

Investors Presentation

4Q 2019



GS SHOP

Introduction

Business Overview

4Q '19 Financial Results

Appendix

DISCLAIMER This presentation should be considered in the context of the circumstances prevailing at the time of the presentation and is only correct as of such date.
The Statement contains old concept of gross sales (not audited) that help understanding past and presence view of the Company.

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4Q '19 Financial Results

Appendix

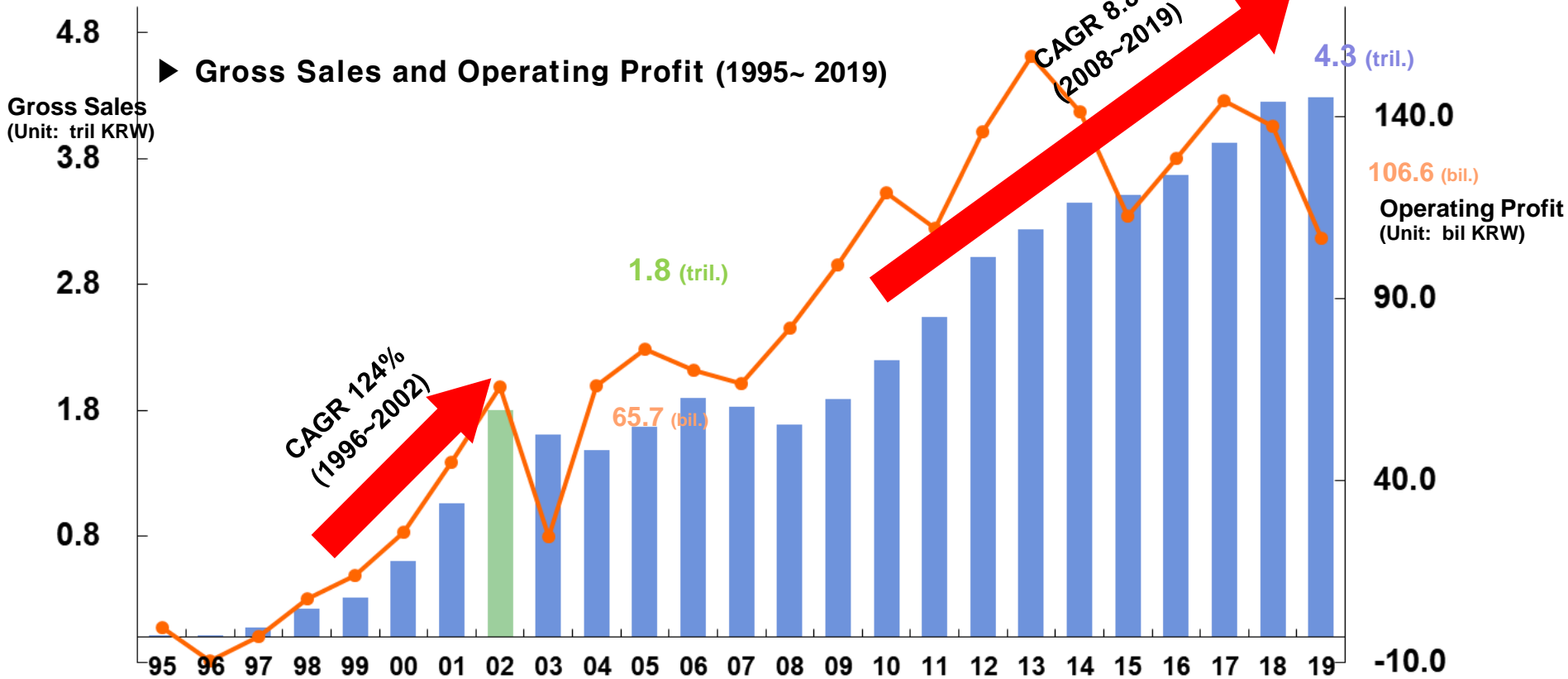
- Business Process
- Sales Performance



- Our business is composed of a serie of distinct activities including Merchandising, Contents Making, Order Fulfillment, and Delivery.



- Initial gross sales CAGR (1996~2002) ; 124%
- Recent gross sales CAGR (2008-2019) ; 8.8%
- Gross Sales in 2019 reached 4.3tril. KRW



History
Commenced Broad-casting

Launched GSeShop (B2C)

Started insurance

Sold out CATV (382.4 bn KRW)
Reinforced Mobile

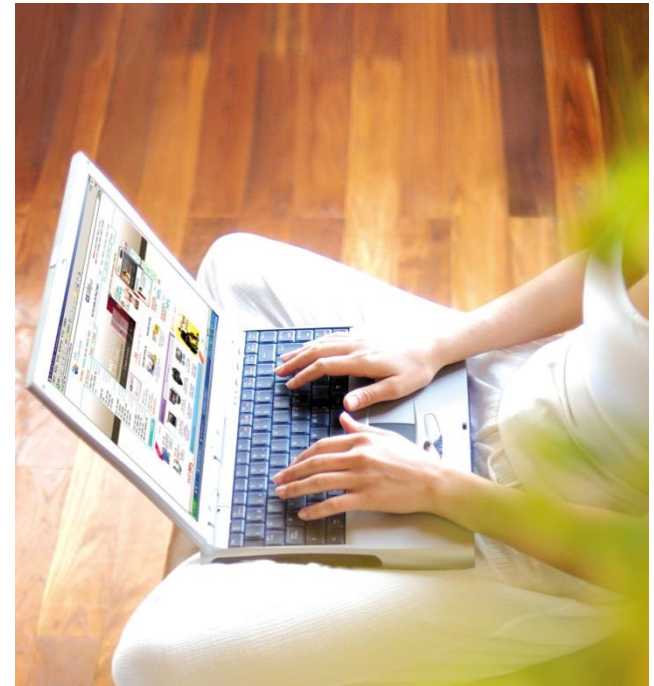
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4Q '19 Financial Results

