COMPANY UPDATE

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Innocean Worldwide (214320)

Enhancing profitability, expanding growth areas

- Innocean Worldwide reported 2Q operating profit of KRW44.6b, which toped consensus by 6% on robust growth in Europe and North America (the latter supported by the 2026 FIFA World Cup).
- We maintain BUY rating in light of the agency's AI-driven new revenue sources and growing non-captive orders.

AT A GLANCE

BUY

Target price	KRW25,000	28%
Current price	**KRW19,530**	
Market cap	KRW781.2b/USD551.66m	
Shares (float)	40,000,000 (70.8%)	
52-week high/low	KRW21,750/KRW16,760	
Avg daily trading value (60-day)	KRW3.7b/ USD2.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Innocean Worldwide (%)	3.9	0.8	-0.7
Vs Kospi (%pts)	27.1	-18.1	-48.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	25,000	25,000	0.0%
2026E EPS	2,944	2,790	5.5%
2027E EPS	3,072	2,941	4.5%

SAMSUNG vs THE STREET

No of estimates	9
Target price	25,222
Recommendation	4.0

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

WHAT'S THE STORY?

2Q results beat consensus: Innocean Worldwide reported 2Q gross profit of KRW265.8b (up 10% y-y), with operating profit reaching KRW44.6b (up 22.4% y-y; topping consensus by 6%). Operating margin as a percentage of gross profit stood at 16.8% (up 1.7%pts y-y), backed by business expansion and better operational efficiency. Regionally, Europe delivered the most notable growth, with gross profit climbing 42% y-y on: 1) expansion in digital service coverage and customer experience initiatives (eg, sports marketing); and 2) increased advertising spend from key clients. The Americas, which remain the largest contributor to gross profit, posted a 10% y-y growth, supported by the 2026 FIFA World Cup, new client acquisitions via local subsidiary Canvas Worldwide, and growth in programmatic buying revenue.

AI-powered business to strengthen 2H growth momentum: Innocean Worldwide is accelerating AI-driven revenue growth by deploying a dual-track marketing system targeting both business-to-human (B2H) and Business-to-agent (B2A). The company is advancing its AI monetization through four generative AI-powered solutions tailored to client needs. In 2H26, it should win more non-captive orders based on local subsidiaries' enhanced sales capabilities and channel partnerships. The agency's 2H earnings should receive boosts from the new car rollouts by its key clients abroad, sales contributions from AI-powered solutions and non-captive orders, and revenue from new regional operations.

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SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	499.1	-3.8	-4.7	-5.9	0.0
Operating profit	44.6	22.5	12.1	12.7	6.3
Pre-tax profit	48.2	46.0	2.1	30.3	15.6
Net profit	36.5	53.2	-7.9	36.7	25.4
Margins (%)					
Operating profit	8.9				
Pre-tax profit	9.7				
Net profit	7.3				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	8.0	6.6	6.4
P/B	0.7	0.7	0.6
EV/EBITDA	1.1	1.1	0.9
Div yield (%)	6.4	6.3	6.5
EPS growth (% y-y)	-8.5	28.3	4.4
ROE (%)	8.9	10.7	10.5
Per-share data (KRW)			
EPS	2,294	2,944	3,072
BVPS	26,618	28,387	30,234
DPS	1,175	1,225	1,275

Strengthening fundamentals and laying foundations for sustainable growth: Despite a tepid market recovery, Innocean has sustained robust growth by improving profitability and expanding its service offerings. Leveraging AI-driven operational innovation and the commercialization of new advertising solutions, the firm is reducing costs and unlocking new revenue sources, reinforcing its long-term growth trajectory. Overhang risks have largely been resolved, and rising earnings visibility supports the potential for more shareholder returns.

Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**459.7**	**496.8**	**497.5**	**639.0**	**503.4**	**519.0**	**491.5**	**632.1**	**523.8**	**499.1**	**501.4**	**642.5**	**2,120.6**	**2,146.0**	**2,166.8**	**2,283.6**
Gross profit	**177.1**	**213.4**	**211.5**	**247.7**	**232.1**	**241.6**	**248.3**	**268.2**	**250.1**	**265.8**	**266.0**	**276.3**	**941.9**	**990.2**	**1,058.1**	**1,126.4**
Parent	34.6	52.2	48.9	69.8	46.7	56.7	55.2	70.0	50.3	57.1	58.8	65.1	214.4	228.5	231.3	231.9
Media representative	12.5	21.6	21.1	29.6	15.4	23.3	22.5	28.9	14.4	20.5	25.2	25.4	87.8	90.1	85.5	86.5
Advertising productions	9.3	15.6	14.3	19.6	16.2	16.4	17.2	22.4	14.3	17.3	17.8	21.7	62.3	72.1	71.0	71.0
Outdoor advertising	2.1	2.6	2.9	2.4	2.1	3.0	3.1	2.9	2.3	2.9	3.2	2.9	10.8	11.1	11.1	11.1
Promotions	5.6	8.5	6.1	12.0	9.0	8.7	6.8	8.8	10.7	9.2	7.2	8.6	35.0	33.3	35.6	35.2
Other	5.1	3.9	4.3	6.1	4.0	5.3	5.6	7.0	8.7	7.2	5.5	6.6	18.5	21.9	27.9	28.1
Overseas	142.6	161.3	162.7	178.7	185.7	185.1	193.3	198.4	200.0	208.8	207.2	211.2	728.8	762.5	827.2	894.5
SG&A costs	157.9	171.7	170.7	199.4	202.3	205.1	197.0	223.0	210.3	221.2	211.9	230.0	786.3	827.4	873.3	931.3
Labor costs	121.6	134.6	133.9	158.0	160.9	163.4	155.9	177.8	166.3	174.9	169.5	182.1	614.6	658.0	692.8	736.7
Other	36.3	37.0	36.7	41.4	41.4	41.7	41.1	45.2	43.9	46.3	42.4	47.9	171.7	169.4	180.5	194.7
Operating profit	**19.2**	**41.7**	**40.8**	**48.2**	**29.8**	**36.4**	**51.3**	**45.2**	**39.8**	**44.6**	**54.1**	**46.4**	**155.7**	**162.8**	**184.8**	**195.1**
Operating margin (%)	10.9	19.5	19.3	19.5	12.9	15.1	20.7	16.9	15.9	16.8	20.3	16.8	16.5	16.4	17.5	17.3
Pre-tax profit	27.8	49.8	48.3	35.4	27.4	33.0	54.2	20.6	47.2	48.2	55.3	30.8	168.7	135.2	181.5	189.6
