

**e**mart

# FY2020 4Q Earnings

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KOREA NO.1 RETAILER

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# • FY2020 4Q Earnings (Consolidated)

✓ **Net sales 5,727bn KRW(+18.5%), Operating profit 85bn[+95bn], Net profit -116bn[-185bn]**

• Separate OP : 84bn (+59bn yoy)

\*Key changes : SSG.COM +26bn, USA +9bn, Everyday +3bn  
Hotel & Resort -24bn, Property -2bn

• Consolidated Subsidiaries OP : 5bn (+35bn)

※ Impairment loss Covid 19 effect etc. : 185bn Right-of-use 131bn, Tangible 46bn, Intangible 8bn

(Unit : KRW Billion)

	4Q 2020	4Q 2019	Y o Y	FY 2020	FY 2019	Y o Y
<b>Net Sales</b>	<b>5,727</b>	<b>4,833</b>	<b>18.5%</b>	<b>22,033</b>	<b>19,063</b>	<b>15.6%</b>
<b>Gross Profit</b> (%)	<b>1,498</b> (26.2)	<b>1,230</b> (25.4)	<b>21.8%</b> (+0.8)	<b>5,809</b> (26.4)	<b>4,893</b> (25.7)	<b>18.7%</b> (+0.7)
<b>SG&amp;A</b> (%)	<b>1,413</b> (24.7)	<b>1,240</b> (25.7)	<b>14.0%</b> (-1.0)	<b>5,572</b> (25.3)	<b>4,742</b> (24.9)	<b>17.5%</b> (+0.4)
<b>Operating Profit</b> (%)	<b>85</b> (1.5)	<b>-10</b> (-0.3)	<b>[+95]</b> (+1.8)	<b>237</b> (1.1)	<b>151</b> (0.8)	<b>[+86]</b> (+0.3)
<b>Pre-tax Profit</b> (%)	<b>-109</b> (-1.9)	<b>96</b> (2.0)	<b>[-205]</b> (-3.9)	<b>622</b> (2.8)	<b>282</b> (1.5)	<b>[+340]</b> (+1.3)
<b>Net Profit</b> (%)	<b>-116</b> (-2.0)	<b>68</b> (1.4)	<b>[-185]</b> (-3.4)	<b>363</b> (1.6)	<b>224</b> (1.2)	<b>[+139]</b> (+0.4)
(Owners of Parents)	(-116)	(81)	[-197]	(362)	(234)	[+128]

# • FY2020 4Q Earnings (Separate)

## ✓ Gross sales 3,988bn KRW(+10.6%), Operating profit 84bn[+59bn], Net profit 6bn[-82bn]

- [Hyper] Expansion of SSSg growth (20.1Q -2.4% → 2Q -1.2% → 3Q +2.7% → 4Q 6.4%)
- [Traders] Continuous top-line growth (SSSg 20.1Q +7.1% → 2Q +9.7% → 3Q 18.7% → 4Q 20.2%)
- [Specialty] Stable surplus of Nobrand / Continuous reorganization (Specialty Store OP +20bn YoY [-26bn → -5bn])

(Unit : KRW Billion)

	4Q 2020	4Q 2019	Y o Y	FY 2020	FY 2019	Y o Y
Gross Sales	<b>3,988</b>	<b>3,604</b>	<b>10.6%</b>	<b>15,535</b>	<b>14,673</b>	<b>5.9%</b>
(Net Sales)	(3,651)	(3,228)	(13.1%)	(14,214)	(13,155)	(8.0%)
Gross Profit	<b>940</b>	<b>867</b>	<b>8.4%</b>	<b>3,750</b>	<b>3,627</b>	<b>3.4%</b>
(%)	(23.6)	(24.0)	(-0.4)	(24.1)	(24.7)	(-0.6)
SG&A	<b>856</b>	<b>841</b>	<b>1.7%</b>	<b>3,455</b>	<b>3,376</b>	<b>2.3%</b>
(%)	(21.4)	(23.3)	(-1.9)	(22.2)	(23.0)	(-0.8)
Operating Profit	<b>84</b>	<b>25</b>	<b>[+59]</b>	<b>295</b>	<b>251</b>	<b>[+44]</b>
(%)	(2.1)	(0.7)	(+1.4)	(1.9)	(1.7)	(+0.2)
Pre-tax Profit	<b>0.3</b>	<b>114</b>	<b>[-114]</b>	<b>804</b>	<b>351</b>	<b>[+453]</b>
(%)	(0.0)	(3.2)	(-3.2)	(5.2)	(2.4)	(+2.8)
Net Profit	<b>6</b>	<b>88</b>	<b>[-82]</b>	<b>561</b>	<b>291</b>	<b>[+270]</b>
(%)	(0.1)	(2.5)	(-2.4)	(3.6)	(2.0)	(+1.6)

