

# ORION

2016



## Message from the Chairman



### Dear Valued Customers and Shareholders:

In 2015, Orion recorded consolidated sales of KRW 2.382 trillion, growing by 8.3% over the year despite worldwide economic slowdowns. This was due to the strong performances of our overseas subsidiaries, including those in China and Vietnam, and the box office successes of Showbox. Our operating profit also surged by 20.3% to KRW 299.3 billion, led by enhanced profitability following the improvement of our business structure.

Domestically we received great consumer feedback by accelerating our Good Packaging Project despite deterioration in overall consumption behind a sluggish domestic economy and the outbreak of the Middle East respiratory syndrome (MERS). We achieved a significant upturn in operating profit by raising our operational efficiency as a result of the improved business structure.

Our overseas business achieved growth in both sales and operating profit, led by the Chinese market, overcoming the challenges of global economic slowdowns and a stronger won. In China we hit record sales and operating profit of KRW 1.333 trillion and KRW 200.4 billion respectively.

In 2016, we will continue our growth in the overseas business sector. Our subsidiary in China will achieve vertical integration through the full-fledged operation of its chip manufacturing facility, which opened in Beitun in 2015, and further accelerate its advance into the local snack market. We will also enter the high-end confectionery market in China with our premium products, and will continue to raise our market share by expanding our sales network inland as well.

Thank you.

**Tam Chul Kon**  
Chairman, Orion Group

A handwritten signature in black ink, appearing to read "Chul Kon".

Aggressive market expansion will move our products into the ASEAN countries, the Middle East, and India, working through our subsidiary in Vietnam. Our subsidiary in Vietnam will be developed into a key outpost

## 60th Anniversary, a New Beginning

Orion will celebrate its 60th anniversary in 2016, and at the same time will embark on a new journey. Since its establishment, Orion has led the confectionery industry at home and abroad by introducing products that are always popular and of the highest quality.

In 2016 Orion will start to lay the framework for this new beginning, working toward the global market and a greater leap by operating on its philosophy and tradition of providing excellent food and ensuring an ethical corporate culture.

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## Management Philosophy

### Sticking to the Basics

Orion's number one rule is that the quality of its products must never come second to any other considerations. We help make our customers' lives happier by providing them with healthy and nutritious food choices.

### ONLY ORION

Originality is the key to all the ideas, actions, and successes of the Orion family of fine food products.



### FAIR QUALITY

Everything we sell is backed by our commitment that the quality of our products will always have priority over any other considerations.

## ORION WAY

Orion's core beliefs include the establishment of an open, honest, and ethical corporate culture. Our future growth and our ambition to evolve into a truly global company are both predicated upon the ongoing trust and loyalty of our customers.

1

### Enhancing Customer Value

Orion enhances customer value by selling high-quality goods at reasonable prices. With our efficient management based on principles and standards, we are continuously growing in production and the level of trust from customers.

2

### Establishing an Open, Honest, and Ethical Corporate Culture

Orion is pursuing a management strategy of transparency and compliance, creating a cooperative, ethical, and sound organizational culture. We ensure that our employees are compensated fairly, and we also regularly give back to our local communities.

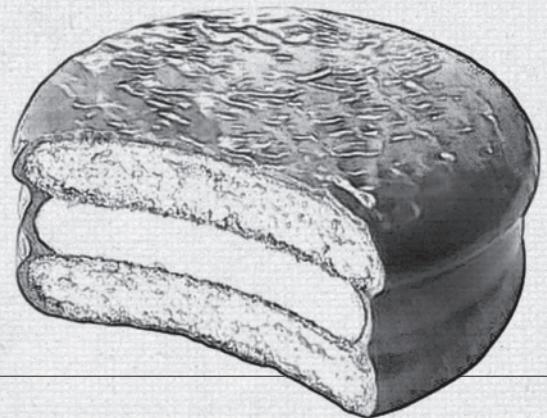
3

### Laying the Foundations for Future Growth

Orion secures future growth engines by developing new products and expanding existing business territories, while raising competitiveness by improving cost efficiency.

# Corporate History

In 2016, Orion will celebrate its 60th year and will start its new journey of becoming a global leader in the confectionery market.



1956 — 2016

**The Original ORION, a World-class Company**

## Only ORION, ORION Way

Orion leads the market by creating and developing unique brand value through innovative ideas and methods. Orion is vigorously advancing toward becoming a world-class company through the competitiveness of "Only ORION," which conveys its sincerity to customers and creates new, unique values.

## 1950s

### A National Confectionery Business Takes Root

- 1956 • July: Acquired Pungkook Confectionery
  - September: Company name changed to Tongyang Confectionery Corporation
- 1957 • June: Built South Korea's first state-of-the-art candy manufacturing facility
  - December: Started selling Orion King Drops
- 1958 • September: Began using automatic molding machine for the making of soft biscuits

## 1960s

### Technology Development

- 1960 • Launched Mommy Biscuit
- 1962 • Started selling Fruits Drops, Chewnut Candy, Happy Biscuits, and Orion Crackers
- 1965 • Started developing premium-level products
- 1967 • Started selling Choco Candy
- 1968 • August: Switched to automatic candy packaging
  - September: Started selling chocolate bars, including No. 1 Chocolate and Nimege Chocolate

### Orion: Differentiated from the Beginning

Orion was founded in 1956 when the company's founder and chairman, Mr. Lee Yang-gu, acquired Pungkook Confectionery. Since then, the company has led the country's confectionery market with such popular products as caramels and candies. It also pioneered many of South Korea's manufacturing facilities for confectioneries, and developed a wide range of new, exciting, and innovative products.



**1970s****Overcoming Crises**

- 1971 • Threatened with bankruptcy
- 1973 • Began period of financial stabilization and enhanced management
- 1974 • April: Launched Choco Pie
- 1975 • June: Conducted 1.66 million share IPO
- 1976 • Began exporting chewing gum
- August: Started producing Cuttlefish Peanut Balls
- 1977 • May: Introduced South Korea's first-ever automatic biscuit packaging process

**1974****Orion Choco Pie**

Orion's famous Choco Pie product, first sold in 1974, was the real foundation for the company's ongoing success. Orion is today by growing more than 100% every year from the first year of its launch. The company sells more than two billion packages of it every year.

