



INVESTOR RELATIONS

Aug 2020

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Company Overview



✓ Established through merger b/w CJ O Shopping and CJ E&M in Jul 2018

No.1 MPP in Korea

17 TV ch, m/s 33%

✓ Major subsidiary: Studio Dragon

✓ Business divisions: Media, Commerce, Pictures, Music

No.1 home shopping player

m/s 22%

✓ Media: No.1 MPP in paying TV, operating 17 TV channels

✓ Commerce: Major home shopping player, with overseas sites

No.1 PIP & MCN

PIP M/S 23%

MCN teams 1,400

✓ Pictures: Film producer & distributor both at home and abroad

✓ Music: No.1 Korean total music station with in-house artists/sub-labels

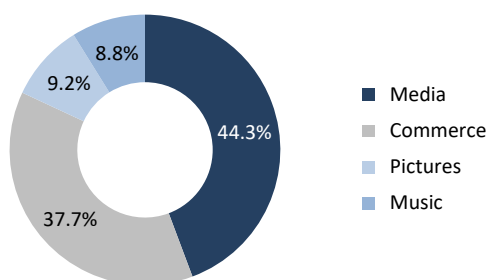
No.1 Film in Korea

m/s 46%

✓ Leading media-commerce company building digital & global expertise

COMPANY OVERVIEW

Sales-mix (2019)

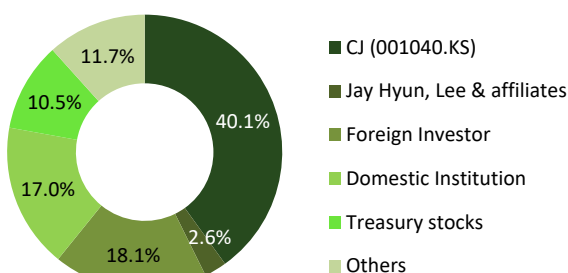


Snapshot (as of Aug 2020)

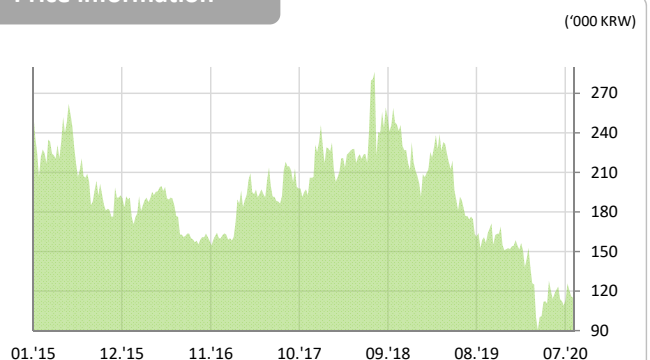
✓ Outstanding Shares	21,929,154 shrs
✓ Market Cap.	2,515 mn USD
✓ Shareholders' Equity	3,393 mn USD
✓ P/B	0.74 x
✓ Foreign Investment Limit	49.0 %