# 【 Business Overview 】

(Unit : KRW Billion)

	4Q 2020	4Q 2019	Y o Y	FY 2020	FY 2019	Y o Y
Gross Sales	<b>3,988</b>	<b>3,604</b>	<b>10.6%</b>	<b>15,535</b>	<b>14,673</b>	<b>5.9%</b>
Hypermarket	2,851	2,667	6.9%	11,228	11,039	1.7%
Traders	761	602	26.4%	2,895	2,337	23.9%
Specialty Stores	332	277	20.2%	1,234	1,073	15.0%
Gross Profit	<b>940</b>	<b>867</b>	<b>8.4%</b>	<b>3,750</b>	<b>3,627</b>	<b>3.4%</b>
Hypermarket	735	703	4.6%	2,968	2,958	0.3%
Traders	132	101	30.1%	500	399	25.5%
Specialty Stores	71	59	19.0%	271	256	5.7%
Operating Profit	<b>84</b>	<b>25</b>	<b>[+59]</b>	<b>295</b>	<b>251</b>	<b>[+44]</b>
Hypermarket	67	42	[+25]	241	278	[-37]
Traders	22	8	[+14]	84	53	[+31]
Specialty Stores	-5	-26	[+21]	-35	-87	[+52]

\* minor business excluded(Gas station, etc.)



✓ '20.4Q SSSg +6.4% (FY 20 SSSg +1.4%)

/ Convert to OPM plus YOY



✓ Gross sales growth **+26.4%** (3 store openings in '19 & 1 in '20.Sep (Ansung)) / SSSg **+20.2%**

✓ OP increased **+14bn** (OPM YoY +1.6% [1.3% → 2.9%])



✓ Total number of closings : 100stores ('19 59stores / '20 41) 1H '20 33 stores → 3Q 2 stores → 4Q 6 stores)

✓ Nobrand : First annual OP surplus : '20.1Q 2.5bn → 2Q 5.5bn → 3Q 6.7bn → 4Q 5.1bn

# 【 Key Consolidated Subsidiaries (Non-consolidated basis) 】

(Unit : KRW Billion)

	4Q 2020	4Q 2019	YoY	FY 2020	FY 2019	YoY
<b>Net Sales</b>	<b>2,440</b>	<b>1,887</b>	<b>29.3%</b>	<b>9,100</b>	<b>7,102</b>	<b>28.1%</b>
SSG.COM	339	233	45.1%	1,294	844	53.3%
Emart 24	425	369	15.0%	1,626	1,355	20.1%
Everyday	309	303	2.3%	1,295	1,230	5.3%
S.TV Shopping	59	-	[+59]	145	-	[+145]
Property	51	58	-11.6%	205	208	-1.4%
S . F o o d	307	339	-9.3%	1,240	1,320	-6.0%
Hotel&Resort	44	61	-27.7%	149	209	-28.7%
U S A	431	196	119.8%	1,627	703	131.5%
S . I & C	135	-	[+135]	287	-	[+287]
<b>O P</b>	<b>5</b>	<b>-30</b>	<b>[+35]</b>	<b>-39</b>	<b>-74</b>	<b>[+35]</b>
SSG.COM	-10	-36	[+26]	-47	-82	[+35]
Emart 24	-10	-10	[-]	-22	-28	[+6]
Everyday	5	2	[+3]	28	15	[+13]
S.TV Shopping	9	-	[+9]	19	-	[+19]
Property	1	3	[-2]	-2	13	[-15]
S . F o o d	4.8	5.4	[-0.6]	8	22	[-14]
Hotel&Resort	-23	1	[-24]	-71	-12	[-59]
U S A	11	2	[+9]	10	-12	[+22]
S . I & C	10	-	[+10]	18	-	[+18]

