COMPANY UPDATE

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Cheil Worldwide (030000)

Steady growth and unrivaled competitiveness

- Cheil Worldwide reported 4Q operating profit of KRW90.4b (up 9.7% y-y), meeting recently-lowered consensus.
- With the advertising market undergoing structural transformation, the agency should stay on its growth trajectory by expanding its service coverage and develop new marketing strategies (where compensation is directly tied to advertiser revenue).

WHAT'S THE STORY?

4Q review—in line with consensus: Cheil Worldwide logged 4Q gross profit of KRW485.3b (up 6.7% y-y) and operating profit of KRW90.4b (up 9.7% y-y), both meeting recently-lowered market expectations. Despite a low base (from external risks in 4Q24), 4Q results fell short of our previous estimate amid sluggish conditions in the domestic advertising market. The parent's gross margin rose only 2% y-y. Meanwhile, ongoing investments in talent, particularly in digital businesses, increased labor cost y-y. Nevertheless, efficient control of other SG&A expenses helped improve the operating margin to 18.6% (up 0.5%pt y-y).

2026 guidance and outlook: The global advertising market is facing a structural transformation as a result of AI technology advancements, economic slowdown, emergence of new media platforms, and improving efficiency of media execution. Advertisers are increasingly allocating more budgets toward performance-based marketing that directly drives product and service sales. Cheil Worldwide has set a 2026 guidance of 5% gross profit growth and maintaining an operating margin of 18% (in line with 2025). The agency plans to: 1) expand into high-growth, platform-based business areas such as homepage management and CRM; 2) develop new marketing strategies, where compensation is directly tied to advertiser revenue; 3) make AI-based solutions to create new revenue streams; and 4) invest in future businesses via M&As while streamlining back-office functions to protect margins.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW25,000	18.5%
Current price	**KRW21,100**	
Market cap	KRW2.4t/USD1.6b	
Shares (float)	115,041,225 (59.6%)	
52-week high/low	KRW23,150/KRW17,100	
Avg daily trading value (60-day)	KRW8.4b/ USD5.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Cheil Worldwide (%)	1.2	7.8	22.8
Vs Kospi (%pts)	-11.9	-32.1	-37.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	25,000	25,000	0.0%
2025E EPS	1,804	1,806	-0.1%
2026E EPS	2,068	2,124	-2.6%

SAMSUNG vs THE STREET

No of estimates	11
Target price	25,727
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,199.7	3.0	0.9	0.2	1.0
Operating profit	90.4	9.7	-5.7	-4.1	-0.5
Pre-tax profit	89.4	35.3	-9.4	-7.4	-7.3
Net profit	64.4	66.0	-0.8	-1.6	-8.9
Margins (%)					
Operating profit	7.5				
Pre-tax profit	7.5				
Net profit	5.4				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	9.4	11.6	10.2
P/B	1.2	1.4	1.3
EV/EBITDA	3.2	4.3	3.9
Div yield (%)	7.3	5.9	6.7
EPS growth (% y-y)	10.8	0.0	14.6
ROE (%)	15.1	13.7	14.7
Per-share data (KRW)			
EPS	1,804	1,804	2,068
BVPS	14,396	15,465	16,584
DPS	1,230	1,230	1,410

Maintaining BUY: Cheil Worldwide should sustain stable growth by reinforcing its capabilities in high-potential business areas. The agency announced a shareholder returns policy for 2025-2027, maintaining a dividend payout ratio of 60% based on consolidated net income. Considering the one-off non-operating losses (related with convertible bond valuation and forex fluctuations) in 2025, we forecast 2026 consolidated net income growth will outpace operating profit growth.

