

# Earnings Release for 2014 & 2015's Principal Strategy

## Investor Relations

A decorative graphic at the bottom of the slide features a large, stylized red flower in the center. To its right, there is a collection of orange and white icons representing various concepts: a shopping basket, a lightbulb, a globe, a heart, a gift box, a fork and spoon, a plant, a person, a recycling symbol, a shopping cart, a globe, a lightbulb, a globe, a heart, a gift box, a fork and spoon, a plant, a person, a recycling symbol, a shopping cart, a globe, a lightbulb, a globe, a heart, a gift box, a fork and spoon, a plant, a person, a recycling symbol, a shopping cart. The background includes curved lines in orange, green, and white, and several circular shapes in shades of red, orange, 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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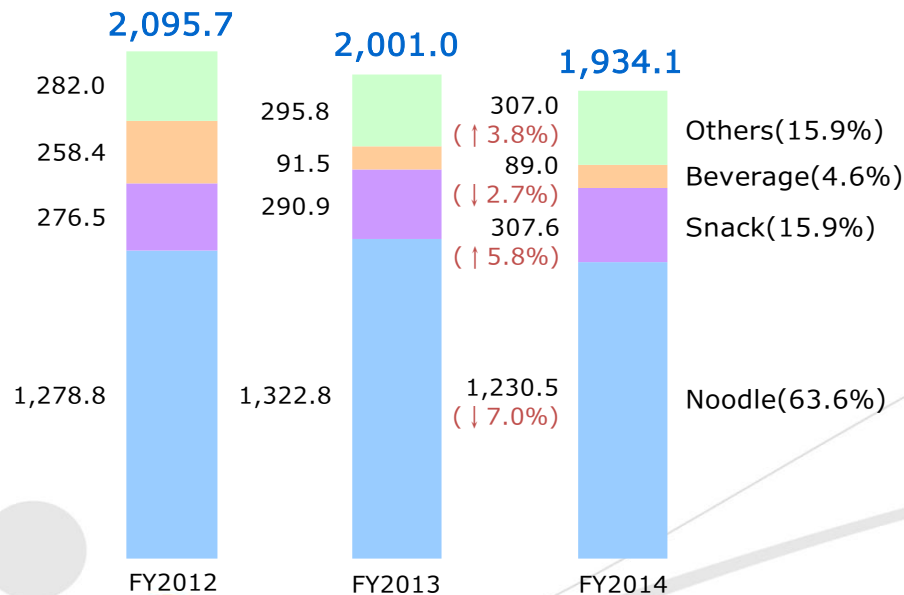
- I. Business Performance in '14
- II. Performance by Divisions
  - Noodle Division
  - Snack Division
  - Beverage Division / Others
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# I. Business Performance in 2014