**1980s****Second Stage of Growth**

- 1983 • Began production of Diget
- 1985 • Established industry's first marketing department
- 1987 • July: Established Orion-Frito Lay Co., Ltd., a joint venture with PepsiCo of the United States
- 1988 • Launched Pocachip
- 1989 • Launched "Jeong" Choco Pie advertisement series
- Launched Flavano, South Korea's first breath refreshment gum
- 1989 • December: Mr. Tam Chul Kon appointed President and CEO

**1988****Orion Pocachip**

In 1988, Orion created Pocachip, a potato snack made with more than 95% real content. It has retained its number one sales position in the potato chip market since 2000, becoming a byword for all South Korean snack foods in the process. In December 1989, founder Chairman Lee Yang-gu passed away and Orion appointed Vice President Tam Chul Kon as CEO.

**1990s****Transitioning and Advancing**

- 1993 • January: Mr. Tam Chul Kon appointed Vice Chairman
- February: Established office in Beijing
- September: Began exporting Choco Pies to Russia
- 1994 • April: Received plaque from Minister of Education for help in replacing old desks and chairs in elementary schools on remote islands and rural areas in South Korea. The program was carried out to mark the twentieth anniversary of the introduction of Choco Pie.
- 1995 • Established Orion Food China subsidiary
- November: Won USD 10 Million Export Tower Award
- 1996 • Value of exports reached KRW 30 billion
- Established basketball team

**1993****Advancing into China**

Orion's first step into China was made by establishing an office in Beijing in 1993. Two years later, the company established Orion Food China, its Chinese subsidiary. This resulted in Orion winning a \$10 Million Export Tower award in 1995, with the value of its exports in 1996 exceeding KRW 30 billion. The company established a production facility in Beijing in 1997, and extended its reach to include the cities of Shanghai, Tianjin, and Dalian.

**2000 and After****Growing into a Global Player**

- 2001 • Established Orion Group
- 2002 • Built manufacturing facility in Shanghai
- 2003 • Company name changed to Orion Corporation
- 2004 • Parted ways with PepsiCo. and changed name to Orion Snack International
- 2006 • Built manufacturing facilities in Beijing, My Phuoc, Vietnam, and Tver, Russia
- Launched Innovation Project Step 1 - Reducing Level of Trans Fats
- 2007 • Launched Innovation Project Step 2 - Reducing Level of Saturated Fats
- Launched Innovation Project Step 3 - "Green" Packaging
- Launched Dr. You
- Launched Market O
- 2008 • Built manufacturing facility in Novosibirsk, Russia
- 2009 • Built manufacturing facility in Yen Phong, Vietnam
- Awarded HACCP certification for all manufacturing facilities, a first for South Korea's confectionery industry
- 2010 • Built manufacturing facility in Guangzhou, China
- 2012 • Built manufacturing facility in Shenyang, China
- 2013 • Annual sales in China exceeded KRW 1 trillion
- 2014 • Carried out Good Packaging Project, a first in the domestic confectionery industry
- 2015 • Cumulative sales in Vietnam exceeded KRW 1 trillion
- Began operation of a raw materials production base (Beitun Plant) in China
- 2016 • Introduced banana-flavored Choco Pie to celebrate Orion's 60th anniversary

**2013~****Expanding global sales**

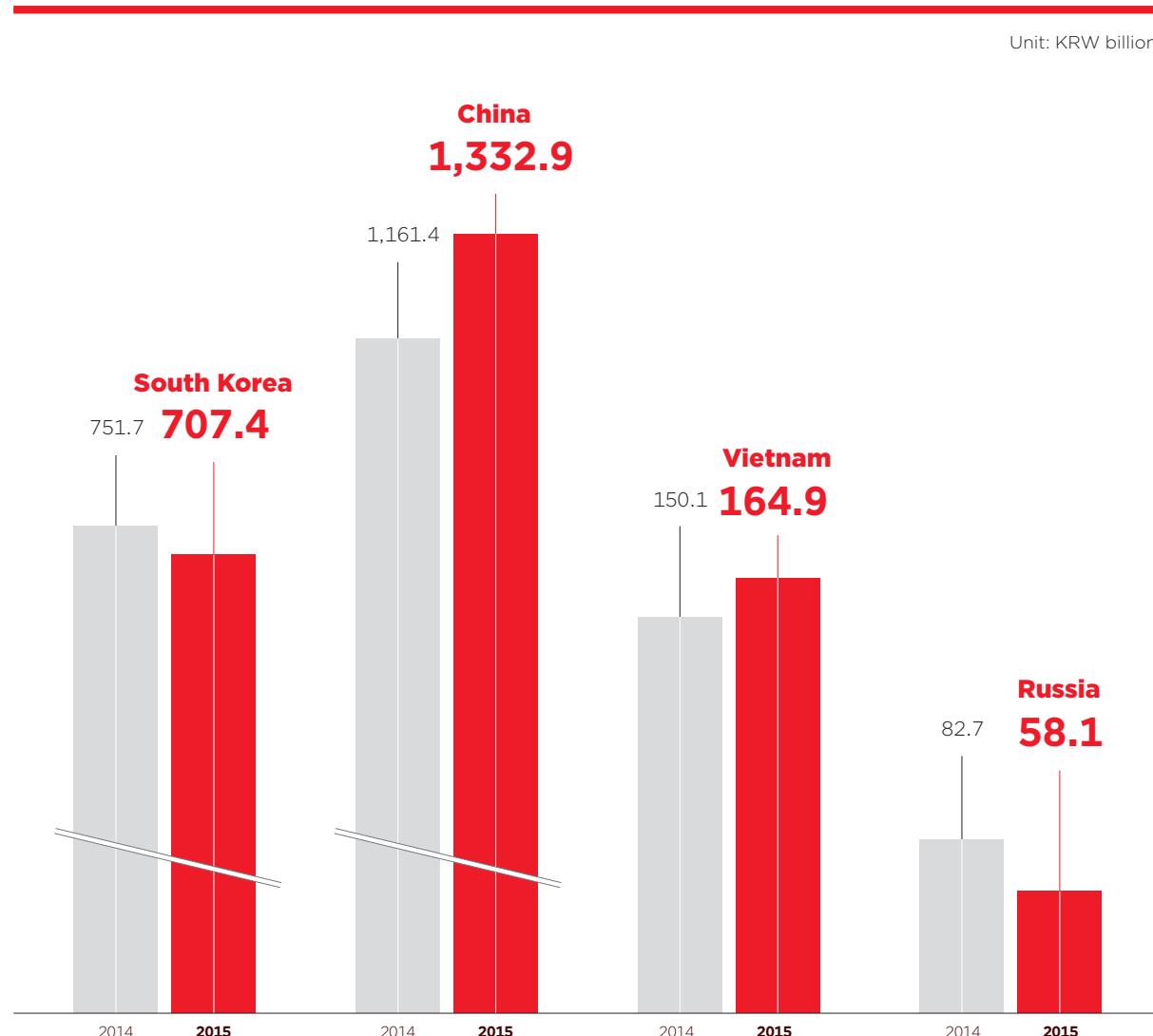
Orion has become a global force: in 2005 its overseas sales surpassed USD 100 million for the first time since its advance into overseas markets, and in 2009 overseas sales outperformed domestic sales. In 2013 its annual sales in China exceeded KRW 1 trillion, and cumulative sales in Vietnam were more than KRW 1 trillion in the first half of 2015. High sales growth in Vietnam is the result of the localization of products, a smart sales strategy, and stringent quality control.