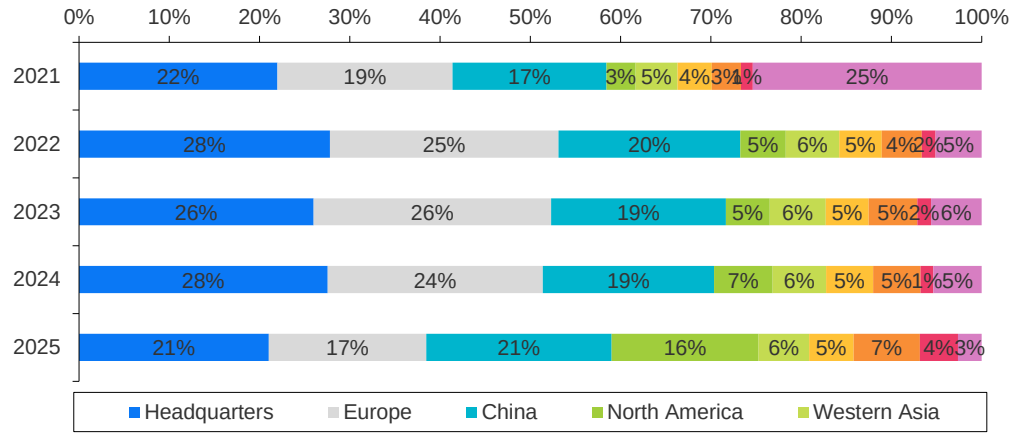
Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**1,018.0**	**1,089.4**	**1,072.5**	**1,164.3**	**1,039.4**	**1,118.8**	**1,188.9**	**1,199.7**	**1,102.4**	**1,230.0**	**1,225.3**	**1,311.2**	**4,344.3**	**4,546.9**	**4,869.0**	**5,167.2**
Parent	300.7	363.2	351.9	372.1	303.4	361.4	354.8	366.4	296.9	400.6	361.6	382.4	1,387.9	1,386.0	1,441.4	1,495.9
Four major media outlets	7.3	10.3	12.0	15.1	8.0	9.8	10.7	15.6	9.0	12.3	10.1	13.5	44.7	44.0	44.9	45.3
Cable TV/internet	9.2	13.4	16.0	20.1	11.4	15.0	15.2	18.6	12.7	18.5	16.3	19.1	58.7	60.1	66.6	72.0
Production/promotions	284.2	339.5	323.9	336.9	284.1	336.6	328.9	332.2	275.3	369.7	335.2	349.8	1,284.5	1,281.8	1,330.0	1,378.6
Consolidated subsidiaries	717.3	726.3	720.6	792.1	736.0	757.4	834.1	833.3	805.5	829.5	863.7	928.9	2,956.3	3,160.9	3,427.5	3,671.3
Gross profit	**390.7**	**453.4**	**428.5**	**454.8**	**433.5**	**483.8**	**457.4**	**485.3**	**457.4**	**516.1**	**495.5**	**523.4**	**1,727.5**	**1,859.9**	**1,992.5**	**2,115.7**
Parent	75.7	105.8	96.8	95.2	85.9	106.8	101.0	97.1	81.8	103.6	95.2	110.6	373.5	390.8	391.2	407.4
Four major media outlets	7.3	10.3	12.0	15.1	8.0	9.8	10.7	15.6	9.0	12.3	10.1	13.5	44.7	44.0	44.9	45.3
Cable TV/internet	9.2	13.4	16.0	20.1	11.4	15.0	15.2	18.6	12.7	18.5	16.3	19.1	58.7	60.1	66.6	72.0
Production/promotions	59.2	82.1	68.7	60.0	66.5	82.0	75.2	62.9	60.1	72.7	68.8	78.1	270.1	286.6	279.8	290.1
Consolidated subsidiaries	315.0	347.6	331.7	359.6	347.6	377.0	356.4	388.1	375.7	412.5	400.3	412.8	1,354.0	1,469.1	1,601.2	1,708.3
SG&A costs	336.2	365.2	332.9	372.4	375.0	391.7	361.5	394.9	398.3	417.8	391.3	423.0	1,406.7	1,523.0	1,630.5	1,728.7
SG&A costs-to-sales ratio	33.0	33.5	31.0	32.0	36.1	35.0	30.4	32.9	36.1	34.0	31.9	32.3	32.4	33.5	33.5	33.5
Operating profit	**54.5**	**88.2**	**95.6**	**82.4**	**58.5**	**92.1**	**95.9**	**90.4**	**59.1**	**98.3**	**104.2**	**100.4**	**320.7**	**336.9**	**362.0**	**387.0**
OP-to-GP ratio (%)	14.0	19.5	22.3	18.1	13.5	19.0	21.0	18.6	12.9	19.0	21.0	19.2	18.6	18.1	18.2	18.3
Pre-tax profit	63.4	93.1	90.9	66.1	41.9	74.7	98.7	89.4	59.7	97.2	104.7	97.8	313.5	304.7	359.4	376.8