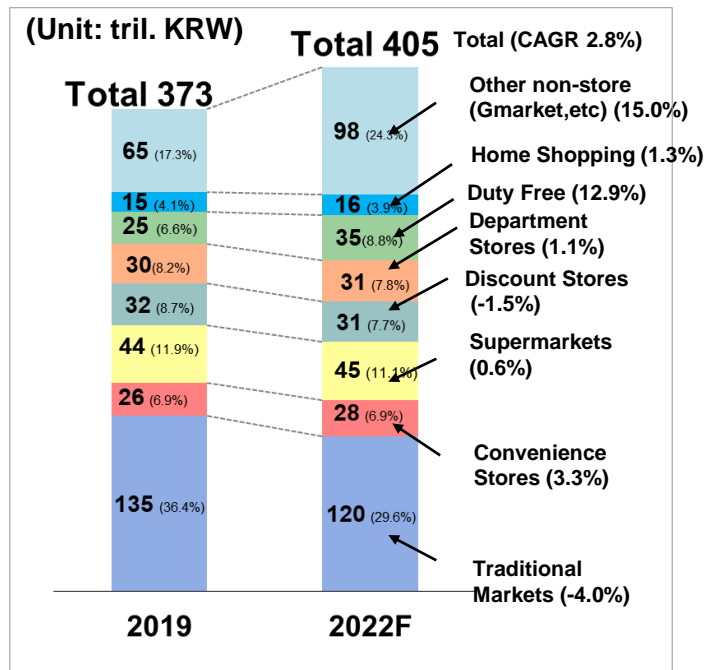
Appendix

- **Retail Industry Outlook**
- **Changes in Business Environment**
- **Year 2020 Strategy**
- **Needs for Venture investments**
- **Venture Investment Status**
- **Venture Investments Amounts**



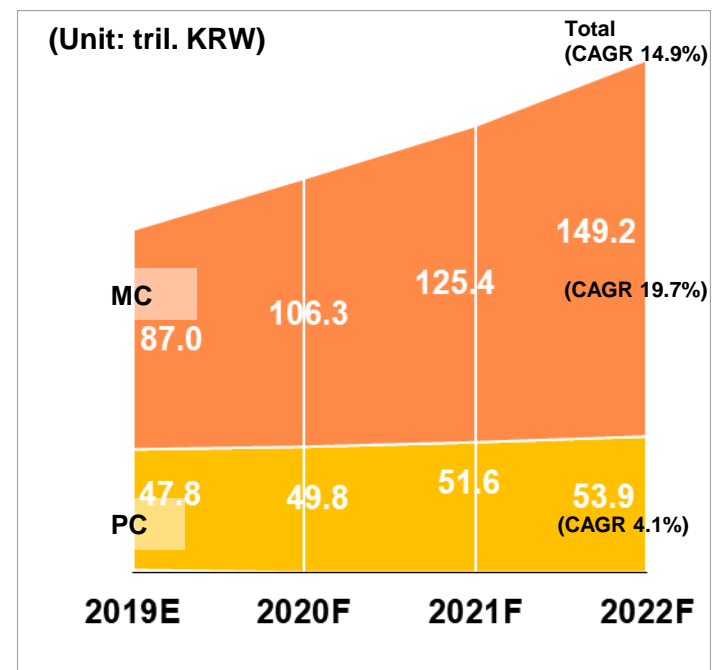
- Online Market is forecasted to grow at an average rate of 15% yearly until 2022.
- Within the sector, mobile shopping is forecasted to grow at a rate of 20%

Retail Industry



*Source : NH Investment & Securities (Jan 2020)

Online Market



*Source : NH Investment & Securities (Jan 2020)

Retail Industry

▶ Small Recovery of Consumer Sentiment

- Consumer Sentiment index (Sep. 19: 97 → Dec. 19 : 100)
- Concerns about economic slowdown
 - 2019 yearly GDP growth 2.0%
 - the Lowest level in last ten years
- Concerns about export slowdown
 - Conflict between US and China
 - Influence of Japanese export regulation on Korea

▶ Off-line stores' mixed performances

- Department Store and Discount Store sales are weak due to warm winter
- Duty free shop and Convenience store sales are good

Home Shopping

▶ TV Shopping

- Now total 17 TV shopping channels are competing including ten T-commerce channels

- Viewership of TV shopping channels are decreasing as potential customers are spending more time on Mobile device

▶ SO Commission

- As T-commerce channels of IPTV subsidiaries like SK Store became aggressive in low channel bidding in IPTV, SO commission increased

▶ Mobile shopping

- After attracting large-scale investment(2.2 tril), Cupang lauched aggressive marketing.
- Lotte and Shinsaegae are also investing on their online biz about 3 tril. and 1 tril. each

Expanding mobile customers base &
Building up New biz foundation

Expand Mobile customers base

- Expand sales in mobile business
- Design store format focusing on loyal customers
- Secure competitiveness of tangible products

Securing Biz competitiveness

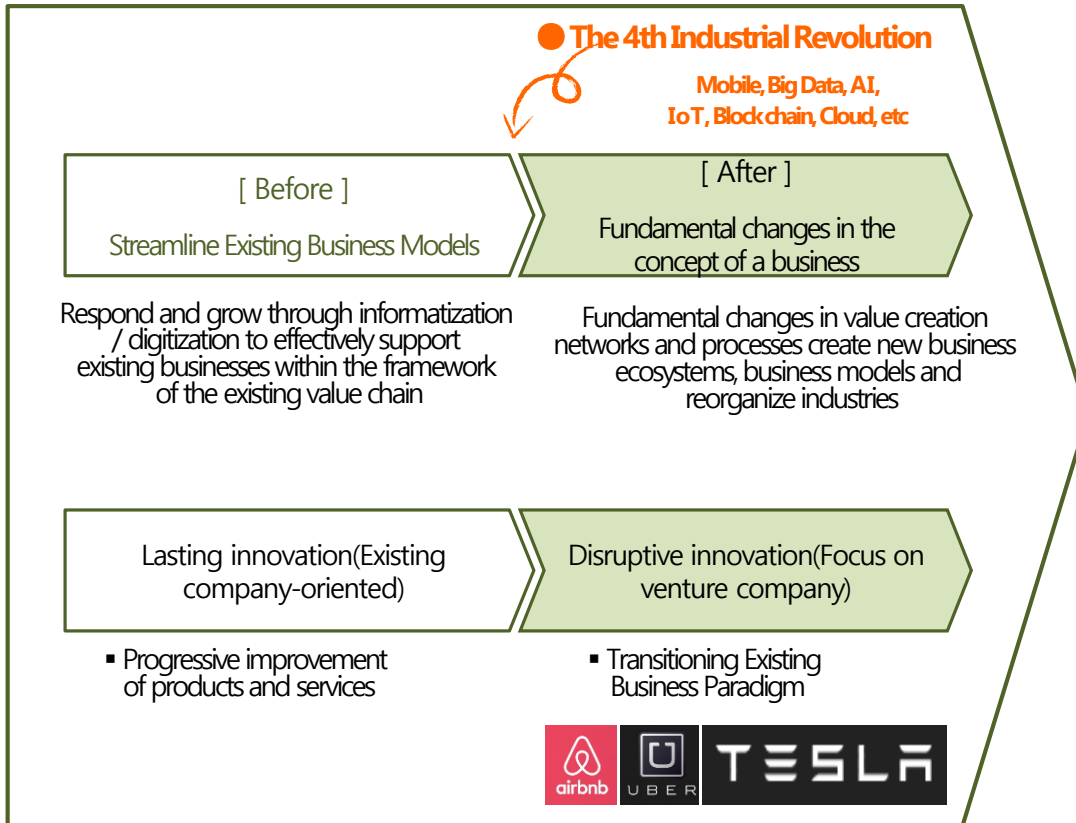
- Improve capability of customers analysis based on Big Data technology
- Personalized marketing such as personalized recommendation
- Developing new commerce opportunity by investing in venture eco system

Strengthen Global Competence

- Improve profitability and stability of overseas JV
- Strengthen global network synergy
- Invest in new biz such as global brands

The 4th Industrial Revolution is rapidly changing the business paradigm driven by ventures. Existing companies are actively seeking internal innovation and future business opportunities by responding through the participation in venture's innovation ecosystem.

