COMPANY UPDATE

2026. 4. 28

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Tech Team

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Cheil Worldwide (030000)

Growth remains resilient despite cost pressures

- Cheil Worldwide reported Q1 operating profit, which missed consensus by 27% due to one-off increases in personnel costs.
- The company should sustain top-line growth driven by continued expansion in digital and D2C businesses (eg, e-commerce and platform operations).
- Assuming a dividend payout ratio of 60%, the stock would offer a dividend yield of 6.8% for this year, supporting continued dividend appeal.

WHAT'S THE STORY?

1Q results miss consensus: Cheil Worldwide reported 1Q gross profit of KRW442.3b (up 2.0% y-y) and operating profit of KRW36.5b (down 37.6% y-y), the latter falling 27% below consensus (KRW49.9b). Amid heightened global macro volatility, key advertisers continued prioritizing marketing efficiency. As a result, despite sustained growth in digital and below-the-line (BTL) segments, overall top-line growth slowed to just 2%, below initial expectations. Profitability pressure stemmed primarily from rising costs: 1) one-off personnel expenses related to restructuring of overseas operations (eg, Europe); 2) increased investment in AI and data science capabilities; and 3) a 9.5% hike in personal costs following a Supreme Court ruling on ordinary wages (which led to revised calculations for employee severance pay, resulting in an additional provisioning for severance liabilities). Net profit rose 0.8% y-y, benefiting from a base effect of KRW20b in convertible bond valuation loss in 1Q25.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW25,000	26.6%
Current price	**KRW19,750**	
Market cap	KRW2.3t/USD1.6b	
Shares (float)	115,041,225 (59.7%)	
52-week high/low	KRW23,150/KRW17,950	
Avg daily trading value (60-day)	KRW8.6b/ USD5.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Cheil Worldwide (%)	-0.4	-3.2	8.9
Vs Kospi (%pts)	-18.1	-40.8	-58.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	25,000	25,000	0.0%
2026E EPS	1,964	1,982	-0.9%
2027E EPS	2,080	2,110	-1.4%

SAMSUNG vs THE STREET

No of estimates	12
Target price	25,750
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,017.6	-2.1	-15.2	-5.3	-5.8
Operating profit	36.5	-37.6	-59.6	-20.1	-26.9
Pre-tax profit	40.9	-2.5	-54.3	-16.5	-17.1
Net profit	28.3	1.0	-56.1	-13.2	-14.0
Margins (%)					
Operating profit	3.6				
Pre-tax profit	4.0				
Net profit	2.8				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	11.6	10.1	9.5
P/B	1.4	1.2	1.1
EV/EBITDA	4.4	4.0	3.7
Div yield (%)	5.9	6.8	7.2
EPS growth (% y-y)	0.0	8.9	5.9
ROE (%)	13.7	13.8	13.7
Per-share data (KRW)			
EPS	1,804	1,964	2,080
BVPS	15,525	16,752	17,775
DPS	1,230	1,340	1,420

Industry transformation and strengthening D2C strategy: The advertising industry is accelerating structural change driven by AI adoption and shifting market dynamics. Advertisers are increasingly shifting budgets toward owned channels (eg, websites, online stores, and brand apps)—vs traditional media. Macroeconomic pressures have also widened disparities in ad spending across sectors. For instance, certain industries affected by Middle East-related disruptions have adopted a more conservative spending attitude. In this challenging environment, Cheil intends to drive sustainable growth by reinforcing its digital competitiveness through enhanced platform operations (*eg*, e-commerce, content creation), while expanding its D2C capabilities.

Maintaining BUY: Despite external uncertainties, Cheil is expected to sustain top-line growth by adapting to changing market conditions with strong operational fundamentals and expanding geographic reach. The company is also expected to defend profitability through global hub consolidation, operational streamlining, and disciplined cost management. Assuming a 60% dividend payout ratio, the stock would offer a dividend yield of 6.8% for this year.

