



Maeil Dairies IR Presentation

2014.12



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1. Overview

As of Dec. 31 . 2014

Company Name	Maeil Dairies Co.,Ltd
Foundation	Feb. 14, 1969
Capital	KRW 6.7 Bio (Consol. Basis) KRW 6.7 Bio
Asset	KRW 657.8 Bio (Consol. Basis) KRW 775.1 Bio
Sales (IFRS)	2012 KRW 1,052.3 Bio 2013 1,138.2 Bio 2014 1,202.6 Bio Consol Basis 2012 KRW 1,072.3 Bio 2013 1,364.4 Bio 2014 1,447.9 Bio <small>* Consol. basis subsidiaries (8) – Oto7, Oto7 Trading (Shanghai), Les Vins de Maeil, Academie Du Vin, Sangha Farm, Crystal Jade Palace Restaurant, M's Food System, M's Seed</small>
Headcount	2,108 (Full-time 1,968 / Part-time 140)
Offices	Head Office (Jongno-Gu, Seoul), 16 Sales Branch Offices
Factories	7 Factories (Pyeongtaek, Gyeongsan, Gwangju, Sangha, Yeongdong, Cheongyang, Asan)
Stock Exchange	KOSDAQ (Listed in May. 1999)
Business Category	Milk (White Milk, Flavored Milk, Organic Milk), Yoghurt, Other Beverages (Coffee, Soymilk, Juice), Baby Food Products, Other Food Products, Restaurant Business
Major Subsidiaries	Oto7, Les Vins de Maeil, KFSC, MD Well, M's Beverage, M's Partners
Website	www.maeil.com , www.maeili.com

2. Foundation Story

**Maeil Dairies is a company with 44 years of history,
being the first to introduce milk cows in Korea**

**Establishment of
Korea Dairy Process
Co., Ltd. in 1969**

**Grant of
IDA loan supports
from World Bank**

**Introduction
of 5,000 milk cows
in Korea for
the first 3 years**

IDA: International Development Association



**Launching dairy development
business in the central area
of Korea**



**Being the first to transport milk cows
to Korea via airplane**



**Being awarded the Industrial medal
in the livestock sector
by the Korean government**

3. Vision and Mission



Vision



The top leading health company
who shares partnership with its consumers

Mission

To promote health and happiness for consumers
by providing top quality products and services