Net profit	**20.9**	**27.9**	**39.3**	**13.5**	**12.4**	**19.6**	**28.5**	**31.2**	**35.9**	**32.3**	**29.2**	**20.4**	**100.3**	**91.8**	**117.8**	**122.9**
Growth (% y-y)																
Sales	**32.6**	**22.5**	**6.5**	**20.3**	**3.3**	**-0.6**	**-4.0**	**5.5**	**4.1**	**-3.9**	**2.0**	**1.7**	**1.3**	**1.2**	**1.0**	**5.4**
Gross profit	**7.5**	**20.1**	**10.0**	**7.5**	**10.0**	**3.1**	**4.4**	**3.7**	**7.7**	**10.0**	**7.1**	**3.0**	**10.9**	**5.1**	**6.9**	**6.5**
Parent	5.3	35.5	9.6	12.1	10.5	4.9	10.5	2.6	7.8	0.7	6.6	-7.1	4.4	6.6	1.2	0.3
Media representative	-14.0	13.4	3.9	-9.7	-5.7	7.5	3.4	2.9	-6.4	-11.9	12.2	-12.4	3.6	2.6	-5.1	1.2
Advertising productions	35.0	47.9	20.7	13.6	46.2	-12.0	30.1	15.3	-11.8	5.4	3.5	-3.0	5.9	15.7	-1.5	-0.1
Outdoor advertising	10.3	12.0	21.8	39.5	-4.3	31.8	-3.1	-7.3	5.3	-4.2	1.6	-1.0	7.2	2.7	0.1	-0.1
Promotions	-23.1	101.2	6.9	95.9	-2.2	25.4	-18.9	-15.6	18.9	5.6	5.5	-2.8	8.3	-4.7	6.9	-1.3
Other	129.7	63.0	2.1	41.2	15.8	17.1	66.4	-2.2	119.1	36.4	-2.1	-6.3	-5.0	18.4	27.8	0.7
Overseas	8.1	15.8	10.1	6.2	9.9	2.3	2.7	4.0	7.7	12.8	7.2	6.5	12.9	4.6	8.5	8.1
SG&A costs	13.1	13.2	9.4	10.2	12.1	3.8	2.6	3.2	4.0	7.8	7.5	3.1	12.4	5.2	5.5	6.7
Labor costs	11.3	13.1	10.5	15.5	13.8	5.4	4.1	5.6	3.4	7.0	8.7	2.4	12.1	7.1	5.3	6.3
Other	19.4	13.6	5.8	-6.1	5.7	-2.0	-2.6	-5.3	6.1	11.0	3.1	6.0	13.4	-1.3	6.5	7.8
Operating profit	-23.5	60.5	12.5	-2.4	-2.1	-0.7	11.8	6.1	33.3	22.4	5.4	2.5	3.8	4.6	13.5	5.5
Operating margin (%pts)	-4.4	4.9	0.4	-2.0	-1.6	-0.6	1.4	0.4	3.1	1.7	-0.3	-0.1	-1.1	-0.1	1.0	-0.2
Pre-tax profit	-5.8	73.2	6.1	-9.6	-33.3	-17.3	12.9	-48.1	72.4	46.0	1.9	49.5	4.6	-19.8	34.2	4.5
Net profit	**46.6**	**323.7**	**28.7**	**-29.3**	**-52.3**	**-14.0**	**4.4**	**29.8**	**188.7**	**64.2**	**2.3**	**-34.4**	**-1.5**	**-8.5**	**28.3**	**4.4**