*KRW/USD = 1,000

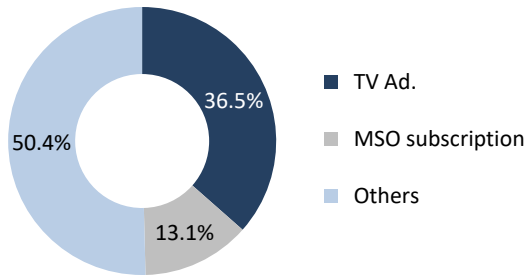
Shareholders' stake



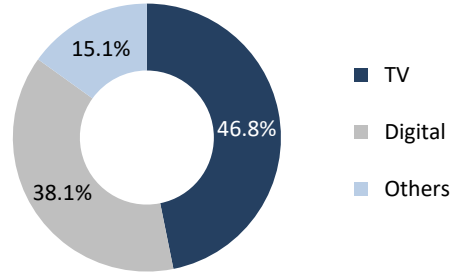
Price information



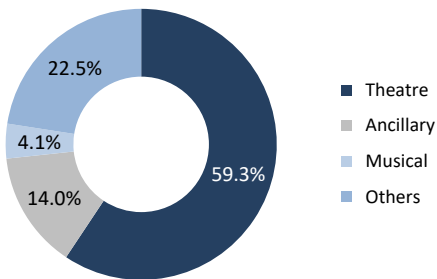
Media



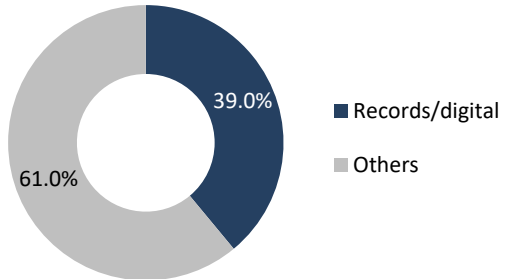
Commerce



Pictures · Musical



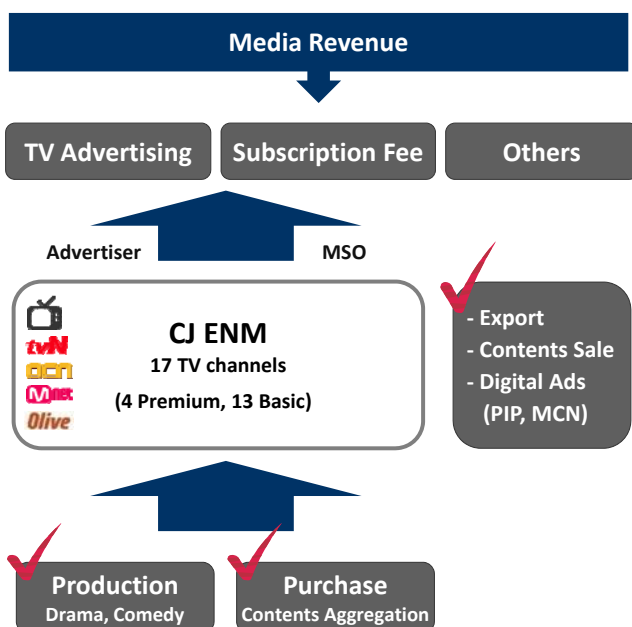
Music



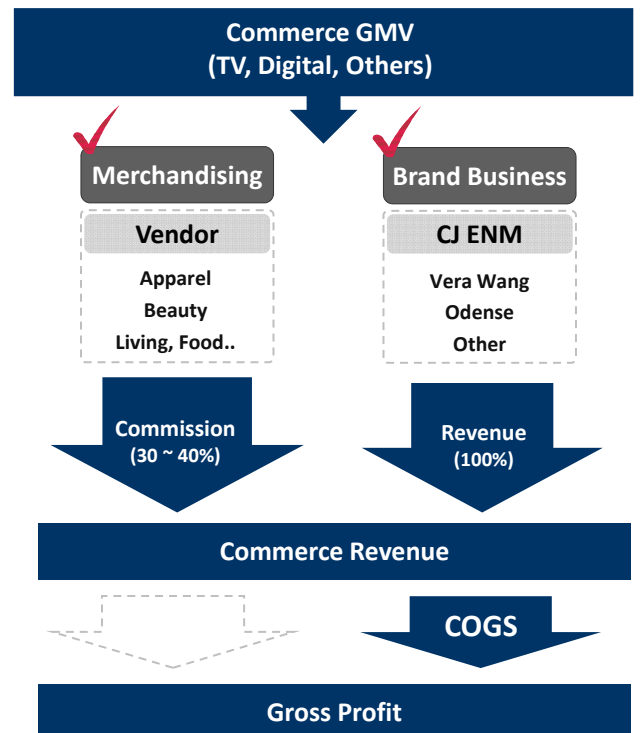
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BUSINESS MODEL by Divisions