## 1. Sales(Excluding overseas affiliates)

### Sales Break-down

Unit : krw bn



### Business Performance in 2014

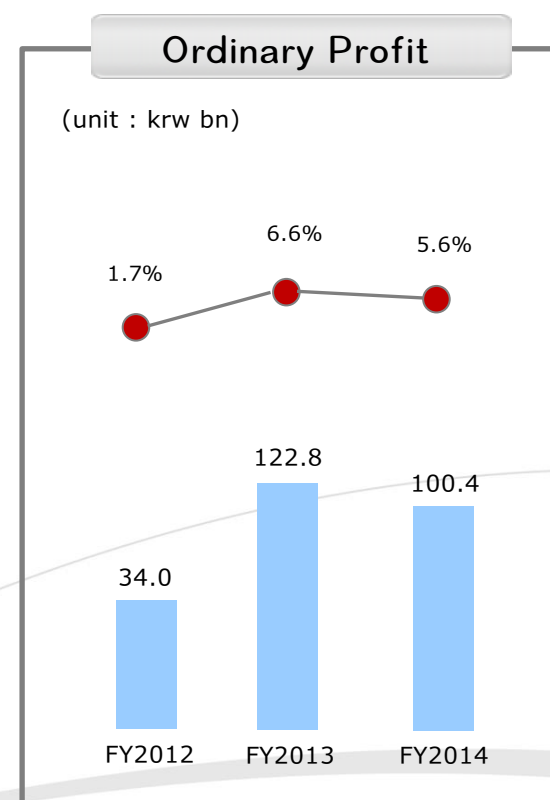
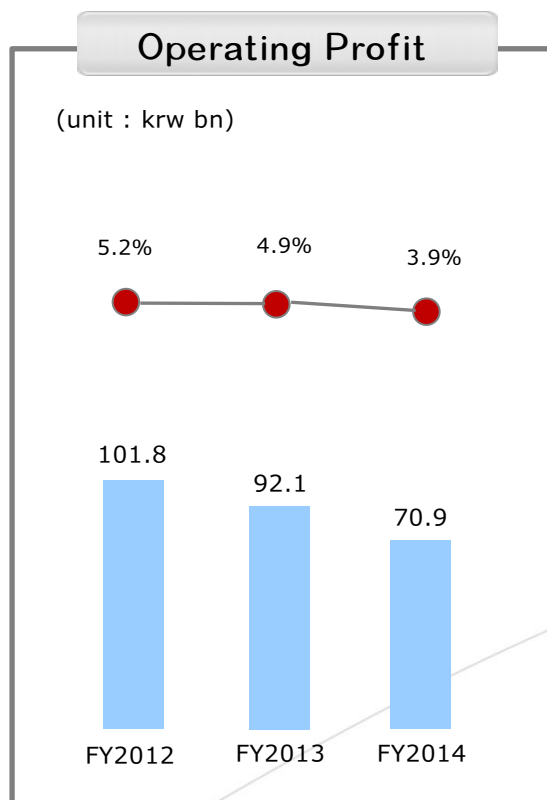
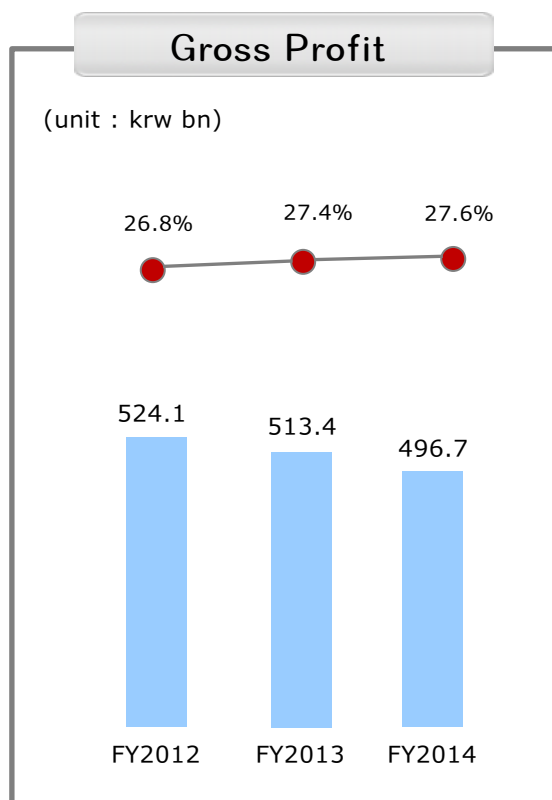
- Overall sales decreased 3.3% year on year
- Noodle
  - Sales decreased due to a decline in volume
- Snack
  - Strong sales of flour based and potato based snacks
- Beverage
  - Sluggish sales in juice products
- Others
  - Sales of foreign brands increased due to expansion in sales of Nestle products
  - Export sales increased

※ 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 2014

## 2. Profitability(Excluding overseas affiliates)



※ K-IFRS applies

• The drop in sales contributed to decreased gross profit

- SG&A cost ₩421.2bn(22.5%)
  - ₩425.8bn(23.6%)
- Advertisement ₩58.2bn(3.1%)
  - ₩59.9bn(3.3%)
- Samples ₩22.4bn(1.2%)
  - ₩25.8bn(1.4%)

