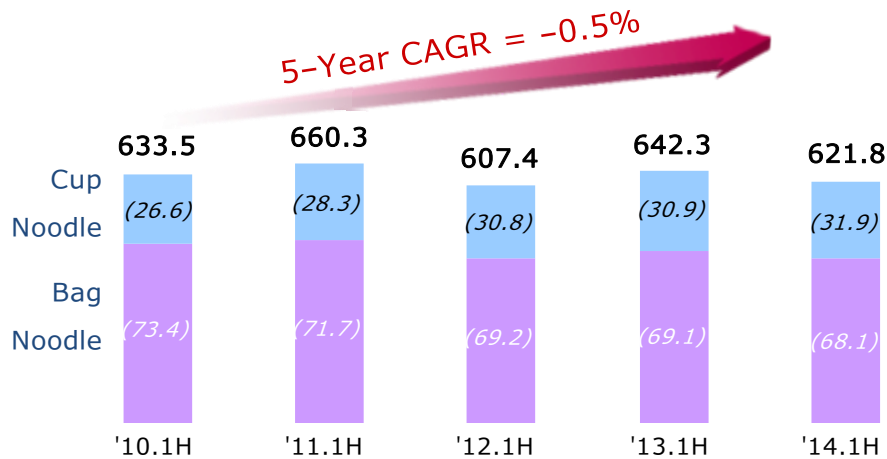
※ F.T.C fine ₩107.8bn

II. Performance by Divisions

1. Noodle Division

Sales Trend of Noodle Division

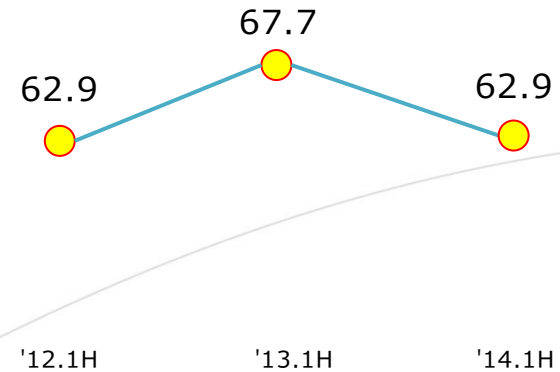
(Unit : krw bn, %)



※ 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 decreased by 3.2% year on year

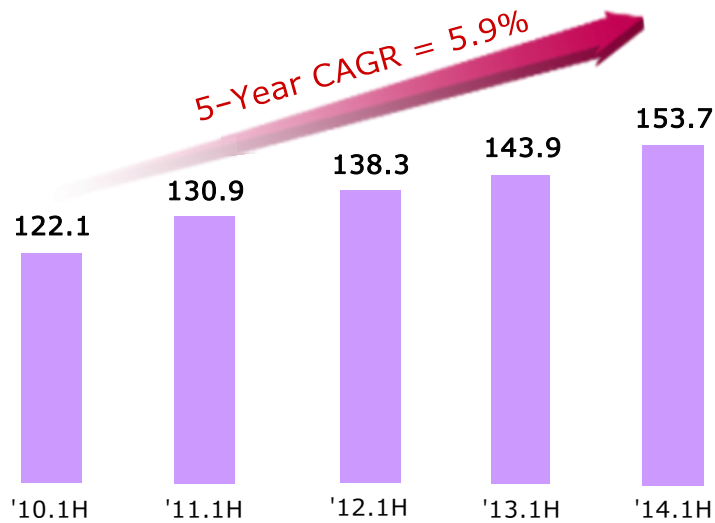
- Sales decreased due to a decline in volume and market share
- Weak sales of pillow type noodles

II. Performance by Divisions

2. Snack Division

Sales Trend of Snack Division

(unit: krw bn)