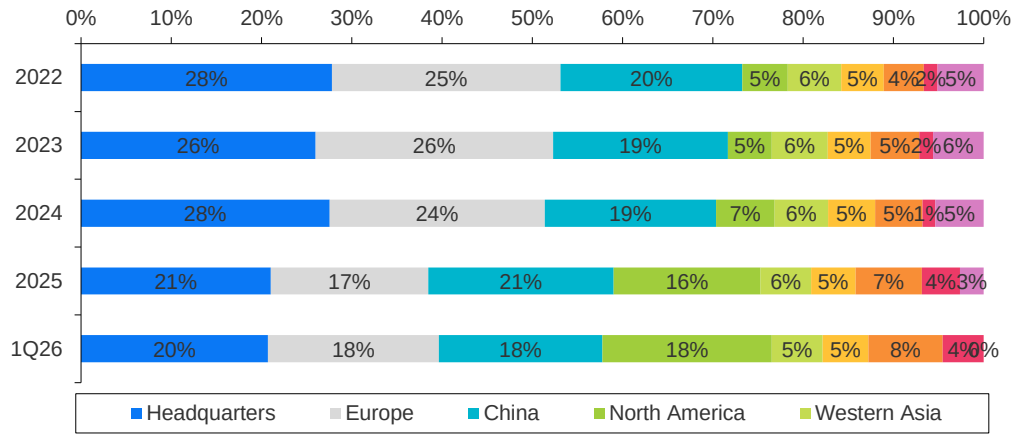
Table 1. Results and forecasts

(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**	**1,017.6**	**1,190.1**	**1,203.2**	**1,283.8**	**4,344.3**	**4,546.9**	**4,744.2**	**5,019.8**
Parent	300.7	363.2	351.9	372.1	303.4	361.4	354.8	396.1	299.1	395.9	376.2	391.1	1,387.9	1,415.6	1,462.4	1,517.5
Four major media outlets	7.3	10.3	12.0	15.1	8.0	9.8	10.7	15.6	7.9	11.5	10.8	14.8	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	11.1	17.6	16.3	19.1	58.7	60.1	64.1	69.3
Production/promotions	284.2	339.5	323.9	336.9	284.1	336.6	328.9	361.8	280.2	366.8	349.2	357.3	1,284.5	1,311.4	1,353.4	1,402.9
Consolidated subsidiaries	717.3	726.3	720.6	792.1	736.0	757.4	834.1	803.7	718.4	794.2	827.0	892.6	2,956.3	3,131.3	3,281.8	3,502.3
Gross profit	**390.7**	**453.4**	**428.5**	**454.8**	**433.5**	**483.8**	**457.4**	**485.3**	**442.3**	**499.8**	**483.9**	**513.8**	**1,727.5**	**1,859.9**	**1,939.7**	**2,053.1**
Parent	75.7	105.8	96.8	95.2	85.9	106.8	101.0	97.1	88.8	103.1	98.2	106.9	373.5	390.8	397.0	413.3
Four major media outlets	7.3	10.3	12.0	15.1	8.0	9.8	10.7	15.6	7.9	11.5	10.8	14.8	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	11.1	17.6	16.3	19.1	58.7	60.1	64.1	69.3
Production/promotions	59.2	82.1	68.7	60.0	66.5	82.0	75.2	62.9	69.9	74.0	71.2	73.0	270.1	286.6	288.1	298.7
Consolidated subsidiaries	315.0	347.6	331.7	359.6	347.6	377.0	356.4	388.1	353.5	396.7	385.7	406.9	1,354.0	1,469.1	1,542.7	1,639.8
SG&A costs	336.2	365.2	332.9	372.4	375.0	391.7	361.5	394.9	405.8	405.0	376.5	415.0	1,406.7	1,523.0	1,602.3	1,687.6
SG&A costs-to-sales ratio	33.0	33.5	31.0	32.0	36.1	35.0	30.4	32.9	39.9	34.0	31.3	32.3	32.4	33.5	33.8	33.6
Operating profit	**54.5**	**88.2**	**95.6**	**82.4**	**58.5**	**92.1**	**95.9**	**90.4**	**36.5**	**94.8**	**107.4**	**98.8**	**320.7**	**336.9**	**337.4**	**365.5**
OP-to-GP ratio (%)	14.0	19.5	22.3	18.1	13.5	19.0	21.0	18.6	8.3	19.0	22.2	19.2	18.6	18.1	17.4	17.8
Pre-tax profit	63.4	93.1	90.9	66.1	41.9	74.7	98.7	89.4	40.9	92.8	106.1	96.6	313.5	304.7	336.3	359.7