Net profit (controlling)	**42.7**	**64.7**	**61.5**	**38.6**	**28.3**	**50.8**	**64.7**	**63.7**	**38.7**	**64.7**	**66.3**	**68.3**	**207.5**	**207.5**	**237.9**	**248.2**
Growth (% y-y)																
Sales	**8.1**	**12.2**	**-0.5**	**1.5**	**2.1**	**2.7**	**10.9**	**3.0**	**6.1**	**9.9**	**3.1**	**9.3**	**5.0**	**4.7**	**7.1**	**6.1**
Parent	5.5	16.7	19.7	5.2	0.9	-0.5	0.8	-1.5	-2.1	10.8	1.9	4.4	11.6	-0.1	4.0	3.8
Four major media outlets	2.1	0.2	29.5	9.5	8.9	-5.2	-10.9	3.3	12.7	26.5	-5.6	-13.7	10.4	-1.6	1.9	0.9
Cable TV/internet	1.8	-4.8	9.5	9.8	24.0	11.9	-5.3	-7.4	11.4	23.5	7.5	2.7	4.8	2.5	10.7	8.1
Production/promotions	5.7	18.3	19.9	4.8	-0.0	-0.8	1.5	-1.4	-3.1	9.8	1.9	5.3	11.9	-0.2	3.8	3.7
Consolidated subsidiaries	9.3	10.0	-8.1	-0.2	2.6	4.3	15.8	5.2	9.4	9.5	3.5	11.5	2.1	6.9	8.4	7.1
Gross profit	**7.3**	**6.8**	**6.9**	**6.0**	**10.9**	**6.7**	**6.8**	**6.7**	**5.5**	**6.7**	**8.3**	**7.9**	**6.7**	**7.7**	**7.1**	**6.2**
Parent	6.2	4.2	9.9	7.8	13.4	0.9	4.4	2.0	-4.8	-3.0	-5.8	13.9	7.0	4.6	0.1	4.1
Four major media outlets	2.1	8.6	19.3	9.5	8.9	-5.0	-11.1	3.3	12.7	26.5	-5.7	-13.7	10.4	-1.6	1.9	0.9
Cable TV/internet	1.8	-4.8	9.5	9.8	24.0	11.9	-5.3	-7.4	11.4	23.5	7.5	2.7	4.8	2.5	10.7	8.1
Production/promotions	7.4	5.3	8.5	6.7	12.3	-0.1	9.4	4.8	-9.6	-11.3	-8.4	24.1	6.9	6.1	-2.4	3.7
Consolidated subsidiaries	7.6	7.6	6.0	5.5	10.3	8.4	7.4	7.9	8.1	9.4	12.3	6.3	6.6	8.5	9.0	6.7
SG&A	8.2	7.4	8.3	5.4	11.5	7.2	8.6	6.0	6.2	6.7	8.2	7.1	7.3	8.3	7.1	6.0
SG&A costs-to-sales ratio	0.0	-1.5	2.5	1.2	3.0	1.5	-0.6	0.9	0.1	-1.0	1.5	-0.7	0.7	1.1	-0.0	-0.0
Operating profit	**2.1**	**4.2**	**2.3**	**8.4**	**7.2**	**4.4**	**0.3**	**9.7**	**1.1**	**6.7**	**8.7**	**11.1**	**4.3**	**5.0**	**7.5**	**6.9**
OP-to-GP ratio (%pts)	-0.7	-0.5	-1.0	0.4	-0.5	-0.4	-1.3	0.5	-0.6	0.0	0.1	0.6	-0.4	-0.5	0.1	0.1
Pre-tax profit	5.5	2.6	-9.4	96.5	-33.9	-19.8	8.5	35.4	42.4	30.2	6.1	9.3	10.1	-2.8	17.9	4.8
Net profit (controlling)	**7.5**	**0.6**	**-6.1**	**118.0**	**-33.7**	**-21.4**	**5.2**	**65.1**	**36.6**	**27.2**	**2.4**	**7.3**	**10.8**	**0.0**	**14.6**	**4.3**