Core Value

Consumer
Oriented



Creativity
& Challenge



Social
Contribution



Human
Development

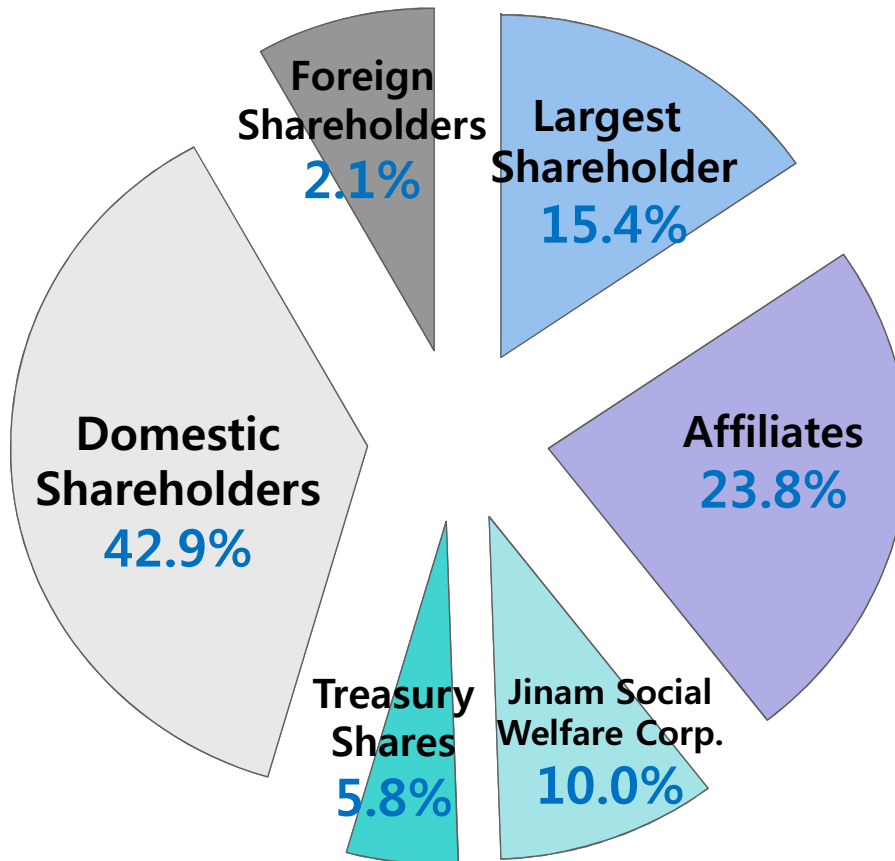


Confidence
& Trust



4. Ownership Structure

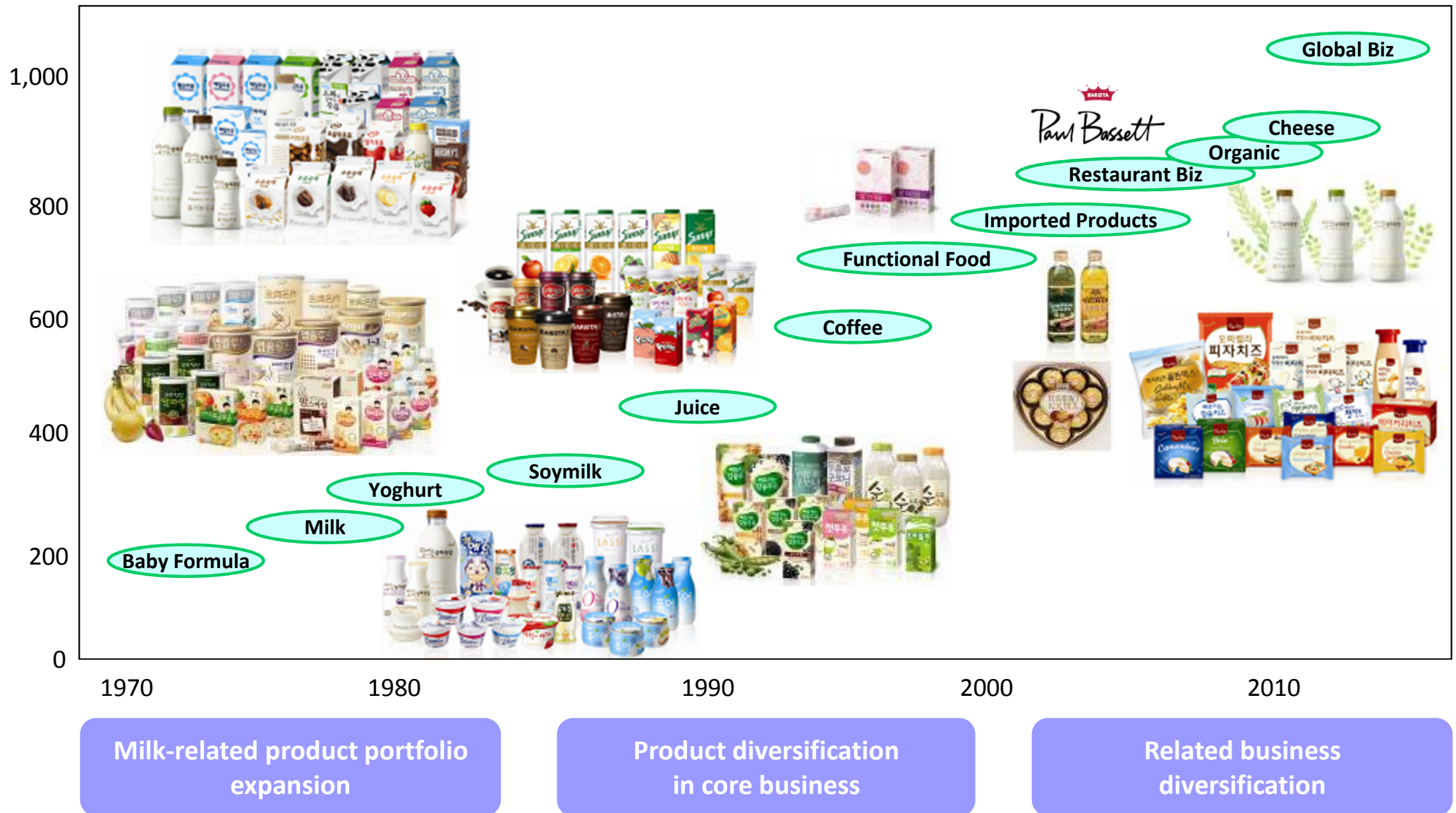
As of Dec. 31, 2014



