

# Earnings Release for 1<sup>st</sup> Half of 2015

## Investor Relations

The background features a large, stylized red flower in the center. Surrounding it are various colorful icons including a globe, a shopping basket, a lightbulb, a heart, a fork and spoon, a gift box, a person, a plant, a globe, a shopping basket, a lightbulb, a heart, a fork and spoon, a gift box, a person, a plant, a globe, a shopping basket, a lightbulb, a heart, a fork and spoon, a gift box, a person, a plant, a globe, a shopping basket, a lightbulb, a heart, a fork and spoon, a gift box, a person, a plant. There are also abstract shapes like circles and lines in various colors (red, green, white, orange) scattered across the page.

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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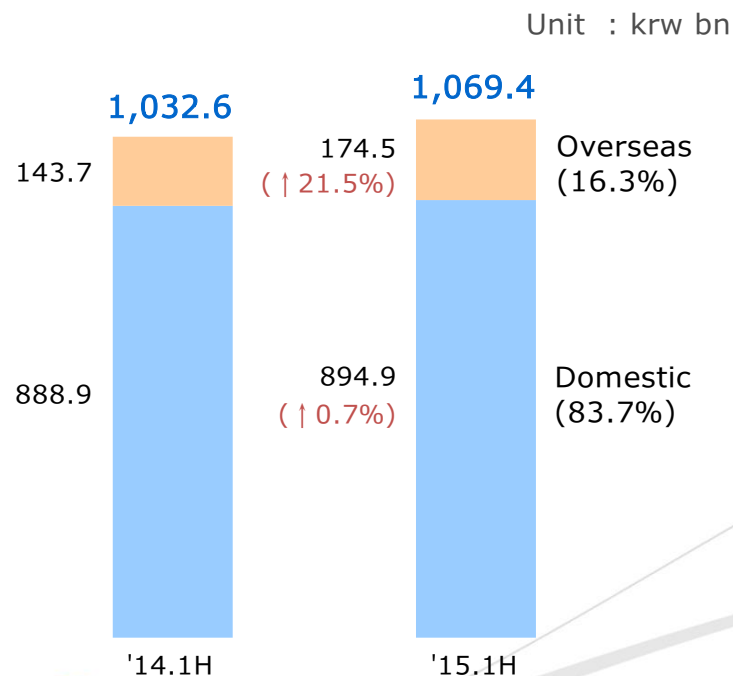
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# I. Business Performance in 1<sup>st</sup> Half of '15

## 1. Consolidated Results(Sales)

### Sales Break-down



※ K-IFRS applies(Sales to third party)