# Business Overview

Orion advanced into China in the 1990s, at a time when most South Korean companies were focused on the domestic market. Since then it has become a global player, entering Vietnam and Russia as well. Orion has grown into a global brand with high product power that attracts customers around the world, operating eleven manufacturing facilities in China, Russia, and Vietnam. Orion will continue to grow by providing high quality products and pursuing differentiated strategies.

## Sales by Country



## Manufacturing Facilities

### South Korea

#### ORION Corporation

##### Iksan Plant II, III

Establishment: 1980 (Iksan Plant II)  
1982 (Iksan Plant III)  
Products: Pies, Biscuits, Chocolates

##### Ansan Plant

Establishment: 1986  
Products: Packing Materials

##### Cheongju Plant

Establishment: 1994  
Products: Pies, Chewing Gum, Biscuits, Candies, Snacks

### China

#### Hebei Langfang

Establishment: May 1997  
Products: Pies, Chewing Gum, Biscuits

#### Shanghai Qingpu

Establishment: Sept. 2002  
Products: Pies, Snacks, Biscuits

#### Hebei Langfang

Establishment: Nov. 2002  
Products: Packing Materials

#### Hebei Langfang

Establishment: May 2006  
Products: Snacks, Biscuits

#### Tver Factory

Establishment: Mar. 2006  
Products: Pies, Biscuits, Chocolates

#### Novosibirsk Factory

Establishment: Apr. 2008  
Products: Pies, Biscuits, Chocolates

## 2015 Highlights

1.

### Cumulative sales in Vietnam exceeded KRW 1 trillion

Cumulative sales by Orion's Vietnam subsidiary exceeded KRW 1 trillion. Orion took its first step into Vietnam by exporting Choco Pie in 1995, and since then it has held the largest share in the domestic confectionery market by establishing local production plants in Hanoi and Ho Chi Minh City. Its exhaustive localization strategy and strict quality control proved effective in its successful entry into Vietnam.

2.

### Increased the quantity of signature products such as Pocachip and Choco Pie

In November 2014 Orion added one cookie to its Market O Real Brownie package. It also increased the amount of product in its Market O Real Cheese Chips, Nuneul Gamja, and King Marine Boy products. In 2015, Orion increased the quantity of nine items, including Wow Gum, Marine Boy, and New Pop as well as its signature Pocachip and Choco Pie products. Consumer confidence was renewed, and sales of Pocachip and Choco Pie have since grown by more than 20%.

## Employees

Persons

South Korea	2,017
China	6,967
Vietnam	3,692
Russia	438
Showbox	51
<b>Total</b>	<b>13,165</b>

# Confectionery Business

Orion has grown into a global company, building production bases in China, Vietnam, and Russia, and exporting a wide variety of products to the additional foreign markets including the Americas, Europe, Southeast Asia, Australia, and the Middle East. With 2016 as the first year of our fresh start, we will expand our global market and lay the foothold for world expansion by launching new products at home and abroad.

**Orion contributes to the happiness  
of people around the world by  
delivering delicious snacks under  
the belief that the quality of its  
products is always top priority.**



Confectionery  
Business:

# Korea

**Orion has led South Korea's confectionery market by introducing multiple hit products since its establishment in 1956. Its products include a variety of power brand products — such as Choco Pie, which has ranked first in the confectionery category in South Korea's brand valuation — and premium brands such as Dr. You and Market O.**

2015 Sales in South Korea

**707.4** KRW billion



Choco Pie

## Power Brands

The phrase "power brands" refers to Orion products that have been world-wide consumer favorites for years. Every one of them is made with pride and dedication, as well as a commitment to delivering the very best in terms of quality, consumer satisfaction, and food safety. They include Choco Pie, a truly global brand; Yegam, a distinctively different baked potato chip; O'gamja, which has become very popular with Chinese consumers because of its unique shape and flavor; Marine Boy, which has experienced rapid growth everywhere it has been launched; and Gosomi, a savory snack with a delectable flavor. These "power brand" products are now exported to more than sixty-one countries. Going forward, Orion will continue enhancing its brand power by developing even more delicious products.

## Premium Brands: Dr. You and Market O

Orion is also the leader of the confectionery industry's premium market. Dr. You is a prime example of Orion's commitment to making healthy snacks that everyone can enjoy anywhere and at any time, while Market O reflects the company's goal of adding homemade goodness and the pure, fresh taste of nature to both restaurant and confectionery products. Orion's Market O franchise has been South Korea's health food leader since its first restaurant opened in 2003.



## ORION in Korea

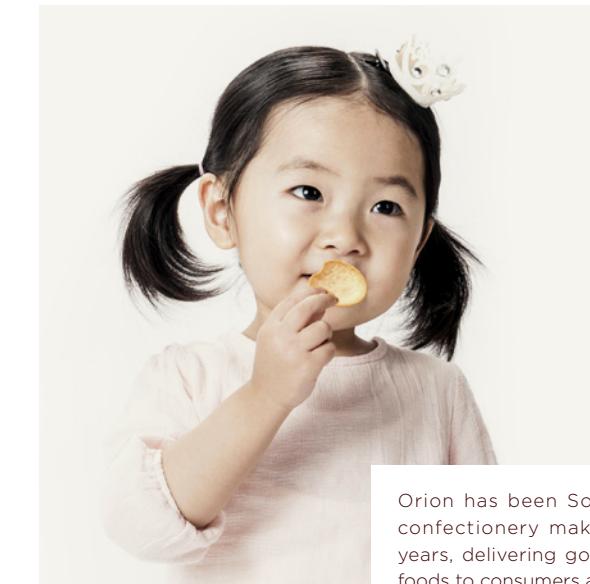
**ORION Corporation**  
13, Baekbeom-ro 90da-gil, Yongsan-gu,  
Seoul, South Korea  
T. 82-2-710-6000 F. 82-2-718-4825