Media

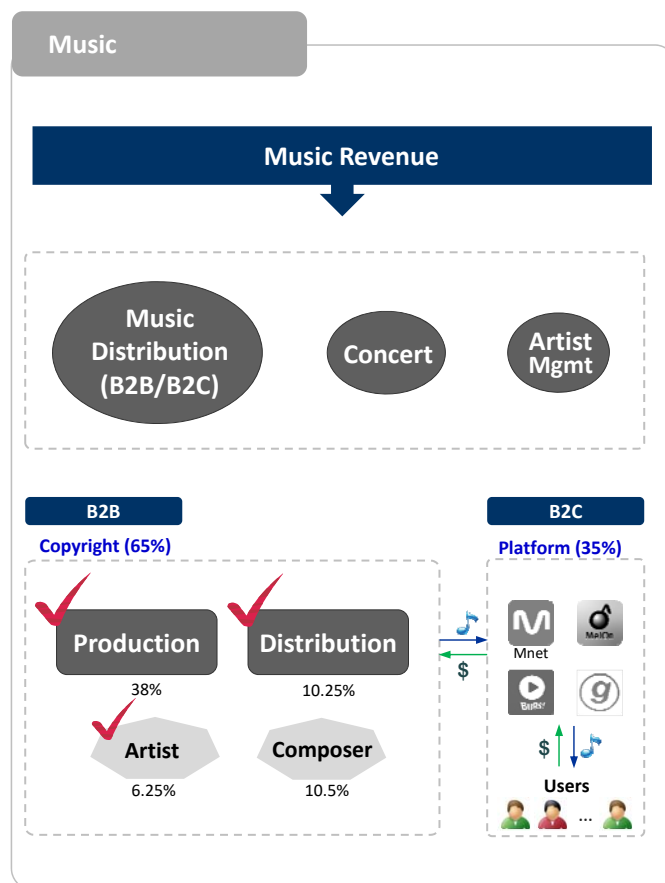
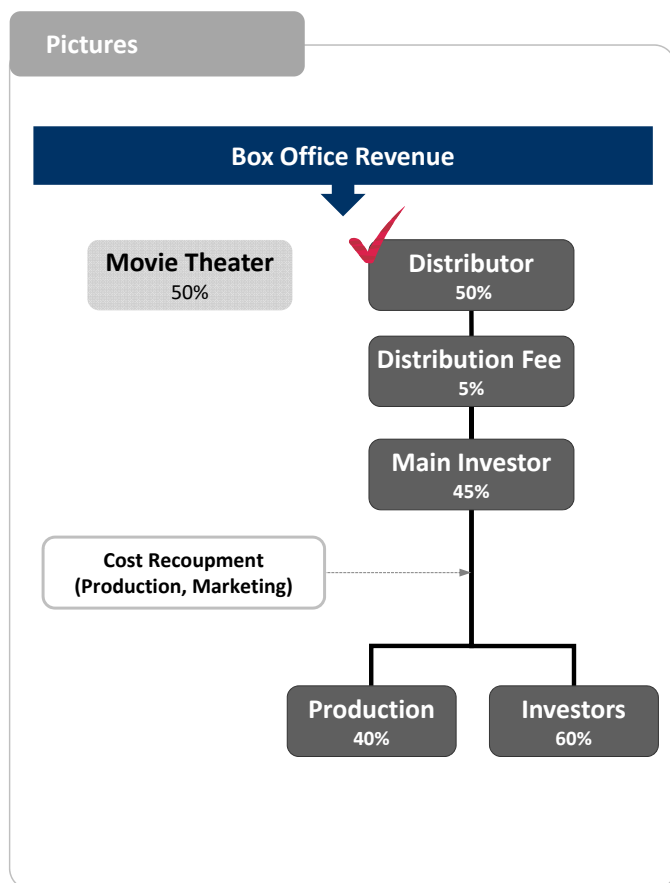