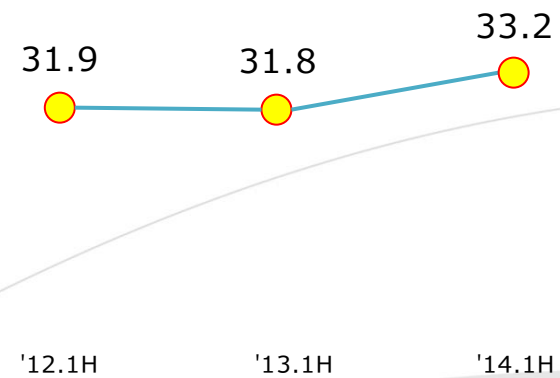


※ Source : Nongshim

● Sales increased by 6.8% year on year

The Trend of Nongshim M/S in total Snack Market

(unit: %)



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

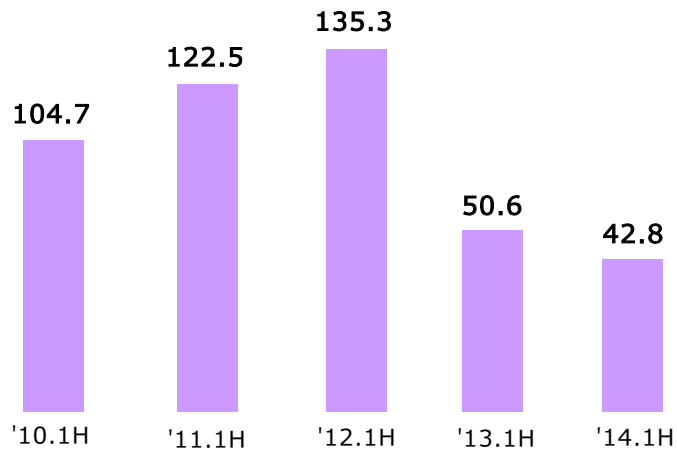
- Sales of flour based snacks increased due to expansion in Shrimp Crackers sales
- Sales of corn based snacks increased
 - The rise in sales of Banana-Kick & the launch of Ice-Corn

II. Performance by Divisions

3. Beverage Division & Others

Sales Trend of Beverage Division

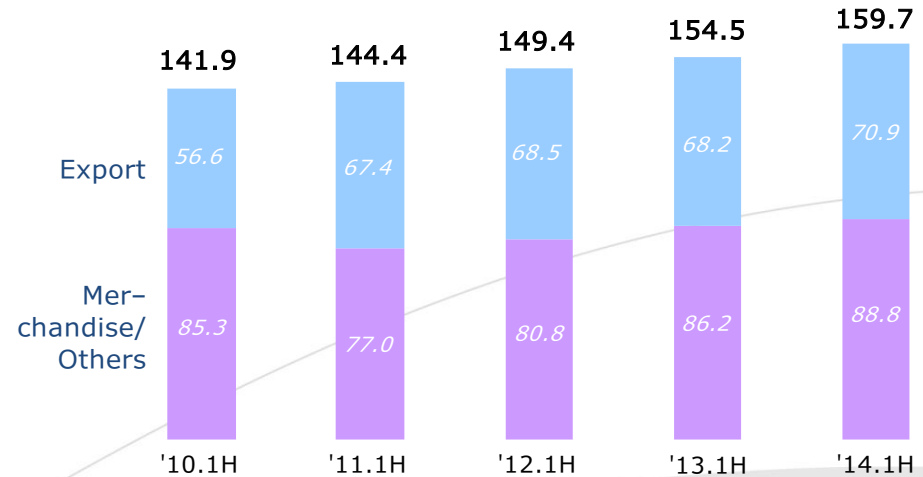
(unit: krw bn)



※ Source : Nongshim

Sales Trend of Merchandise & Export

(unit: krw bn)



※ Source : Nongshim

- Sales decreased by 15.4% year on year
 - Sales of main items(Welch's) stagnated

- Sales increased by 3.4% year on year
 - Merchandise/Others(↑ 2.9%) : Sales rise in Pringles & Nestle products
 - Export(↑ 4.0%) to U.S.A and Canada increased

Appendix.