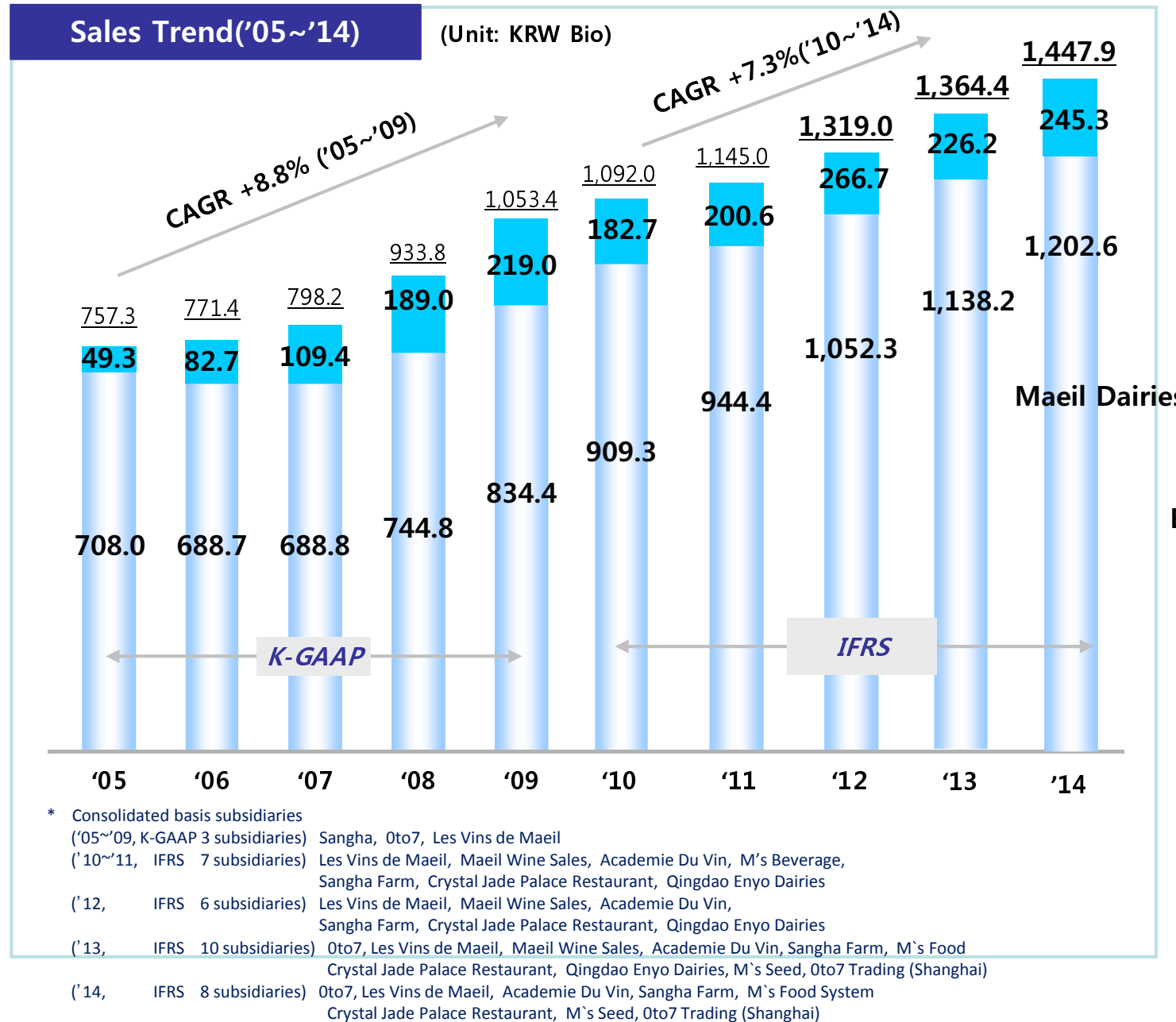
# of Shares Outstanding	13.4 Mio shares
Share Price	KRW 37,250
Market Capitalization	KRW 499.1 Bio

5. Growth Story

(Unit: KRW Bio)



6. Sales Trend



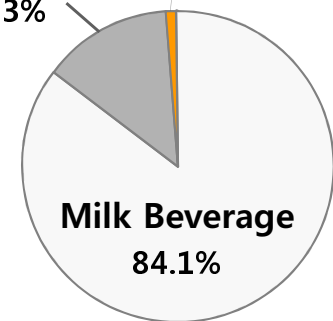
[2014 Sales Composition]

(Consolidated basis)