• Foreign exchange profit  
₩1.5bn → -₩2.7bn

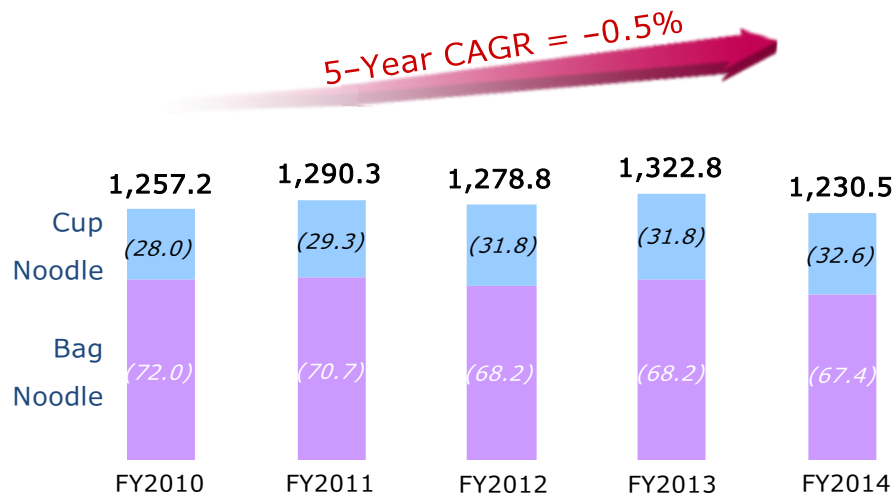
※ F.T.C fine ₩108.1bn in 2012

# II. Performance by Divisions

## 1. Noodle Division

### Sales Trend of Noodle Division

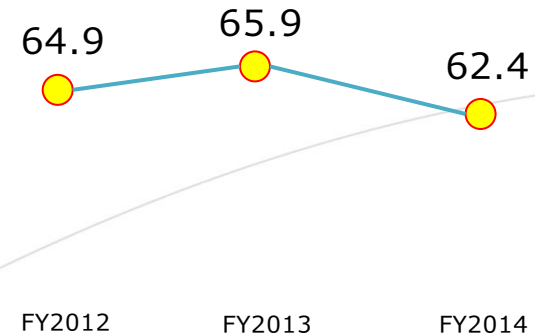
(Unit : krw bn, %)



※ 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 decreased by 7.0% year on year

- Market share decreased
  - 65.9% in 2013 → 62.4% in 2014
- Weak sales of bag noodles (↓ 8.2%) & cup noodles (↓ 4.5%)

#### ● 2015's Principal Strategy

- Recovering market share
  - Main brand renewals & Accelerating growth of next powerful brands
- Development of new customers by high value products

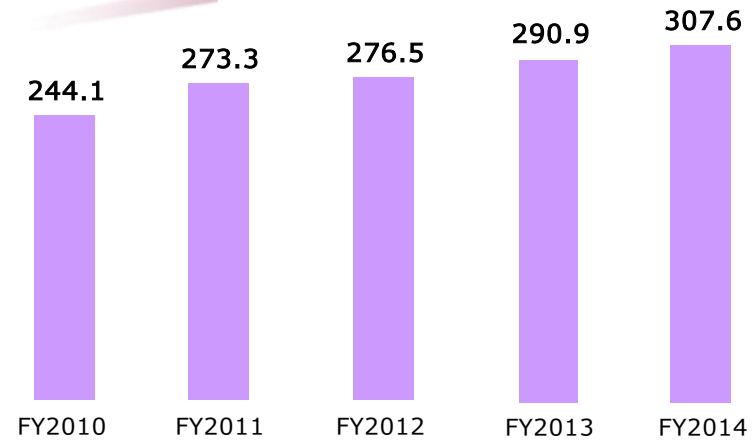
# II. Performance by Divisions

## 2. Snack Division

### Sales Trend of Snack Division

(unit: krw bn)

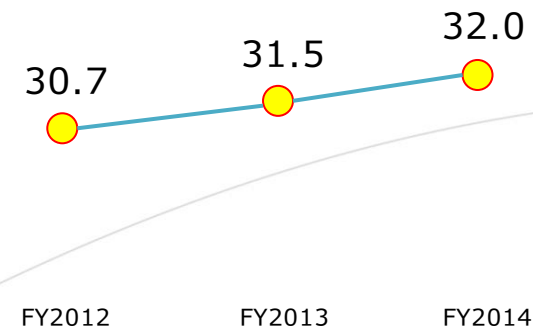
5-Year CAGR = 6.0%



※ Source : Nongshim

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

(unit: %)



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

- Sales increased by 5.8% year on year
  - Sales of potato based snacks increased by 5.1%
  - Strong sales of flour based snacks( ↑ 4.3%) & corn based snacks( ↑ 19.2%)