Note: Full impairment loss (KRW20b) was recognized on CBs issued by EVR Studio in 1Q25 as a non-operating expense;
Non-operating losses came to KRW17.4b in 2Q25 (vs a non-operating profit of KRW4.9b in 2Q24), weighed down by forex losses from the won's appreciation against the US dollar

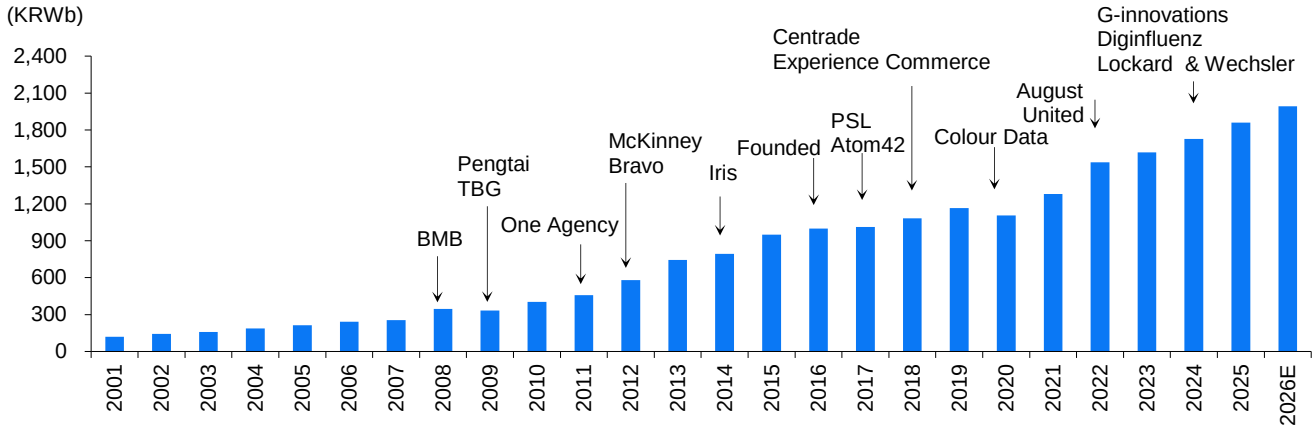
Source: Company data, Samsung Securities

Chart 1. Results and forecasts



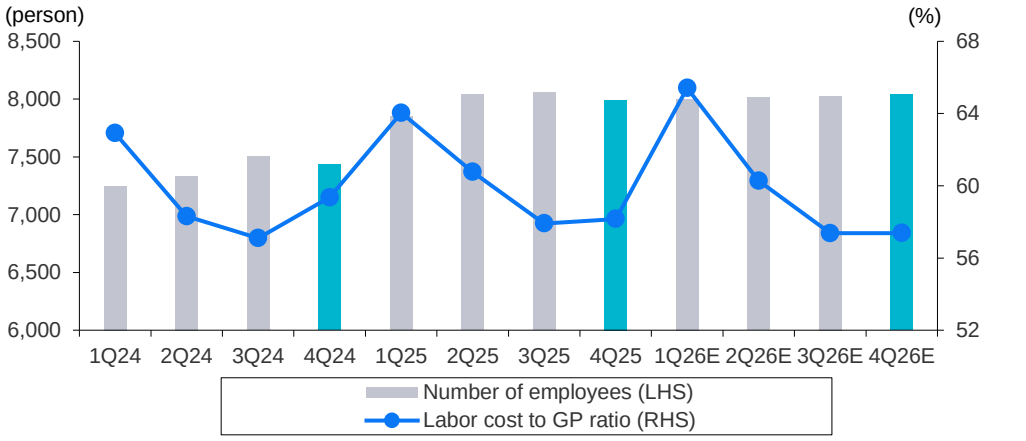
Source: Company data, Samsung Securities

Chart 2. Gross profit vs M&A activity



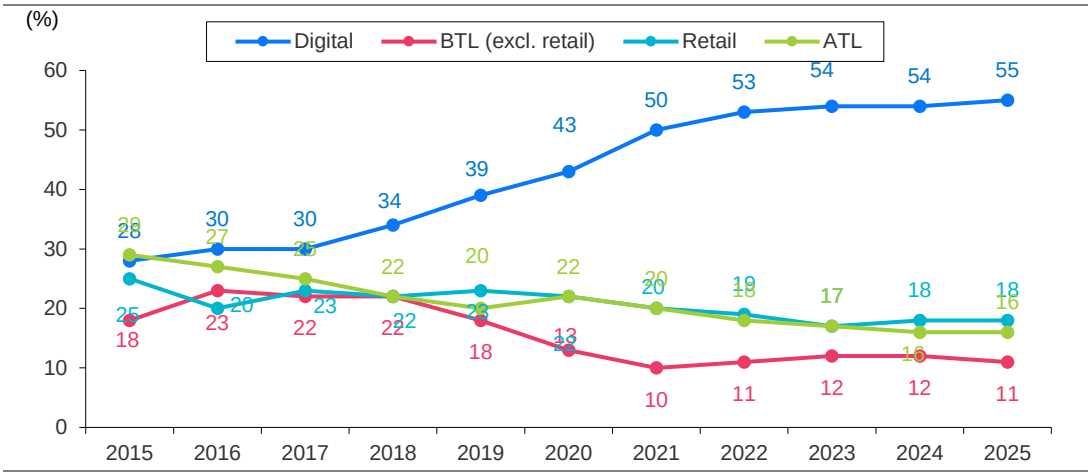
Source: Company data, Samsung Securities