■ Necessity of Participation in Venture Ecosystem



Existing companies do for sustainable growth..

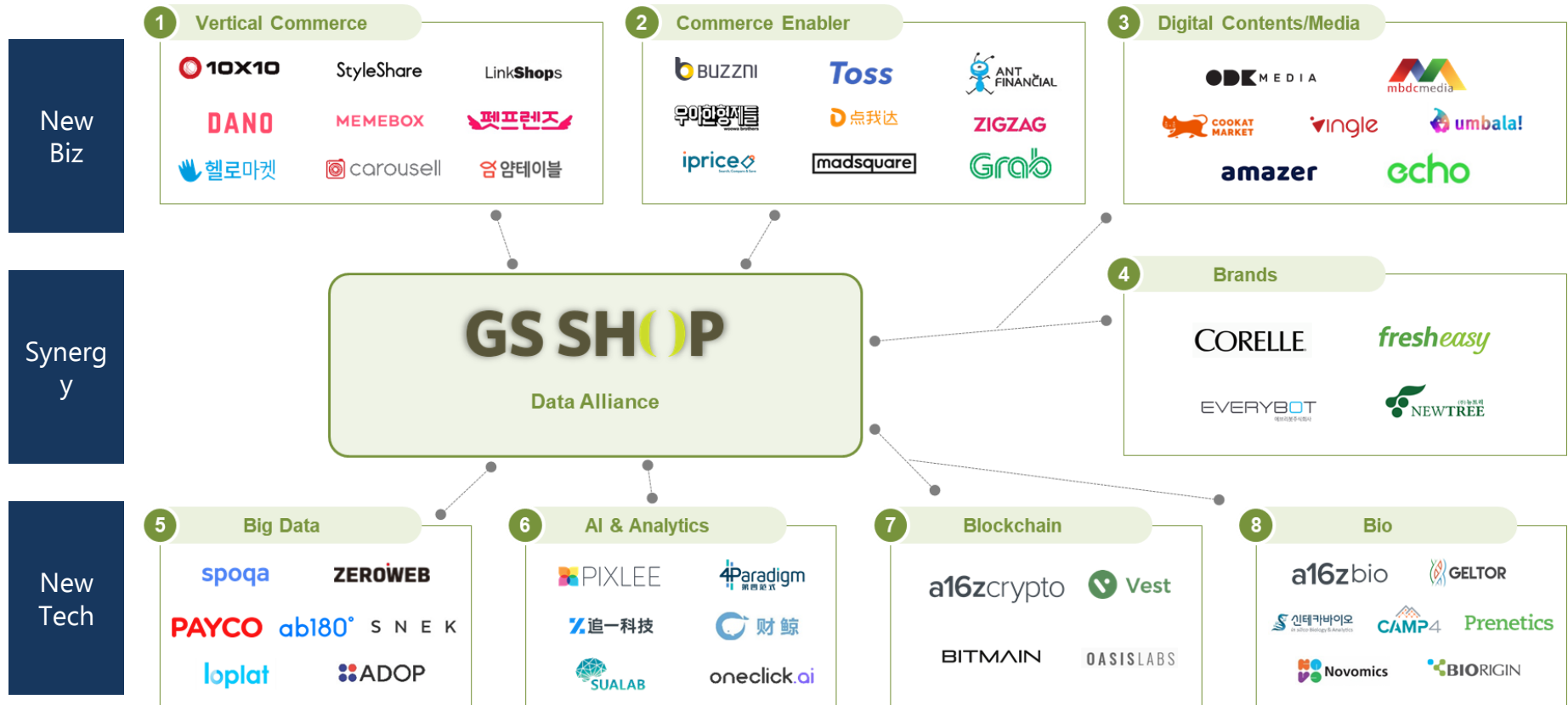
Promoting open innovation quickly through source technology and innovative ideas needed for innovation outside the company

Venture ecosystem participation (venture investment) ▶ Internal innovation (venture, talent and network acquisition, new technology business model absorption, corporate M&A)



Venture Investment Status

In terms of new business investment, the company is investing in vertical commerce, enabler and digital contents / media, and in big data, AI, blockchain, and bio fields from a new technology investment perspective.



- Seeking M&A opportunities or new technology through Venture investments
- Developing new business models by co-working with venture companies

• Venture investments

(Unit : 100 Million KRW)

Cate	Company	Time	Amount	share%	Business
Subsidiary	Ten by Ten	'13.08	160	80.0%	Online Shopping(Lifestyle products)
Equity Evalutaion Method	PAYCO	'17.10	500	9.5%	initial payment solution Pet IoT Device
	VARRAM system	'18.09	30	17.6%	
	Others (19 companies)		638		
	Sub-total		1,168		
Non Current Financial Asset	Vingle	'13.12	22	9.5%	Interest Based SNS
	Moloco	'19.10	72	5.8%	DSP & AD cloud solution
	Everybot	'17.11	10	4.5%	Robot Cleaner
	Others (10 companies)		184		
	Sub-total		287		
Total			1,615		

• Venture Fund investments

(Unit : 100 Million KRW)

Cate	Fund	Time	Committed Amt	Inv.Amt
Over seas	Altos Korea Fund I	'13.07	55	55
	BRV Lotus Fund	'13.10	220	207
	BRV Aster Fund	'15.04	220	214
	Others (11 funds)		1,070	876
	sub total		1,565	1,352
Local	Jeon-Nam Fund	'16.03	50	50
	KIF-Stonebridge Fund	'16.03	200	200
	Total		1,815	1,602

