
2Q. 2019

Result Summary

Aug. 08. 2019

iMARKETKOREA

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- This document contains that are not historical in nature but concern future results and business plans, strategies and objectives, and other matters that may be deemed to be "forward-looking statements".
- iMarketKorea cannot guarantee that any forward-looking statement will be realized although iMarketKorea does believe that its assumptions underlying its forward-looking statements are reasonable.
- Achievement of future results is subject to risks and uncertainties which could cause iMarketKorea's results to differ materially from those which are presented.

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1. Result Summary (consolidated)

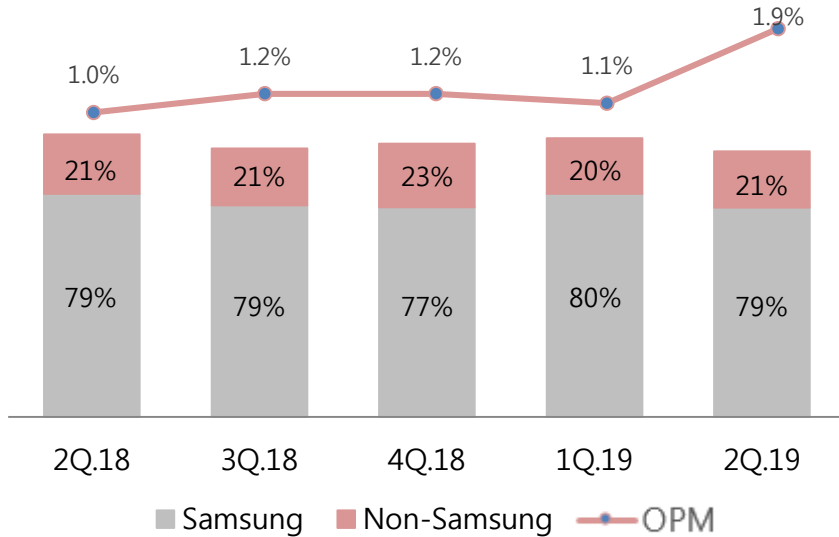
♥ 2Q Result : Sales KRW 725.7 bn (-3.0% QoQ, -4.7% YoY) / OP KRW 15.9 bn (+43.6% QoQ, +77.7% YoY)

Unit : KRW mn	2Q 19	1Q 19	QoQ	2Q 18	YoY
Sales	725,654	747,769	-3.0%	761,678	-4.7%
IMK	556,702	584,415	-4.7%	592,124	-6.0%
Overseas Subsidiaries	30,512	28,599	+6.7%	37,851	-19.4%
Allen Care	107,112	100,077	+7.0%	90,958	+17.8%
Other Subsidiaries	38,526	40,352	-4.5%	46,155	-16.5%
Gross profits	43,135	39,541	+9.1%	38,795	+11.2%
Selling and Administrative Expenses	27,272	28,491	-4.3%	29,870	-8.7%
Operating profits	15,863	11,050	+43.6%	8,925	+77.7%
Pre-tax profits	15,929	10,848	+46.8%	8,369	+90.3%
Net profits	11,181	6,491	+72.3%	5,775	+93.6%

※ Overseas Subsidiaries : IMA, IMV, IMX, IMF / Other Subsidiaries: Interpark-Logistics, Interpark-International, Interpark-Qubridge, Guardian

2. Result Summary (separate)

♥ 2Q Result : Sales KRW 556.7 bn (-4.7% QoQ, -6.0% YoY) / OP KRW 10.8 bn (+71.6% QoQ, +81.4% YoY)