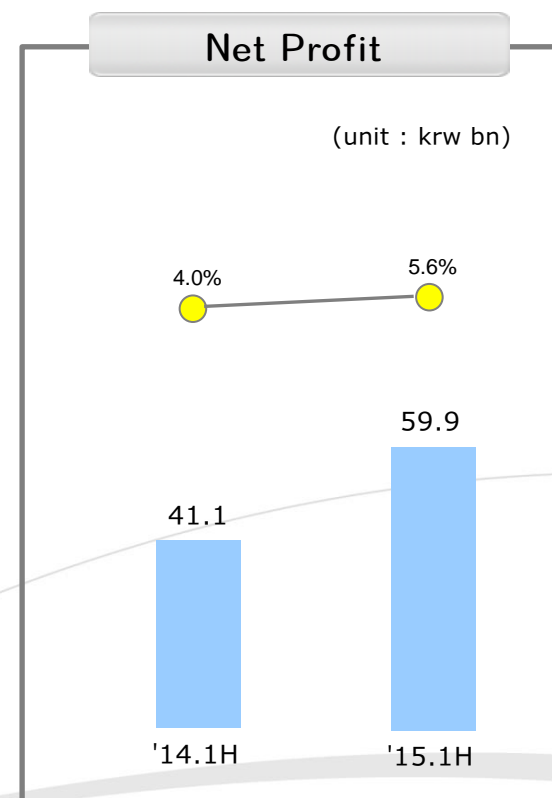
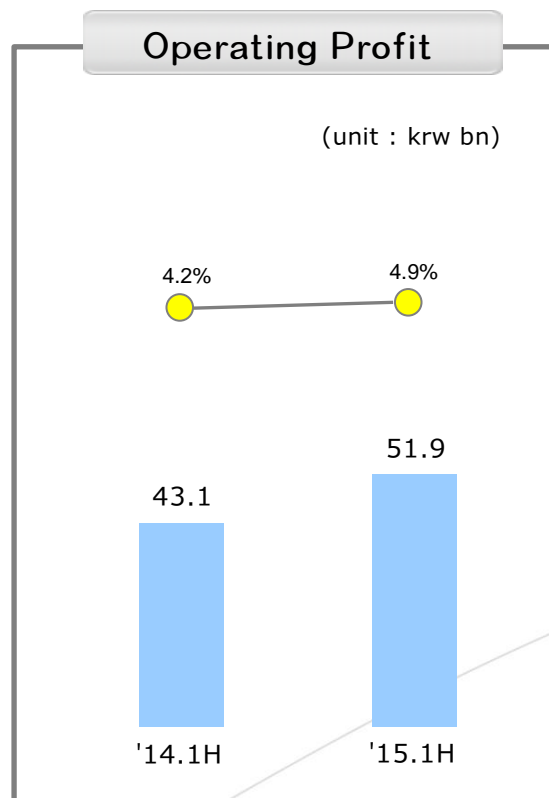
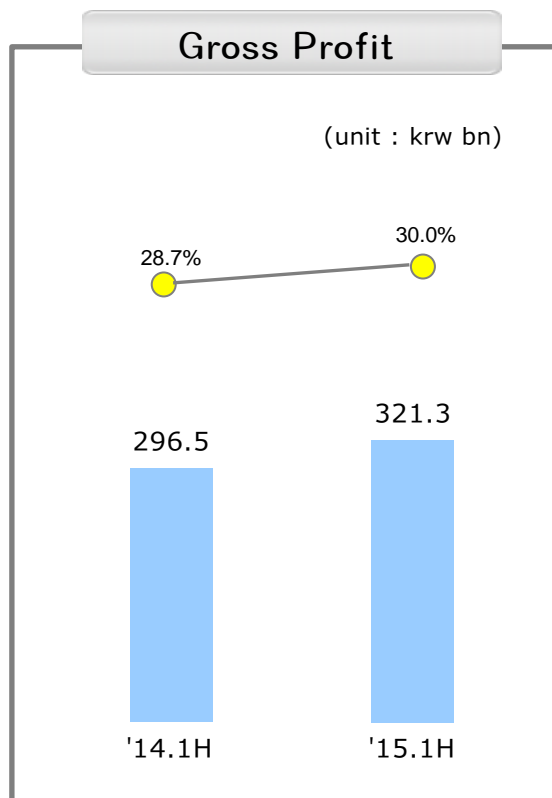
※ Figures in parenthesis are proportions of each business division.

### Business Performance in 1<sup>st</sup> Half of '15

- Overall sales increased 3.6% year on year
  - Sales of Overseas increased by 21.5%, Sales of Domestic increased by 0.7%
- Results by Segment
  - Domestic : Weak sales of instant noodles  
Strong sales in snack business and export markets
  - Overseas : China/USA continued sales increase  
Japan sales decreased

