



# 2019 3Q BUSINESS RESULTS

This material is based on non-audited financial statements for 2019 3Q and released for investors' convenience only. Please note that readers should be aware this material is subject to revision during the course of audit.

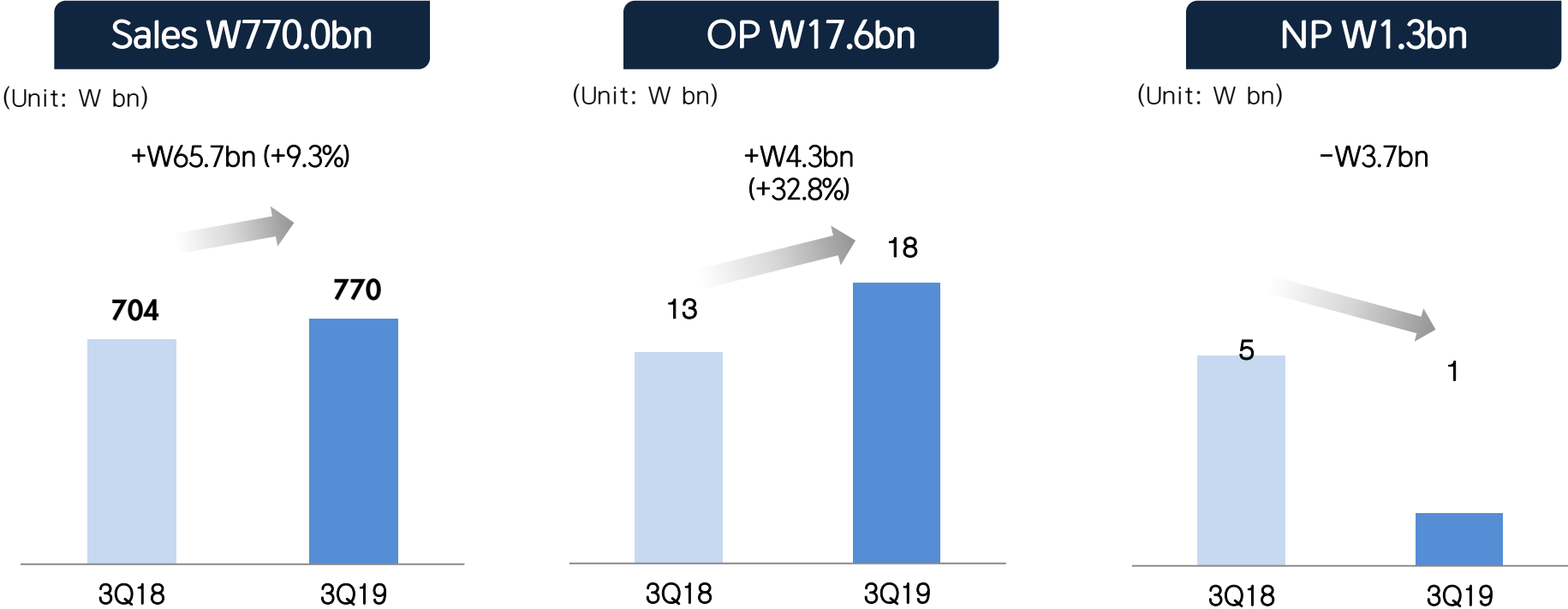
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# 1. BUSINESS RESULT HIGHLIGHTS