Net profit (controlling)	**42.7**	**64.7**	**61.5**	**38.6**	**28.3**	**50.8**	**64.7**	**63.7**	**28.3**	**62.0**	**68.0**	**67.8**	**207.5**	**207.5**	**226.0**	**239.3**
Growth (% y-y)																
Sales	**8.1**	**12.2**	**-0.5**	**1.5**	**2.1**	**2.7**	**10.9**	**3.0**	**-2.1**	**6.4**	**1.2**	**7.0**	**5.0**	**4.7**	**4.3**	**5.8**
Parent	5.5	16.7	19.7	5.2	0.9	-0.5	0.8	6.4	-1.4	9.5	6.0	-1.2	11.6	2.0	3.3	3.8
Four major media outlets	2.1	0.2	29.5	9.5	8.9	-5.2	-10.9	3.3	-1.3	17.7	0.6	-5.4	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	-2.3	17.5	7.3	2.5	4.8	2.5	6.5	8.1
Production/promotions	5.7	18.3	19.9	4.8	-0.0	-0.8	1.5	7.4	-1.4	9.0	6.2	-1.3	11.9	2.1	3.2	3.7
Consolidated subsidiaries	9.3	10.0	-8.1	-0.2	2.6	4.3	15.8	1.5	-2.4	4.9	-0.9	11.1	2.1	5.9	4.8	6.7
Gross profit	**7.3**	**6.8**	**6.9**	**6.0**	**10.9**	**6.7**	**6.8**	**6.7**	**2.0**	**3.3**	**5.8**	**5.9**	**6.7**	**7.7**	**4.3**	**5.8**
Parent	6.2	4.2	9.9	7.8	13.4	0.9	4.4	2.0	3.4	-3.4	-2.8	10.0	7.0	4.6	1.6	4.1
Four major media outlets	2.1	8.6	19.3	9.5	8.9	-5.0	-11.1	3.3	-1.3	17.8	0.6	-5.4	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	-2.3	17.5	7.3	2.5	4.8	2.5	6.5	8.1
Production/promotions	7.4	5.3	8.5	6.7	12.3	-0.1	9.4	4.8	5.0	-9.7	-5.3	16.1	6.9	6.1	0.5	3.7
Consolidated subsidiaries	7.6	7.6	6.0	5.5	10.3	8.4	7.4	7.9	1.7	5.2	8.2	4.8	6.6	8.5	5.0	6.3
SG&A	8.2	7.4	8.3	5.4	11.5	7.2	8.6	6.0	8.2	3.4	4.1	5.1	7.3	8.3	5.2	5.3
SG&A costs-to-sales ratio	0.0	-1.5	2.5	1.2	3.0	1.5	-0.6	0.9	3.8	-1.0	0.9	-0.6	0.7	1.1	0.3	-0.2
Operating profit	**2.1**	**4.2**	**2.3**	**8.4**	**7.2**	**4.4**	**0.3**	**9.7**	**-37.6**	**2.9**	**12.0**	**9.3**	**4.3**	**5.0**	**0.2**	**8.3**
OP-to-GP ratio (%pts)	-0.7	-0.5	-1.0	0.4	-0.5	-0.4	-1.3	0.5	-5.2	-0.1	1.2	0.6	-0.4	-0.5	-0.7	0.4
Pre-tax profit	5.5	2.6	-9.4	96.5	-33.9	-19.8	8.5	35.4	-2.6	24.2	7.6	8.0	10.1	-2.8	10.4	7.0
Net profit (controlling)	**7.5**	**0.6**	**-6.1**	**118.0**	**-33.7**	**-21.4**	**5.2**	**65.1**	**-0.3**	**21.9**	**5.0**	**6.5**	**10.8**	**0.0**	**8.9**	**5.9**