# I. Business Performance in 1<sup>st</sup> Half of '15

## 2. Consolidated Results(Profitability)



※ K-IFRS applies

- The growth in sales contributed to increased gross profit

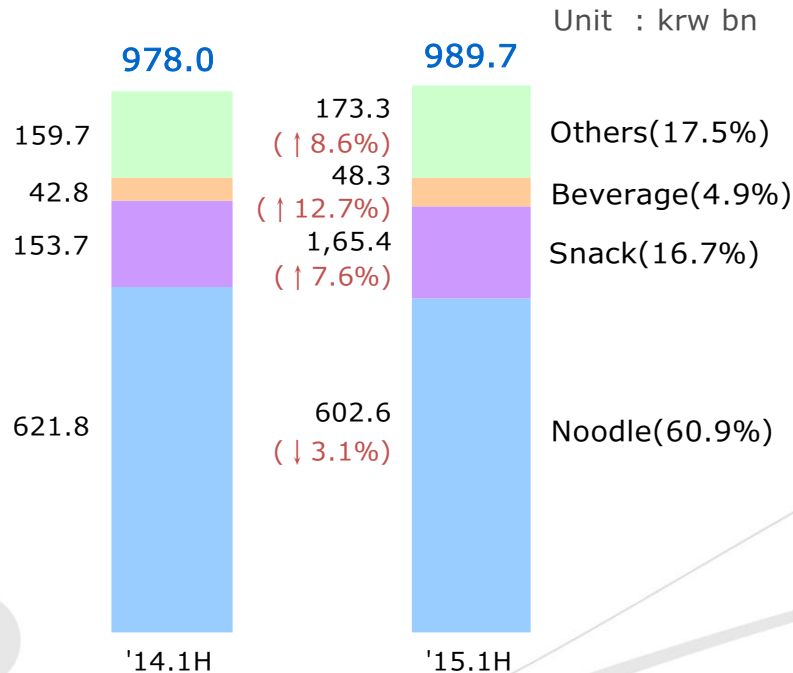
- SG&A cost ₩253.4bn(24.5%) → ₩269.4bn(25.2%)
  - Transportation and Storage Expenses ₩45.1bn(4.4%) → ₩51.2bn(4.8%)
  - Advertisement ₩38.6bn(3.7%) → ₩38.9bn(3.6%)

- Foreign exchange profit ₩1.3bn → -₩0.9bn
- On disposition of tangible assets ₩0.6bn → ₩20.4bn

## II. Performance by Regions

### 1. Non-Consolidated Results(Sales)

#### Sales Break-down



- ※ Sales are before sales commission(liabilities of estimated Return goods, sales rebate) deducted.
- ※ Sales are including intersegment sales to overseas affiliates.
- ※ Figures in parenthesis are proportions of each business division.