Subsidiaries
16.9%

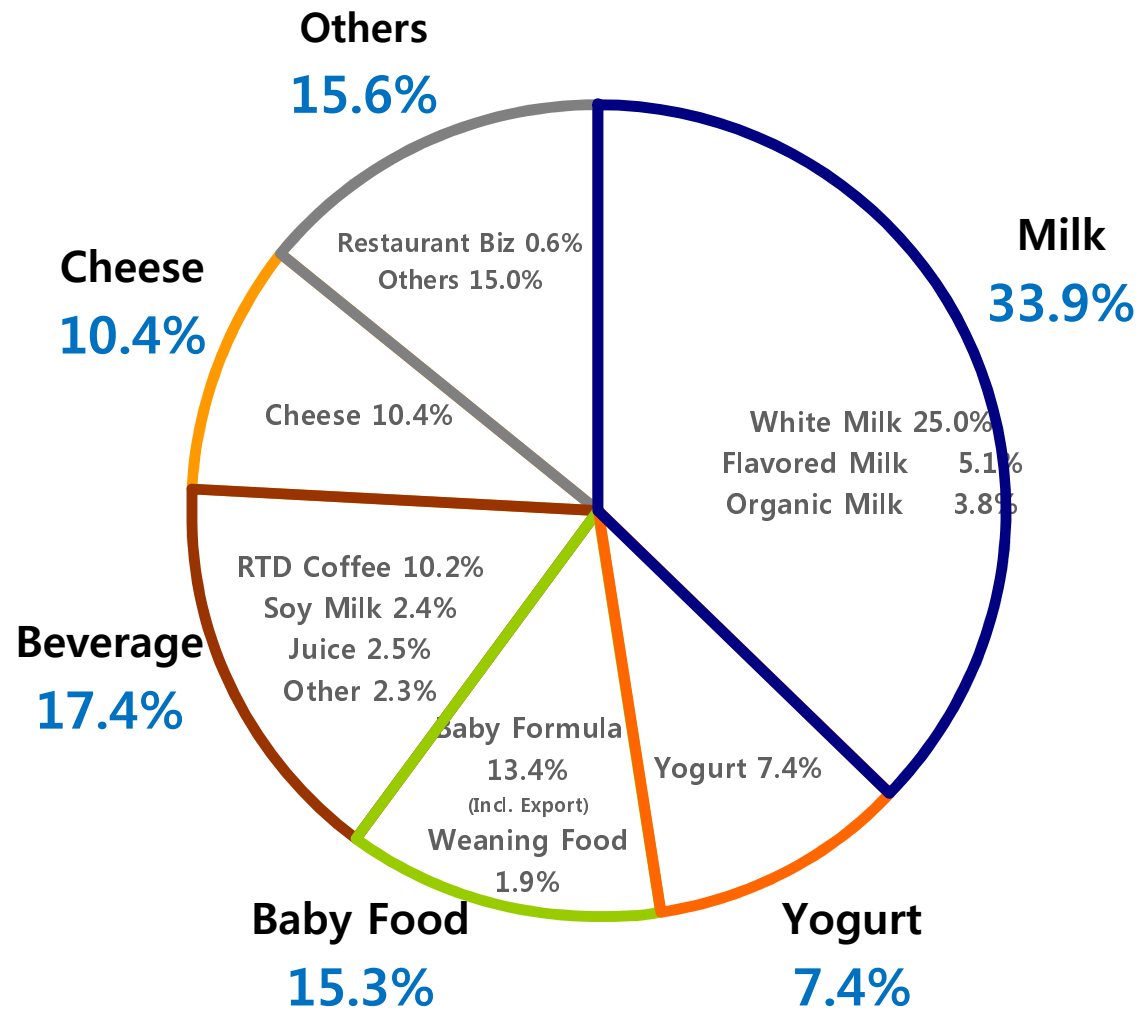
Maeil Dairies
83.1%

Baby Food 15.3% **Dining Biz** 0.6%



Milk Beverage – Milk, Yoghurt, Organic Products, Soymilk, Coffee, Juice, Cheese, etc.
Baby Food – Baby Formula (including overseas), Weaning Food, etc.

7. Sales Breakdown in 2014



8. Food Business Portfolio Product



- Maeil Mam'ma Q
- Absolute Myungjak
- Absolute Goong
- Absolute Sensitive

- Maeil ESL milk
- Maeil Good milk
- Lactose-free milk
- Absolute W milk (for infants)



- Sangha organic milk
- Sangha organic yoghurt

- Fruit-flavored milk



- Cafe Latte
- Baristar



- Calcium soymilk
- Soon soymilk
- Absolute first soymilk (for infants)



- Sunup Rich
- Fruit Vegetable Salad
- Picnic



- Maeil Bio
- Pure
- GUT
- Enyo



- Sangha Cheese



9. Competitive Advantages – (1) Product

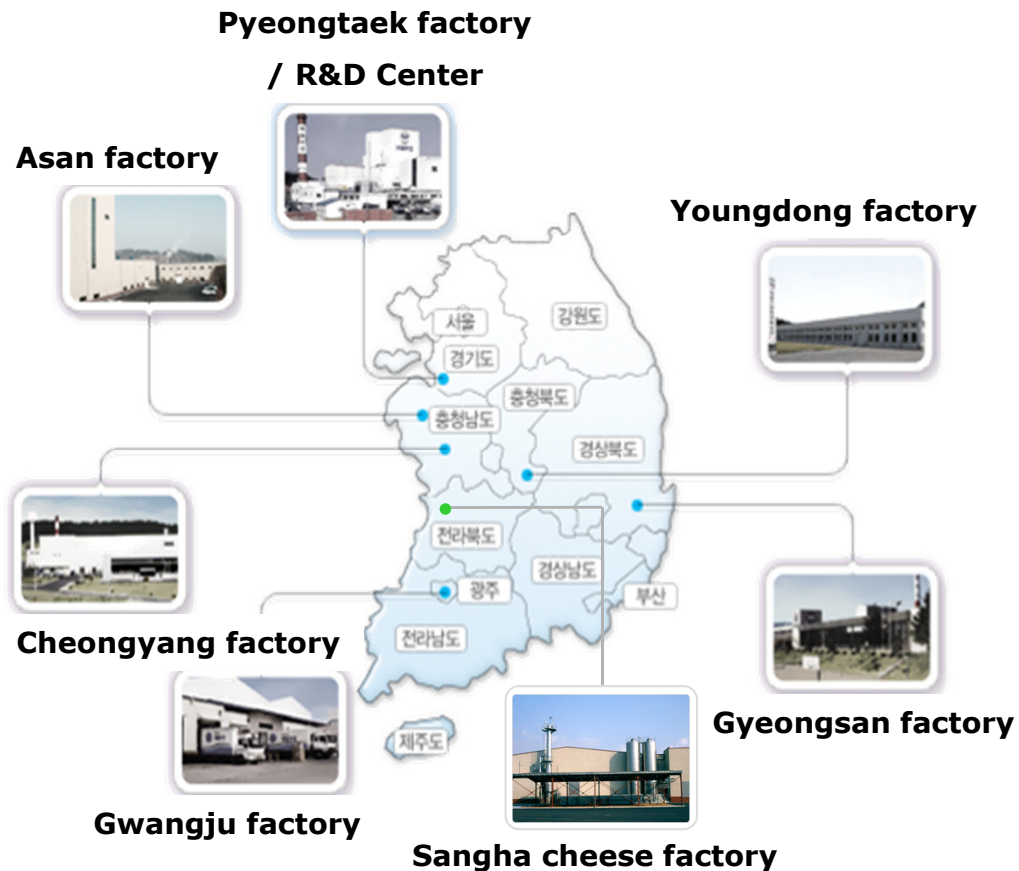
* Maeil has continuously led the Korean dairy market with innovative and premium products.