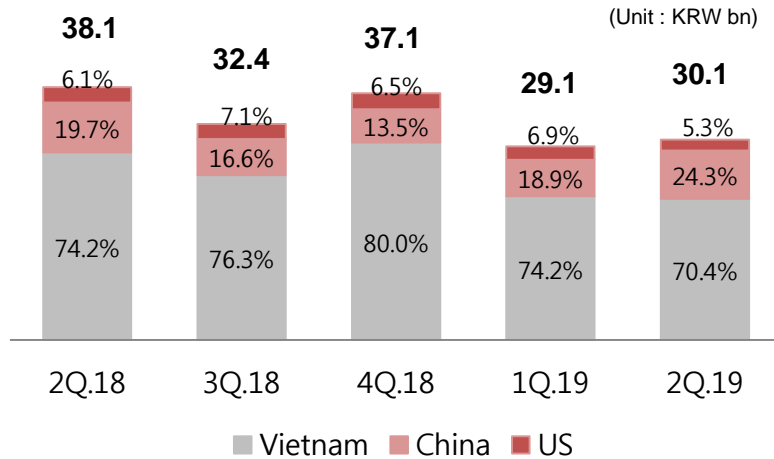


- **Samsung : Sales KRW 438.4 bn (-6.2% QoQ, -6.3% YoY)**
 - Decrease in sales of construction materials and IT products
- **Non-Samsung : Sales KRW 118.3 bn(+1.1% QoQ, -4.8% YoY)**
 - Sales increase from new customer (QoQ)
 - Reduction in sales of low profit customers (YoY)

Unit: KRW bn	2019				2018				
	1Q	2Q	QoQ	YoY	1Q	2Q	3Q	4Q	합계
Sales	584.4	556.7	-4.7%	-6.0%	521.2	592.1	562.5	573.0	2,248.9
Samsung	467.4	438.4	-6.2%	-6.3%	391.3	467.8	443.5	439.1	1,741.7
Non-Samsung	117.0	118.3	+1.1%	-4.8%	129.9	124.3	119.0	133.9	507.1

3. Overseas Subsidiaries

♥ 2Q Result : Sales KRW 30.1 bn / OL KRW 0.2 bn



- **Vietnam : Sales KRW 21.2 bn (-1.7% QoQ, -25.2% YoY)**
- Sales decrease due to reduction in facility investment from SDV (YoY)
- **China : Sales KRW 7.3 bn (+33.3% QoQ, -3.0% YoY)**
- Increase in sales of Korean company's subsidiaries in China (QoQ)
- Reduction in sales of low profit customers (YoY)
- **US : Sales KRW 1.6 bn (-21.8% QoQ, -31.3% YoY)**
- Decrease in sales due to deteriorating market conditions of major customers

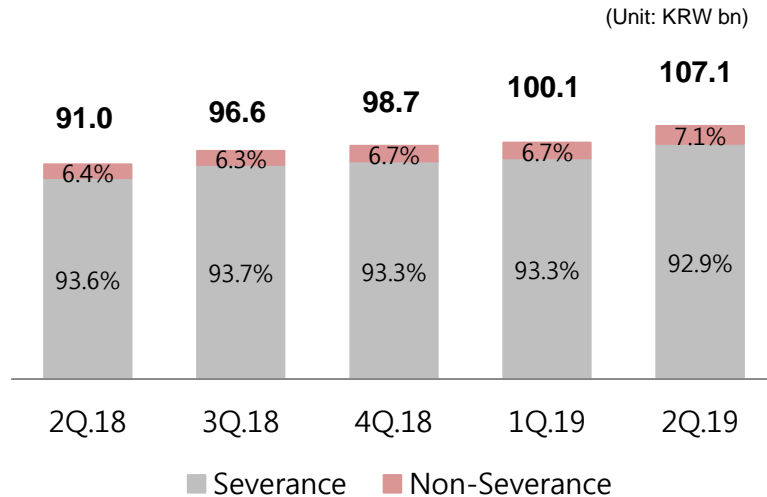
Unit: KRW bn		2019				2018				합계
		1Q	2Q	QoQ	YoY	1Q	2Q	3Q	4Q	
Vietnam	Samsung	15.8	14.1	-10.8%	-35.1%	23.5	21.7	19.1	23.7	88.0
	Non-Samsung	5.8	7.1	+23.1%	+7.3%	8.1	6.6	5.7	5.9	26.3
	Total	21.6	21.2	-1.7%	-25.2%	31.6	28.2	24.8	29.7	114.3
China	Samsung	3.5	4.7	+36.5%	+61.4%	2.6	3.0	3.0	3.2	11.8
	Non-Samsung	2.0	2.5	+27.5%	-44.7%	4.0	4.6	2.4	1.8	12.8
	Total	5.5	7.3	+33.3%	-3.0%	6.7	7.5	5.4	5.0	24.6
US		2.0	1.6	-21.8%	-31.3%	3.2	2.3	2.3	2.4	10.2
Total		29.1	30.1	+3.4%	-21.2%	41.5	38.1	32.4	37.1	149.1