Note: 1Q25 non-operating expense recognition (KRW20b), EVR Studio transition-related valuation loss;
2Q25 forex loss driven by won depreciation against the UD dollar, non-operating loss of KRW17.4b (vs KRW4.9b in 2Q24);
1Q26 one-off personnel costs driven by overseas restructuring, higher severance provisioning

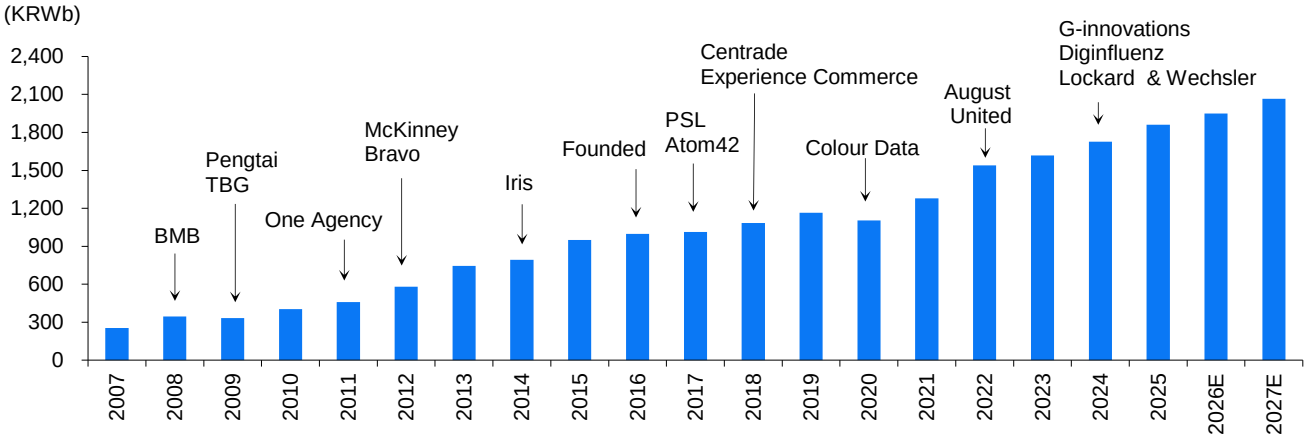
Source: Company data, Samsung Securities

Chart 1. Regional gross profit mix



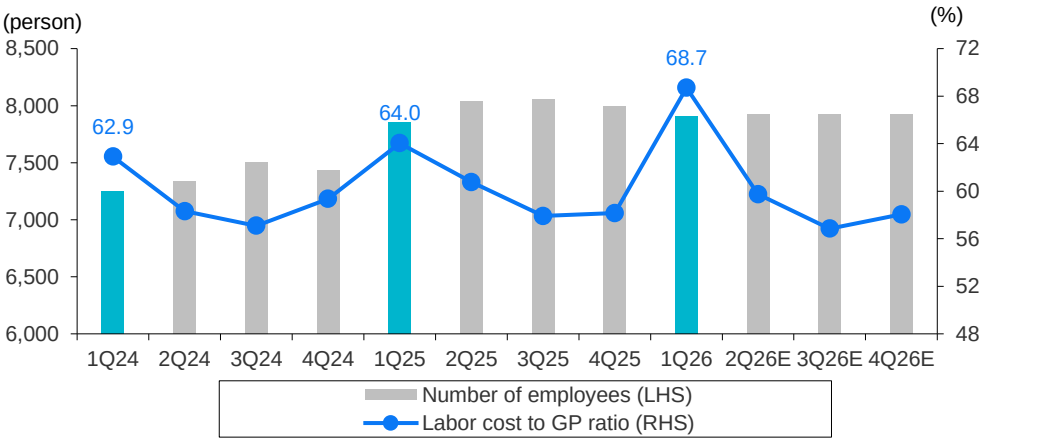
Source: Company data, Samsung Securities