Commerce

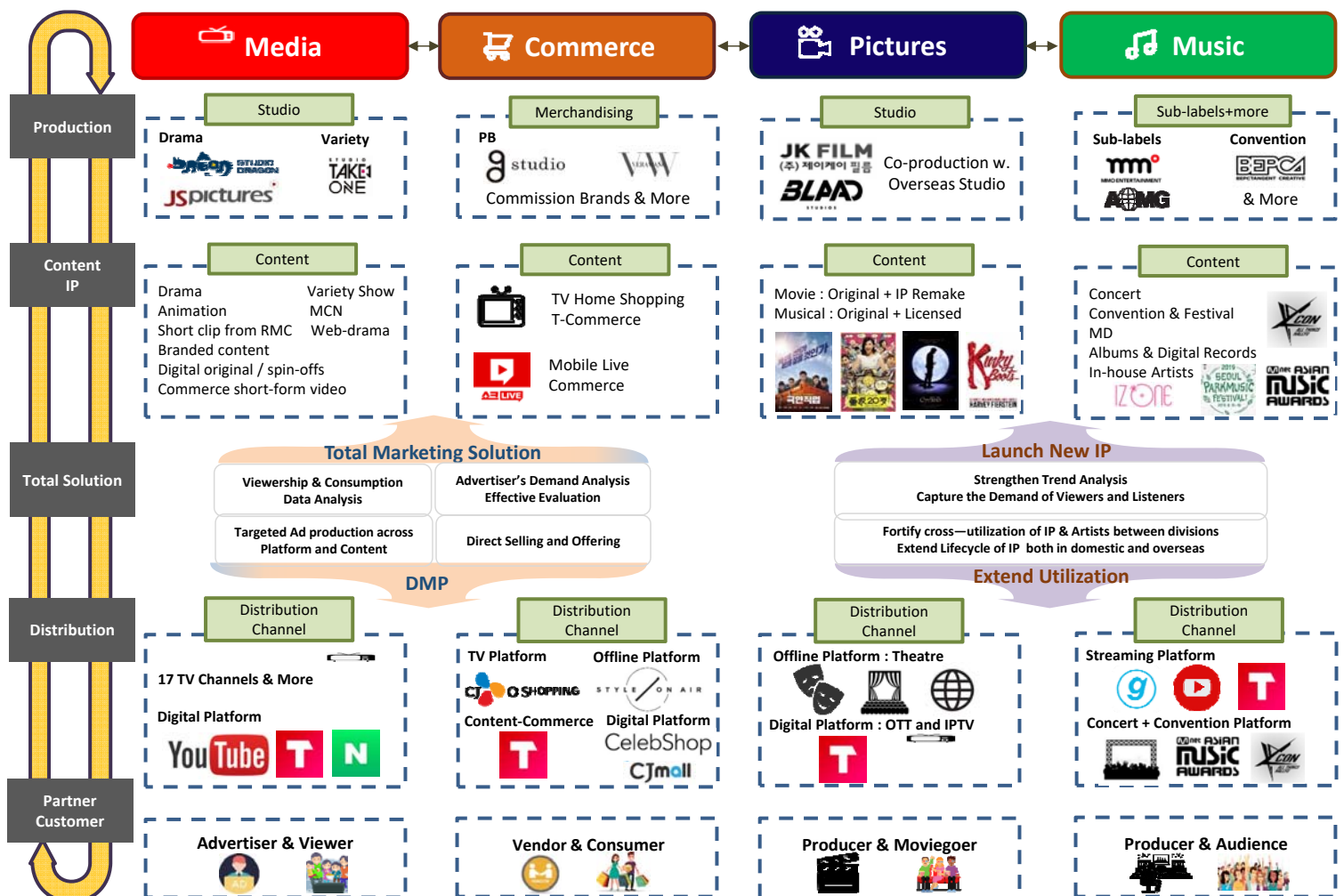


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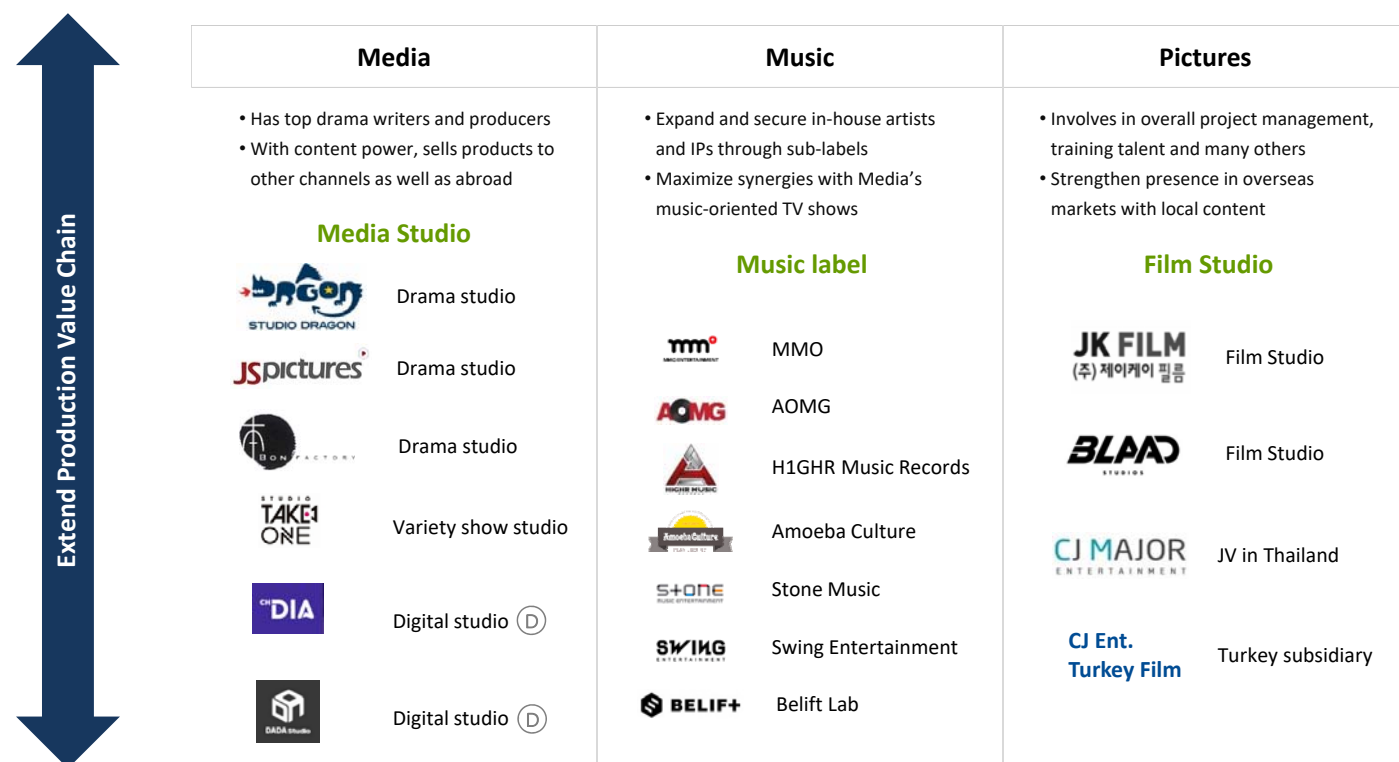
BUSINESS MODEL by Divisions