Introduction

Business Overviews

4Q '19 Financial Results

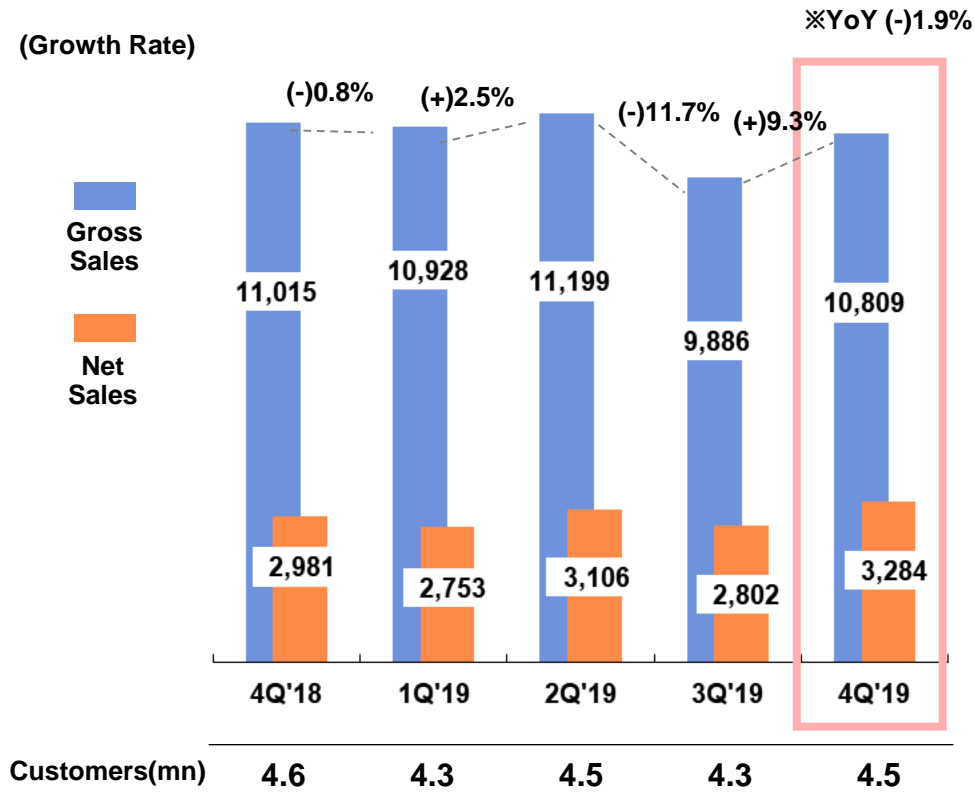
Appendix

- Sales (Total Company)
- Gross Margin / SG&A
- Profit / Loss
- By Business Segment



(Unit : 100 mil KRW)

(Growth Rate)



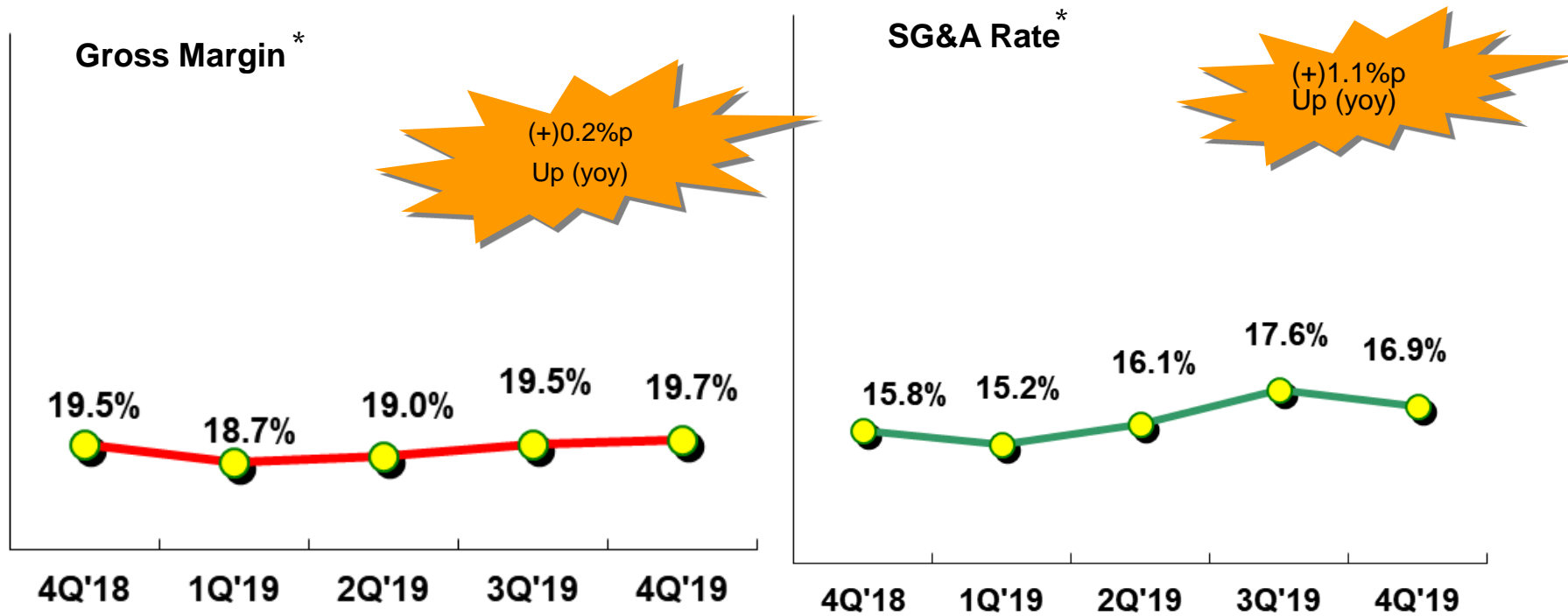
► Favorable seasonal effects of 4Q lead to

- Gross Sales : (+) 9.3% qoq

► Sluggish sales in seasonal products due to high temperature in winter, less sales in beauty items lead to

- Gross Sales : (-) 1.9% yoy

- Strong sales of health products lead to improve gross margin (+0.2%p)
- SG & A rate increased YoY (+1.1%p) due to SO commission increase.