Chart 2. Gross profit growth driven by higher ad volume, expanded coverage, and inorganic growth



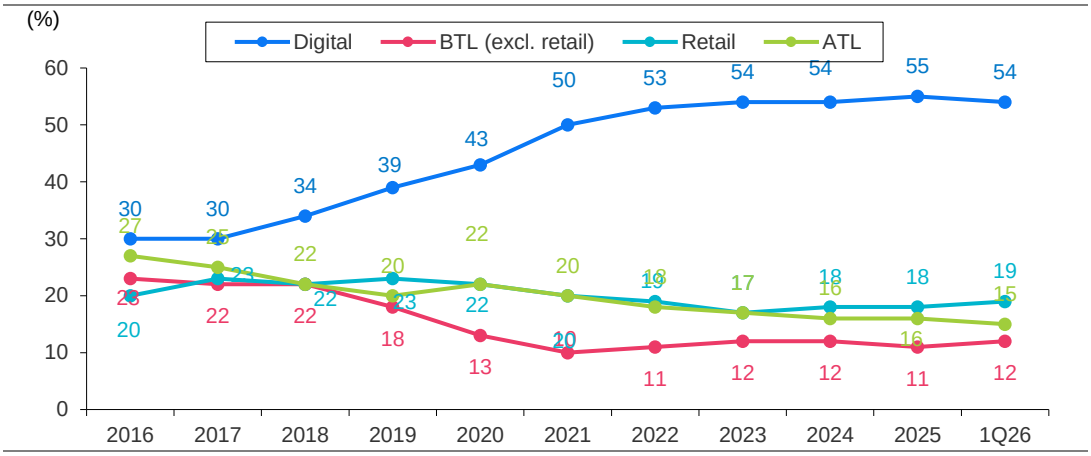
Note: Atom42 (1Q23) and Founded (4Q25) liquidated; functions absorbed by other subsidiaries
Source: Company data, Samsung Securities

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



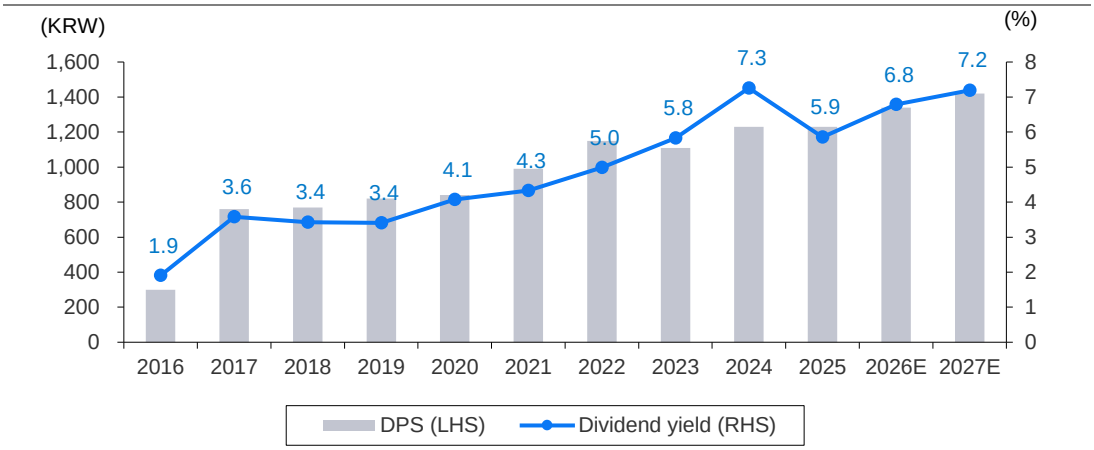
Note: Personnel costs driven by overseas restructuring, higher severance provisioning
Source: Samsung Securities