Fresh Innovator	<ul style="list-style-type: none">• The first to implement ESL(Extended Shelf Life) facilities (2000~)• The first to introduce Cup-coffee product with fresh milk (1997~)• The first to use Natural fruit juice in flavored milk (2000~)• The first to introduce Calcium-enriched soymilk (2000~)• The first to introduce Refrigerated juice & soymilk (1994~, 2005~)• The first to Remove stabilizer, artificial flavor and colors in yoghurt ('Pure') (2009~)• The first to introduce Baby formula specially made for sensitive infants (2010~)
Premium Leader	<ul style="list-style-type: none">• Led the expansion of Low-fat, zero-fat milk (2008~)• Led the expansion of Lactose-free milk by importing technique from Valio, Finland (2005~)• Led the expansion of Organic milk products, being the first among the major dairy companies (2008~)• Led the expansion of Premium cup-coffee ('Baristar') (2007~)• Start producing the only Infant milk in Korea that contains DHA level of breast milk (2010~)• Launched Premium NFC(Not-From-Concentrated) orange / grapefruit juice ('Florida's Natural') (2013~)

* Refer to appendix for details

9. Competitive Advantages – (2) Facility

❄ Maelil owns 7 production factories across the country.



Pyeongtaek factory

- Asia's largest dairy production factory
- the first in Korea to implement Extended Shelf Life (ESL) system
- complete, automated production line for infant formula and weaning food products
- produces baby food, fresh milk, flavored milk, yoghurt, refrigerated juices, coffee drinks, and cream

Cheongyang factory

- equipped with fully-automated facilities with process designed by Tetra Pak
- produces highly-functional yoghurt, premium flavored milk, and 'BARISTAR' cup coffee

Gwangju factory

- the first Tetra Pak producer in Korea
- specialized in sterilized goods
- equipped with 100% automated soy milk production line
- use of high-quality milk from *Honam* province

Sangha factory

- Korea's first cheese factory and largest organic dairy factory
- use of organic raw milk from the clean area of *Gochang*
- produces 100% natural cheese from local raw milk
- cutting-edge facilities of Alpma, German-based global leader in cheese production

Gyeongsan factory

- specialized in yoghurt and lactic acid beverage products
- equipped with state-of-the-art APV Douglass and ABB Robot Palletizer auto-packaging facilities

Asan factory

- specialized in small quantity batch production and powdered goods
- produces raw material milk powder, coffee creamers

Youngdong factory

- geographically located in the middle of Korea
- provides quick access to other regions
- specialized in beverage products (can, PET, glass-bottled, etc.)

9. Competitive Advantages – (2) Facility

* **Pyeongtaek Factory**

- The largest sole dairy production factory in Asia
- The first factory with Extended Shelf Life(ESL) system in Korea



Date Founded

1974.05.10

Factory Size

Land : 85,572m² Plant : 28,563m²

Raw Milk Storage/Processing Capacity

Storage : 900 ton/day
Processing : 1,200 ton/day

Number of Employees

319

Revenue (Year 2014)

549.3 Billion Won

Major Categories Produced

Infant Formula, Milk Products, RTD Coffee, Juice, Maeil-Bio Yogurt, Butter & Cream

9. Competitive Advantages – (2) Facility

* **Gwangju Factory**

- The first factory with Tetra Pak production line(sterilized) in Korea
- Facility known for the 100% automated soy milk production line



Date Founded

1973.12.12

Factory Size

Land : 35,481m² Plant : 6,870m²

Raw Milk Storage/Processing Capacity

Storage : 350 ton/day
Processing : 200 ton/day

Number of Employees

173

Revenue (Year 2014)

190.5 Billion Won

Major Categories Produced

Various Milk Products & Soy Milk Products,
Drinking Yogurt, Hershey's Chocolate Drinks

9. Competitive Advantages – (2) Facility

* Gyeongsan Factory

- Specialized in yogurt and lactic acid beverage products
- Equipped with the state-of-the-art ABB Robot Palletizer auto-packing facility



Date Founded

1978.10.10

Factory Size

Land : 12,654m² Plant : 9,248m²

Raw Milk Storage/Processing Capacity

Storage : 350 ton/day
Processing : 200 ton/day

Number of Employees

149

Revenue (Year 2014)

115.9 Billion Won

Major Categories Produced

Various Milk Products, Drinking Yogurt,
Maeil-Bio Yogurt

9. Competitive Advantages – (2) Facility

* **Cheongyang Factory**

- Specialized in 'BARISTAR' cup coffee & premium yogurt & flavored milk products
- Equipped with fully-automated facilities with the production process designed by Tetra Pak



Date Founded

2002.05.30

Factory Size

Land : 78,272m² Plant : 12,934m²

Raw Milk Storage/Processing Capacity

Storage : 300 ton/day
Processing : 300 ton/day

Number of Employees

89

Revenue (Year 2014)

135.8 Billion Won

Major Categories Produced

'BARISTAR' RTD Coffee, Various Flavored Milk Products, Drinking Yogurt, Organic Yogurt