DESPITE CONTINUOUS HOSTILE MARKET CONDITION, SALES/OP IS ON A STEADY RISE

NP CONTRACTED DUE TO FO RELATED ONE-OFF NON-OP EXPENSES

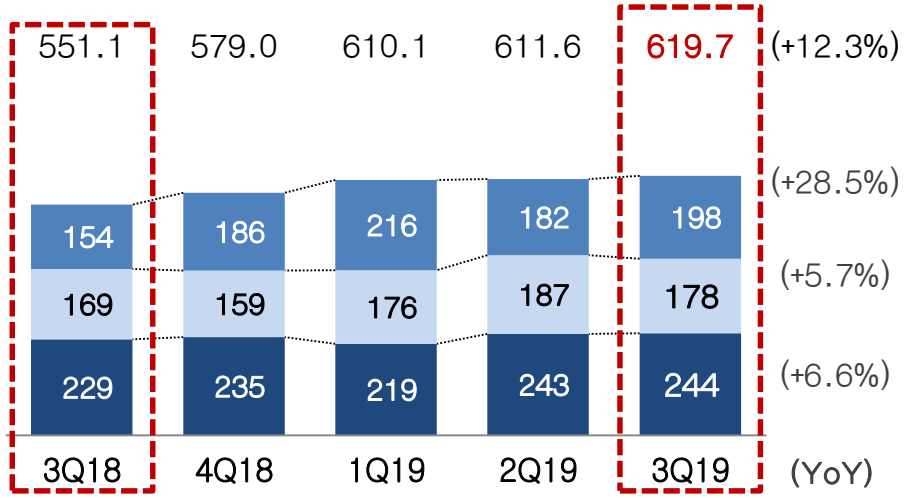


# 2. EARNINGS ANALYSIS BY DIVISION

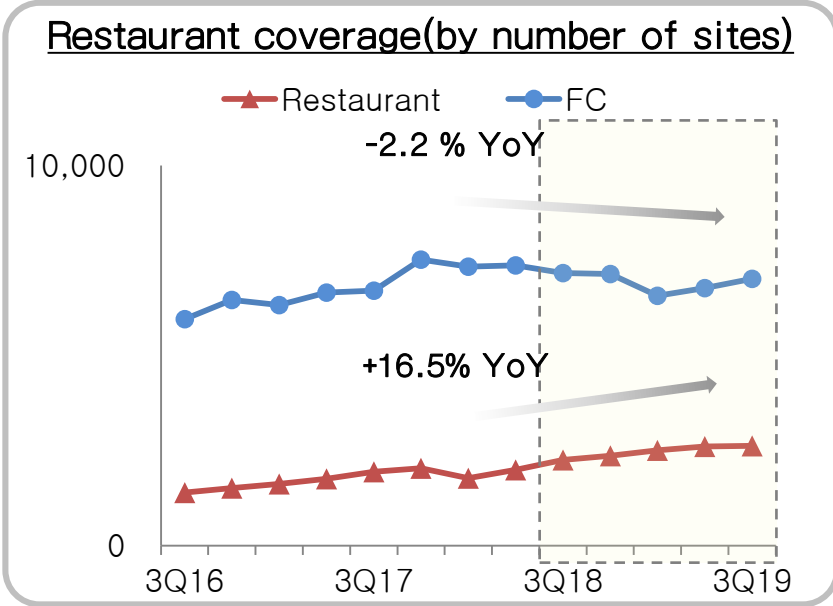
## 2-1. FMD

**FMD W619.7bn**

(Unit: W bn)



■ Restaurant/Catering ■ FreshOne ■ Wholesale/Factory



**[Restaurant/Catering] W244.0bn (+W15.1bn, +6.6% YoY)**

- Despite slowing local restaurant business, FC/restaurant department continues to improve GPM throughout the year
- Improved margin spread via increased logistics efficiency