Chart 4. Contribution to gross profit, by segment



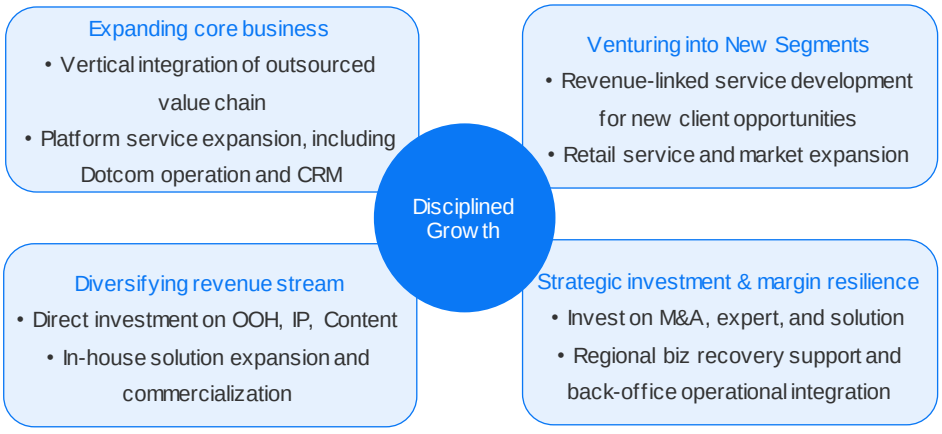
Source: Company data, Samsung Securities

Chart 5. DPS and dividend yield



Source: Company data, Samsung Securities

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



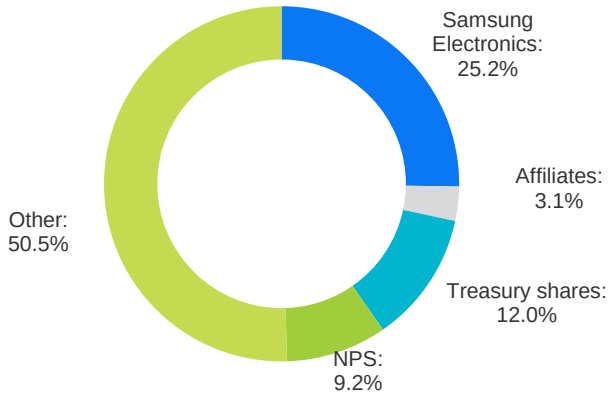
Source: Company data, Samsung Securities

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
Pricing Solutions Limited (PSL)	Mar 2017	Canada	1993	B2B marketing	Lego, Allegan
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 owns Tailwind (in charge of digital marketing);
Founded (acquired Apr 2016), a B2B marketing firm, liquidated in 4Q25; Atom42 (acquired Nov 2017), a UK digital marketing firm, liquidated in 1Q23
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, except for NPS (as of Dec 30), Samsung Electronics (Dec 26, 2025) and affiliates (Dec 26, 2025)
Source: Company data, Samsung Securities

Table 4. Shareholder return policy (2025-2027) & value-up plan (2026)

Category	Details
Shareholder return policy (2025-2027)	Dividend policy: Payout ratio set at ~60% of consolidated net income, considering investment, working capital, and business conditions
2026 corporate value enhancement plan	
Objectives	1) Lift gross profit via business expansion and client base expansion
	2) Boost profitability through enhanced global operating efficiency
	3) Maintain shareholder returns via ~60% dividend payout ratio
Key initiatives	1) Expand core businesses (digital platforms, retail, experimental marketing)
	2) Diversify revenue, leveraging advertising/content/solution capabilities
	3) Strengthen competitiveness via AI tech and data-based investment
	4) Improve service quality through global talent acquisition
	5) Continued execution of shareholder return policy (announced Feb 2,2026)
Value-up disclosure participation	Yes
	(2025 dividend payout ratio: 60.0%)

Note: Shareholder return policy announced on Feb 2, value-up plan disclosed on Mar 19
Source: Company data, Samsung Securities estimates