**Iksan Plant II**  
11, Seodong-ro 23-gil, Iksan-si,  
Jeollabuk-do, South Korea  
T. 82-63-830-6114 F. 82-63-833-4654

**Iksan Plant III**  
317, Dongseo-ro, Iksan-si,  
Jeollabuk-do, South Korea  
T. 82-63-830-6114 F. 82-63-858-2218

**Cheongju Plant**  
249, Wolmyeong-ro, Heungdeok-gu,  
Cheongju-si, Chungcheongbuk-do,  
South Korea  
T. 82-43-279-6000 F. 82-43-276-6548

**Ansan Plant**  
22 Sandan-ro 20beon-gil, Danwon-gu,  
Ansan-si, Gyeonggi-do, South Korea  
T. 82-31-489-2642 F. 82-31-492-5006



Orion has been South Korea's leading confectionery maker for the last sixty years, delivering good taste and healthy foods to consumers around the world.



## Domestic Products

# Products in Korea

**Choco Pie**

## Launching a New Product after 42 Years

Choco Pie is a much-loved snack, having sold more than 2.1 billion items in over sixty countries around the world. Marking its 60th anniversary, Orion introduced Choco Pie Banana, the first new Choco Pie since its birth in 1974.

Orion decided to develop this new product because Choco Pie has played a significant part in making Orion the company that it is today. Orion formed a taskforce team of over ten members, led by a manager who had worked with Choco Pie for more than twenty years. As a result of a three-year R&D process, Orion introduced Choco Pie Banana. An ambitious work that represents the new start of Orion, Choco Pie Banana is expected to appeal to the younger generation in particular.

**Pocachip**

## With Annual Sales Exceeding KRW 150 billion, a First in the Domestic market

Pocachip has satisfied the tastes of consumers since its launch in 1988, and has dominated the potato snack market for the past fourteen years. In 2015 it rose to a mega brand, with annual sales surpassing KRW 150 billion, a first in the potato chip industry. This resulted from a rise in adult consumers, an increase in quantity with no accompanying price change, and its excellent quality demonstrating Orion's accumulated expertise in potato snacks.

In September 2015, Orion increased the quantity of its Pocachip products from 60g to 66g and 124g to 137g. It also lowered the amount of empty space inside the packaging to less than 25%, lower than the Ministry of Environment's standard of 35%. This was done to address consumer complaints that the actual contents seemed to be small when compared to the bulky volume of the package. Orion is now leading the snack market as the number one potato chip brand, by launching Pocachip Tomato Pasta which has the refreshing taste of tomato.

**Jelly Boy**

## A Chewier Version of Marine Boy

Orion rolled out Jelly Boy, a new product of Marine Boy that is made in marine animal shapes. Jelly Boy continues the fun of Marine Boy, which has become "a snack for taste and fun" since its launch in 1984. Considered a dessert snack, with chewy jellies in refreshing fruit flavors, it is especially popular among children as well as women in their 20s and 30s.



**O'gamja**

The Potato Snack with an Amazing Taste and an Awesome Shape

O'gamja, a stick-shaped potato snack with a hole in the middle, has enjoyed popularity as "an extraordinary snack in both taste and shape" since its launch in 1999. It posted sales of KRW 300.0 billion in 2015 alone, winning recognition for its product power not only at home but also overseas, including China and Vietnam.

**Chambungeobbang**

A Modern Version of Bungeobbang

Chambungeobbang is a soft cake made in the shape of a carp. Filled with glutinous rice and red bean chocolate, it offers consumers a distinctively different flavor from traditional Bungeobbang. Eggs constitute about 20% of its ingredients, adding greatly to its nutritional value.

**Yegam**

A Baked Potato Chip

Yegam are baked potato chips that emphasize the natural flavor of potatoes by lowering their salt content and supplementing their texture. When the brand first hit store shelves in 2001, monthly sales averaged an amazing KRW 3.5 billion.

**Swing Chip**

Crispier Potato Chips in Thick Slices

A peculiar wave-shaped snack that was launched in November 1993, Swing Chip has a rich potato flavor and is made with high-quality potatoes. Orion brought unique flavors to the potato snack market by introducing Swing Chip Chicken and Swing Chip Hot Natural Ridges with its stir-fried chili paste with grounded beef flavor.

**Wow Gum**

The name "Wow Gum" reflects the happiness that comes when a piece of bubble gum bursts in your mouth. It has become South Korea's leading brand of bubble gum thanks to its excellent flavor and texture. Orion has improved the product by enriching its taste and doubling its duration, as well as adding a fifth Berry Soda flavor to the existing flavors of Grape, Plum, Yogurt, and Soda.

**Hot Break**

Hot Break is a chocolate bar packed with peanuts, almonds and black cookies. The combination makes it a perfect energy source after vigorous outdoor activities.

**Marine Boy**

Launched in 1984, Marine Boy has become popular with consumers of all ages. It comes in Stir-fried Seasoning and Honey Milk flavors. King Marine Boy was introduced in 2007.

**MAKING****MORE****SNACKS****NUTRITIOUS****Dr. You**

1

**Dr. You Diget**

Monthly sales of Dr. You Diget reached KRW 4 billion in 2013. Made with 14% whole wheat, the snack provides a higher level of potassium, minerals, and vitamin E than others made from different types of flour. It comes in three varieties: Diget Original, Diget Choco, and Diget Sand.



2

**Dr. You Bars**

Because they are healthier and tastier than other types of chocolate bars, Dr. You Bars have long been the leader of South Korea's nutrition bar market. Filled with such super-healthy ingredients as nuts, fruits, and cereals, they provide consumers with a long-lasting burst of energy. Although the 99 Light Bar contains oats, three kinds of berries, and honey, it weighs in at only ninety-nine calories.



3

**Dr. You Minty**

Dr. You Minty, introduced in 2015, is made from balloon flowers, ensuring smooth-feeling throats and fresh-mint breath, with no sugar added. It comes in two flavors: Cool Peppermint, and Refreshing Peach Mint.