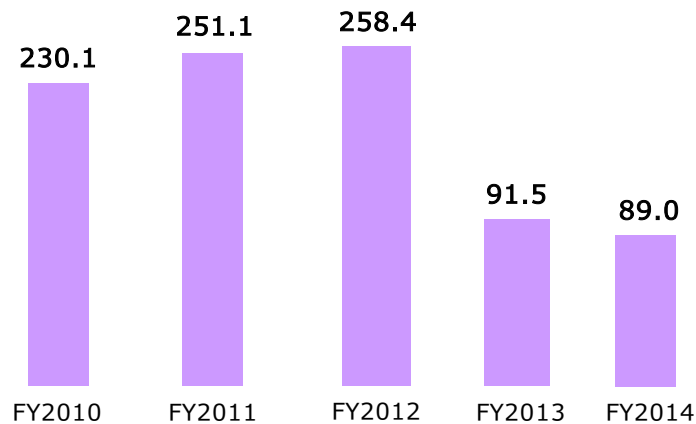
- 2015's Principal Strategy
  - Activating steady-seller items
  - Developing high-value-added products

## II. Performance by Divisions

### 3. Beverage Division & Others

#### Sales Trend of Beverage Division

(unit: krw bn)

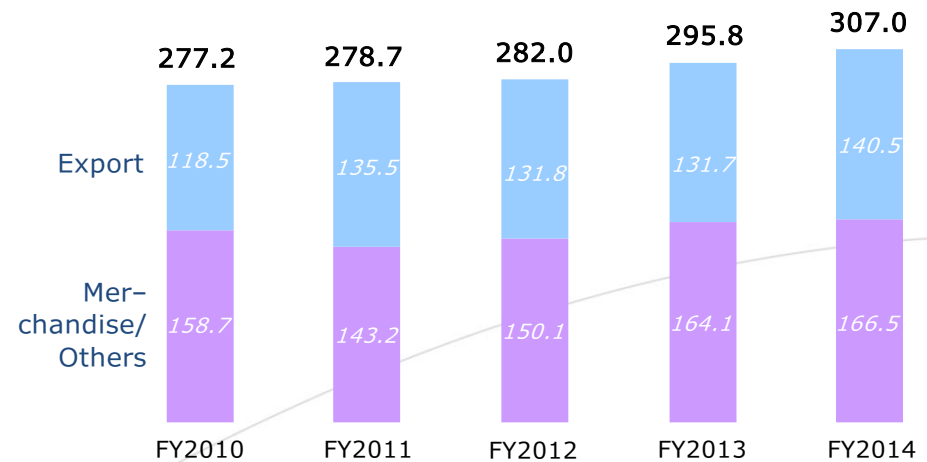


※ Source : Nongshim

- Sales decreased by 2.7% year on year
  - Sales of main items(Welch's) stagnated
- 2015's Principal Strategy
  - Enhancing Baeksan Mountain Water's brand image
  - Brand expansion by various flavors

#### Sales Trend of Merchandise & Export

(unit: krw bn)



※ Source : Nongshim

- Sales increased by 3.8% year on year
  - Export(↑ 6.7%) to Southeast Asia and Europe increased
  - Merchandise&Others(↑ 1.5%) :  
Sales rise in Nestle products
- 2015's Principal Strategy
  - Reinforcing sales promotion and advertising for growth markets(Africa, Southwest Asia etc.)
  - Fostering of new items(Mentos, Chupa Chups chocolates)



# Appendix.

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

### Balance Sheet

(unit: krw bn, %)

Account	'10	'11	'12	'13	'14
Total Assets	2,113.6	2,170.4	2,093.4	2,129.9	2,116.8
Cash/Deposits	497.9	493.0	435.4	480.9	418.5
Trade Receivables	147.0	158.2	157.8	155.6	153.0
Inventories	103.5	128.5	120.8	129.4	130.9
Investment	181.3	198.2	198.0	258.3	331.3
Tangible Assets	933.9	930.4	923.2	885.6	858.0
Total Liabilities	675.3	692.1	652.4	622.7	575.2
Trade Payables	307.3	313.9	277.2	280.2	252.1
Short-term Borrowings	58.9	101.0	85.7	73.9	61.6
Long-term Borrowings					
Total shareholders' equity	1,438.3	1,478.3	1,441.0	1,507.2	1,541.6
Shareholders' equity	30.4	30.4	30.4	30.4	30.4
D/E Ratio	47.0	46.8	45.3	41.3	37.3
Net Cash	439.0	392.0	349.7	407.0	356.9
BPS(₩)	236,456	243,040	236,906	247,785	253,436