Table 5. Revisions to earnings forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	4,768.9	4,744.2	-0.5	5,049.7	5,019.8	-0.6
Gross profit	1,949.1	1,939.7	-0.5	2,064.8	2,053.1	-0.6
Operating profit	343.2	337.4	-1.7	374.3	365.5	-2.4
Operating margin (%, %pts)	*7.2*	*7.1*	*-0.1*	*7.4*	*7.3*	*-0.1*
Pre-tax profit	343.8	336.3	-2.2	368.7	359.7	-2.4
Net profit (controlling)	228.0	226.0	-0.9	242.7	239.3	-1.4

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**4,344**	**4,547**	**4,744**	**5,020**	**5,299**
Cost of goods sold	2,617	2,687	2,804	2,967	3,130
Gross profit	**1,727**	**1,860**	**1,940**	**2,053**	**2,169**
Gross margin (%)	39.8	40.9	40.9	40.9	40.9
SG&A expenses	1,407	1,523	1,602	1,688	1,778
Operating profit	**321**	**337**	**337**	**366**	**391**
Operating margin (%)	7.4	7.4	7.1	7.3	7.4
Non-operating gains (losses)	**-7**	**-32**	**-1**	**-6**	**-6**
Financial profit	63	53	51	49	46
Financial costs	44	63	46	46	45
Equity-method gains (losses)	1	1	1	1	1
Other	-28	-24	-7	-9	-8
Pre-tax profit	**313**	**305**	**336**	**360**	**385**
Taxes	105	96	105	113	121
Effective tax rate (%)	33.5	31.5	31.4	31.4	31.4
Profit from continuing operations	208	209	231	247	264
Profit from discontinued operations	0	0	0	0	0
Net profit	**208**	**209**	**231**	**247**	**264**
Net margin (%)	4.8	4.6	4.9	4.9	5.0
Net profit (controlling interests)	208	208	226	239	256
Net profit (non-controlling interests)	1	1	5	8	8
EBITDA	398	421	420	449	474
EBITDA margin (%)	9.2	9.3	8.9	8.9	8.9
EPS (parent-based) (KRW)	1,804	1,804	1,964	2,080	2,228
EPS (consolidated) (KRW)	1,811	1,813	2,007	2,146	2,298
Adjusted EPS (KRW)*	1,804	1,804	1,964	2,080	2,228

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**2,724**	**2,881**	**2,983**	**3,147**	**3,318**
Cash & equivalents	705	622	626	632	646
Accounts receivable	1,642	1,799	1,854	1,981	2,091
Inventories	61	46	60	60	69
Other current assets	316	414	443	473	512
Fixed assets	**583**	**707**	**730**	**765**	**803**
Investment assets	108	96	96	102	105
Tangible assets	92	95	94	96	97
Intangible assets	216	212	202	193	185
Other long-term assets	166	304	337	375	417
Total assets	**3,307**	**3,588**	**3,714**	**3,913**	**4,121**
Current liabilities	**1,565**	**1,628**	**1,613**	**1,689**	**1,764**
Accounts payable	678	676	709	718	744
Short-term debt	4	4	4	4	4
Other current liabilities	883	948	901	966	1,016
Long-term liabilities	**268**	**372**	**383**	**396**	**408**
Bonds & long-term debt	0	3	3	3	3
Other long-term liabilities	268	369	380	393	406
Total liabilities	**1,833**	**2,000**	**1,996**	**2,084**	**2,173**
Owners of parent equity	**1,458**	**1,572**	**1,697**	**1,800**	**1,913**
Capital stock	23	23	23	23	23
Capital surplus	124	124	124	124	124
Retained earnings	1,587	1,690	1,791	1,895	2,007
Other	-276	-264	-242	-242	-242
Non-controlling interests' equity	**16**	**16**	**21**	**28**	**36**
Total equity	**1,474**	**1,588**	**1,717**	**1,828**	**1,949**
Net debt	-674	-558	-623	-643	-671