4

**Dr. You Kids**

Made with domestically-grown ingredients that meet the nutritional needs of growing children, Dr. You Kids is recognized as a safe and reliable nutritional snack for children. Instead of flour, which can sometimes cause allergic reactions, it's made from 100% rice grown near the city of Icheon. It comes in Cheese Cookie, Pumpkin Cookie, Milk Cookie, and other kid-friendly flavors.

**BOASTING****NATURAL****ALL-****INGREDIENTS****Market O**

1

**Market O Real Brownie**

Orion's signature product in the Market O line, Market O Real Brownie is made from 100% real chocolate and antibiotic-free eggs. The Market O products are extremely popular thanks to their high quality.



2

**Market O Real Cheese Chips**

Market O Real Cheese Chips are oven-baked, premium-level potato chips topped with real Cheddar and Camembert cheeses. Their rich, cheesy taste has made them a winner with snackers everywhere.



3

**Market O Real Choco Crackers**

Market O Real Choco Crackers are a premium-level product made from naturally fermented ingredients. The crunchy treats deliver the sweet flavor of chocolate made from 100% cacao butter.

Confectionery  
Business:

# China

**Orion made its first step into China by opening an office in Beijing in 1993. Starting in the city of Langfang in 1997, the company also built manufacturing facilities in Shanghai, Guangzhou, and Shenyang. Sales in China passed KRW 1 trillion in 2013, and its market position there continues to rise.**

2015 Sales in China

**1.3329**  
KRW  
trillion



Ya Tu Dou

## Increasing Sales through Brand Diversification

As of 2015, Orion had six mega-brands in China that had recorded annual sales of more than KRW 100 billion each. The sales growth in 2015 of O'gamja and Q Di Pie was particularly notable. Making up the largest portion of sales by Orion's Chinese subsidiary, O'gamja achieved sales of KRW 235.0 billion in 2015. Q Di Pie, which was independently developed and launched in China, recorded sales of KRW 110.0 billion, growing by 27% over the year. Orion divides its Chinese products into three segments: growth strategy brands, competition strategy brands, and "potential" brands.

## Segmenting Channels and Strengthening Market Dominance

Orion increased its market presence in China in 2015 by accelerating a strategy of traditional trading, or TT. TT-type sales jumped by 23% from the previous year to reach KRW 543.4 billion, accounting for 42% of the company's total. Since TT in China accounts for about half of all sales, there is still significant growth potential remaining for the company and its products.

Orion began to advance into China's northeastern provinces, and recently, it is targeting the distribution networks across the country. Orion also plans to raise the share of its products in the markets of Shanghai, Guangdong, and Chongqing. In 2016, it will continue its success by developing and introducing additional products that best suit the tastes of Chinese consumers.



Orion maintains its success in the Chinese market with two strategies: market concentration, and regional and city localizations, with a special focus on quality.

## ORION in China

### ORION Food Co., Ltd.

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### ORION Food (Shanghai) Co., Ltd.

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### ORION Food (Guangzhou) Co., Ltd.

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### ORION Food (Shenyang) Co., Ltd.

Number 15 Xiahuhu Road, Shenbei New District, Shenyang 110000, China  
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### Orion (Beitun) Agro Processing Co., Ltd.

No.1 Guangming Rd, Beitun Industrial Logistics Park, Altay, Xinjiang, China



## Overseas Products

# Products in China

**Ya Tu Dou**

100% Pure Potatoes

Ya Tu Dou is China's first molded potato snack to be made from 100% potatoes. First launched in 2006, it has become a favorite with the country's consumers for its distinctive shape, its crunchy texture, and its fun name and great taste. It comes in four flavors: tomato, steak, chicken, honey milk, and original.

**Hao Duo Yu**

A Fun-filled Snack

Hao Duo Yu potato crackers are a favorite with Chinese people because they're shaped like fish and have a crispy texture. The name, which means "a lot of fish" in Chinese, when coupled with the advertising slogan, "Having a Hao Duo Yu helps you keep your chin up," has made the product a hit with both children and their mothers. It comes in three zesty flavors: seaweed, BBQ, honey milk, and tomato.

**Hao Li You Pai**

A Chinese People's Favorite

Hao Li You Pai is one of Orion's best sellers in China. The name, which means "a good friend" in Chinese, appeals to consumers there because of its connection with the Confucian ideal of caring for other people.

**Shu Yuan**

The Ultimate in Baked Potato Chips

Shu Yuan is a new-concept potato chip. Because it is baked rather than fried, it's not as greasy or fattening as regular potato chips. It has quickly become a hit with young Chinese consumers.

**Mo Gu Li**

Stirring Your Imagination

The name Mo Gu Li, which combines the Chinese words for mushrooms and chocolate, is a delicious, fun-filled combination of mushroom-shaped biscuits topped with chocolate. Chinese consumers have been mad about it since its launch in 2004.

**Hao You Qu**

Delicious Wave-Shaped Chips

Hao You Qu, launched in 2014, means "good friend chip" in Chinese. Cut into ridges and then marinated, the product boasts a crispy texture with a tantalizing mixture of natural flavors and spices. It comes in four savory flavors: kimchi, steak, roast chicken, honey milk, and original.

**Q Di**

A Multilayered Chocolate Cake

The name Q Di comes from the English word "cute." It's a premium-level, multilayered cake that's especially popular with women because of its soft texture, its chocolaty fragrance, and its sweet, mocha cream taste. A hazelnut flavor was introduced in 2007.

**Mu Tang Chun 3+**

China's Three-Times-A-Day Refreshment Break

Mu Tang Chun 3+ is made with sugar-free xylitol. A daily refreshment gum that delivers a strong energy boost while you chew on it. It comes in a wide variety of fresh fruit flavors.



Confectionery  
Business:

# Vietnam

**Orion opened its first Vietnamese manufacturing facility in Ho Chi Minh City in 2006. A second plant was soon built in Hanoi to cover Vietnam's northern reaches, which are a major market for pies and biscuits. Since then, Orion has become an integral part of the daily lives of the Vietnamese people by expanding its products to include snacks and biscuits, with Choco Pie as the lead product.**

2015 Sales in Vietnam

**164.9** KRW  
billion

## Dominating the Market with Product Diversification

In 2015, Choco Pie garnered consumer attention with the introduction of new and unusual flavors of Choco Pie products. According to Kantar Worldpanel, a global consumer survey agency, Choco Pie ranked first with as much as a 60% share in the Vietnamese chocolate-coated pie market, with 37% of all households in the country having purchased Choco Pie in 2015.