#### Business Performance in 1<sup>st</sup> Half of '15

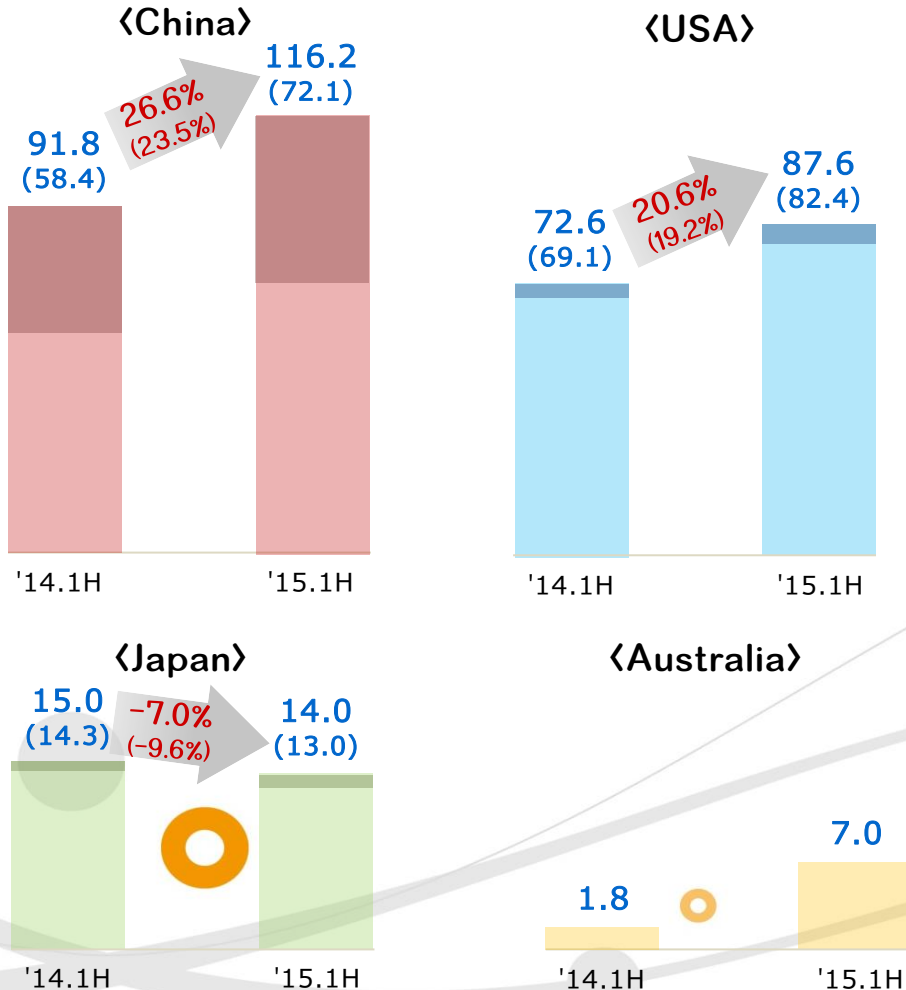
- Overall sales increased 1.2% year on year
- Noodle
  - Sales decreased due to a decline in volume
- Snack
  - Strong sales of potato based and corn based snacks
- Beverage
  - Sales of Baeksan Mountain Water increased
- Others
  - Export to Southeast Asia and Europe increased
  - Sales of foreign brands increased due to expansion in sales of Kellogg's and Mentos products

# II. Performance by Regions

## 2. Consolidated Results(Overseas Sales)

### Sales Trend by Regions

Unit : krw bn



### Business Performance in 1st Half of '15

- Overall sales increased 24.0%(21.5%) year on year
- China
  - Expanded sales of inland area (Chongqing, Xian, Chengdu)
  - Accelerated sales growth in three northeastern provinces
- USA
  - Sales increased due to expansion of sales in mainstream market
  - Market expansion through extensive promotion
- Japan
  - Sales decreased due to a weaker yen
- Australia
  - Reinforced sales structure and expanded sales in mainstream market
  - Revenue recognition from May, 2014

※ Sales are including intersegment sales.  
※ Figures in parenthesis are sales to third party.

# Appendix.

## 1. Summary of Financial Statements(Consolidated Results)

### Balance Sheet

(unit: krw bn)

	'15.1H	FY2014
Assets	2,261.8	2,224.1
Current Assets	906.6	899.6
Non-current Assets	1,355.2	1,324.5
Liabilities	673.1	670.7
Current Liabilities	566.5	553.7
Non-current Liabilities	106.5	116.9
Equity	1,588.7	1,553.5
Controlling Interest	1,577.1	1,534.7
- Share Capital	30.4	30.4
- Share Premium	123.7	123.7
- Other Reserves	(77.4)	(80.2)
- Retained Earnings	1,497.4	1,460.7
Minority Interest	11.6	18.8

### Income Statement

(unit: krw bn)

	'15.1H	'14.1H
Sales	1,069.4	1,032.6
Cost of Sales	(748.1)	(736.1)
Gross Profit	321.3	296.5
SG&A	(269.4)	(253.4)
Operating Profit	51.9	43.1
- Other Income	29.1	8.8
- Other Costs	(4.1)	(3.0)
- Finance Income	7.4	10.1
- Finance Costs	(4.3)	(3.2)
Profit before Income Tax	80.0	55.9
Net Profit	59.9	41.1



# Appendix.

## 2. Summary of Financial Statements(Non-Consolidated Results)

### Balance Sheet

(unit: krw bn, %)