Chart 3. Number of employees and labor cost-to-gross profit ratio



Source: Company data, Samsung Securities estimates

Chart 4. Contribution to gross profit, by segment



Source: Company data, Samsung Securities

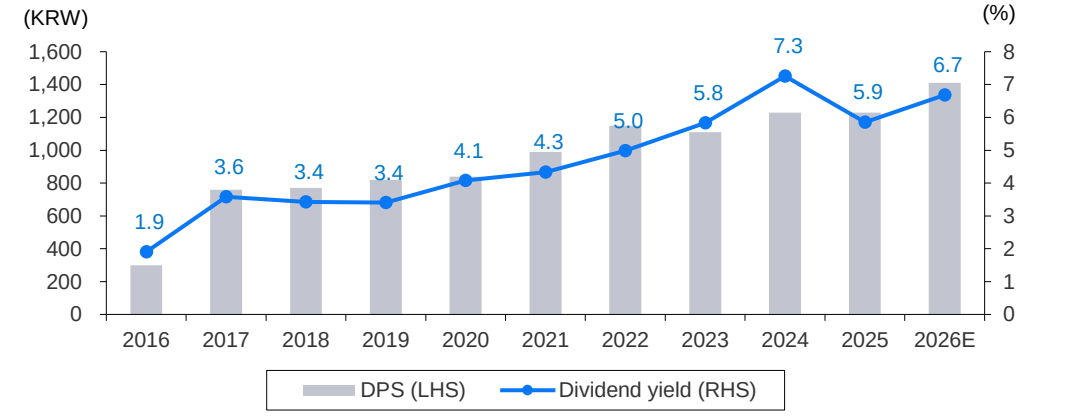
Table 2. Major subsidiaries' sales and gross profit

Country	Subsidiaries	Category	2023	2024	Chg (% y-y)	1Q-3Q24	1Q-3Q25	Chg (% y-y)
China	Pengtai Interactive Advertising	Sales	382.6	301.1	-21.3	253.6	236.4	-6.8
		Gross profit	72.9	82.2	12.7	58.3	56.1	-3.7
Europe	Cheil Germany GmbH	Sales	224.8	310.4	38.1	215.2	226.4	5.2
		Gross profit	84.5	97.3	15.2	70.2	78.7	12.0
	Cheil Europe LT	Sales	68.1	74.0	8.7	55.2	62.7	13.6
		Gross profit	29.6	29.7	0.2	22.3	26.5	18.5
US	Cheil USA Inc	Sales	188.0	211.3	12.4	160.2	161.4	0.7
		Gross profit	77.6	86.0	10.7	65.6	73.8	12.5
	McKinney Ventures LLC	Sales	132.2	141.0	6.7	107.6	141.9	31.9
		Gross profit	96.3	98.7	2.5	73.6	79.5	8.1
	Lockard & Wechsler LLC	Sales	439.1	496.6	13.1		27.3	n/a
		Gross profit	30.7	35.2	14.9		27.3	n/a

Note: Only includes subsidiaries with robust revenue and total assets exceeding KRW75b in recent fiscal year
Lockard & Wechsler was acquired in Dec 2024 and consolidated in 1Q25