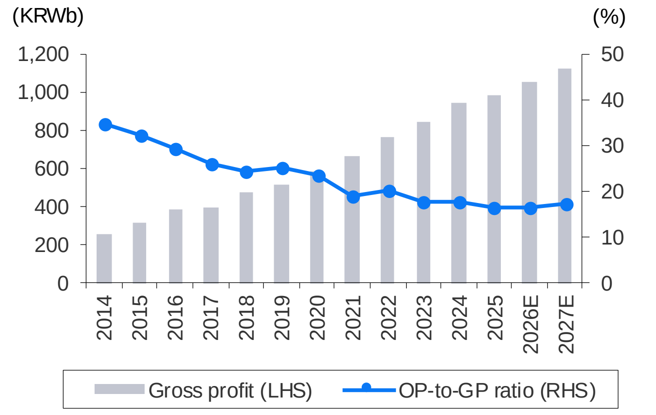
Source: Company data, Samsung Securities

Table 2. Gross profit and operating profit, by region

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Gross profit	**211.0**	**234.4**	**237.9**	**258.7**	**232.1**	**241.6**	**248.3**	**268.2**	**250.1**	**265.8**	**266.0**	**276.3**	**941.9**	**990.2**	**1,058.1**	**1,126.4**
Parent	42.2	54.0	49.9	68.3	46.7	56.7	55.2	70.0	50.3	57.1	58.8	65.1	214.4	228.5	231.3	231.9
Europe	25.5	28.3	27.8	31.5	29.6	30.2	32.1	37.1	36.8	42.9	35.5	41.3	113.1	129.1	156.4	168.6
Americas	120.8	126.6	133.6	131.1	132.3	128.5	136.3	132.7	137.3	140.9	143.1	141.0	512.0	529.8	562.3	615.8
China	1.5	3.0	3.7	4.2	1.3	2.2	2.6	4.3	1.8	2.4	2.7	4.3	12.4	10.4	11.2	11.6
Other	21.2	22.9	23.1	24.0	22.5	24.1	22.3	24.3	24.1	22.7	25.9	24.6	91.3	93.2	97.3	98.6
Operating profit	**30.5**	**36.7**	**45.9**	**42.6**	**29.8**	**36.4**	**51.3**	**45.7**	**39.8**	**44.6**	**54.1**	**46.4**	**155.7**	**162.8**	**184.8**	**195.1**
Parent	-0.7	2.2	4.0	11.8	0.1	4.9	8.9	11.5	2.8	6.7	9.9	11.8	17.3	25.4	31.2	32.2
Europe	5.0	6.2	6.4	8.1	6.3	5.9	7.0	7.8	8.5	12.7	7.9	9.2	25.7	27.0	38.2	41.3
Americas	24.5	25.1	33.3	21.8	23.5	22.8	32.6	19.7	25.8	25.2	35.8	22.9	104.8	98.7	109.7	118.6
China	-1.1	0.2	0.8	0.5	-1.2	0.3	0.3	1.1	-0.4	0.1	0.3	1.1	0.4	0.4	1.1	1.2
Other	2.5	2.5	2.9	0.8	1.2	2.7	2.1	0.8	2.8	-0.4	0.3	1.3	8.8	6.8	4.0	1.7

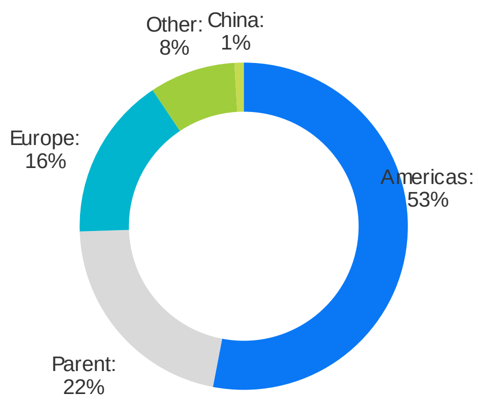
Source: Company data, Samsung Securities

Chart 1. Gross profit and OP-to-GP ratio



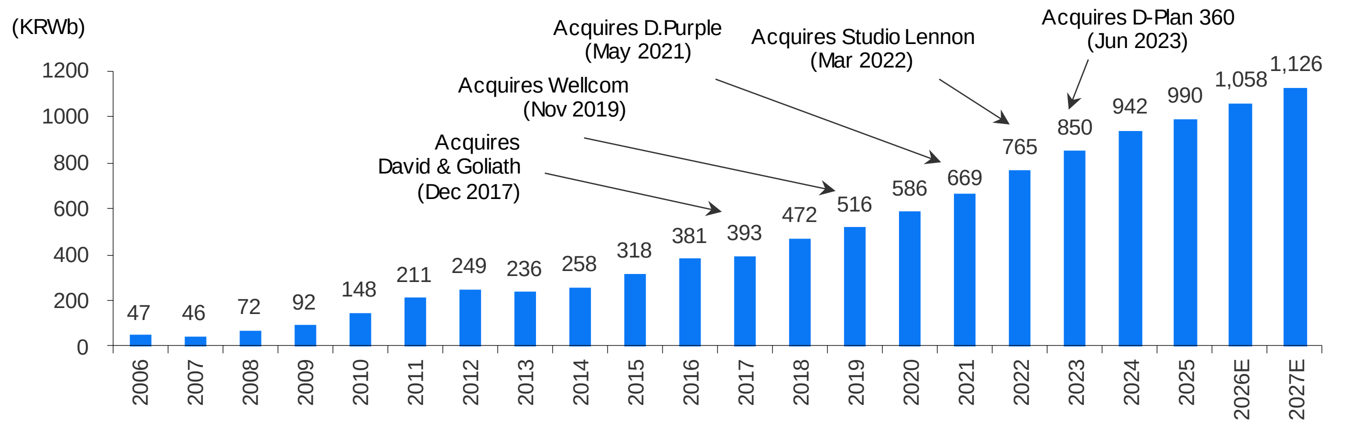
Source: Company data, Samsung Securities