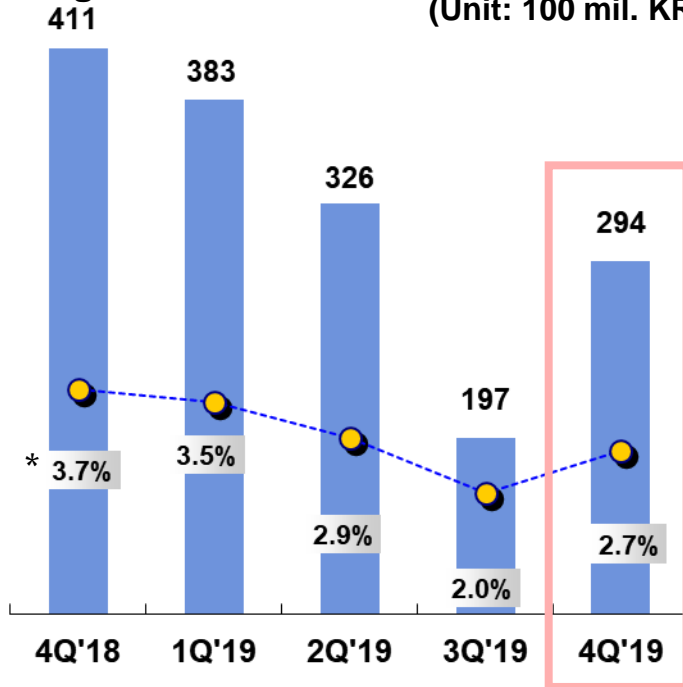


* Based on Gross Sales

- Without one-off gains(W4.1bn) in 4Q '18, 4Q '19's operating profit would decreased 21% YoY
- Net income of 4Q,2018 reflected 0.9 bn KRW gain of non current financial asset FVPL (Venture Funds) and △10.3 bn KRW of impairment loss of related companies (Russia JV, etc)
- Net income of 4Q,2019 reflected 39.8 bn KRW gain of non current financial asset FVPL (Venture Funds) and △34.2 bn KRW of impairment loss of related companies (Chinese JV, etc)

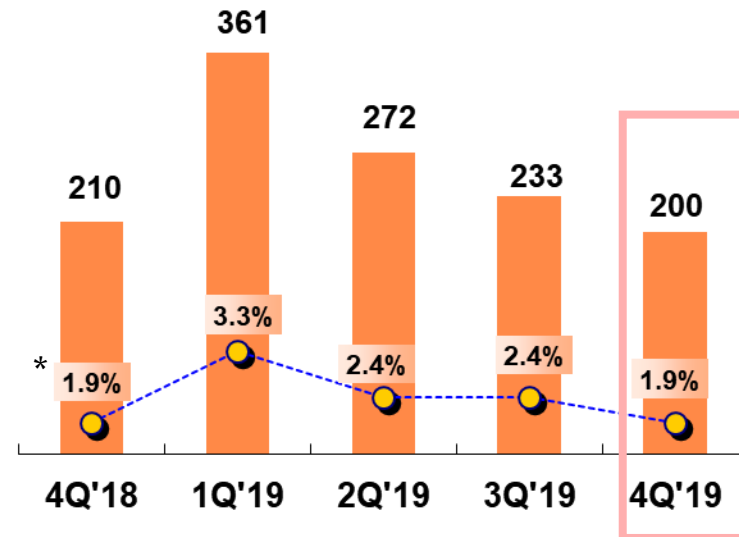
Operating Profit

(Unit: 100 mil. KRW)



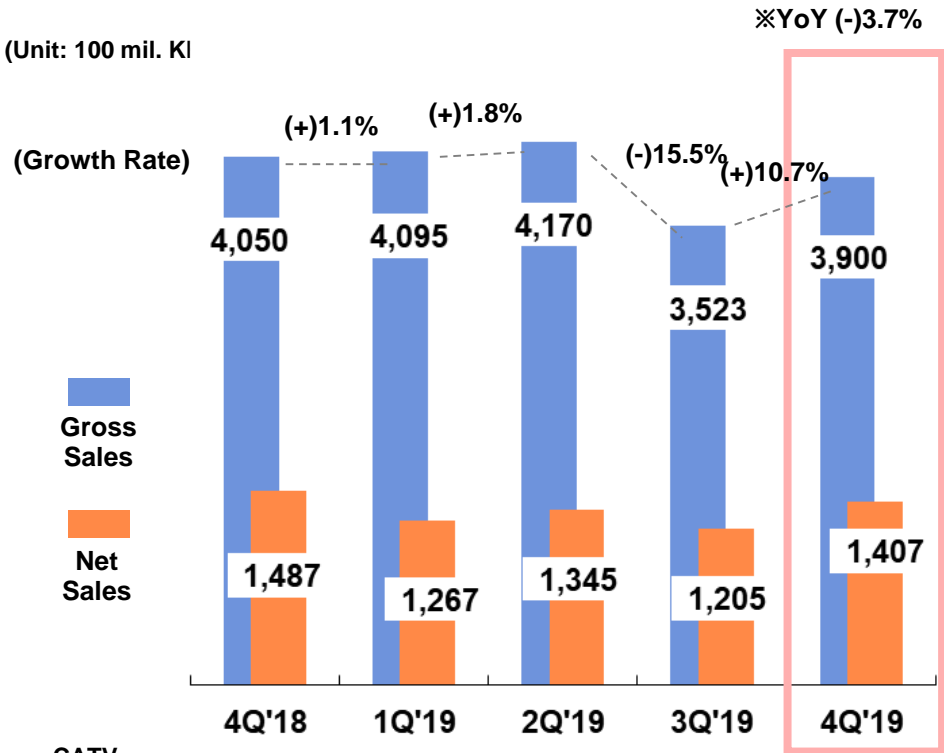
Net Income

(Unit: 100 mil. KRW)



* Based on Gross Sales

(Unit: 100 mil. KI)



► Favorable seasonal effects of 4Q lead to

- Gross Sales : (+) 10.7% qoq

► Sluggish sales in seasonal products due to high temperature in winter, less sales in beauty items lead to

- Gross Sales : (-) 3.7% yoy

	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
CATV					
Subscribers(mn)	13.9	13.9	13.7	13.7	13.6
IPTV					
Subscribers(mn)	14.9	15.3	15.7	16.0	16.3
Satellite					
Subscribers(mn)	4.3	4.2	4.2	4.2	4.2
Customers(mn)	1.6	1.5	1.5	1.5	1.6