※ Subsidiaries establishment date – IMA : June 2012, IMV : March 2013, IMX : July 2013, IMF : April 2014

4. AllenCare

♥ 2Q Result : Sales 107.1 bn / OP KRW 8.3 bn

Solid earnings and healthy cash-flow thanks to stable business-model in pharmaceutical distribution industry



- **Severance : Sales KRW 99.5 bn (+6.6% QoQ, +16.9% YoY)**
- Continuous sales growth from Severance hospital
- **Non-Severance : Sales KRW 7.6 bn (+13.6% QoQ, +30.4% YoY)**
- Sales increase from Chung-Ang Univ. Hospital and pharmaceutical distributors

Unit: KRW bn	2019				2018				
	1Q	2Q	QoQ	YoY	1Q	2Q	3Q	4Q	합계
Sales	100.1	107.1	+7.0%	+17.8%	90.5	91.0	96.6	98.7	376.9
Severance	93.4	99.5	+6.6%	+16.9%	86.1	85.1	90.6	92.1	353.9
Non-Severance	6.7	7.6	+13.6%	+30.4%	4.5	5.8	6.0	6.6	23.0
OP	7.7	8.3	+8.1%	+17.1%	6.9	7.1	7.6	7.4	29.0
OPM(%)	7.7%	7.7%	-	-0.1%	7.7%	7.8%	7.9%	7.5%	7.7%

※ Due to regulations on retail transactions between relatives, medical supplies business of AllenCare was ceased in June 2012. After IMK acquired AllenCare in Mar. 2014, AllenCare resumed its business.

5. Other Subsidiaries

♥ 2Q Result : Sales KRW 38.5 bn / OL KRW 1.1 bn

Unit: KRW mn		2Q 19	1Q 19	QoQ	2Q 18	YoY
Interpark Qubridge	Sales	14,862	15,619	-4.8%	19,249	-22.8%
	OP	-213	-275	Sustained losses	67	Turn red
Guardian	Sales	6,011	5,542	+8.5%	5,740	+4.7%
	OP	-494	-164	Sustained losses	-738	Sustained losses
Interpark International	Sales	10,955	12,099	-9.5%	11,278	-2.9%
	OP	-360	76	Turn red	-21	Sustained losses
Interpark Logistics	Sales	6,698	7,092	-5.6%	5,953	+12.5%
	OP	10	-257	Turn around	-52	Turn around

Appendix 1 Company Introduction

Originally created as Samsung Electronics Internet venture, 9 different Samsung affiliates invested in us before we were transformed into an MRO supplier for the Samsung Group (providing supplies to Samsung manufacturing companies). In 2005, we began offering our services to non-Samsung affiliates and then listed in 2010. In 2011, Samsung sold its 48.7% stake in iMarketKorea to Interpark Holdings Consortium (includes Woori PE (11.5%)).

Company Profile

Company Name	iMarketKorea Inc
Controlling Shareholder	Interpark Holdings Corporation
Date of Foundation	December 8, 2000
Date of IPO	July 30, 2010
Chairman & CEO	Nam, In bong
Paid in Capital	KRW 18.2 billion
# of Employees	426 (As of the end of 2Q 2019)
Website	www.imarketkorea.com