Mid-Long Term Strategy



Extension of production value chain to grow stronger

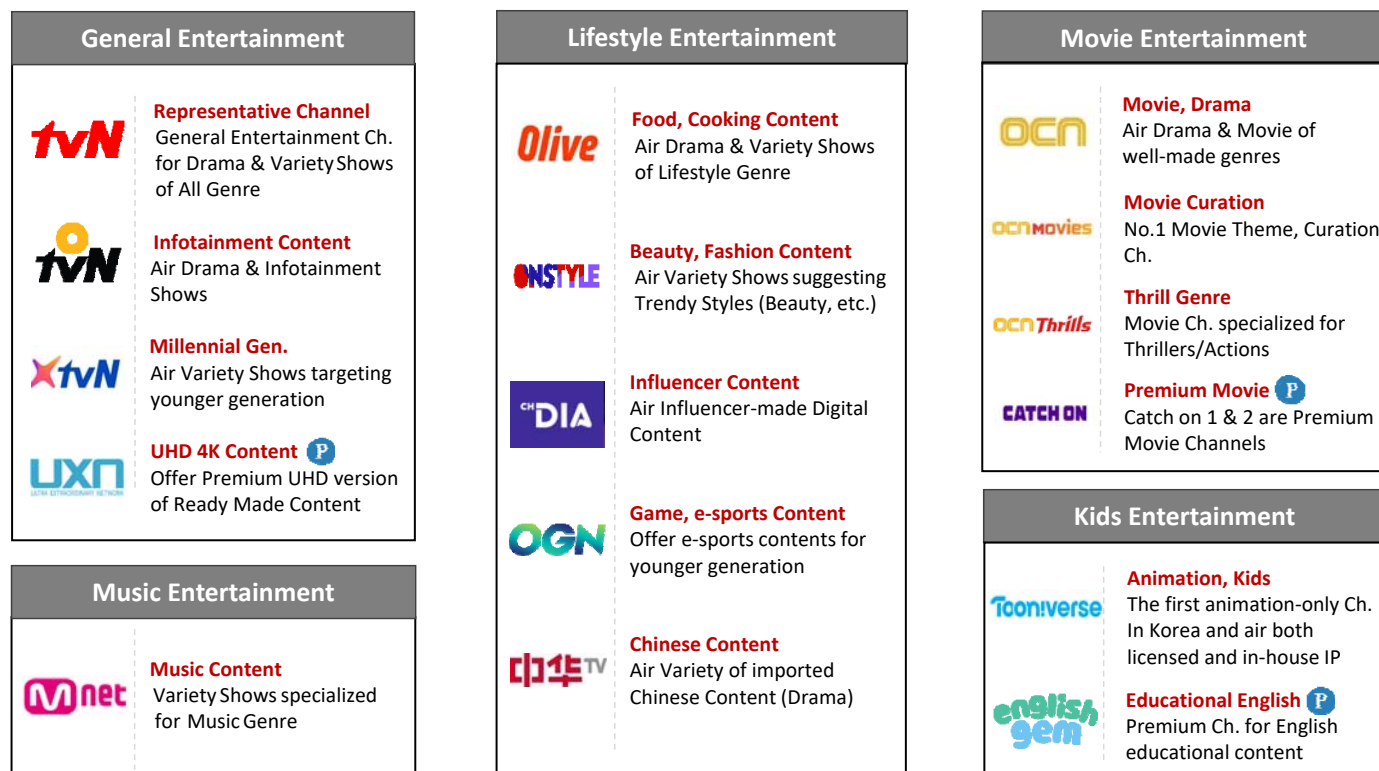


* (D) stands for division of CJ ENM; Others are CJ ENM's subsidiaries

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TV