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**346**	**212**	**278**	**280**	**272**
Net profit	208	209	231	247	264
Non-cash profit and expenses	221	210	184	194	175
Depreciation	67	73	73	74	75
Amortization	10	12	10	9	8
Other	144	126	101	111	91
Changes in A/L from operating activities	-5	-102	-40	-57	-55
Cash flow from investments	**-78**	**-107**	**-117**	**-139**	**-116**
Change in tangible assets	-26	-29	-73	-75	-76
Change in financial assets	-32	-107	-6	-20	-19
Other	-20	29	-38	-44	-21
Cash flow from financing	**-170**	**-188**	**-179**	**-133**	**-142**
Change in debt	-16	133	-55	2	2
Change in equity	0	0	0	0	0
Dividends	-113	-125	-125	-136	-144
Other	-42	-196	0	0	0
Change in cash	98	-83	4	6	14
Cash at beginning of year	607	705	622	626	632
Cash at end of year	705	622	626	632	646
Gross cash flow	**429**	**419**	**415**	**441**	**439**
Free cash flow	**320**	**182**	**206**	**205**	**196**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	5.0	4.7	4.3	5.8	5.6
Operating profit	4.3	5.0	0.2	8.3	6.9
Net profit	9.6	0.1	10.7	6.9	7.1
Adjusted EPS**	10.8	0.0	8.9	5.9	7.1
Per-share data (KRW)					
EPS (parent-based)	1,804	1,804	1,964	2,080	2,228
EPS (consolidated)	1,811	1,813	2,007	2,146	2,298
Adjusted EPS**	1,804	1,804	1,964	2,080	2,228
BVPS	14,396	15,525	16,752	17,775	18,885
DPS (common)	1,230	1,230	1,340	1,420	1,520
Valuations (x)					
P/E***	9.4	11.6	10.1	9.5	8.9
P/B***	1.2	1.4	1.2	1.1	1.0
EV/EBITDA	3.2	4.4	4.0	3.7	3.5
Ratios (%)					
ROE	15.1	13.7	13.8	13.7	13.8
ROA	6.7	6.1	6.3	6.5	6.6
ROIC	26.8	24.3	21.2	21.3	21.0
Payout ratio	60.0	60.0	60.1	60.1	60.1
Dividend yield (common)	7.3	5.9	6.8	7.2	7.7
Net debt to equity	-45.7	-35.1	-36.3	-35.2	-34.4
Interest coverage (x)	32.7	22.3	22.0	23.7	25.1

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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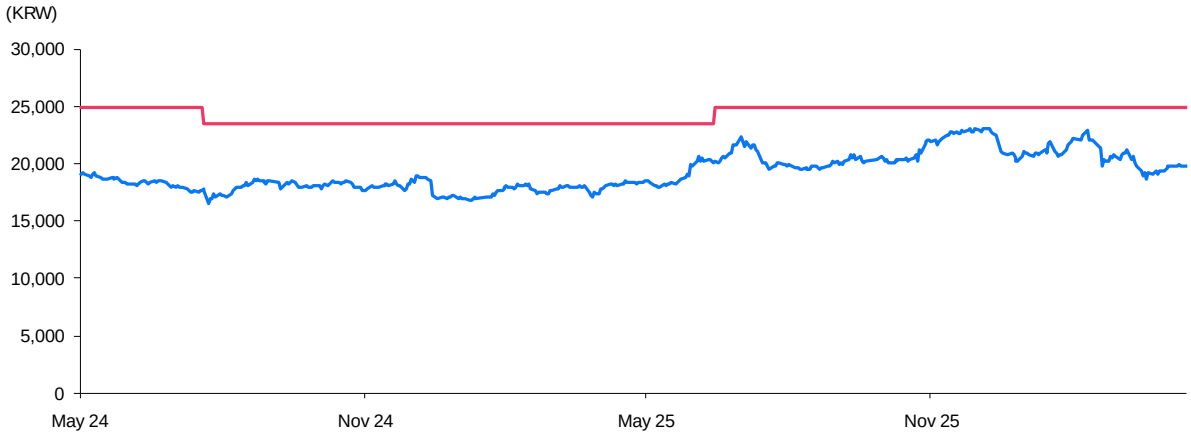
Target price changes in past two years



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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