Ownership

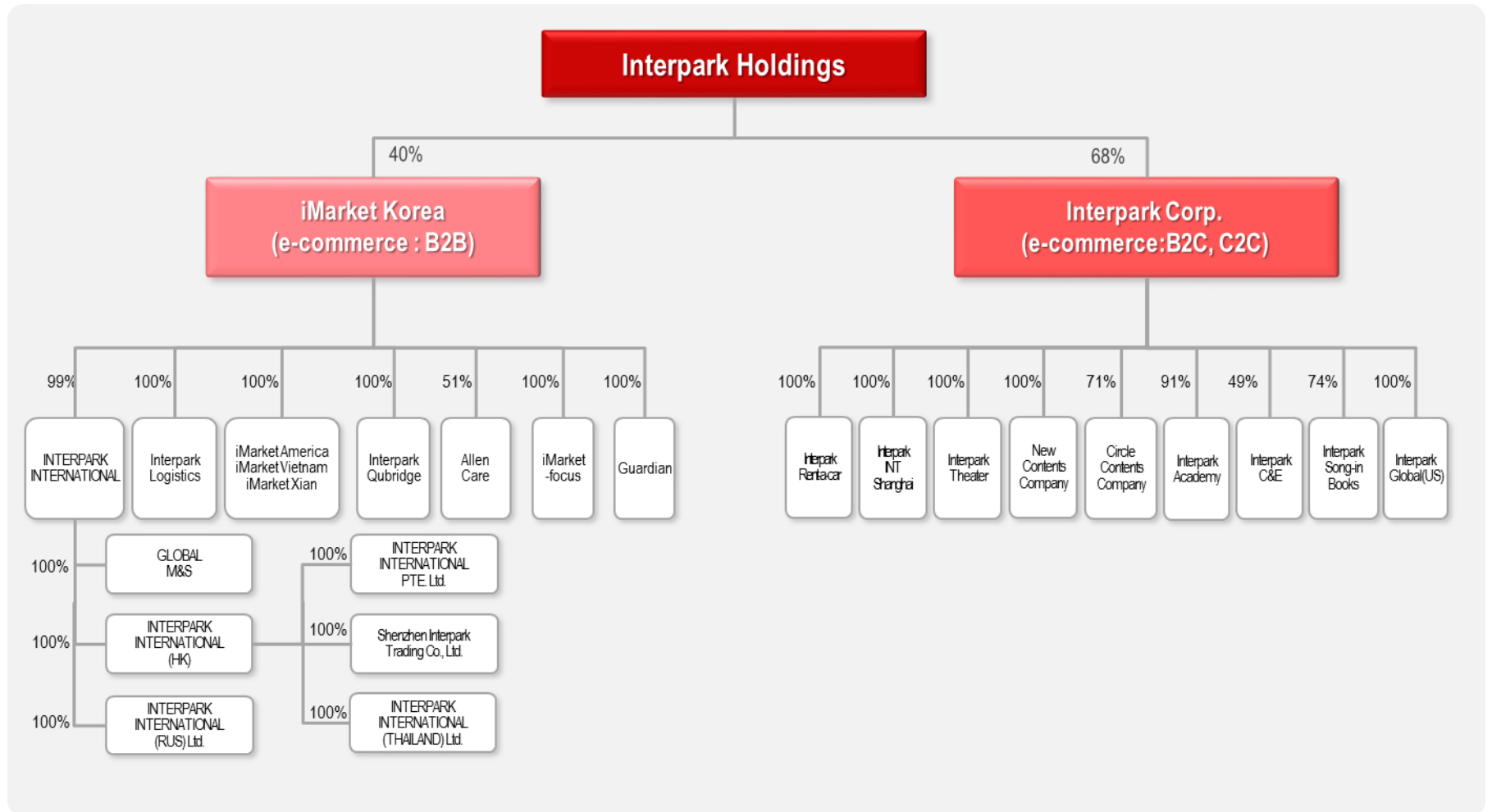
Interpark Holdings Corporation	40.05%
Samsung Electronics and 4 affiliates	8.10%
Baring Asset Management Korea Limited	6.86%
National Pension Service	7.11%
Treasury Stocks	7.35%
Others	30.53%
Total	100.00%

(As of June 30, 2019)

※ National Pension Service's ownership is based on equity disclosure on July 3, 2019