**[FreshOne] W178.1bn (+W9.6bn, +5.7% YoY)**

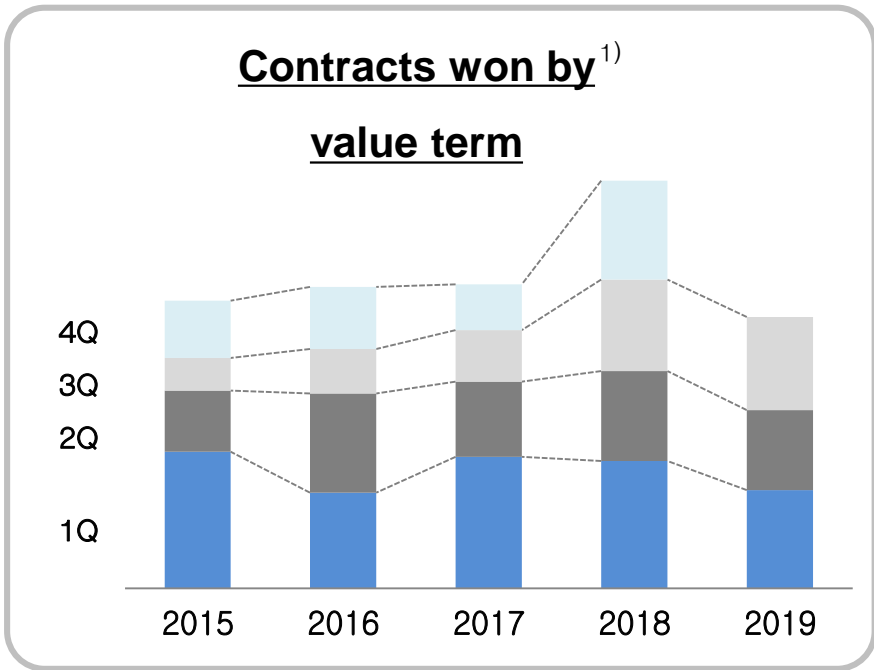
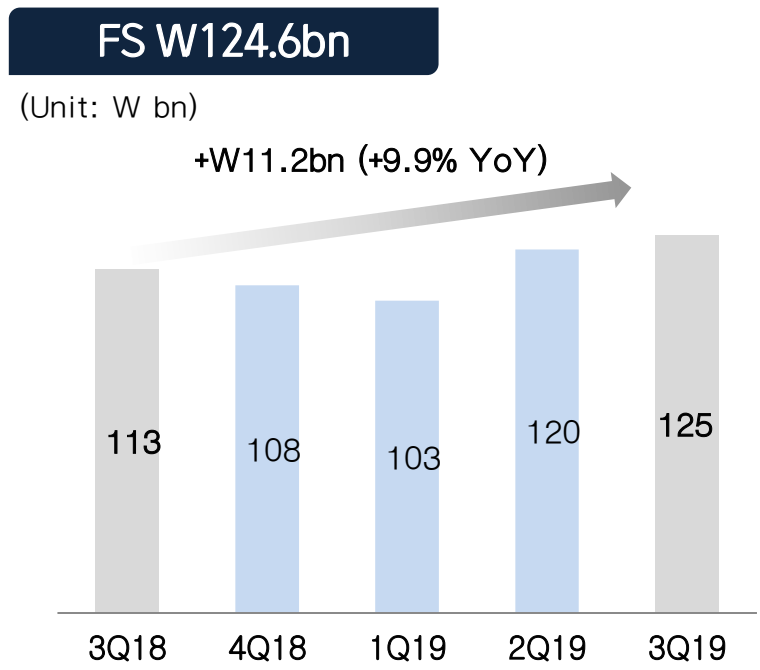
- Standalone: Sales W195.9bn(+6.6% YoY), GP W18.1bn(-0.4bn), OP W0.7bn(-1.3bn)

**[Wholesale/Factory] W197.6bn (+W43.9bn, +28.5% YoY)**

- Sales to CJFV continues to decline as it decide on one of the biggest closure of its FC restaurants

# 2. EARNINGS ANALYSIS BY DIVISION

## 2-2. FS



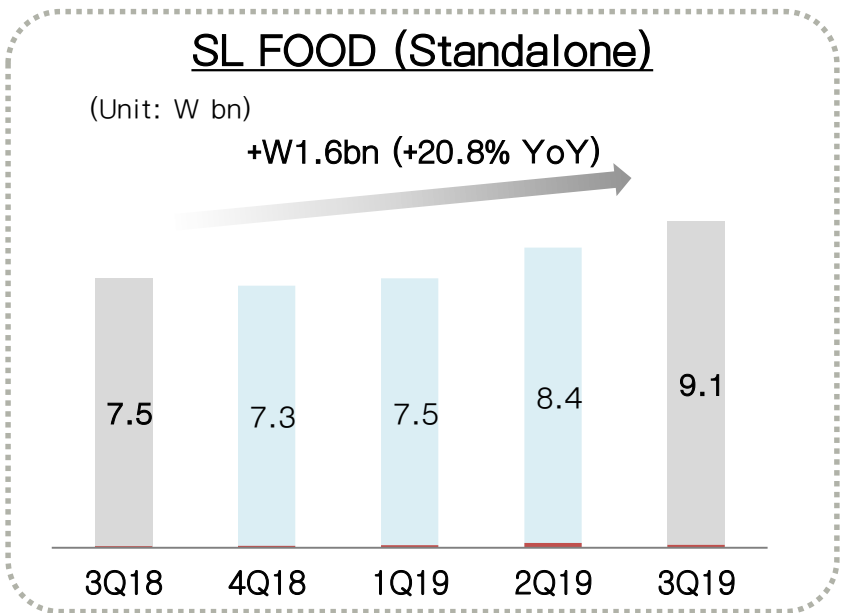
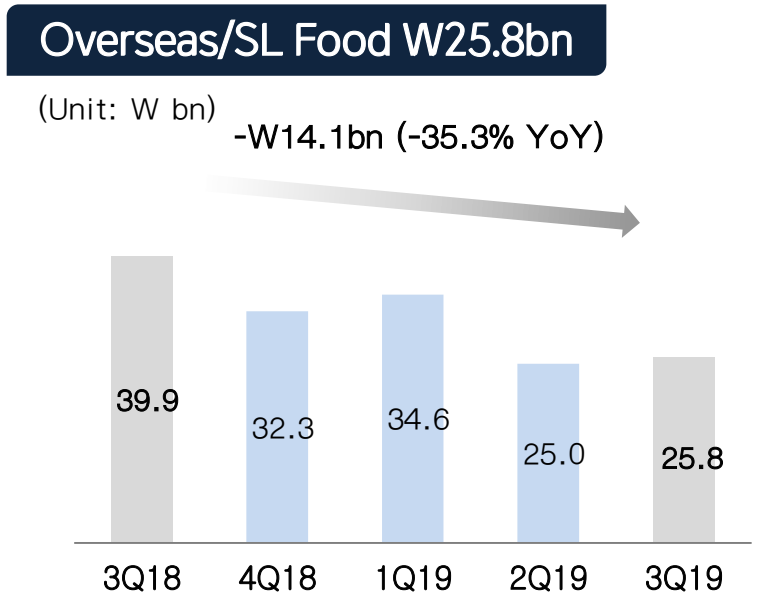
**[FS] Sales W124.6bn (+W11.2bn, +9.9% YoY)**