- SSG.COM : Continuous growth + narrowing OP Loss
  - FY20 Cumulative GMV 3,924bn (YoY +37%)
  - '20.4Q GMV growth +30%
- Emart 24 : OP Loss similar as previous year
  - # of stores: +38 (Total 5,169 stores)
  - '20 Dec. Closure of inefficient store (One-off closure)
  - FY'20 OP improved +6bn YoY
- Everyday : OP improved +3bn YoY
- Shinsegae TV Shoppinging : Maintain a stable profit
- Shinsegae Food : OP Slightly decreased -1bn YoY
- Shinsegae Property : Starfield-City COVID 19 impact / Footfall decreased
- Hotel & Resort : Continuous COVID19 impact
- USA : FY'20 OP surplus 10bn (YoY 22bn)

※ Shinsegae TV Shopping, Shinsegae I&C newly included in the consolidation ('20 Jun)

## 【 Non-operating Profit and Loss 】

(Unit : KRW Billion)

	4Q 2020	4Q 2019	YoY	FY 2020	FY 2019	YoY
Operating P / L	85	-10	[+95]	237	151	[+86]
Financial P / L	-34	-26	[-8]	-94	-71	[-23]
Tangible Asset P/L	-6	207	[-213]	543	212	[+331]
Equity-method P / L	18	26	[-8]	71	74	[-3]
Impairment P/L	-185	-90	[-95]	-186	-90	[-96]
Others	13	-11	[+24]	51	6	[+45]
<b>Pre-tax P / L</b>	<b>-109</b>	<b>96</b>	<b>[-205]</b>	<b>622</b>	<b>282</b>	<b>[+340]</b>

### ✓ Key equity-method subsidiaries

(Unit : KRW Billion)

	Starbucks				Starfield Hanam				Starfield Anseong			
	4Q 2020	4Q 2019	FY 2020	FY 2019	4Q 2020	4Q 2019	FY 2020	FY 2019	4Q 2020	4Q 2019	FY 2020	FY 2019
Net Sales	506	519	1,928	1,870	29	29	115	116	16	0	17	0
OP / OL	35	58	164	175	11	11	41	42	2	0	-5	-2
(EBITDA)	(72)	(107)	(305)	(308)	(18)	(18)	(69)	(71)	(7)	(0)	(0)	(-2)
Net Income	4	45	100	133	5	6	22	23	2	0	-5	-2
(Equity Value)	(17)	(23)	(50)	(66)	(3)	(3)	(11)	(12)	(-1)	(3)	(-9)	(-1)

\* # of Starbucks stores : 1,508 ('19,4Q:1,378 +130 stores)

## “ Maximize On-Off Synergy, Execute the advanced Turn Around Strategy ”

### On-Off Synergy

- ✓ **Strengthen On-Off Collaborations**
  - SSG.COM FY21 GMV target W4.8tr (YoY +22%)
  - PP-centric CAPA expansion, Streamlining operation
  - Strengthen the wide assortment of online MD (development of PL, exclusive etc.)
  - Advance Data integration / Cross & Target marketing
- ✓ **Pursuit of Future Innovation**  
(6 Concept Stores based on 4 Factors)
  - 4 Factors: Online enhancement, Optimizing Non-food, Grocery expansion, Strengthen Tenant
  - Concept
    - Utilize Online : ① Omni Channel, ② New PP Model
    - Maximize the strength of offline :
      - ③ Mall-type, ④ Grocery & tenant
      - ⑤ Small-sized grocery, ⑥ Landmark store
- ✓ **Advance the Turn Around Strategy**
  - [Grocery] Accelerate rebound of grocery-centric performance
    - Competitiveness in fresh (pricing strategy, quality improvement)
    - Expansion of processed/daily MD (space, assortment)
  - [Non-food] Re-build non-food CAT
    - Focus on fostering core CAT(Improve efficiency of SKUs, Stores, Brands concurrently)
    - Rearrange the space assets effectively

### Traders

- ✓ **Exceed Gross sales 3tr KRW**
  - Expand Warehouse-Type Online Grocery Shopping
    - Enlarge PP &  
Develop online-only MD matching warehouse-type concept
  - Strengthen MD Competitiveness
    - Premiumizing, Strengthen trend MD & PL
    - Operate MD in response to trends and  
Utilize store space more flexibly
  - Expand offline presence in mid-term perspective
    - '21.Feb Yeonsan opening / Opening 5 stores (~'23)