Appendix 2 Organization

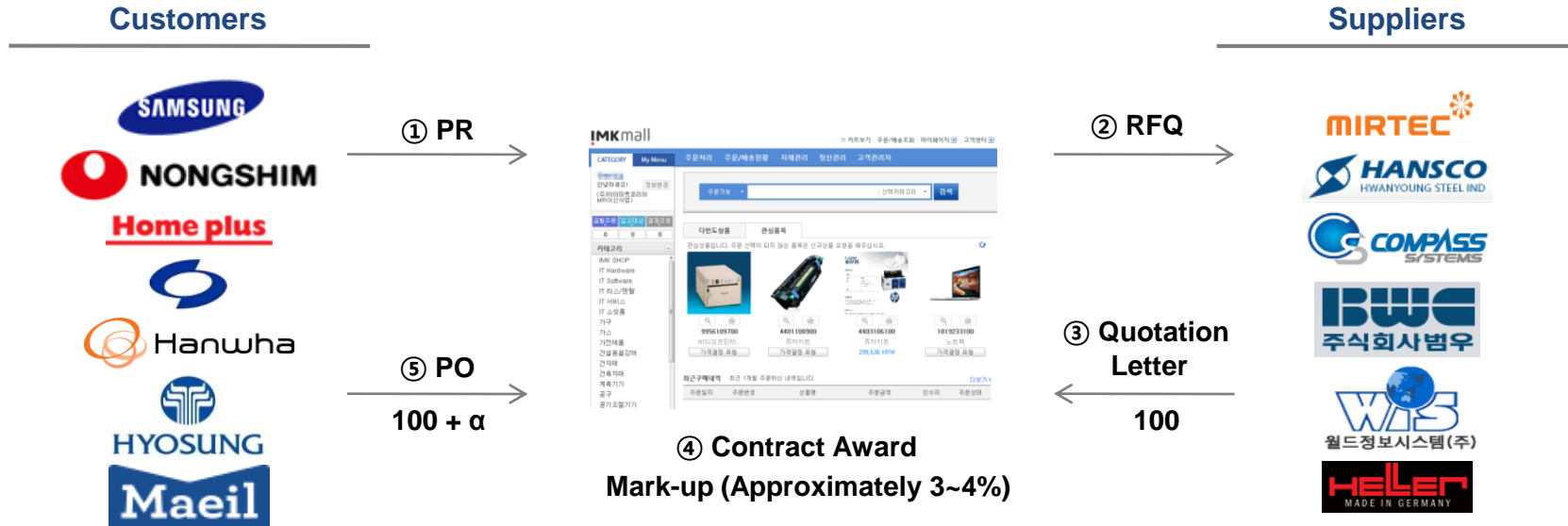
Interpark Corporate Structure



Source: As of Dec 31, 2018

Appendix 3 Business Model

We handle everything related to procurement. We provide procurement services for domestic and overseas customers



• **New large customers in 2018 :**

- 1) LOTTE CHILSUNG BEVERAGE CO.,LTD. 2) HYUNDAI ELECTRIC & ENERGY SYSTEMS CO.,LTD. 3) HAPPYCALL CO.,LTD. 4) DODRAM CO.,LTD., etc.

• **New large customers in 2017 :**

- 1) Taekwang group 2) Borg-Warner Inc 3) Environment management cor 4) Ambassador hotel group 5) TS Corporation, etc.

• **New large customers in 2016 :**

- 1) Vilac 2) Kyung-in synthetic corporation 3) SPC Group 4) Hyosung Group 5) Hanwha General Chemical Co., Ltd., etc

Appendix 4 Product Line-Up

We provide a comprehensive procurement service covering all materials, small MRO units, and distribution of hard-to-get materials and equipment

Industrial Supplies (82%)

Machinery

- Rubber products
- Bearings and Belts
- Welders and Consumables
- General Tools
- Parts

Electric Facilities

- Pipes, Steel valves
- Valves, Bolts
- Lamps
- Work benches, Storage cabinets
- Filters, etc.

Petrochemical

- Water and Waste water treatment agents
- Fuel and Lubricants
- Chemical Appliances
- Gas, etc.

Automation/ Electronic Control

- Measuring Instrument
- Industrial Machines
- Motors
- Barcodes, Marking Machines, etc.

Construction Supplies

- Steel Bar
- Cold Rolled Coil
- Carpet Tile
- Finishing Materials

Raw and Subsidiary Materials

- Production Materials
- Transport Materials
- Electronic Parts
- Packing Materials
- Equipment, etc.

General Supplies (18%)

Office Supplies

- Copying Papers
- Office Products
- Health Machines

IT

- Ink, Toner
- Computer
- Communication Devices, etc.