Chart 2. Gross profit, by region (2Q26)



Source: Company data, Samsung Securities

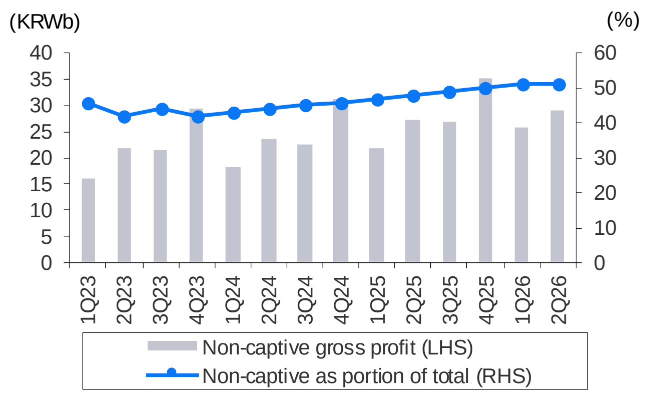
Chart 3. Gross profit



Note: Dates are acquisition announcement dates

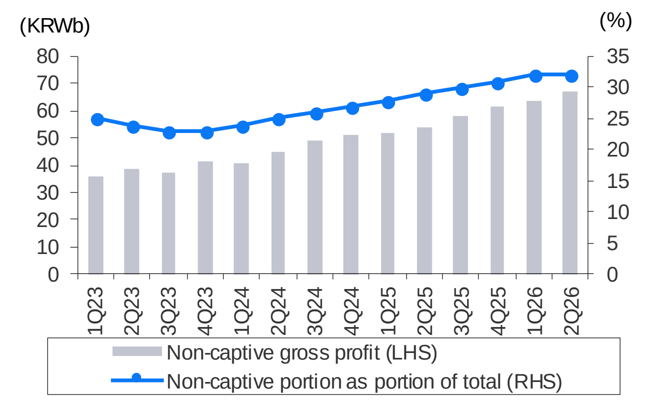
Source: Company data, Samsung Securities

Chart 4. Parent: Non-captive gross profit and portion



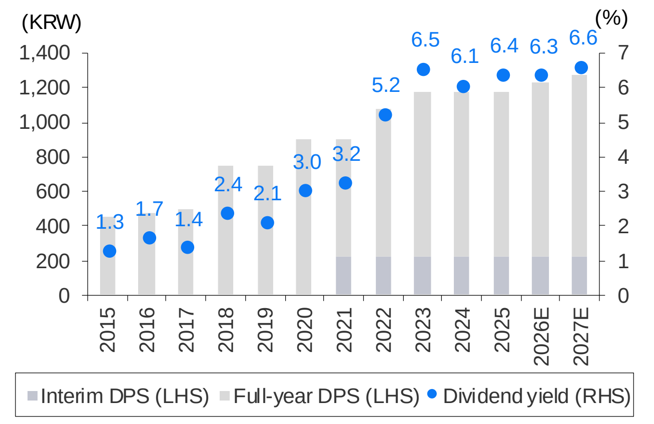
Source: Company data, Samsung Securities

Chart 5. Overseas: Non-captive gross profit and portion



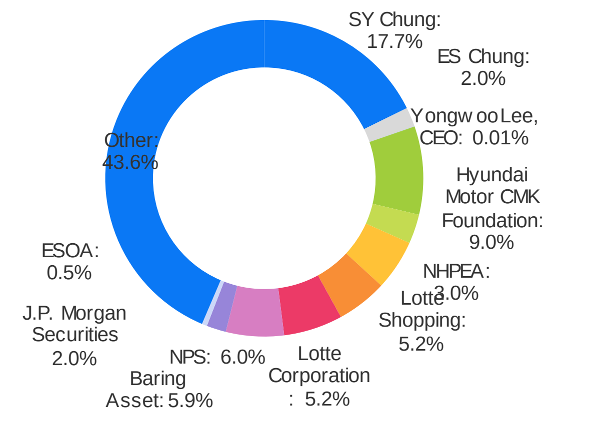
Source: Company data, Samsung Securities