In the biscuit market, Goute gained huge popularity among women in their 20s through the introduction of bag-shaped products in tin case materials for year-end and New Year's presents. Marine Boy recorded a high growth of 13% in 2015, winning popularity among school children thanks to its interesting shapes and flavors. In the second half of 2015, Toonies achieved higher growth than the previous year by introducing product designs and card games through collaboration with the popular Dragon Ball cartoon

character. Orion also laid new growth foundations by launching corn chip products, securing a foothold for its advance into the provincial market.

## Enhancing Product Competitive-ness with Market Expansion

In 2016, Orion will target the two-digit growth of each of its brands by responding to changes in consumers and implementing demand-based product operation strategies. As a national favorite, Choco Pie will provide another growth momentum through a 10% increase in the quantity of its products (without changing the price), the first such change since its advance into Vietnam. Choco Pie will also improve the softness of its marshmallow and richness of its chocolate, further appealing to consumers. Custas expects sales growth of more than 10% by launching a nutritious and delicious milk-flavored product in addition to its existing custard cream flavor.



Choco Pie



## ORION in Vietnam

### ORION Food Vina Co., Ltd.

- My Phuoc Factory  
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T. 84-650-553-700 F. 84-650-553-720

- Yen Phong Factory  
Yen Phong Industrial Park, Yen Phong District, Hanoi, Vietnam  
T. 84-0241-369-9000 F. 84-0241-369-9111



Orion's unmatched menu of pies and snack helped the company maintain its number one market position in the Vietnamese confectionery market in 2010.

## Overseas Products

# Products in Vietnam

**Orion Choco Pie**

## A Long-time Vietnamese Favorite

In Vietnam, Orion Choco Pie is as loved as birthday cakes and wedding rings, holding a 60% share in the chocolate-coated pie market. It has delivered new value to consumers as the category leader by improving its cost-effectiveness through a 10% increase in quantity in 2016. It is developing a reputation as a successful and innovative brand.

**Custas**

## The Nutritious Snack That Tastes Like Homemade

In Vietnam, Custas is called "nutritious bread" or "egg bun". Accounting for a 20% share of the Vietnamese market, these cream-filled custard cakes have such a homemade taste that it's common for parents to put some in their children's lunchboxes. In 2016, it will confirm its position as a popular and nutritious bread by adding milk-flavored products.

**Goute**

## For Good Taste and Style

Goute was very well received when it was first introduced in Vietnam in 2007. The delectably crunchy biscuits, which feature a superb combination of sweetness and the nutty taste of sesame, are enjoying especially rapid sales growth thanks to word-of-mouth talks among young women. Production that began in Vietnam itself late in 2011 has also boosted sales. In 2016, it will lead trends through its new green tea-flavored products.

**O'Star**

## Vietnam's Leading Potato Chips

"Be a Star!" "Try the country's best potato chips and be a star in your life." These slogans have helped O'Star become the best-selling brand of potato chips in Vietnam, especially among teenagers and young people. Their kimchi flavoring is enhancing Orion's position in Vietnam's snack market by providing snackers with a flavor that rival companies can't duplicate.

**Toonies**

## Enjoy Great Taste and a Free Toy

Toonies, which were launched in Vietnam in 2007, enjoy the country's highest sales in the single snack market. Packaged with the country's first-ever free in-pack toy, they have quickly become a hit with Vietnamese children.

**Marine Boy**

## Tasty and Exciting

Marine Boy snacks are popular with both Vietnamese parents and children, because they're as much fun to look at as they are to eat. Shaped like fish, crabs, squid and other marine creatures, they're especially appealing to people who like the taste of shrimp and seaweed.

**Corn Chip**

## Enjoy in Comfort

Launched in 2015, Orion's Corn Chip appeals to Vietnamese consumers as a snack that can be enjoyed by all generations thanks to the savory and enjoyable taste of corn and seasonings.



Confectionery  
Business:

# Russia

**Orion entered the Russian market in 1993 and now operates production bases in two cities: Tver, and Novosibirsk. Its products are steadily gaining popularity in the country through an unbeatable combination of good taste and high nutritional value. The company's R&D efforts and commitment to local production result in products that reflect a deep understanding of the Russian people's food preferences.**

2015 Sales in Russia

**58.1** KRW  
billion



Choco Boy

## The Power of Choco Pie during an Economic Slump

Orion began exploring the Russian market in 1993. Choco Pie is its core brand, enjoying strong and continuous growth as a premium market product. Orion's expansion in Russia market is based on local and outbound sales and production, including exports to other CIS countries and eastern and western Europe. In 2015, Choco Pie boosted its profile as a national favorite, with its reliable quality and delicious flavor leading to 20% growth despite an overall halt in purchasing by Russian consumers due to an economic slump.

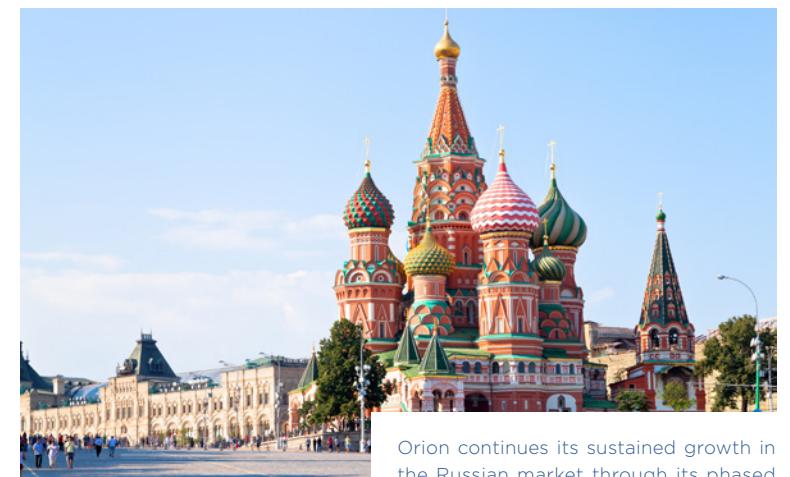
## Orion Choco Boy and Marine Boy

Orion soon came to realize that the production of a different brand that could provide a fun and exciting experience for Russian children would be a big opportunity in the market. The company's promotion of Choco Boy began in the late 1990s, with full-

fledged production starting in 2000. The strong growth potential of the Russian snack market also led to the launching of Marine Boy in 2012. It has enjoyed steady growth as well. Choco Boy and Marine Boy will continue their two-digit or higher growth by retaining their positions as signature snacks in the kids category through the ongoing development of "fun" products.