Channels that we own

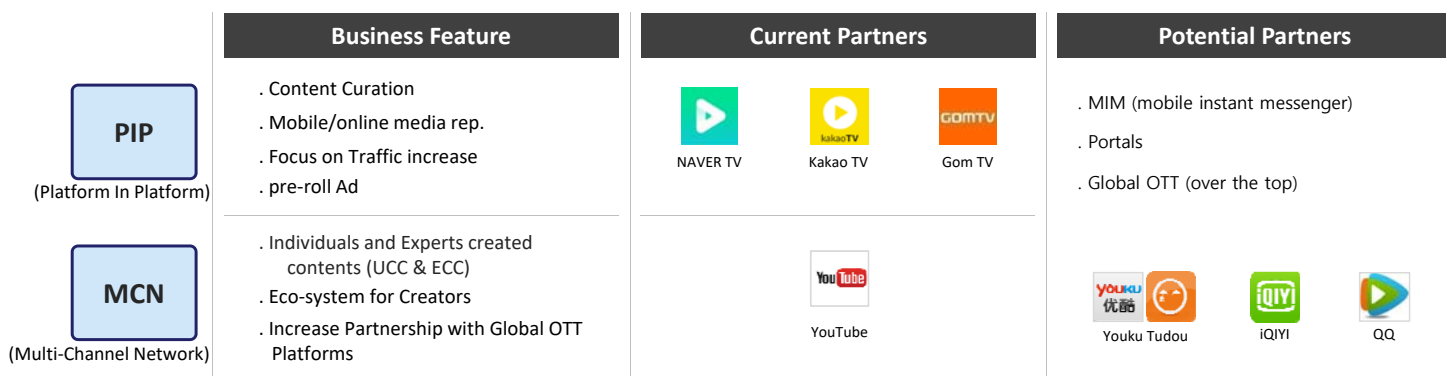
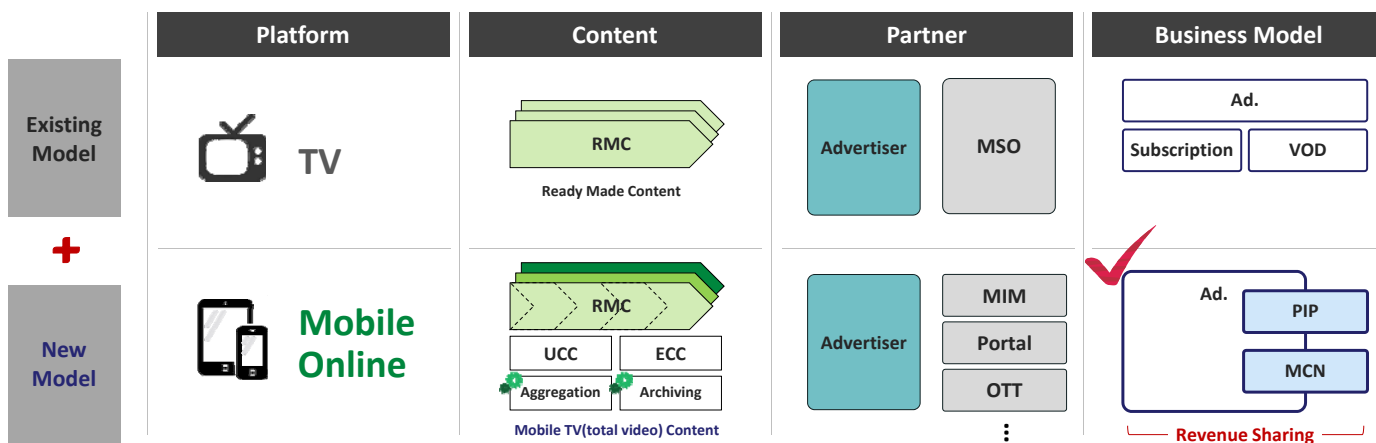
Own 17 TV Channels including 13 Basic and 4 Premium Channels



(P) : Premium Channel (Channel subscription needed)