1. Summary of Financial Statements(Excluding overseas affiliates)

Balance Sheet

(unit: krw bn, %)

Account	'11	'12	'13	'14.1Q	'14.2Q
Total Assets	2,170.4	2,093.4	2,129.9	2,166.4	2,100.8
Cash/Deposits	493.0	435.4	480.9	510.6	438.9
Trade Receivables	158.2	157.8	155.6	171.4	142.4
Inventories	128.5	120.8	129.4	120.8	128.5
Investment	198.2	198.0	258.3	258.6	291.1
Tangible Assets	930.4	923.2	885.6	883.2	879.5
Total Liabilities	692.1	652.4	622.7	653.4	573.8
Trade Payables	313.9	277.2	280.2	266.6	247.0
Short-term Borrowings	101.0	85.7	73.9	77.0	40.6
Long-term Borrowings					
Total shareholders' equity	1,478.3	1,441.0	1,507.2	1,513.0	1,527.0
Shareholders' equity	30.4	30.4	30.4	30.4	30.4
D/E Ratio	46.8	45.3	41.3	43.2	37.6
Net Cash	392.0	349.7	407.0	433.6	398.3
BPS(₩)	243,040	236,906	247,785	248,739	251,037

※ K-IFRS applies

Income Statement

(unit: krw bn, %)

Account	'13	'13.1Q	'13.2Q	'14.1Q	'14.2Q
Sales					
Ramyun	1,322.8	331.5	310.8	330.0	291.8
Snack	290.9	72.2	71.7	76.2	77.5
Beverage	91.5	24.9	25.8	17.7	25.1
Others	295.8	84.2	70.3	88.3	71.4
Total	2,001.0	512.7	478.6	512.3	465.7
Gross profit	513.4	135.4	120.6	135.3	117.0
Operating Income	92.1	30.2	12.8	31.6	10.3
Ordinary Income	122.8	34.8	16.3	38.2	18.8
Net Income	92.6	26.2	12.3	28.9	14.0
Sales growth rate *	-4.5%	-2.9%	-5.1%	-0.7%	-2.9%
Rp growth rate *	260.8%		-26.3%	10.0%	15.3%
Op Margin	4.9%	6.3%	2.9%	6.6%	2.4%
Rp Margin	6.6%	7.2%	3.7%	8.0%	4.4%
EPS (₩)	16,016				
ROE (%)	6.1				

※ *compared to previous year
Sales are excluding sales commission (liabilities of estimated Return goods, sales rebate)
K-IFRS applies

Appendix.

2. Summary of Financial Statements(Including overseas affiliates)

Balance Sheet

(unit: krw bn)

	'14.1H	FY2013
Assets	2,162.1	2,215.4
Current Assets	883.2	918.3
Non-current Assets	1,278.9	1,297.1
Liabilities	640.5	698.7
Current Liabilities	522.4	587.4
Non-current Liabilities	118.1	111.3
Equity	1,521.6	1,516.7
Controlling Interest	1,504.7	1,499.1
- Share Capital	30.4	30.4
- Share Premium	123.7	123.7
- Other Reserves	(97.8)	(84.9)
- Retained Earnings	1,448.4	1,429.9
Minority Interest	16.9	17.5

Income Statement

(unit: krw bn)

	'14.1H	'13.1H
Sales	1,032.6	1,028.3
Cost of Sales	(736.1)	(738.2)
Gross Profit	296.5	290.1
SG&A	(253.4)	(245.9)
Operating Profit	43.1	44.2
- Other Income	8.8	8.8
- Other Costs	(3.0)	(2.4)
- Finance Income	10.1	10.0
- Finance Costs	(3.2)	(10.7)
Profit before Income Tax	55.9	49.8
Net Profit	41.1	36.6