## Orion Chocopie, Russia's Favorite

In 2016 Choco Pie will increase its popularity with consumers through its "Share your mind" campaign, making it into a top 5 brand not only in the biscuit and pie categories in Russia but also in the overall confectionery market. To meet the continuously increasing demand, it will also expand its supply volume to more than 700 million products annually by extending its production lines in Novosibirsk during the second half of 2017.



Orion continues its sustained growth in the Russian market through its phased localization strategies, including high-quality products and creative branding.

## ORION in Russia

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## Overseas Products

# Products in Russia

**Orion Chocopie****A Russian Favorite for over Twenty Years**

Orion Choco Pie has been a favorite with Russian consumers since its launch there in 1993. People like to eat it with their tea, and they particularly enjoy its delicious marshmallow flavor. As a result, Choco Pie has fast become an integral part of the local population's daily lives.

Orion initiated a quality improvement program for all its products in 2009. In the case of its Choco Pie brand, this meant that no preservatives, synthetic coloring, or MSG are used any more, with the product being enhanced so that long-term storage is now possible without the need for preservatives. Vitamins B2, B6 and E and calcium, iron, and iodine were also added to it.

In 2010, Orion became the first company in Russia to carry out a voluntary inspection of its products regarding the presence of GMOs, declaring that no artificial additives were added to them. A year later, Orion adjusted the nutritional balance of its products to make them more suitable for breakfast. The company also obtained a zero trans fat certification in 2012 and a Food Safety System Certification in 2014 from the Global Food Safety Initiative.

**Marine Boy****A Sour Cream- and Cheese-Flavored Potato Snack**

Marine Boy, an innovative baked potato snack made with 100% potatoes, features the tasty harmony of sour cream and cheese. It's a healthy yet tasty snack that's free of oil and harmful ingredients like MSG.

Marine Boy is a seafood-shaped baked potato snack that's recognized by the Russian people as a healthy alternative to their usual fried potato snacks. Mainly purchased by Russian parents who have children aged eight to twelve, it uses 100% fresh potatoes combined with sour cream, onions, and cheese, with no MSG or GMOs added. Its packaging contains a fun game called "cheese slice" that customers can enjoy playing while they snack on it.

**Choco Boy****Inspiring People's Imaginations**

Although Choco Boy's crispy-tasting, mushroom-shaped biscuits are topped with chocolate, they're just as healthy as they are tasty. They're loved by both children and their parents, who like them because they contain DHA, an Omega 3 type of fatty acid that contributes to the healthy development of children's brains. Orion sells two types of Choco Boy in Russia: the original, familiar mushroom-shaped Choco Boy, and Choco Boy Safari, a snack with cute characters on each piece.

# Global Sales Network

Orion exports its products to sixty-one countries, including the Middle East, the Americas, and Japan. The company enhances its brand competitiveness by focusing on quality, innovation, and product diversification, including “star” products like Marine Boy, O’gamja, and Goute Biscuits. It is also a leader in the production of premium products, like Dr. You and Market O.





## Showbox Inc.

### Major Businesses

Film Distribution  
Korean Film Productions and Investments  
Imports of Overseas Movies  
Overseas Theater Business  
Online Business  
Content Business, etc.

### Address

310 Dosan-daero, Gangnam-gu,  
Seoul, South Korea

**Tel.** 82-2-3218-5500

Showbox invested in and distributed seven South Korean films in 2015 — including "Assassination", "The Throne", and "Inside Men" — of which five ranked in the top ten for South Korean box-office hits. The company also led attendance records per South Korean film for the fourth consecutive year.

### Major Movies for 2016

#### 1. The Tunnel

"The Tunnel", directed by Kim Seong-hoon who previously presented audiences with the tense and engaging "A Hard Day", will be released in 2016. In the film Ha Jung-woo and Oh Dal-su united again, joined by Bae Doo-na. It is a drama, depicting a story about a man who is trapped in a collapsed tunnel, and the people who fight and struggle to save him.

The company increased the appeal of "Inside Men: The Original" by adding 50 minutes, the largest ever in expanded versions, which was released in 2016. "A Violent Prosecutor", a South Korean buddy film, was also very popular.

Showbox will continue to produce diverse movies, including: "Familyhood", in which actress Kim Hye-soo plays an actress for the first time; "Key of Life", the first film in which Yoo Hae-jin was cast in a lead role; and "A Murderer's Guide to Memorization", starring Seol Gyeong-koo. "Vanishing Time: A Boy Who Returned", directed by Um Tae-hwa, and "RV: Resurrected Victims", dealing with the living dead, will introduce audiences to new and unusual subject matters.

#### 3. Vanishing Time: A Boy Who Returned

The first feature-length commercial film directed by Um Tae-hwa, this is a story about Sung-min and Soo-rin who take a trip to the mountain together with their friends. The next day, Soo-rin is the only one rescued. A few days later, Sung-min also appears, not as a 13-year-old boy but as a grown-up. Gang Dong-won played the role of an adult Sung-min, while rookie actress Shin Eun-soo was cast as Soo-rin. The movie depicts the characters in a situation that no one other than them believes.

## Showbox



## Orion Basketball Team



Founded in March 1996, the Goyang Orions is a professional men's basketball team. In its first year, the team won the championship at the Korean Baseball League and a semifinals victory at the 77th National Sports Competition. In 1997, it advanced into the quarter final playoffs. During the 2001-02 season, the Orions won their first regular league and achieved an integrated championship.

Success continued with its second straight regular league win and second-place finish in the playoffs in the following year. The Orions also recorded the KBL's first advance to the playoffs for six consecutive years.

In June 2011, the Orions moved to Goyang and strengthened its roster of players. In the 2015-16 season, the Orions won the championship in the playoffs again, presenting a new milestone for professional baseball. The Orions hold some impressive records, including advancing to the playoffs four years in a row, achieving the longest winning streak since the opening of the baseball season, and

registering the highest-ever winning rate in thirteen games since the opening.

The Orions are taking the lead in spreading the Orion Spirit through sports. The team offers its home and visiting fans the differentiated experiences of watching, eating, and participating when they attend Orions games.