### Other Business

- ✓ **Further improve the operating deficit**
  - [No brand] Maintain growth & profitability
    - MD Re-building
    - Expand PL zone in hypermarket & SKU,  
Enhancing Online business with various MD portfolio
  - [Others] Continuous reorganization



# [ Appendix ]

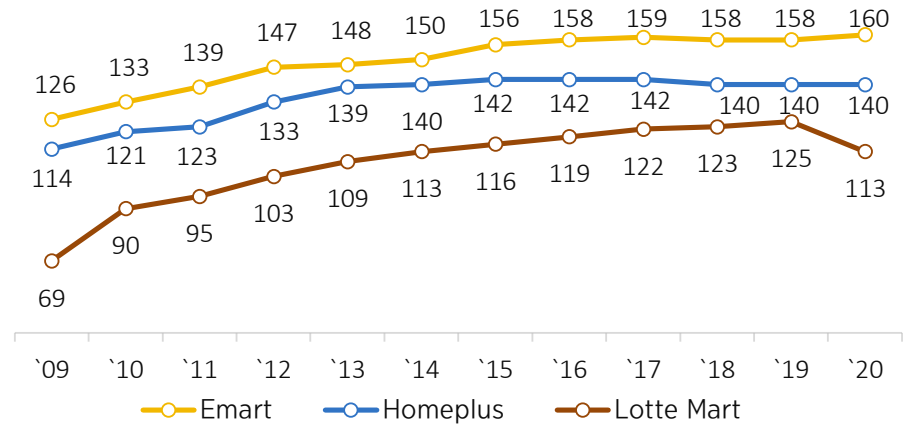
## Stores(domestic/overseas)

	(FY17)	(FY18)	(FY19)	(FY20)
• Domestic :	145 →	143 →	140 →	141
• Traders :	14 →	15 →	18 →	19
• China :	1 →	0 →	0 →	0
• Vietnam :	1 →	1 →	1 →	1
• Mongolia :	2 →	2 →	3 →	3
• U S A :	0 →	0 →	27 →	51

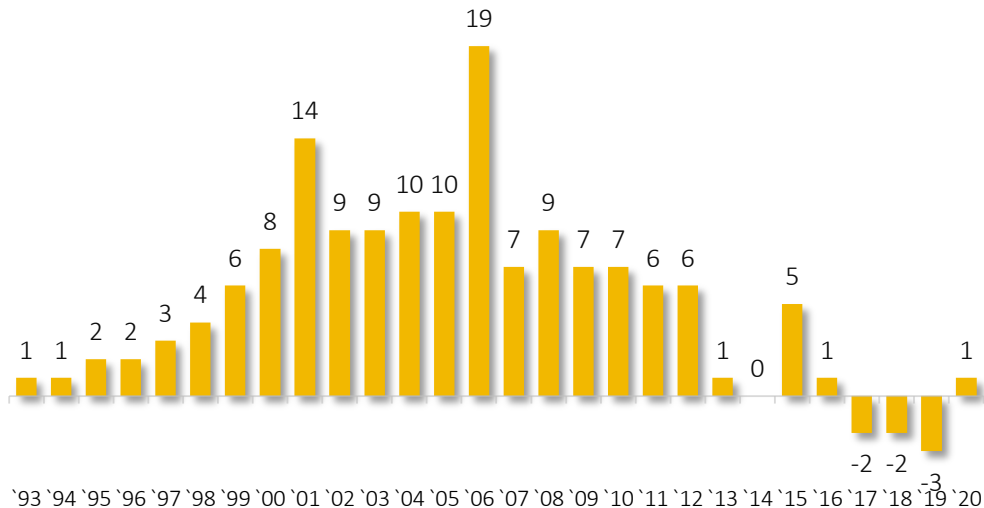
※Hypermarket: Jul 16, 2020 opening (Sinchon)

※Traders: Sep 25, 2020 opening (Anseong)