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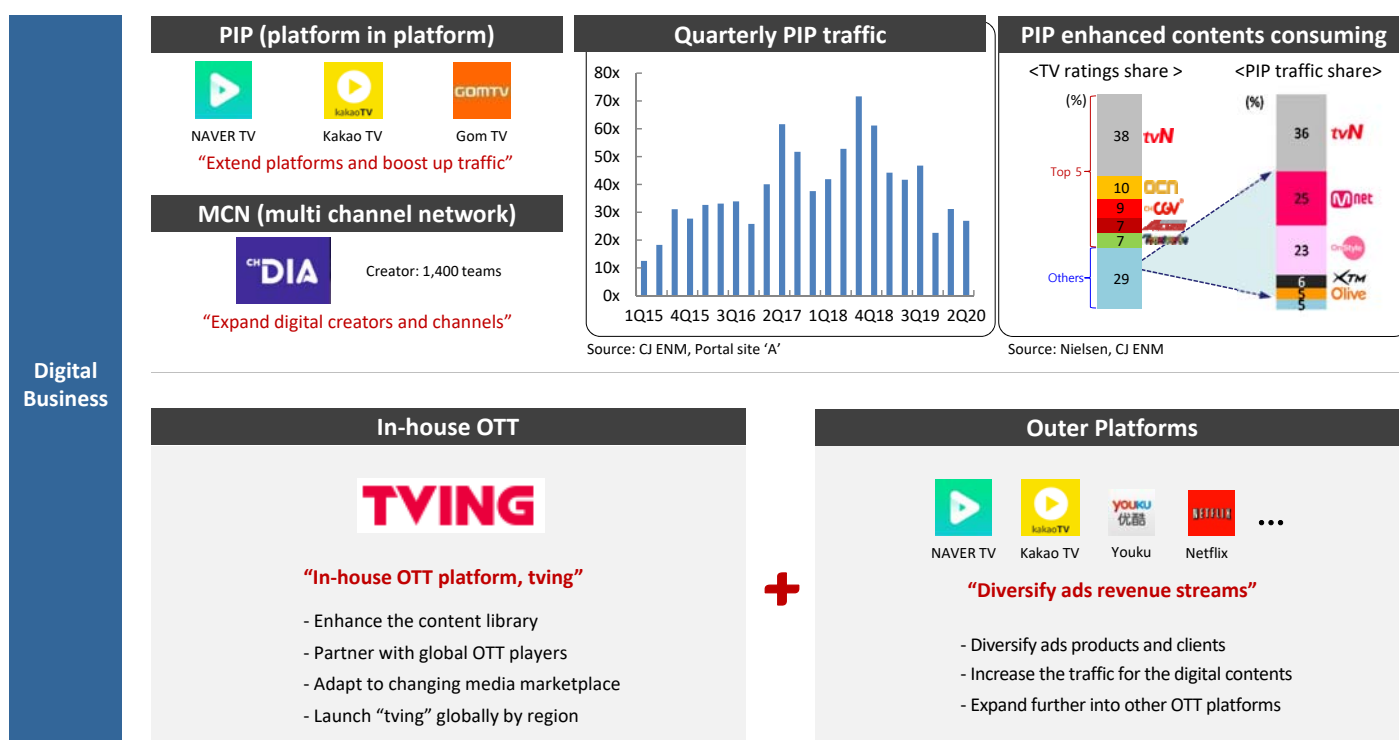
NEW BIZ MODEL for Digital Strategies



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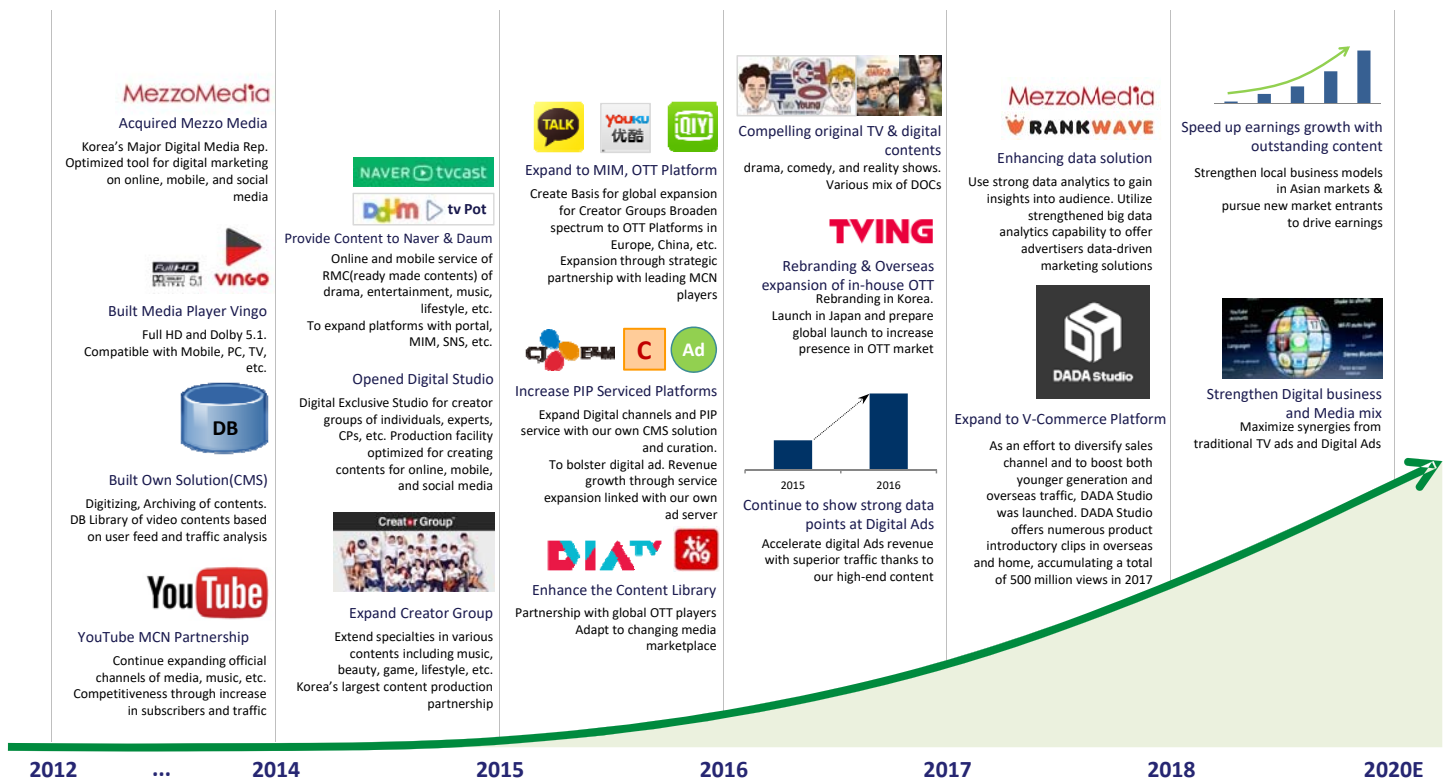
Digital Business