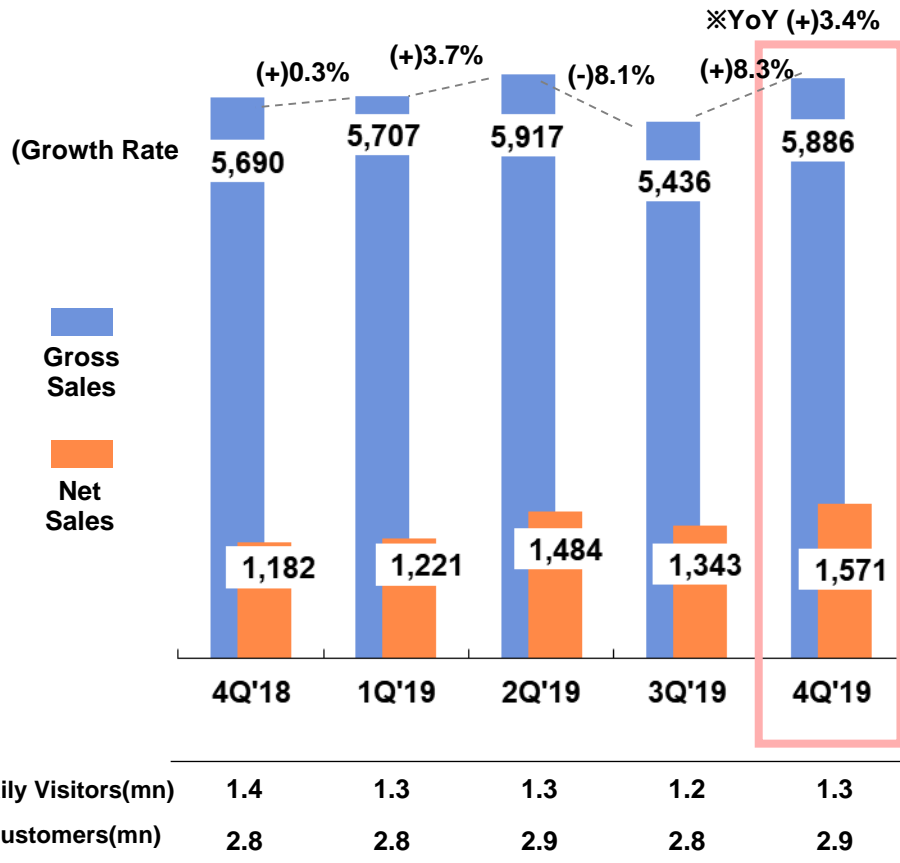
※ T-Commerce Gross Sales

-19.4Q : 1,011 Bil. Won

-19.2Q : 86.6 Bil. Won

-18.4Q : 72.8 Bil. Won

(Unit: 100 mil. KRW)



► Favorable seasonal effects of 4Q lead to

- Gross Sales : (+) 8.3% qoq

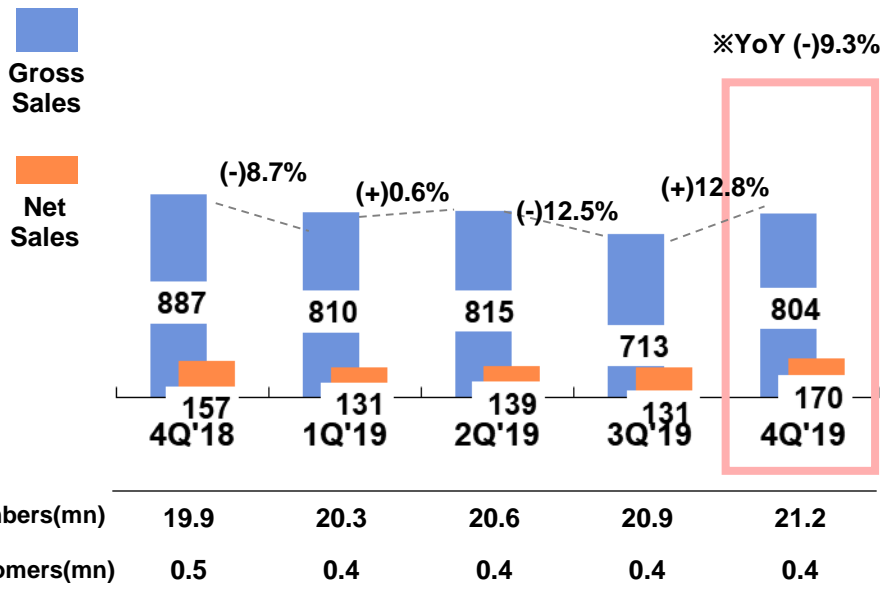
► Sluggish sales in seasonal products due to high temperature in winter, less sales in beauty items lead to

- Gross Sales : (+) 3.4% yoy

► Unique Application download number reached 35.0 million.

(Unit: 100 mil. KRW)

(Growth Rate)



Members(mn)	19.9	20.3	20.6	20.9	21.2
Customers(mn)	0.5	0.4	0.4	0.4	0.4

► Favorable seasonal effects of 4Q lead to

- Gross Sales : (+) 12.8% qoq

► Sluggish sales in seasonal products due to high temperature in winter, less sales in beauty items lead to

- Gross Sales : (-) 9.3% yoy

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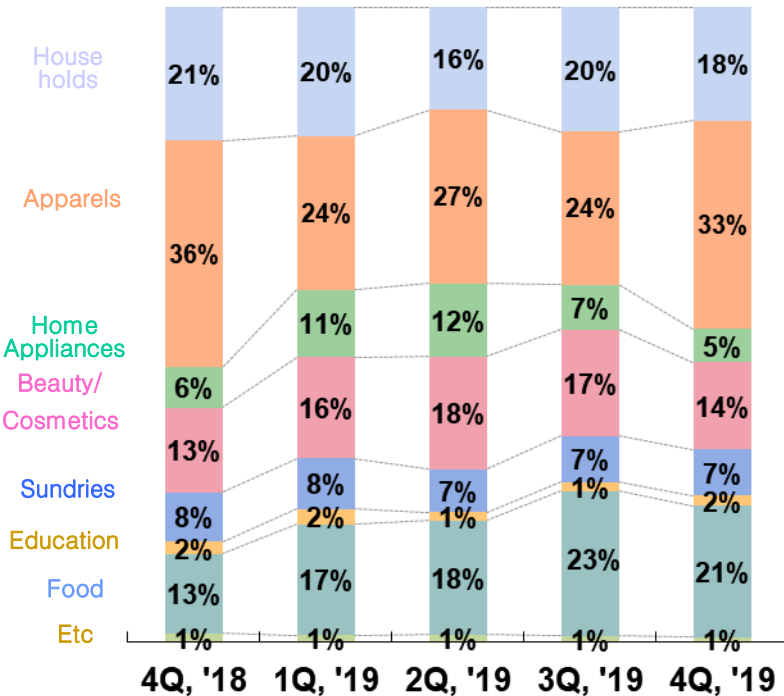
Appendix

- **Product Mix**
- **Market Share**
- **B/S**
- **Quarterly Income Statement**
- **Yearly Income Statement**



- Food item increased by 8%p yoy – Health Supplements (Probiotics and Noni, etc.)
- Apparels portion decreased by 2%p yoy – Warm winter effect

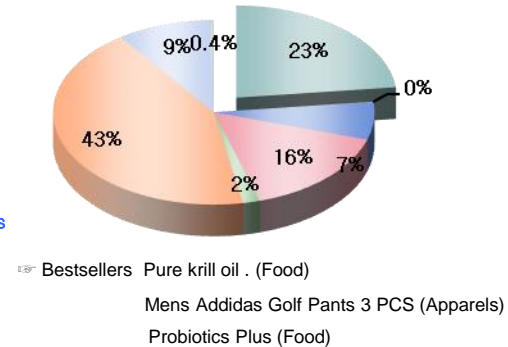
▷ Company Product Mix



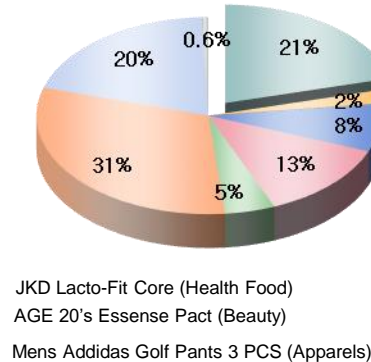
▷ By Business Segment (4Q, '19)