※ K-IFRS applies

### Income Statement

(unit: krw bn, %)

Account	'10	'11	'12	'13	'14	
Sales	Ramyun	1,257.2	1,290.3	1,278.8	1,322.8	1,230.5
	Snack	244.1	273.3	276.5	290.9	307.6
	Beverage	230.1	251.1	258.4	91.5	89.0
	Others	277.2	278.7	282.0	295.8	307.0
	Total	2,008.6	2,093.4	2,095.7	2,001.0	1,934.2
Gross profit	540.9	506.9	524.1	513.4	496.7	
Operating Income	139.6	98.2	101.8	92.1	70.9	
Ordinary Income	176.9	127.9	34.0	122.8	100.4	
Net Income	136.7	86.2	0.2	92.6	68.1	
Sales growth rate *	2.8%	4.2%	-0.6%	-4.5%	-3.7%	
Rp growth rate *		-27.7%	-73.4%	260.8%	-18.3%	
Op Margin	7.4%	5.0%	5.2%	4.9%	3.9%	
Rp Margin	9.3%	6.5%	1.7%	6.6%	5.6%	
EPS (₩)	23,643	14,902	36	16,016	11,770	
ROE (%)		5.9	0.0	6.1	4.4	

※ \*compared to previous year

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

K-IFRS applies

# Appendix.

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

### Balance Sheet

(unit: krw bn)

	FY2014	FY2013
Assets	2,224.1	2,215.4
Current Assets	899.6	918.3
Non-current Assets	1,324.5	1,297.1
Liabilities	670.6	698.7
Current Liabilities	553.7	587.4
Non-current Liabilities	116.9	111.3
Equity	1,553.5	1,516.7
Controlling Interest	1,534.7	1,499.1
- Share Capital	30.4	30.4
- Share Premium	123.7	123.7
- Other Reserves	(80.2)	(84.9)
- Retained Earnings	1,460.7	1,429.9
Minority Interest	18.8	17.5

### Income Statement

(unit: krw bn)

	FY2014	FY2013
Sales	2,041.7	2,086.7
Cost of Sales	(1,456.4)	(1,500.5)
Gross Profit	585.3	586.1
SG&A	(511.8)	(493.5)
Operating Profit	73.5	92.6
- Other Income	23.4	18.4
- Other Costs	(6.8)	(5.7)
- Finance Income	17.0	20.1
- Finance Costs	(9.7)	(7.3)
Profit before Income Tax	97.3	118.1
Net Profit	64.5	86.9

# Appendix.

## 2. Segment Information

FY2014

(unit : krw bn, %)

		Korea	China	U.S	Japan	Australia	Total	Reconciliations	Consolidated
Net sales	Intersegment sales	65.9	73.1	10.0	1.6	-	150.6	(150.6)	-
	Sales to third party	1,755.6	109.4	140.8	26.7	9.2	2,041.7	-	2,041.7
	Total	1,821.5	182.5	150.8	28.3	9.2	2,192.3	(150.6)	2,041.7
Segment income(loss)	Operating profit	71.6	(1.2)	3.0	(1.7)	0.1	71.8	1.8	73.5
	Net profit	68.6	(1.8)	1.8	(1.8)	(0.2)	66.6	(2.2)	64.5
Sales growth (Sales to third party)		-3.8	10.9	5.5	-9.5		-2.2		-2.2
Sales growth (Total)		-2.9	22.5	7.6	-10.3		-0.2		-2.2