- New orders: Concentrated in the areas of healthcare, leisure, and industrial centers
- Via demarketing and contract condition changes, enabled improvement of margin structure
- Improved market condition for the leisure sector contributed to the growth of sales

1) Projected annual sales

# 2. EARNINGS ANALYSIS BY DIVISION

## 2-3. OVERSEAS & SONGLIM FOOD

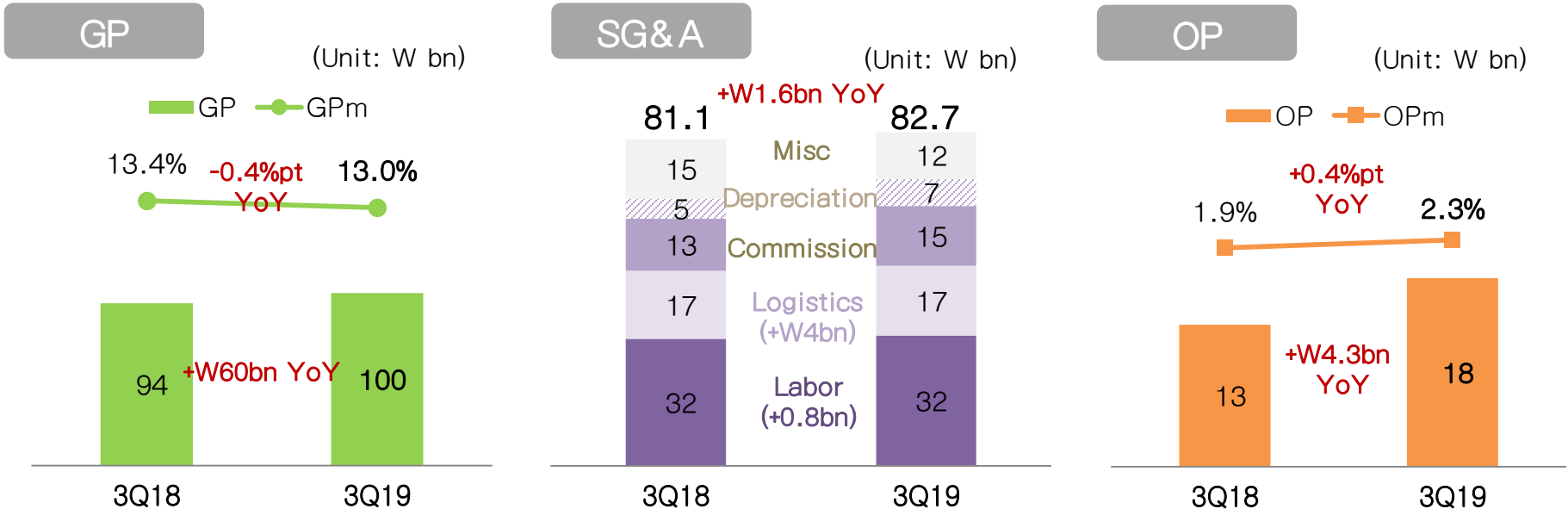


[Overseas & SL Food] Sales W25.8bn (-W14.1bn, -35.3% YoY)

- Overseas: (Standalone) Sales decreased -31% YoY
- SL Food : Continuous flow of new orders yielded stable sales growth +21% YoY
- J Farms : Newly acquired subsidiary specialized in processing agricultural products