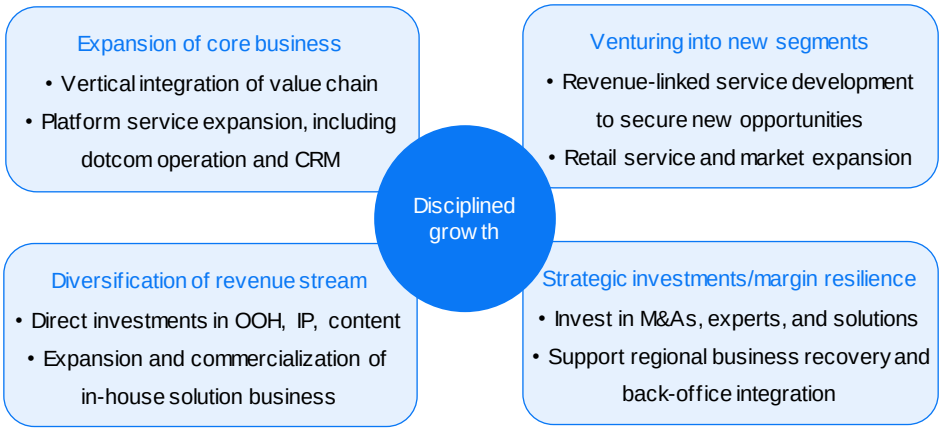
Source: Dart, Company data, Samsung Securities

Chart 5. DPS and dividend yield



Source: Company data, Samsung Securities estimates

Chart 6. 2026 guidance: Full-year gross profit to grow 5%, operating margin to stay at 18%



Source: Company data, Samsung Securities

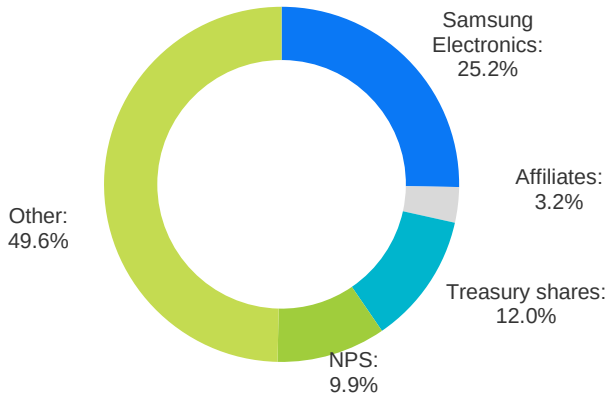
Table 3. M&A activities

Company	Acquisition date	Country	Est.	Business area	Main clients
BMB	Nov 2008	UK	1999	Creative	Bill & Melinda Gates Foundation, LinkedIn
Pengtai (formerly OpenTide China)	Sep 2009	China	2000	Digital marketing	Industrial and Commercial Bank of China, China Mobile, China Unicom
The Barbarian Group (TBG)	Dec 2009	US	2001	Digital creative	GE, Google, Pepsi, IBM
One Agency	2011	UAE	2011	Retail	Samsung Electronics, GM, LS
McKinney	Jul 2012	US	1969	Creative	CarMax, Crocs, Mentos
Bravo Asia	Aug 2012	China	2006	Creative	Pepsi, Porsche, Moet Hennessy
Iris	Nov 2014	UK	1999	Digital retail	Shell, Guinness, Johnnie Walker
Founded	Apr 2016	UK	2012	B2B marketing	Uniqlo, Sony, SAP
Pricing Solutions Limited (PSL)	Mar 2017	Canada	1993	B2B marketing	Lego, Allegan
Atom42	Nov 2017	UK	2007	Digital marketing	NAH, Drinkaware, Match.com
Centrade	May 2018	Romania	1993	Digital marketing	P&G, Raiffeisen
Experience Commerce	Jun 2018	India	2006	Digital marketing	Lenovo, MRF, Wipro
89 Degrees	Nov 2018	US	1996	Marketing strategy	Ikea, Jeep, Marriot
WDMP	Nov 2018	UK	2002	Creative	Wyevale Garden Centre, Wonga
Fixers Group	Nov 2018	Netherlands	2005	Marketing strategy	Adidas, Heineken, Shell, Reebok
Colour Data	Jun 2020	China	2014	Digital Marketing	Samsung Electronics, Pfizer, Schneider Electric
August United	Dec 2022	UK	1999	Influencer Marketing	Samsung Electronics Henkel, Kroger, CircleK, Microsoft
g-innovations	Apr 2024	US	2008	Marketing tech	Samsung
Diginfluenz Private Limited	Oct 2024	India	2020	Digital marketing	Flipkart, Tata Cliq, Boat, Samsung
Lockard & Wechsler LLC	Dec 2024	US	1991	Total media marketing	Rosetta Stone, Esurance, Sling TV, Walmart