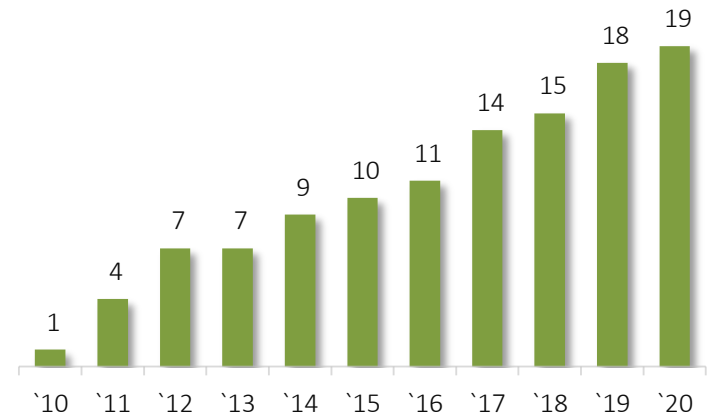
## 【 Current Number of Stores 】



## 【 Net Increase of Domestic Hypermarket 】

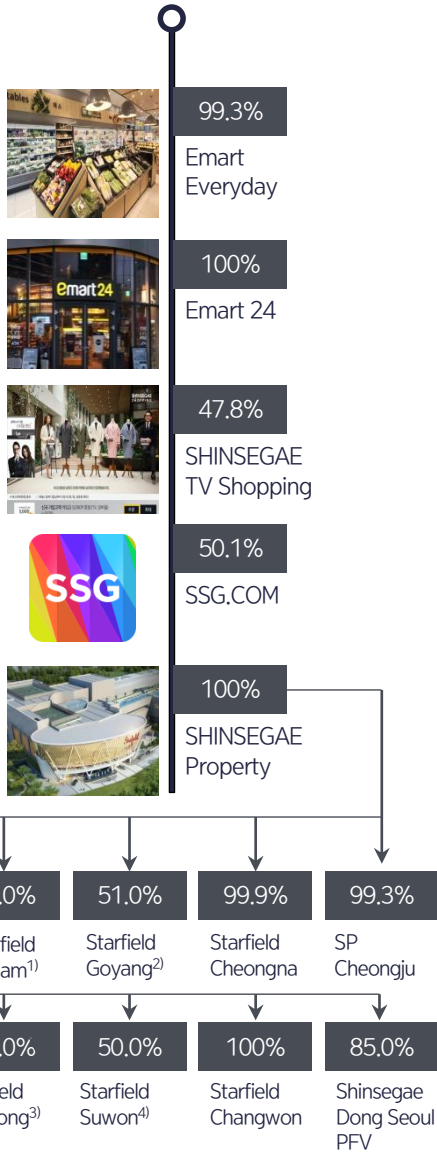


## 【 Number of Traders 】



# Ownership Structure

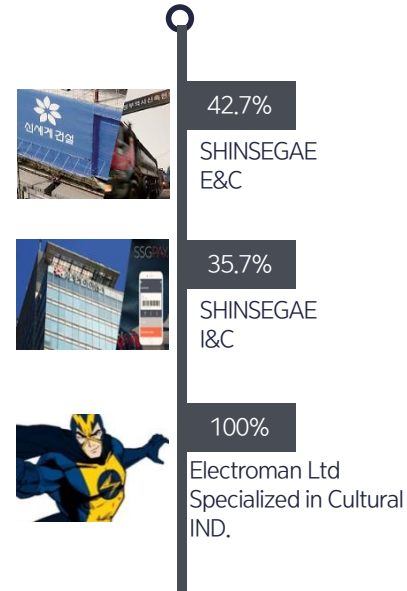
## RETAIL



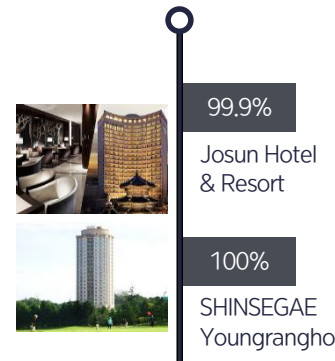
## FOOD & BEVERAGE



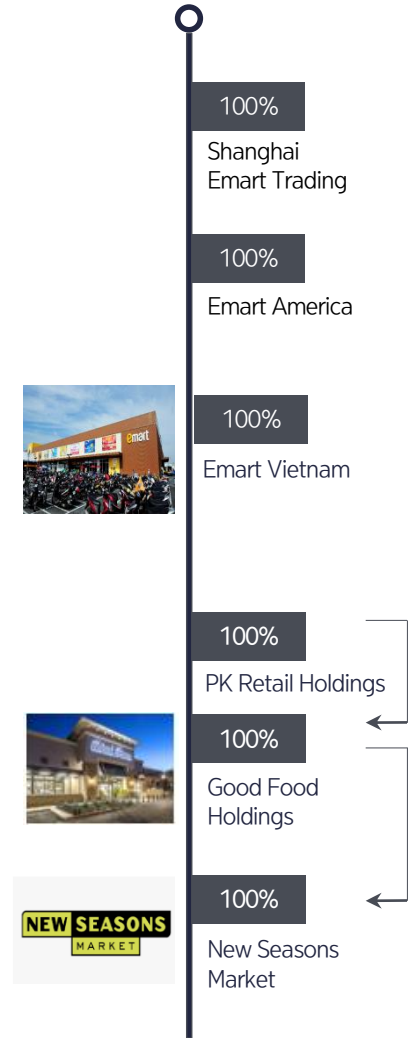
## INFRA



## HOTEL



## OVERSEAS



1) Taubman Asia(TPA Hanam Union Square Holdings LP) holds 49% of shares of Starfield Hanam  
 2) NPS(National Pension Service) holds 49% of shares of Starfield Goyang  
 3) Taubman Asia(TPA Hanam Union Square Holdings LP) holds 49% of shares of Starfield Anseong  
 4) KT&G holds 50% of shares of Starfield Suwon

## Statements of Financial Position

### 【 Separate 】

(Unit : KRW Billion)

	FY2020	FY 2019	Y o Y
<b>Assets</b>	<b>15,557</b>	<b>15,251</b>	<b>306</b>
<i>(Lease)</i>	<i>(945)</i>	<i>(1,105)</i>	<i>(-160)</i>
<b>Current</b>	<b>2,068</b>	<b>1,807</b>	<b>261</b>
Cash	594	201	393
Receivables	299	269	30
<b>Non-current</b>	<b>13,509</b>	<b>13,445</b>	<b>64</b>
PP&E	8,624	9,320	-696
<b>Liabilities</b>	<b>6,459</b>	<b>6,652</b>	<b>-193</b>
<i>(Lease)</i>	<i>(983)</i>	<i>(1,103)</i>	<i>(-120)</i>