# 3. OPERATING INCOME ANALYSIS

\* OP/NON-OP REFLECTS CHANGES IN LEASE RELATED ACCOUNTING GUIDELINE



- GP : W100.3bn(+W6.0bn YoY), GPm 13.0%(-0.4%pt YoY)
- SG&A : W82.7bn(+W1.6bn, +2.0% YoY)
- OP : W17.6bn(+W4.3bn YoY), OPm 2.3%(+0.4%pt YoY)
- Accounting guideline changes on leased properties
  - OP changes : Lease expense -W5.8bn, Depreciation +W5.5bn
  - Interest Expense : +W1.7bn

## 4. NON-OPERATING INCOME & EXPENSE

- IFRS GUIDELINE CHANGE, MAIN FACTOR FOR INCREASED INTEREST EXPENSE

(Unit: W bn)	3Q18	3Q19	CHG
Interest Expense	-2.1	-4.8	-2.7
F/X Gain (Loss)	0.9	-0.4	-1.3
Donation	-2.5	-3.0	-0.5
Miscellaneous	-2.7	-7.0	-4.3
<b>Total</b>	<b>-6.4</b>	<b>-15.2</b>	<b>-8.9</b>



# 5. FINANCIAL STATEMENT

## 5-1. SUMMARY OF INCOME STATEMENT

(Unit: W bn)

	3Q18	2Q19	3Q19	YoY	(%)	QoQ	(%)
<b>Total Revenue</b>	704.3	756.5	770.1	65.7	9.3%	13.5	1.8%
- Food material distribution	551.1	611.6	619.7	68.6	12.4%	8.1	1.3%
Restaurant/catering	229.0	242.6	244.0	15.1	6.6%	1.5	0.6%
FreshOne	168.5	187.4	178.1	9.6	5.7%	(9.4)	-5.0%
Wholesale/ factories	153.7	181.7	197.6	43.9	28.5%	15.9	8.8%
- Catering service(domestic)	113.3	119.9	124.6	11.2	9.9%	4.6	3.9%
- Overseas & others	39.9	25.0	25.8	(14.1)	-35.3%	0.8	3.3%
<b>Gross profit</b>	94.3	102.3	100.3	6.0	6.3%	(2.0)	-1.9%
<b>SG&amp;A</b>	81.1	82.9	82.7	1.6	2.0%	(0.2)	-0.3%
<b>Operating profit</b>	13.3	19.4	17.6	4.3	32.8%	(1.7)	-9.0%
<b>EBIT</b>	6.9	10.7	2.4	(4.5)	-65.6%	(8.3)	-77.8%
<b>Net profit</b>	5.0	7.7	1.3	(3.8)	-75.0%	(6.5)	-83.8%

# 5. FINANCIAL STATEMENT

## 5-2. SUMMARY OF BALANCE SHEET

(Unit : W bn)	2015	2016	2017	2018	3Q19
Current Asset	418.5	469.1	506.7	469.1	527.4
Cashable Asset	11.0	12.4	54.7	26	22.1
A/R	212.8	250.2	269.2	203.7	252.7
Inventory	171.7	184.5	154.2	210.4	212.6
Others	23.0	22	28.6	29	40.0
Non-Current Asset	340.3	381.4	394.4	448.2	646.5
Investment in JV & affiliates	0.4	0.5	1.1	0	0.0
Tangible Asset	225.4	241.9	254.3	301.1	369.2
Intangible Asset	79.8	105	95.6	93.1	108.8
Real estate	16.4	12.1	11.8	0.5	109.7
Others	18.4	21.9	31.5	53.5	58.8
<b>Total Asset</b>	<b>758.8</b>	<b>850.5</b>	<b>901.1</b>	<b>917.3</b>	<b>1,173.9</b>
Current Liabilities	462.6	433.5	512.8	567.3	624.9
Non-Current Liabilities	90.7	175	152.8	97.2	293.7
<b>Total Liabilities</b>	<b>553.3</b>	<b>608.5</b>	<b>665.7</b>	<b>664.5</b>	<b>918.7</b>
<b>Total Shareholders' Equity</b>	<b>205.5</b>	<b>242</b>	<b>235.5</b>	<b>252.9</b>	<b>255.2</b>

### ❖ Key Financial Index

(Unit: W bn, %)	2018	3Q19	CHG
Liability to Equity Ratio	263%	359.9%*	97.2%p
Debt to Equity Ratio	109%	121%	11.9%p
Net Debt to Equity Ratio	99%	112%	13.5%p
Total Borrowings(W bn)	2,758	3,088	330
Net Borrowings(W bn)	2,498	2,866	368

(\*) When accounting change effect reversed debt ratio drops to 305%



# **INVESTOR RELATIONS**

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