Note: August United, which was integrated in Dec 2022, was the influencer marketing department of Audacious. August United possesses Tailwind (which is in charge of digital marketing)

Source: Company data, Samsung Securities

Chart 7. Shareholder ownership



Note: Affiliates are Samsung Card, Samsung Life, and include stakes held by executives
As of 3Q25; NPS is as of Dec 30; Samsung and affiliates are as of Dec 26, 2025
Source: Company data, Samsung Securities

Table 4. Revisions to earnings forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	4,853.6	4,869.0	0.3	5,150.1	5,167.2	0.3
Gross profit	1,998.9	1,992.5	-0.3	2,122.5	2,115.7	-0.3
Operating profit	368.4	362.0	-1.7	392.5	387.0	-1.4
Operating margin (%, %pts)	7.6	7.4	-0.2	7.6	7.5	-0.1
Pre-tax profit	370.7	359.4	-3.1	385.0	376.8	-2.1
Net profit (controlling)	244.3	237.9	-2.6	253.4	248.2	-2.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,138**	**4,344**	**4,547**	**4,869**	**5,167**
Cost of goods sold	2,519	2,617	2,687	2,876	3,052
Gross profit	**1,619**	**1,727**	**1,860**	**1,992**	**2,116**
Gross margin (%)	39.1	39.8	40.9	40.9	40.9
SG&A expenses	1,311	1,407	1,523	1,630	1,729
Operating profit	**308**	**321**	**337**	**362**	**387**
Operating margin (%)	7.4	7.4	7.4	7.4	7.5
Non-operating gains (losses)	**-23**	**-7**	**-32**	**-3**	**-10**
Financial profit	51	63	50	51	49
Financial costs	47	44	56	45	47
Equity-method gains (losses)	1	1	1	2	2
Other	-27	-28	-28	-10	-14
Pre-tax profit	**285**	**313**	**305**	**359**	**377**
Taxes	95	105	96	115	121
Effective tax rate (%)	33.2	33.5	31.5	32.0	32.1
Profit from continuing operations	190	208	209	244	256
Profit from discontinued operations	0	0	0	0	0
Net profit	**190**	**208**	**209**	**244**	**256**
Net margin (%)	4.6	4.8	4.6	5.0	5.0
Net profit (controlling interests)	187	208	208	238	248
Net profit (non-controlling interests)	3	1	1	6	8
EBITDA	383	398	414	440	467
EBITDA margin (%)	9.2	9.2	9.1	9.0	9.0
EPS (parent-based) (KRW)	1,628	1,804	1,804	2,068	2,157
EPS (consolidated) (KRW)	1,653	1,811	1,813	2,125	2,224
Adjusted EPS (KRW)*	1,628	1,804	1,804	2,068	2,157

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,372**	**2,724**	**2,732**	**2,991**	**3,143**
Cash & equivalents	607	705	644	721	722
Accounts receivable	1,474	1,642	1,703	1,850	1,969
Inventories	53	61	64	72	78
Other current assets	238	316	321	349	375
Fixed assets	**517**	**583**	**583**	**601**	**621**
Investment assets	100	108	112	116	120
Tangible assets	85	92	92	94	96
Intangible assets	130	216	207	199	191
Other long-term assets	202	166	173	192	213
Total assets	**2,890**	**3,307**	**3,316**	**3,592**	**3,764**
Current liabilities	**1,375**	**1,565**	**1,461**	**1,599**	**1,648**
Accounts payable	605	678	660	719	726
Short-term debt	0	4	4	4	4
Other current liabilities	770	883	797	876	917
Long-term liabilities	**217**	**268**	**271**	**289**	**300**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	217	268	271	289	300
Total liabilities	**1,592**	**1,833**	**1,732**	**1,889**	**1,948**
Owners of parent equity	**1,287**	**1,458**	**1,566**	**1,680**	**1,785**
Capital stock	23	23	23	23	23
Capital surplus	124	124	124	124	124
Retained earnings	1,503	1,587	1,670	1,783	1,889
Other	-363	-276	-251	-251	-251
Non-controlling interests' equity	**11**	**16**	**17**	**24**	**31**
Total equity	**1,298**	**1,474**	**1,583**	**1,703**	**1,816**
Net debt	-529	-694	-674	-753	-763