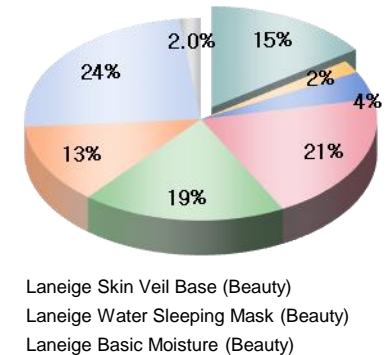
TV Shopping



Mobile(MC)



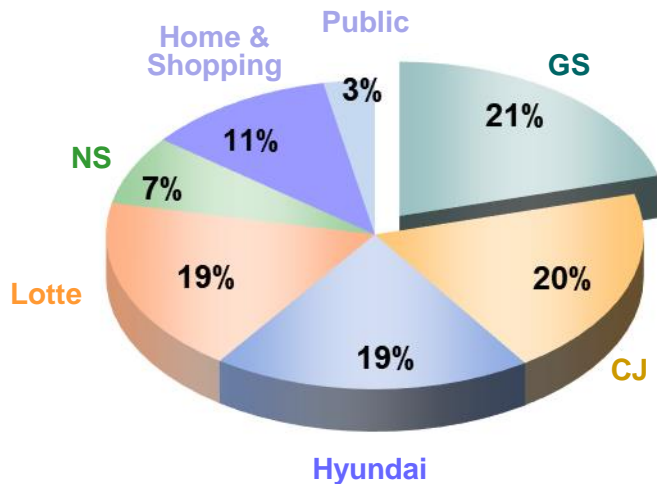
Internet (B2C)



※ Rentals, Travels, Insurance Products Excluded

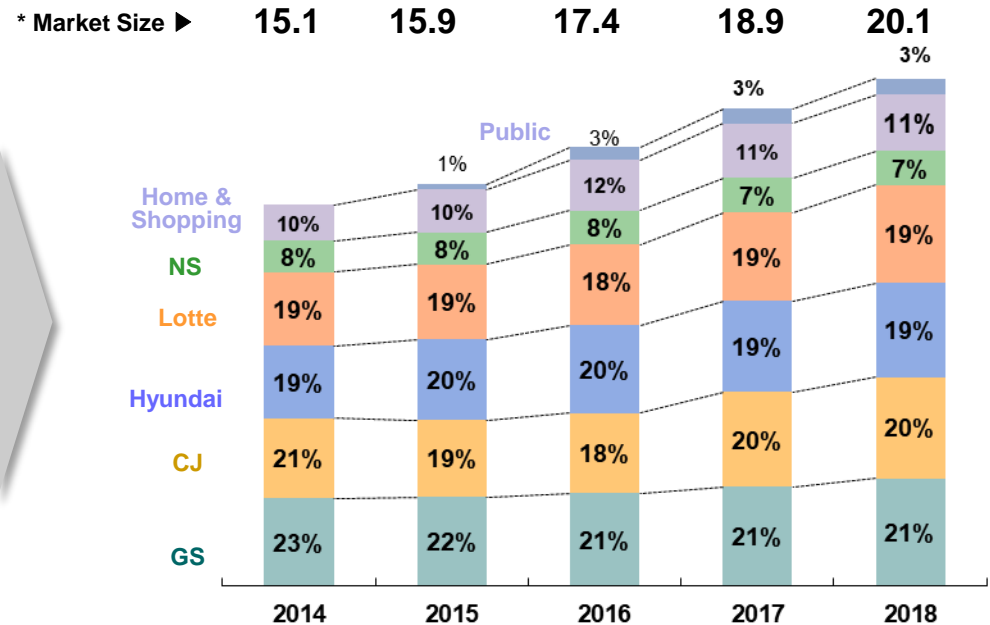
※ Others : Hobbies, Services, etc.

▷ **Market share among seven home shopping companies** based on total company's gross sales *
(For the year of 2018)



▷ **Yearly Trend***

(Unit: tr KRW)



* Market Share and size among the seven home shopping companies

*Data based on each company's IR material ,news report and our estimate

Balance Sheet

(Unit: bn KRW)

Description	2018	2019
Current Assets	710.9	642.1
Non-current Assets	673.3	784.4
Total Assets	1,384.2	1,426.6
Current Liabilities	284.1	267.0
Non-current Liabilities	6.9	14.3
Total Liabilities	291.0	281.3
Paid-in Capital	32.8	32.8
Capital Surplus	110.5	110.5
Equity Adjustments, etc.	(-)96.9	(-)108.1
Other Accumulated Comprehensive Income	0.2	0.1
Retained Earnings	1,046.5	1,110.0
Total SH's Equity	1,093.2	1,145.3
Liabilities Ratio(%)	26.6	24.5
Borrowing to Equity(%)	0.0	0.0

Appendix – Quarterly Income Statement

GS SHOP

Gross Sales

(Unit: bn KRW)

Description	4Q18	%	1Q19	%	2Q19	%	3Q19	%	4Q19	%	QoQ	YoY
Gross Sales	1,101.5	100.0%	1,092.8	100.0%	1,119.9	100.0%	988.6	100.0%	1,080.9	100.0%	9.3%	-1.9%
TV Shop.	405.0	36.8%	409.5	37.5%	417.0	37.2%	352.3	35.6%	390.0	36.1%	10.7%	-3.7%
MC	569.0	51.7%	570.7	52.2%	591.7	52.8%	543.6	55.0%	588.6	54.5%	8.3%	3.4%
B2C	88.7	8.1%	81.0	7.4%	81.5	7.3%	71.3	7.2%	80.4	7.4%	12.8%	-9.4%
Catalog	15.2	1.4%	13.3	1.2%	12.6	1.1%	0.3	0.0%	-	0.0%	-100.0%	-100.0%
Others	23.6	2.1%	18.3	1.7%	17.1	1.5%	21.1	2.1%	21.9	2.0%	3.8%	-7.2%
Gross Profit	214.6	19.5%	204.3	18.7%	213.3	19.0%	193.2	19.5%	212.6	19.7%	10.0%	-0.9%
SG&A	173.5	15.8%	166.0	15.2%	180.7	16.1%	173.5	17.6%	183.2	16.9%	5.6%	5.6%
Operating Profit	41.1	3.7%	38.3	3.5%	32.6	2.9%	19.7	2.0%	29.4	2.7%	49.2%	-28.5%
Income Before Tax	31.4	2.9%	48.5	4.4%	39.1	3.5%	31.4	3.2%	37.9	3.5%	20.7%	20.7%
Net Profit	21.0	1.9%	36.1	3.3%	27.2	2.4%	23.3	2.4%	20.0	1.9%	-14.2%	-4.8%