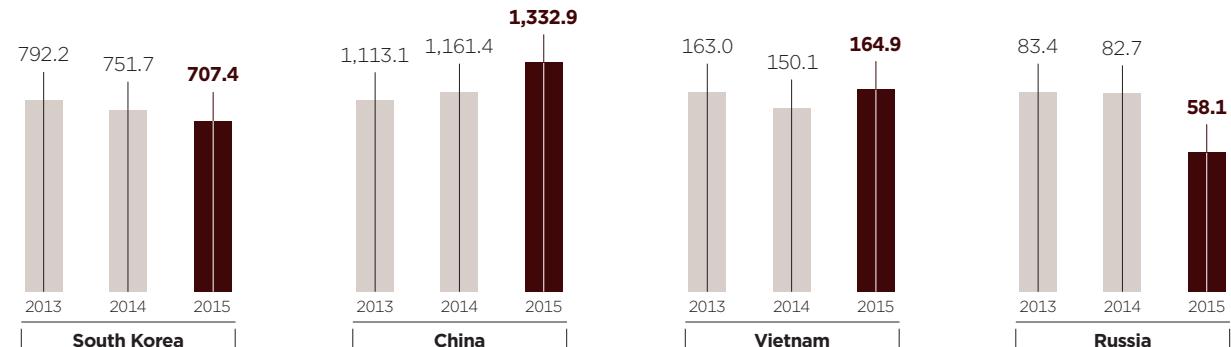
### 2015-2016 Achievements

- Won championship in the playoffs
- Achieved a record high (third place) in the regular league since its move to Goyang
- Achieved the highest-ever winning rate (12-1, 0.923) in thirteen games since the opening
- Won in the pro-am championship, a first for a professional team

## Financial Highlights

	2013	2014	2015
<b>Profit And Loss Status</b>			
Net Sales	2,485.2	2,199.8	2,382.4
Gross Margin	1,077.3	1,037.4	1,114.7
Operating Income	259.5	248.9	299.3
Non-operating Income	18.6	52.2	23.4
Non-operating Expenses	25.2	25.8	30.6
Financial Income	18.3	8.8	18.7
Financial Costs	44.2	55.2	59.0
Net Income before Income Tax Expenses	227.0	228.9	251.8
Net Income	160.2	174.3	177.1
<b>Financial Status</b>			
Total Assets	2,973.6	2,932.5	2,998.8
Current Assets	1,068.4	997.1	939.7
Non-current Assets	1,905.2	1,903.9	2,037.2
Total Liabilities	1,704.3	1,530.0	1,472.7
Capital Stock	29.9	29.9	29.9
Capital Surplus	183.5	172.3	166.5
Retained Earnings	1,055.9	1,200.3	1,329.8
Total Shareholders' Equity	1,269.3	1,402.5	1,526.2
<b>Key Financial Ratios (%)</b>			
Liquidity Ratio	97.0	116.3	127.8
Debt Ratio	134.3	109.1	96.5
ROA	5.4	5.9	5.9
ROE	12.6	12.4	11.6

### Net Sales by Country



## Share Information

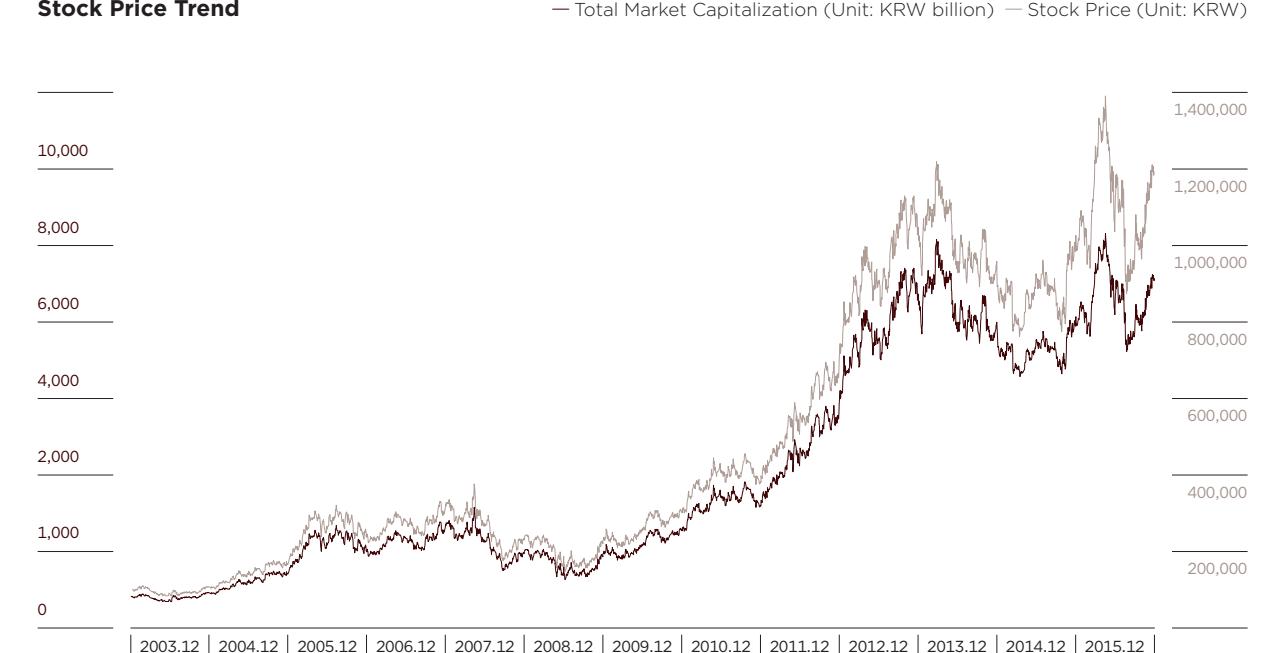
### Number of Shares Issued (As of December 31, 2015)

	Unit: Shares
Registered Common Stock	5,974,091
Treasury Stock	724,834
Floating Stock	5,251,257

### Stock Performance (Common Stock)

	2013	2014	2015
Average Daily Trading Value	15,921	14,649	15,402
Share Price High	1,239,000	1,017,000	1,374,000
Share Price Low	867,000	763,000	857,000
Share Price (Year End)	949,000	1,015,000	1,166,000
Market Capitalization (Year End, trillion)	5.7	6.1	7.0
Dividends per Share	3,000	6,000	6,000
Dividends Paid (million)	15,786	31,594	31,508

### Stock Price Trend





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