9. Competitive Advantages – (2) Facility

* Sangha Factory

- The first cheese factory in Korea & the largest organic dairy factory
- The only factory in Korea to produce all natural Brie & Camembert cheese



Date Founded

2009.06.01

Factory Size

Land : 15,349m² Plant : 4,467m²

Raw Milk Storage/Processing Capacity

Storage : 320 ton/day
Processing : 350 ton/day

Number of Employees

167

Revenue (Year 2014)

161.8 Billion Won

Major Categories Produced

Organic Milk & Cheese Products, Florida's Natural Juice, Natural and Processed Cheese

9. Competitive Advantages – (2) Facility

* **Youngdong Factory**

- Located at the nation's central spot allowing the quick distribution of fresh products
- Specialized in various beverage products



Date Founded

2000.04.03

Factory Size

Land : 43,023m² Plant : 10,945m²

Raw Milk Storage/Processing Capacity

Storage : 60 ton/day
Processing : 40 ton/day

Number of Employees

69

Revenue (Year 2014)

31.1 Billion Won

Major Categories Produced

Various Soy Milk Products, Baby Juice, RTD
Coffee Can, MCC Curry,

9. Competitive Advantages – (2) Facility

* **Asan Factory**

- Specialized in small quantity batch production and powdered goods
- Sole processor and provider of McDonald's lettuce for burgers



Date Founded

2006.02.07

Factory Size

Land : 15,317m² Plant : 4,662m²

Number of Employees

44

Revenue (Year 2014)

11.8 Billion Won

Major Categories Produced

Processed Lettuce, Whey Powder, Creaming Powder, Lactose

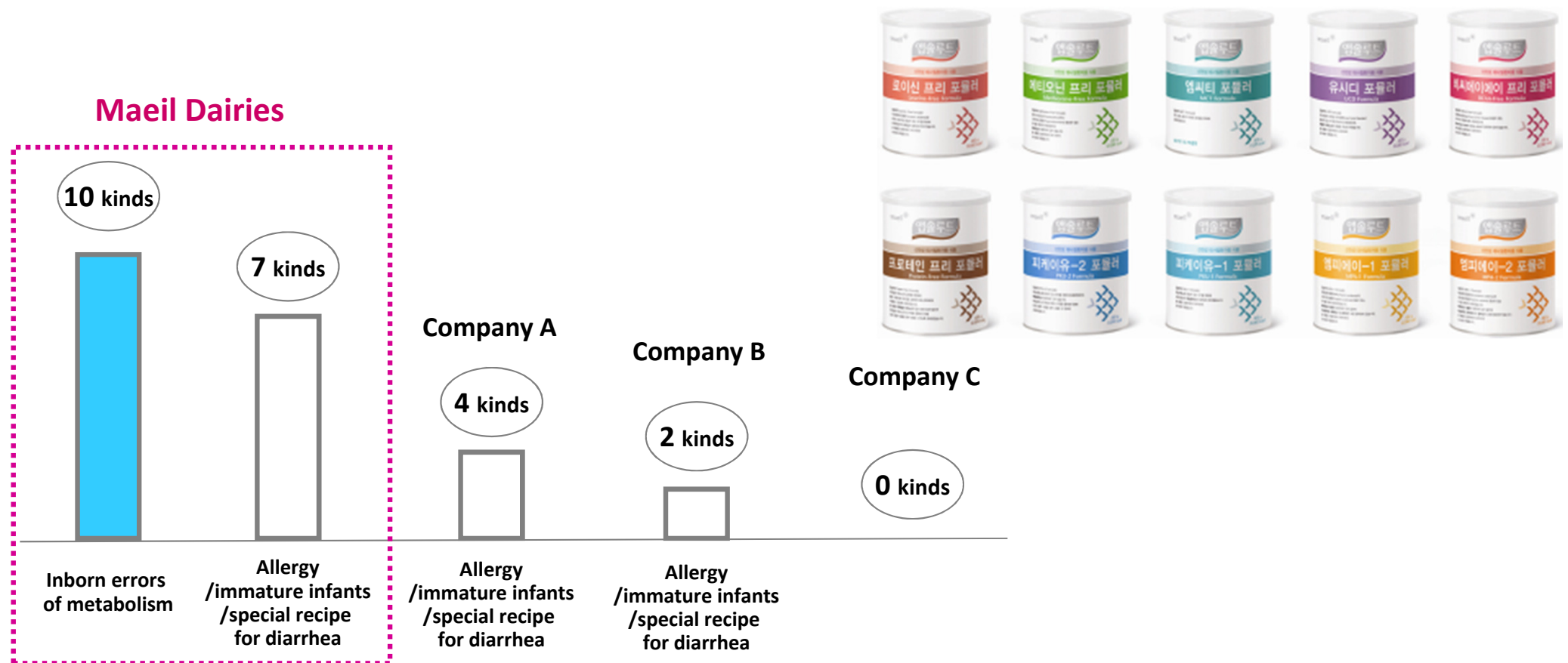
9. Competitive Advantages – (2) Facility

✱ Maeil possesses cutting-edge facilities across our production and distribution process.