Household Items

- Cleaning Products
- Food & Confectionaries

Printed Matters

- Brochures
- Envelops and Name Cards

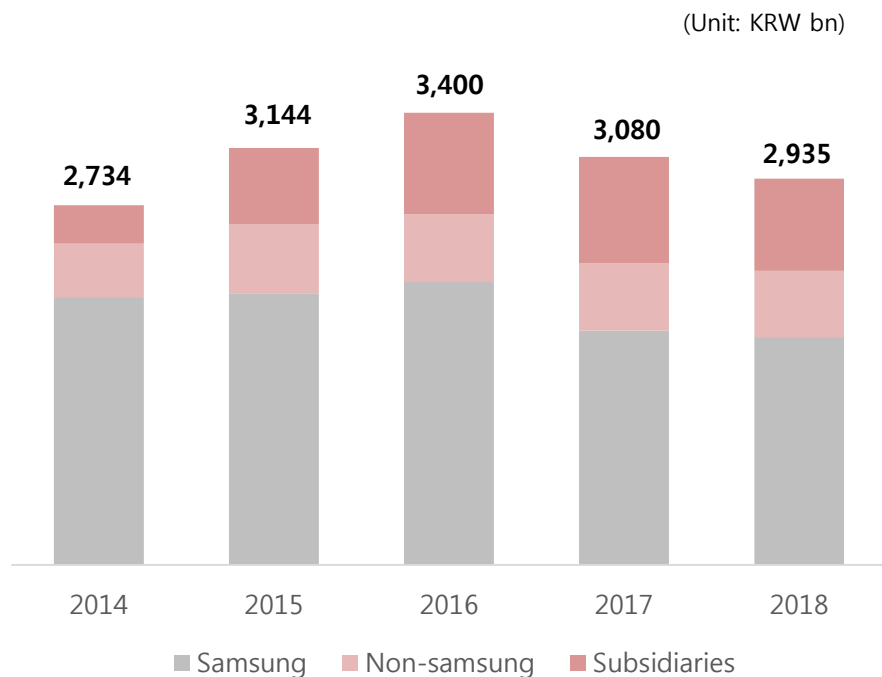
Safety Supplies

- Uniforms
- Safety Goods

Furniture

- Furniture
- Home Appliances

Appendix 5 Historical Earnings



Unit: KRW bn	2014	2015	2016	2017	2018
Samsung	2,049	2,072	2,163	1,791	1,742
Non-Samsung	407	533	520	517	507
Sub-total (Separated)	2,456	2,605	2,683	2,308	2,249
Subsidiaries	294	583	776	813	705
Total (Consolidated)	2,734	3,144	3,400	3,080	2,935

- **Sales to AllenCare and sales from Vietnam rose in 2015**
 - Steady growth from MRO business thanks to Non-Samsung
 - Normalization of AllenCare business
 - Dramatic Growth from Vietnam business
- **External growth from overseas subsidiaries in 2016**
 - Sales growth thanks to healthy sales growth in Samsung affiliates in the second half
 - Growth in IMV, IMF thanks to adopting TOS business model
 - Stable sales growth in Allen care
- **Sales decreased from reduced sales to captive clients in 2017**
 - Sales to Samsung decreased due to the drop of guaranteed sales
 - Growth in IMV thanks to investment in SDV
- **Sales decreased from reduced sales to overseas clients in 2018**
 - Decrease in IMV sales due to reduction in investment from SDV
 - Reduction in sales of low profit customers
 - Stable sales growth in Allen care

Appendix 6 AllenCare

Pharmaceutical distributor for Severance Hospital

Disposed 51% of share to IMK due to the revised law

Acquired AllenCare in order to expand its business into the healthcare market

Company Overview

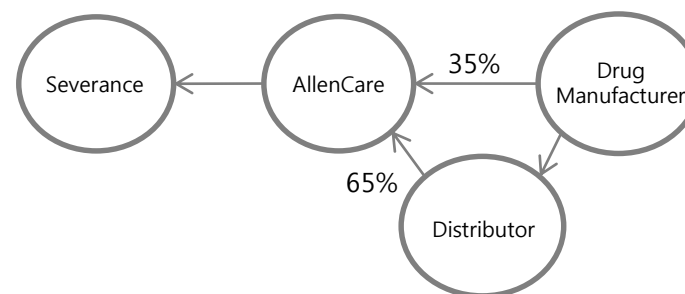
- 1992 : AllenCare Jejung founded by Yonsei University
- 2012 : Pharmaceutical Affairs Act was revised;
 - Jejung suspended supporting ETC products to Yonsei's Severance Hospital
- 2014 : Yonsei University sold a majority stake to IMK
 - Currently, iMarketKorea holds a 51% stake (rest is owned by Yonsei University)

Historical Earnings

(Unit: KRW bn)	Sales	Operating Profit
2015	280.5	27.1
2016	315.1	30.7
2017	342.6	28.9
2018	376.9	29.0
2Q.19	207.2	15.9

※ From 2012, the government prohibited hospitals from getting medical supplies from related parties

Business Model



Background

1) Normalized business by enhancing IMK's purchasing power and systems.