Chart 6. Parent: Non-captive gross profit and portion



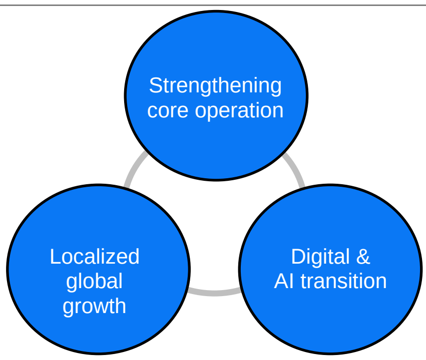
Note: Innocean announced interim dividends from 2021
Source: Company data, Samsung Securities

Chart 7. Shareholders



Note: As of end of 2025;
NHPEA stake as of Apr 17; JP Morgan as of Jun 11; NPS as of Jul 1
Source: Company data, Samsung Securities

Chart 8. 2025 main strategy: Increase enterprise and shareholder value



Source: Company data, Samsung Securities

Chart 9. 2H26 earnings outlook

Outlook	Details	Timeline
Recognition of results from new non-affiliate orders	Domestic: Coinone, LG H&H, Nepa, etc. CANVAS: 1 additional order besides CA Lottery D&G: Carl's Jr. and 1 other India: Ratnaafin, GianChand	Continuous Through 3Q26
New car launches in 2H	Following the Tucson and Avante FMC, the Ioniq 3 will be launched in Europe. Santa Fe F/L and Genesis GV90 to launch globally in 2H.	Phased recognition from 3Q26 to 4Q26
Full-quarter impact of new business/AI revenue	AI sales, including large GEOs, and new non-affiliate orders to be reflected in 2H Strengthening domestic management fundamentals New bases in Saudi Arabia/Africa are scheduled to commence operations in 2H.	Full impact In 2H26

Source: Company data, Samsung Securities

Chart 10. New revenue sources created by AI

Revenue sources	Content
GEO solution	GEO solution: Designed to prioritize brand recommendations in generative AI responses, positioning AI as a new sales driver.
38 Agent AI-OS	Developing 38 agent AI-OS covering research, planning, media, creative, data, reporting, operations, and finance, along with data platform concept development.
Intelligence/Home	Expanded with a modular AI platform and over 10 offices across 4 countries, generating new business initiatives.
Gloria Studio	Operates AI production in Europe, providing AI hero films, CAD visuals, localization, and more.

Source: Company data, Samsung Securities

Chart 11. "KT Onmaru" campaign: Innocean participated in the entire process, from space planning to exhibition construction

Note: Image taken from Innocean website
Source: Innocean, KT, Samsung Securities

Table 3. Innocean's main subsidiaries (as of 2025)

Company	Stake (%)	Acquisition date	Business	Location
Canvas WW	100.0	Aug 2015	Media agency	US
David & Goliath	100.0	Jan 2018	Advertising production	US
Wellcom	100.0	Nov 2019	Digital marketing	Australia
D.Purple	100.0	May 2021	Performance marketing	Korea
Modu.up	16.8	Jul 2021	AdTech platform	Korea
Studio Lennon	63.93	May 2022	VFX	Korea
D-Plan360	78.22	Jul 2023	Digital marketing	Korea
Studio Abit	40.0	Aug 2023	Content creation	Korea
Innocean S	100.0	Sep 2023	Social marketing	Korea

Note: Wellcom became a 100% subsidiary on Jan 13, 2025, after SIDCOM exercised a put option to sell its equity stake, acquiring an additional 7.5% (92.5% as of end-2024). 2. As of end-2025.
Source: Dart, Company data, Samsung Securities