1. Acquired **ISO 22000** certificate for all factories (the first in Korea)
2. Equipped with the **Largest powder milk dryer** in Korea
3. Equipped with **ESL*** facilities for milk products (the first in Korea) **ESL (Extended Shelf Life)*
4. Equipped with **HEPA filter system** that fundamentally blocks off any micro-dust
5. Equipped with **In-house canning facilities** for baby formula (the only one in Korea)
6. Equipped with **Espresso extractor** for cup coffee products (the first in Korea)
7. Equipped with **Microfiltration facility** for organic milk (the only one in Korea)
8. Established a **Cheese-specialized factory** (the first in Korea)

9. Competitive Advantages – (3) Corporate Social Responsibility

- * Maeil manufactures specialized infant formulas for those born with inborn metabolism errors*. This business represents Maeil's commitment towards social responsibility.



***Inborn metabolism errors** : It refers to genetic disorders having abnormalities in metabolism with lacking or no generation of enzyme to compose amino acid inherently. Vomiting or respiratory difficulties are developed first and then disorders in the development of movements, growth disorder and even the damage to the brain cells if the dietary management is not provided accordingly.

10. Financial Statement – Non Consol.

Financial Statement (IFRS, Non-consolidated)

(Unit: KRW Bio)

Balance sheet

	2013	2014
I. Current Assets	304.7	338.3
(1) Cash and cash equivalents	45.4	60.2
(2) Trade and other current receivables	136.5	140.4
(3) Other current assets	19.7	19.4
(4) Inventories	116.5	122.5
II. Non-current Assets	320.0	319.5
(1) Financial assets available-for-sale	2.8	5.0
(2) Investments in subsidiaries	37.7	39.6
(3) Trade & other non-current receivables	39.1	33.9
(4) Investment property	33.1	33.9
(5) Property, plant and equipment	194.1	189.9
(6) Intangible assets	5.8	7.5
(7) Other non-current assets	6.4	6.7
Total Assets	624.7	657.8
I. Current Liabilities	211.4	196.0
II. Non-current Liabilities	93.8	126.6
Total Liabilities	305.1	322.6
Total Stockholder's Equity	319.5	335.2

Income statement

	2013	2014
I. 매출액	1,138.2	1,202.6
II. 매출원가	830.9	878.0
III. 매출총이익	307.2	324.7
IV. 판매비와관리비	276.5	295.9
V. 영업이익	30.8	28.8
VI. 기타수익	12.6	15.7
VII. 기타비용	12.8	9.0
VIII. 금융수익	3.2	4.4
IX. 금융비용	6.1	5.3
X. 법인세비용 차감전순이익	27.7	34.6
XI. 법인세비용	7.5	8.3
XII. 당기순이익	20.3	26.2

10. Financial Statement – Consol.

Financial Statement (IFRS, Consolidated)

(Unit: KRW Bio)

Balance sheet

	2013	2014
I. Current Assets	405.2	442.8
(1) Cash and cash equivalents	65.0	72.1
(2) Trade and other current receivables	157.4	162.4
(3) Other current assets	4.2	4.6
(4) Inventories	170.0	188.5
II. Non-current Assets	319.1	332.3
(1) Financial assets available-for-sale	2.8	5.0
(2) Investments in subsidiaries	8.0	6.8
(3) Trade & other non-current receivables	45.0	46.5
(4) Investment property	26.7	20.9
(5) Property, plant and equipment	212.9	222.3
(6) Intangible assets	10.0	12.3
(7) Other non-current assets	7.1	7.5
Total Assets	724.2	775.1
I. Current Liabilities	259.5	258.8
II. Non-current Liabilities	95.4	128.6
Total Liabilities	354.9	387.4
Total Stockholder's Equity	369.4	387.7

Income statement

	2013	2014
I. 매출액	1,364.4	1,447.9
II. 매출원가	932.2	986.6
III. 매출총이익	432.2	461.4
IV. 판매비와관리비	397.5	432.7
V. 영업이익	34.7	28.7
VI. 기타수익	12.2	14.0
VII. 기타비용	11.9	10.8
VIII. 금융수익	4.0	5.2
IX. 금융비용	6.7	5.7
X. 법인세비용 차감전순이익	34.0	32.0
XI. 법인세비용	11.0	8.1
XII. 당기순이익	23.0	23.9

11. Major Subsidiaries

As of Dec. 31, 2014



- Business : **Design & sale of children's apparel & baby skin care, operation of e-biz**
- Foundation : Feb. 2000
- Capital (Ownership) : KRW 6.2 Bio (34.7% Ownership)
- Turnover (2014) : Sales KRW 244.6 Bio / NI KRW -0.4 Bio (-0.2%)



*K-IFRS, China included (consolidated basis)



- Business : **Import & distribution of wine & other alcohol**
- Foundation : Dec. 2001
- Capital (Ownership) : KRW 4.0 Bio (100% Ownership)
- Turnover (2013) : Sales KRW 12.8 Bio / NI KRW -4.3 Bio (-3.3%)

*K-IFRS



**Santa Helena
Jorio
Duegradi...**



- Business : **Chinese Restaurant**
- Foundation : Feb. 2009
- Capital (Ownership) : KRW 9.9 Bio (65% Ownership)
- Turnover (2014) : Sales KRW 11.7Bio / NI 0.2Bio (1.9%) * Stores 147



- Business : **Premium Coffee Specialty Shop**
- Foundation : Jun. 2013
- Capital (Ownership) : 2.0 Bio (100% Ownership)
- Turnover (2014) : Sales KRW 28.5Bio / NI KRW 1.1Bio (4.0%)



- Business : **Import & distribution of Sapporo beer**
- Foundation : Jul. 2011
- Capital (Ownership) : KRW 0.7 Bio (85% Ownership)
- Turnover (2014) : Sales KRW 19.5 Bio / NI KRW 0.2 Bio (1.1%)

*K-IFRS



Everyday Fresh!