Acquired in Mar 2014, resumed operations in Apr 2014

2) Supported growth of the new cancer center

3) Reflected amortization costs of intangible assets in IMK's consolidated earnings

(KRW 157.6 bn or KRW 570 mn per month)

Appendix 7 Consolidated Financial Statements

Balance Sheet

Unit: KRW bn	2Q.19	2018
Current assets	870.0	865.1
Cash and cash equivalents	151.7	87.2
Account receivables	463.7	4,470
Inventories	78.9	129.6
Other current assets	175.8	201.3
Non-current asset	246.8	213.2
Investments	31.3	30.0
Tangible assets	53.1	13.0
Intangible assets	156.2	162.1
Other non-current assets	6.1	8.2
Total Asset	1,116.8	1,078.3
Current liabilities	621.9	604.1
Account payable	572.0	554.6
Other current liabilities	49.9	49.5
Non-current liabilities	68.5	32.6
Total Liabilities	690.5	636.7
Equity attributable to owners	370.5	379.5
Capital stock	18.2	18.2
Other contributed capital	98.5	105.6
Components of other capital	-0.6	-1.4
Retained earnings	254.5	257.1
Non-controlling interest	55.8	62.0
Total Shareholders' Equity	426.3	441.5

Income Statement

Unit: KRW bn	2Q.19	2018	2017
Revenue	1,473.4	2,935.2	3,080.5
Gross Profit	82.7	153.9	155.5
Selling and administrative expenses	55.8	117.7	121.5
Salaries	20.7	41.6	43.1
IT expenses	3.7	7.3	7.1
Commission	6.5	15.1	15.1
Rents	3.3	8.7	9.8
Depreciation	2.0	2.0	2.1
Amortization	6.4	12.6	12.1
Others	13.1	30.4	32.2
Operating Profit	26.9	36.2	34.0
Other Profit	4.5	13.9	14.2
Other expenses	7.2	14.6	21.7
Finance income	4.6	2.4	3.5
Finance expenses	1.5	0.6	0.6
Losses in associates and subsidiaries	-0.4	2.6	-
Pre-tax Profit	26.8	34.7	29.3
Net Profit	17.7	20.7	15.7

Appendix 8 Separate Financial Statements

Balance Sheet

Unit: KRW bn	2Q.19	2018
Current assets	595.0	587.0
Cash and cash equivalents	127.3	66.8
Account receivables	268.4	256.5
Inventories	39.7	89.5
Other current assets	159.6	174.3
Non-current asset	194.9	160.5
Investments	138.0	133.2
Tangible assets	43.8	10.7
Intangible assets	8.8	10.3
Other non-current assets	4.2	6.2
Total Asset	789.9	747.5
Current liabilities	373.4	364.5
Account payable	349.0	346.6
Other current liabilities	24.4	17.8
Non-current liabilities	34.9	1.4
Total Liabilities	408.4	365.9
Paid-in Capital	18.2	18.2
Other Paid-in Capital	93.6	100.7
Earned Surplus	269.7	262.8
Total Equity	381.5	381.6

Income Statement

Unit: KRW bn	2Q.19	2018	2017
Revenue	1,141.1	2,248.9	2,307.9
Gross Profit	48.5	85.2	84.2
Selling and administrative expenses	31.4	63.1	66.2
Salaries	13.4	24.4	25.0
IT expenses	3.5	7.4	7.1
Commission	3.4	7.5	7.4
Rents	2.1	4.1	4.6
Depreciation	0.7	1.2	1.2
Amortization	2.0	4.0	3.9
Others	6.3	14.6	17.1
Operating Profit	17.1	22.0	18.0
Other profit	16.0	17.2	25.8
Other expenses	7.0	7.3	12.2
Finance income	4.6	8.6	4.6
Finance expenses	1.1	0.8	0.3
Losses in associates and subsidiaries	-	13.3	-
Pre-tax Profit	29.6	26.5	23.0
Net Profit	22.4	18.1	14.6

Thank you

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