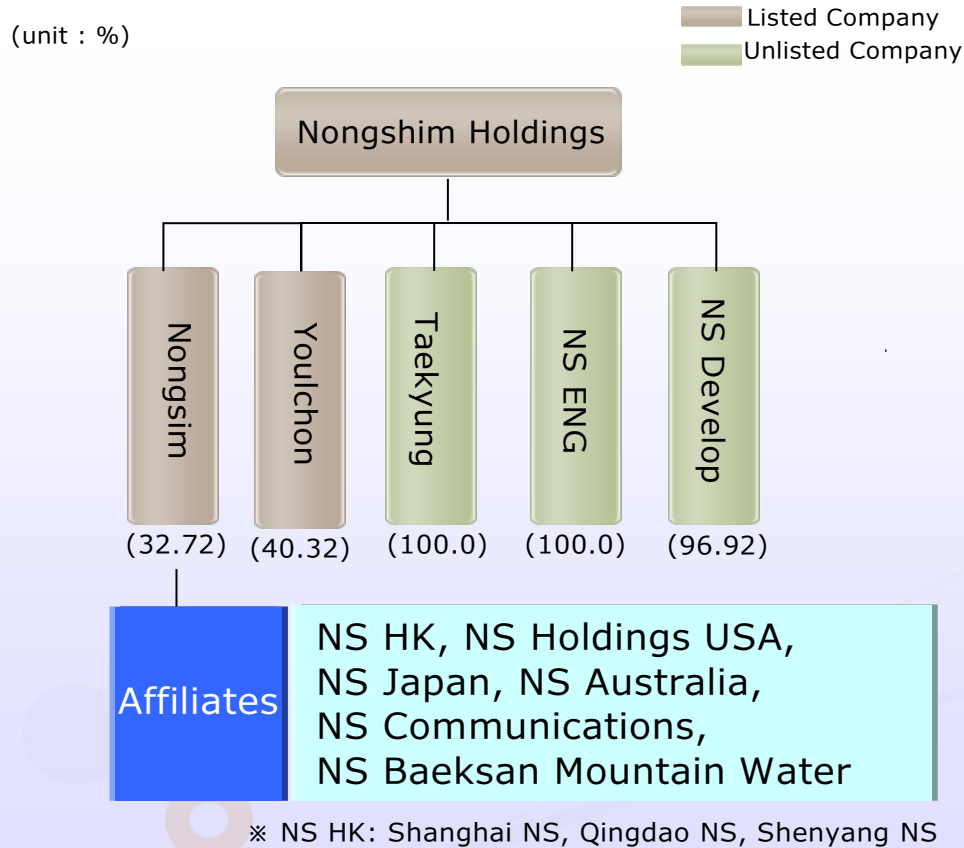
FY2013

		Korea	China	U.S	Japan	Australia	Total	Reconciliations	Consolidated
Net sales	Intersegment sales	50.4	50.2	6.7	2.1	-	109.4	(109.4)	-
	Sales to third party	1,825.1	98.7	133.4	29.5	-	2,086.7	-	2,086.7
	Total	1,875.5	148.9	140.1	31.5	-	2,196.1	(109.4)	2,086.7
Segment income(loss)	Operating profit	91.9	(6.2)	4.5	(1.2)	-	89.0	3.6	92.6
	Net profit	92.4	(7.4)	2.9	(1.4)	-	86.6	0.3	86.9

# Appendix.

## 3. Stockholder Status

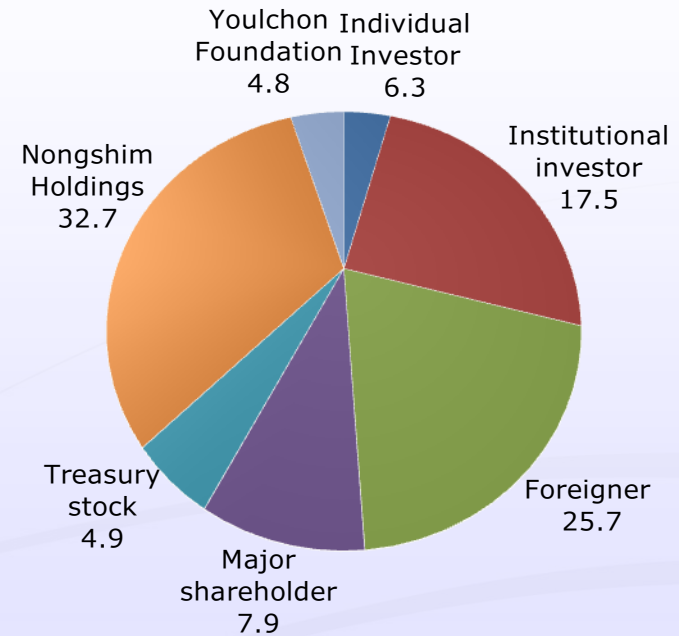
Subsidiary company of Nongshim Holdings' Status



Note : Figures in parenthesis are proportions of equity for Nongshim Holdings' subsidiary company at the end of '14

Nongshim's Principal stockholder Status (End of '14)

(unit : %)



Relation to Majority shareholder composition  
50.4%

Note : Nongshim Stockholder's list (End of '14)