APPENDIX



[Appendix] Competitive Advantage - ① Product : Fresh Innovator

* Mael has continuously led the Korean market with innovative products. (1/3)

The first ESL system

2000~



* The first to implement ESL(Extended Shelf Life) facilities in Korea

- The ESL system fundamentally blocks off any pollution possible from the production while maintaining the automatic pasteurization system for the entire production process for milk
- Extended shelf life of milk products from 5 days to 14 days

The first RTD cup-coffee

1997~



* Introduced the first cup-coffee product with fresh milk in Korea

- Production on the same day of extraction (Speedy process)
- Use of patented high-pressure espresso extraction method to minimize loss of flavor
- Use of high-quality raw beans from Brazil

The first flavored milk with real fruit juice

2000~



* The first in Korea to use natural fruit juice in flavored milk

- Replaced artificial additives, colors and flavors in flavored milk to natural fruit juice
- * Brand: 'Banana is naturally white'
 - Won several awards in marketing and advertising

[Appendix] Competitive Advantage - ① Product : Fresh Innovator

- * Maeil has continuously led the Korean market with innovative products. (2/3)

The first functional soymilk

2000, 2005~



- * Introduced the first calcium-enriched soymilk in Korea (2000)
 - Enhanced the level of calcium to milk-level (100mg/100ml) and added vitamins to help absorption of calcium
- * Introduced the first refrigerated soymilk in Korea (2005)
 - Distributed through cold-chain system under 10°C to maintain freshness

The first refrigerated juice

1994~



- * Introduced the first refrigerated homemade style juice in Korea
 - Use of cold-filling method and distributed through cold-chain system under 10°C to maintain freshness
- * Use of best quality ingredients
 - Florida Grade-A oranges, New Zealand apples, Chilean grapes

The first sugarless yoghurt

2003~



- * The first in Korea to remove sugar in yoghurt drinks for children ('Enyo')
 - Zero sugar, zero fat, zero cholesterol
 - Enriched with 8 types of vitamins, 15% of daily intake
 - Rich in calcium and iron

[Appendix] Competitive Advantage - ① Product : Fresh Innovator

* Mael has continuously led the Korean market with innovative products. (3/3)

The first natural cheese

2004~



* The first to produce 100% natural cheese in Korea (2000)

- Technical alliance with Alpma, Germany
- Use of 100% local fresh milk
- Developed the best taste suitable for Korean customers

The first premium yoghurt without additives

2009~



* The first in Korea to remove stabilizer, artificial flavor and colors in yoghurt ('Pure')

- Popularized the plain flavor and led the well-being trend of yoghurt
- Use of low fat milk to reduce calories
- Filled in individual containers for fermentation

The first sensitive line Baby formula

2010~



* The first in Korea to introduce baby formula specially made for sensitive infants

- Relieve milk allergy such as stomach trouble and atopic dermatitis by use of 100% decomposed protein (Good sleep)

[Appendix] Competitive Advantage - ① Product : Premium Leader

* Mael has continuously developed premium range of products. (1/2)

Premium milk

2008~

- * Led the expansion of low-fat, zero-fat milk
 - Lowered the fat content to 0.8%
 - Enriched in calcium (220mg)



2005~

- * Lactose-free milk for better digestion
 - Imported technique from Valio, Finland
 - 0.05% or less lactose content

2010~

- * The only infant milk in Korea that contains DHA level of breast milk ('Absolute W milk')
 - Highest in the market (16mg/100ml)
 - Use of fresh cod fish oil from Norway



2011~

- * Premium milk ('Mael Good Milk')
 - Maintain freshness through Half-day system (4 hour milk collection, 8 hour production)



Organic milk/yoghurt/baby formula

2008~



- * The first major dairy company to produce organic milk-based products in Korea ('Sangha Farm')

- Microfiltration process; no pesticide, no chemical fertilizer, no antiseptic
- Leading brand with 67% M/S (Nielsen RI FM13)

2013~

- * Baby formula 'Absolute Organic Goong'
 - 100% Sangha Farm's organic raw milk
 - More than 95% organic ingredients
 - Most reasonably priced organic product in the Korean market



[Appendix] Competitive Advantage - ① Product : Premium Leader

- * Maeil has continuously developed premium range of products. (2/2)

Premium RTD cup-coffee

2007~



- * Led the expansion of premium cup-coffee ('Baristar')
 - 3 Premium Rules :
 - 1) Top 1% coffee bean,
 - 2) Professional Q-Grader's customized roasting,
 - 3) Baristar's cupping test
 - Launched bottle type 'Baristar Signature' (Apr. 2013)

Premium Juice

2013~



- * Launched premium refrigerated juice ('Florida's Natural')
 - Globally renowned juice brand sold in over 50 countries
 - NFC(Not-From-Concentrated) meaning no water, sugar, or preservatives added, only 100% pure premium quality pasteurized orange juice
 - No additives, No artificial flavors, No colors