Table 4. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	2,211.2	2,166.8	-2.0	2,280.2	2,283.6	0.2
Gross profit	1,054.7	1,058.1	0.3	1,104.4	1,126.4	2.0
Operating income	179.2	184.8	3.2	190.4	195.1	2.5
Operating margin (%, %pts)	*8.1*	*8.5*	*0.4*	*8.3*	*8.5*	*0.2*
Pre-tax income	177.3	181.5	2.4	186.8	189.6	1.5
Net income	111.6	117.8	5.5	117.6	122.9	4.5

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,121**	**2,146**	**2,167**	**2,284**	**2,400**
Cost of goods sold	1,179	1,156	1,109	1,157	1,203
Gross profit	**942**	**990**	**1,058**	**1,126**	**1,197**
Gross margin (%)	44.4	46.1	48.8	49.3	49.9
SG&A expenses	786	827	873	931	989
Operating profit	**156**	**163**	**185**	**195**	**208**
Operating margin (%)	7.3	7.6	8.5	8.5	8.7
Non-operating gains (losses)	**13**	**-28**	**-3**	**-5**	**-6**
Financial profit	38	28	34	34	35
Financial costs	16	31	24	25	27
Equity-method gains (losses)	1	1	1	2	2
Other	-10	-25	-15	-15	-15
Pre-tax profit	**169**	**135**	**181**	**190**	**202**
Taxes	53	26	47	49	52
Effective tax rate (%)	31.2	19.4	25.9	26.0	26.0
Profit from continuing operations	116	109	135	140	149
Profit from discontinued operations	0	0	0	0	0
Net profit	**116**	**109**	**135**	**140**	**149**
Net margin (%)	5.5	5.1	6.2	6.1	6.2
Net profit (controlling interests)	100	92	118	123	131
Net profit (non-controlling interests)	16	17	17	17	19
EBITDA	214	222	241	252	264
EBITDA margin (%)	10.1	10.4	11.1	11.0	11.0
EPS (parent-based) (KRW)	2,506	2,294	2,944	3,072	3,267
EPS (consolidated) (KRW)	2,903	2,724	3,364	3,507	3,730
Adjusted EPS (KRW)*	2,506	2,294	2,944	3,072	3,267

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,985**	**2,021**	**2,140**	**2,259**	**2,380**
Cash & equivalents	483	679	699	744	776
Accounts receivable	448	395	428	449	483
Inventories	0	0	0	0	0
Other current assets	1,054	947	1,013	1,066	1,121
Fixed assets	**730**	**760**	**730**	**741**	**745**
Investment assets	33	31	30	31	32
Tangible assets	253	265	262	263	262
Intangible assets	304	276	274	271	270
Other long-term assets	140	189	165	177	181
Total assets	**2,715**	**2,782**	**2,870**	**3,001**	**3,125**
Current liabilities	**1,484**	**1,462**	**1,475**	**1,505**	**1,526**
Accounts payable	195	186	186	195	199
Short-term debt	103	103	103	103	103
Other current liabilities	1,186	1,173	1,186	1,207	1,224
Long-term liabilities	**199**	**226**	**214**	**223**	**228**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	199	226	214	223	228
Total liabilities	**1,683**	**1,688**	**1,689**	**1,728**	**1,754**
Owners of parent equity	**1,002**	**1,065**	**1,135**	**1,209**	**1,289**
Capital stock	20	20	20	20	20
Capital surplus	122	122	122	122	122
Retained earnings	857	902	973	1,046	1,126
Other	3	21	21	21	21
Non-controlling interests' equity	**30**	**29**	**45**	**63**	**81**
Total equity	**1,032**	**1,093**	**1,181**	**1,272**	**1,370**
Net debt	-398	-521	-574	-618	-655