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**267**	**346**	**171**	**302**	**257**
Net profit	190	208	209	244	256
Non-cash profit and expenses	207	221	179	187	198
Depreciation	66	67	68	70	72
Amortization	9	10	9	8	7
Other	132	144	102	109	119
Changes in A/L from operating activities	-59	-5	-129	-23	-83
Cash flow from investments	**-7**	**-78**	**-91**	**-101**	**-113**
Change in tangible assets	-21	-26	-68	-73	-74
Change in financial assets	5	-53	-2	-8	-13
Other	8	0	-21	-21	-26
Cash flow from financing	**-192**	**-170**	**-165**	**-122**	**-142**
Change in debt	-24	-16	-41	2	1
Change in equity	0	0	0	0	0
Dividends	-117	-113	-125	-125	-143
Other	-51	-42	0	0	0
Change in cash	66	98	-61	76	1
Cash at beginning of year	541	607	705	644	721
Cash at end of year	607	705	644	721	722
Gross cash flow	**397**	**429**	**387**	**432**	**454**
Free cash flow	**245**	**320**	**103**	**229**	**183**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-2.7	5.0	4.7	7.1	6.1
Operating profit	-1.2	4.3	5.0	7.5	6.9
Net profit	-2.9	9.6	0.1	17.2	4.7
Adjusted EPS**	-3.3	10.8	0.0	14.6	4.3
Per-share data (KRW)					
EPS (parent-based)	1,628	1,804	1,804	2,068	2,157
EPS (consolidated)	1,653	1,811	1,813	2,125	2,224
Adjusted EPS**	1,628	1,804	1,804	2,068	2,157
BVPS	12,703	14,396	15,465	16,584	17,624
DPS (common)	1,110	1,230	1,230	1,410	1,470
Valuations (x)					
P/E***	11.7	9.4	11.6	10.2	9.8
P/B***	1.5	1.2	1.4	1.3	1.2
EV/EBITDA	4.4	3.2	4.3	3.9	3.6
Ratios (%)					
ROE	15.0	15.1	13.7	14.7	14.3
ROA	6.7	6.7	6.3	7.1	7.0
ROIC	27.7	27.2	26.2	25.3	25.0
Payout ratio	60.0	60.0	60.0	60.0	60.0
Dividend yield (common)	5.8	7.3	5.9	6.7	7.0
Net debt to equity	-40.7	-47.1	-42.6	-44.2	-42.0
Interest coverage (x)	28.2	32.7	22.0	21.1	22.5

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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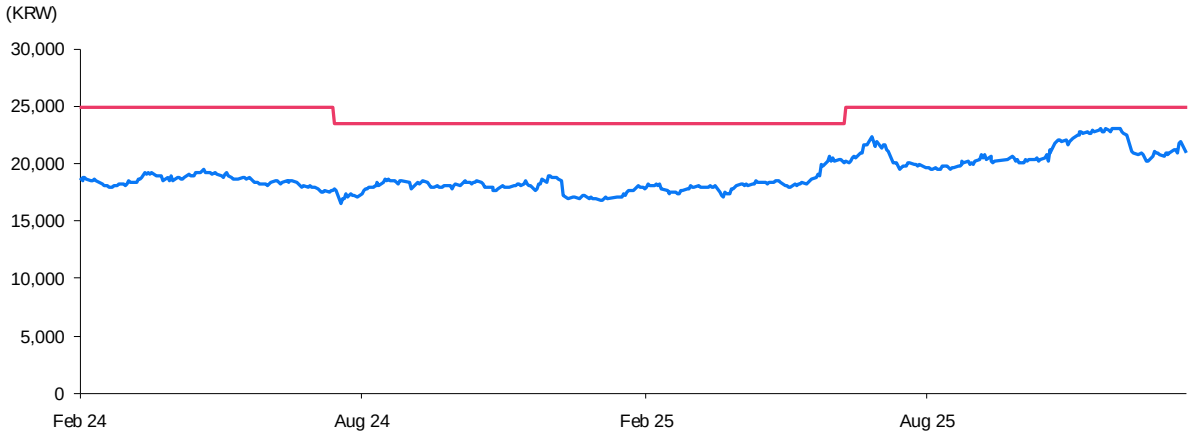
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/2	8/1	2025/6/27
Recommendation	BUY	BUY	BUY
Target price (KRW)	25000	23500	25000
Gap* (average)	-25.86	-23.06	
(max or min)**	-22.12	-11.91	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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