Net Sales

(Unit: bn KRW)

Description	4Q18	%	1Q19	%	2Q19	%	3Q19	%	4Q19	%	QoQ	YoY
Net Sales	298.1	100.0%	275.3	100.0%	310.6	100.0%	280.2	100.0%	328.4	100.0%	17.2%	10.2%
TV Shop.	148.7	49.9%	126.7	46.0%	134.5	43.3%	120.5	43.0%	140.7	42.8%	16.8%	-5.4%
MC	118.2	39.7%	122.1	44.4%	148.4	47.8%	134.3	47.9%	157.1	47.8%	17.0%	32.9%
B2C	15.7	5.3%	13.1	4.8%	13.9	4.5%	13.1	4.7%	17.0	5.2%	29.8%	8.3%
Catalog	5.3	1.8%	4.7	1.7%	4.4	1.4%	-	0.0%	-	0.0%	#DIV/0!	-100.0%
Others	10.2	3.4%	8.7	3.2%	9.4	3.0%	12.3	4.4%	13.6	4.1%	10.6%	33.3%
Gross Profit	214.6	72.0%	204.3	74.2%	213.3	68.7%	193.2	69.0%	212.6	64.7%	10.0%	-0.9%
SG&A	173.5	58.2%	166.0	60.3%	180.7	58.2%	173.5	61.9%	183.2	55.8%	5.6%	5.6%
Operating Profit	41.1	13.8%	38.3	13.9%	32.6	10.5%	19.7	7.0%	29.4	9.0%	49.2%	-28.5%
Income Before Tax	31.4	10.5%	48.5	17.6%	39.1	12.6%	31.4	11.2%	37.9	11.5%	20.7%	20.7%
Net Profit	21.0	7.0%	36.1	13.1%	27.2	8.8%	23.3	8.3%	20.0	6.1%	-14.2%	-4.8%

* based on K-IFRS non consolidated FS

Gross Sales

(Unit: bn KRW)

Description	2014(IFRS)	%	2015(IFRS)	%	2016(IFRS)	%	2017(IFRS)	%	2018(IFRS)	%	2019(IFRS)	%	YoY
Gross Sales	3,448.7	100.0%	3,512.0	100.0%	3,669.6	100.0%	3,922.0	100.0%	4,248.0	100.0%	4,282.2	100.0%	0.8%
TV Shop.	1,884.7	54.6%	1,826.1	52.0%	1,828.0	49.8%	1,844.3	47.0%	1,710.8	40.3%	1,568.8	36.6%	-8.3%
MC	734.8	21.3%	1,055.2	30.0%	1,315.3	35.8%	1,556.2	39.7%	2,008.0	47.3%	2,294.6	53.6%	14.3%
B2C	638.7	18.5%	473.6	13.5%	391.6	10.7%	359.7	9.2%	336.5	7.9%	314.2	7.3%	-6.6%
Catalog	119.2	3.5%	92.4	2.6%	78.5	2.1%	63.4	1.6%	58.5	1.4%	26.2	0.6%	-55.2%
Others	71.2	2.1%	64.7	1.8%	56.2	1.5%	98.4	2.5%	134.2	3.2%	78.4	1.8%	-41.6%
Gross Profit	972.7	28.2%	980.2	27.9%	970.9	26.5%	982.6	25.1%	820.3	19.3%	823.3	19.2%	0.4%
SG&A	831.3	24.1%	867.7	24.7%	842.3	23.0%	838.1	21.4%	683.0	16.1%	703.2	16.4%	3.0%
Operating Profit	141.4	4.1%	112.5	3.2%	128.6	3.5%	144.5	3.7%	137.3	3.2%	120.1	2.8%	-12.5%
Income Before Tax	158.7	4.6%	114.5	3.3%	136.4	3.7%	137.4	3.5%	165.3	3.9%	156.9	3.7%	-5.1%
Net Profit	120.1	3.5%	80.8	2.3%	103.5	2.8%	97.0	2.5%	120.6	2.8%	106.6	2.5%	-11.6%

Net Sales

(Unit: bn KRW)

Description	2014(IFRS)	%	2015(IFRS)	%	2016(IFRS)	%	2017(IFRS)	%	2018(IFRS)	%	2019(IFRS)	%	YoY
Net Sales	1,060.7	100.0%	1,091.3	100.0%	1,065.1	100.0%	1,051.7	100.0%	1,073.5	100.0%	1,194.5	100.0%	11.3%
TV Shop.	674.5	63.6%	653.2	59.9%	633.5	59.5%	597.3	56.8%	564.3	52.6%	522.4	43.7%	-7.4%
MC	160.5	15.1%	244.6	22.4%	281.5	26.4%	302.5	28.8%	396.2	36.9%	561.9	47.0%	41.8%
B2C	122.4	11.5%	94.0	8.6%	69.4	6.5%	60.6	5.8%	54.9	5.1%	57.1	4.8%	4.0%
Catalog	43.6	4.1%	35.0	3.2%	27.3	2.6%	22.7	2.2%	20.7	1.9%	9.0	0.8%	-56.5%
Others	59.7	5.6%	64.5	5.9%	53.4	5.0%	68.6	6.5%	37.4	3.5%	44.1	3.7%	17.9%
Gross Profit	972.7	91.7%	980.2	89.8%	970.9	91.2%	982.6	93.4%	820.3	76.4%	823.3	68.9%	0.4%
SG&A	831.3	78.4%	867.7	79.5%	842.3	79.1%	838.1	79.7%	683.0	63.6%	703.2	58.9%	3.0%
Operating Profit	141.4	13.3%	112.5	10.3%	128.6	12.1%	144.5	13.7%	137.3	12.8%	120.1	10.1%	-12.5%
Income Before Tax	158.7	15.0%	114.5	10.5%	136.4	12.8%	137.4	13.1%	165.3	15.4%	156.9	13.1%	-5.1%
Net Profit	120.1	11.3%	80.8	7.4%	103.5	9.7%	97.0	9.2%	120.6	11.2%	106.6	8.9%	-11.6%

* based on K-IFRS non consolidated FS

이 종목의 더 많은 IR정보 [확인하기](#)

IR GO 주주와 기업을 연결하고 응원합니다.