Account	'12	'13	'14	'15.1Q	'15.1H
Total Assets	2,093.4	2,129.9	2,116.8	2,166.6	2,158.3
Cash/Deposits	435.4	480.9	418.5	452.8	434.8
Trade Receivables	157.8	155.6	153.0	161.6	149.4
Inventories	120.8	129.4	130.9	133.7	131.8
Investment	198.0	258.3	331.3	349.7	389.7
Tangible Assets	923.2	885.6	858.0	846.9	832.3
Total Liabilities	652.4	622.7	575.2	624.4	582.0
Trade Payables	277.2	280.2	252.1	251.8	252.2
Short-term Borrowings	85.7	73.9	61.6	63.0	55.1
Long-term Borrowings				11.1	11.2
Total shareholders' equity	1,441.0	1,507.2	1,541.6	1,542.2	1,576.3
Shareholders' equity	30.4	30.4	30.4	30.4	30.4
D/E Ratio	45.3	41.3	37.3	40.5	36.9
Net Cash	349.7	407.0	356.9	378.7	368.5
BPS(₩)	236,906	247,785	253,436	253,540	259,153

※ K-IFRS applies

### Income Statement

(unit: krw bn, %)

Account	'14	'14.1Q	'14.2Q	'15.1Q	'15.2Q
Sales					
Noodle	1,230.5	330.0	291.8	299.7	303.0
Snack	307.6	76.2	77.5	87.7	77.8
Beverage	89.0	17.7	25.1	19.5	28.8
Others	307.0	88.3	71.4	92.2	81.1
Total	1,934.2	512.3	465.7	499.1	490.6
Gross profit	496.7	135.3	117.0	134.4	130.5
Operating Income	70.9	31.6	10.3	26.3	19.7
Ordinary Income	100.4	38.2	18.8	31.7	45.1
Net Income	68.1	28.9	14.0	23.8	34.1
Sales growth rate *	-3.7%	-0.7%	-2.9%	-2.5%	5.8%
Rp growth rate *	-18.3%	10.0%	15.3%	-17.0%	140.0%
Op Margin	3.9%	6.6%	2.4%	5.6%	4.3%
Rp Margin	5.6%	8.0%	4.4%	6.8%	9.9%
EPS (₩)	11,770				
ROE (%)	4.4				

※ \*compared to previous year

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

K-IFRS applies

# Appendix.

## 3. Segment Information

'15. 1H

(unit : krw bn, %)

		Korea	China	USA	Japan	Australia	Total	Reconciliations	Consolidated
Net sales	Intersegment sales	38.4	44.0	5.2	1.0		88.6	(88.6)	
	Sales to third party	894.9	72.1	82.4	13.0	7.0	1,069.4		1,069.4
	Total	933.3	116.2	87.6	14.0	7.0	1,158.0	(88.6)	1,069.4
Segment income(loss)	Operating profit	46.1	1.1	2.3	0.0	0.3	49.8	2.1	51.9
	Net profit	58.0	1.0	0.9	(0.1)	0.1	60.0	(0.1)	59.9
	Sales growth (Sales to third party)	0.7%	23.5%	19.2%	-9.6%		3.6%		
	Sales growth (Total)	1.2%	26.6%	20.6%	-7.0%		4.9%		

'14. 1H

(unit : krw bn)

		Korea	China	USA	Japan	Australia	Total	Reconciliations	Consolidated
Net sales	Intersegment sales	33.4	33.4	3.5	0.7		70.9	(70.9)	
	Sales to third party	888.9	58.4	69.1	14.3	1.8	1,032.6		1,032.6
	Total	922.4	91.8	72.6	15.0	1.8	1,103.5	(70.9)	1,032.6
Segment income(loss)	Operating profit	42.7	0.5	1.1	-1.0	0.0	43.3	(0.2)	43.1
	Net profit	43.5	0.4	0.3	-1.0	0.0	43.2	(2.1)	41.1