<b>Current</b>	<b>3,499</b>	<b>3,327</b>	<b>172</b>
Payables	915	789	126
Borrowings	535	730	-195
<b>Non-current</b>	<b>2,959</b>	<b>3,324</b>	<b>-365</b>
Borrowings	1,622	1,921	-299
<b>Equity</b>	<b>9,118</b>	<b>8,600</b>	<b>518</b>
Capital Stock	139	139	-
Hybrid Bond	778	778	-
Retained Earnings	3,389	2,907	482

### 【 Consolidated 】

(Unit : KRW Billion)

	FY2020	FY 2019	Y o Y
<b>Assets</b>	<b>22,340</b>	<b>21,095</b>	<b>1,245</b>
<i>(Lease)</i>	<i>(2,367)</i>	<i>(1,781)</i>	<i>(586)</i>
<b>Current</b>	<b>4,063</b>	<b>3,650</b>	<b>413</b>
Cash	1,113	681	432
Receivables	765	670	95
<b>Non-current</b>	<b>18,277</b>	<b>17,445</b>	<b>832</b>
PP&E	11,240	11,588	-348
<b>Liabilities</b>	<b>11,844</b>	<b>10,888</b>	<b>956</b>
<i>(Lease)</i>	<i>(2,871)</i>	<i>(2,219)</i>	<i>(652)</i>
<b>Current</b>	<b>5,988</b>	<b>5,406</b>	<b>582</b>
Payables	2,316	1,997	319
Borrowings	1,199	1,361	-162
<b>Non-current</b>	<b>5,856</b>	<b>5,482</b>	<b>374</b>
Borrowings	2,110	2,456	-346
<b>Equity</b>	<b>10,496</b>	<b>10,207</b>	<b>289</b>
Owners of Parent	<b>9,074</b>	<b>8,809</b>	<b>265</b>
Capital Stock	139	139	-
Non-controlling	<b>1,422</b>	<b>1,398</b>	<b>24</b>

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