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**182**	**281**	**128**	**165**	**149**
Net profit	116	109	135	140	149
Non-cash profit and expenses	108	121	91	93	94
Depreciation	46	49	46	47	46
Amortization	12	10	10	10	10
Other	50	61	35	36	38
Changes in A/L from operating activities	-6	91	-65	-35	-58
Cash flow from investments	**-267**	**28**	**-54**	**-77**	**-71**
Change in tangible assets	-206	-17	-43	-48	-45
Change in financial assets	-61	49	-24	-8	-10
Other	0	-4	14	-21	-16
Cash flow from financing	**-5**	**-115**	**-56**	**-42**	**-47**
Change in debt	47	23	-9	7	4
Change in equity	0	0	0	0	0
Dividends	-63	-65	-47	-49	-51
Other	11	-74	0	0	0
Change in cash	-47	197	19	45	32
Cash at beginning of year	529	483	679	699	744
Cash at end of year	483	679	699	744	776
Gross cash flow	**224**	**230**	**226**	**233**	**243**
Free cash flow	**-24**	**264**	**85**	**117**	**104**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	1.3	1.2	1.0	5.4	5.1
Operating profit	3.8	4.6	13.5	5.5	6.6
Net profit	-0.5	-6.2	23.5	4.2	6.4
Adjusted EPS**	-1.5	-8.5	28.3	4.4	6.3
Per-share data (KRW)					
EPS (parent-based)	2,506	2,294	2,944	3,072	3,267
EPS (consolidated)	2,903	2,724	3,364	3,507	3,730
Adjusted EPS**	2,506	2,294	2,944	3,072	3,267
BVPS	25,050	26,618	28,387	30,234	32,226
DPS (common)	1,175	1,175	1,225	1,275	1,325
Valuations (x)					
P/E***	7.7	8.0	6.6	6.4	6.0
P/B***	0.8	0.7	0.7	0.6	0.6
EV/EBITDA	1.9	1.1	1.1	0.9	0.8
Ratios (%)					
ROE	10.5	8.9	10.7	10.5	10.5
ROA	4.4	4.0	4.8	4.8	4.9
ROIC	18.0	21.0	22.5	22.1	21.8
Payout ratio	46.9	51.2	41.6	41.5	40.6
Dividend yield (common)	6.1	6.4	6.3	6.5	6.8
Net debt to equity	-38.6	-47.7	-48.6	-48.6	-47.8
Interest coverage (x)	22.9	25.4	28.1	29.7	31.1

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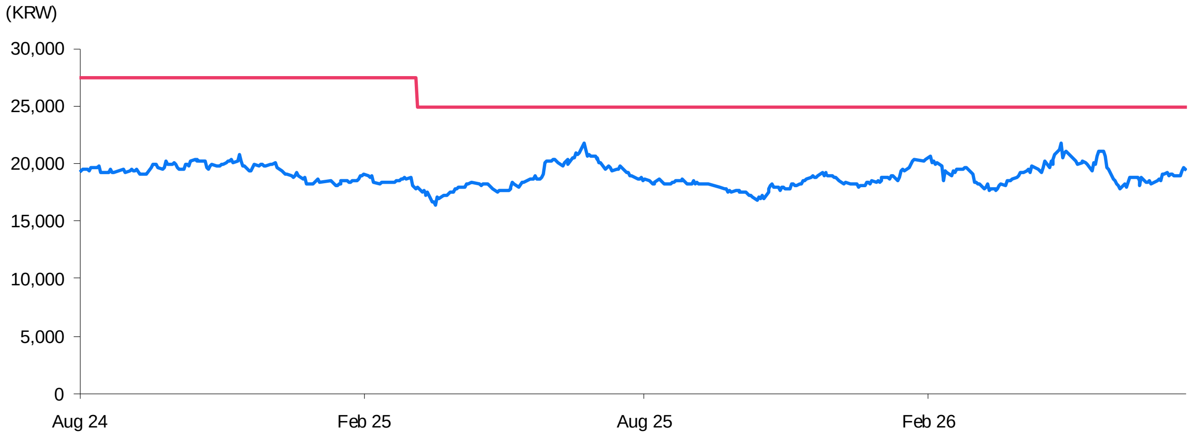
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/7	2025/3/28	2026/3/28
Recommendation	BUY	BUY	BUY
Target price (KRW)	27500	25000	25000
Gap* (average)	-29.89	-25.30	
(max or min)**	-24.55	-12.60	

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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* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

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