'2-Way Strategy' in Digital and Global



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Dive deep into digital transformation



Rolling-out Localization Through the Best Experience

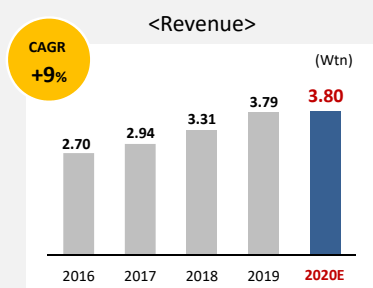


Fortify Content Hit-Ratio and Expand Convergence Digital Distribution

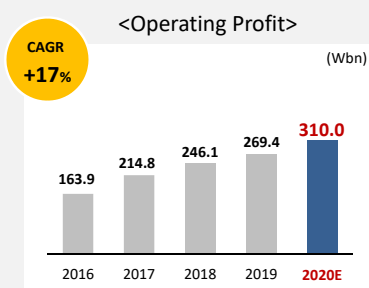
 MEDIA	TV Ad 10%+, Digital revenue 20%+ growth, profitability focused production
 COMMERCE	Fortify high profit portfolio, maximize operation synergy of multi-channel
 PICTURES	Enforce in-house production and project profit, strategical penetration into U.S.
 MUSIC	Strengthen strategic production and secure global mega-IP



“Strengthen Digital · Global Business”



“Secure profitability by cost-reduction & production efficiency”



“Strengthen Shareholder communication Payout ratio 15% or more”

<Guidance & Dividend>

☑ 2020 Guidance

Revenue 3.8 Wtn

Operating Profit 310.0 Wbn

☑ Payout ratio 15% or more

* FY2016 ~ FY2018 is based on CJ ENM consolidated pro-forma statements excluding CJ Hello earnings as CJ Hello has been liquidated as of Dec. 26th, 2019

2Q20 Earnings Review

1. Key Achievements and Strategies

“Covid-19 risk management in 1H, turnaround by content · product competitiveness in 2H”



Content Hit-Ratio

Strengthen drama, variety, pictures, music IP

Product Portfolio Mix

Extend PB, bolster product planning

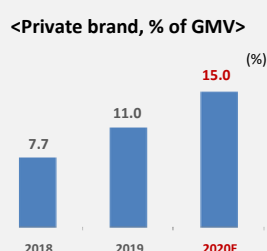
Digital Distribution

Enhance TVING subscriber, digital commerce

“Content hit-ratio increment”

- Boost drama viewership and content pulling
- Bolster broadcasting and planning of new variety shows
- Resume theatre distribution and fortify line-up
- Concentrate on launch of new group artist

“PB · product competitiveness”



“Digital biz. reinforcement”

<1H20 Digital Rev. portion>

Media

Commerce

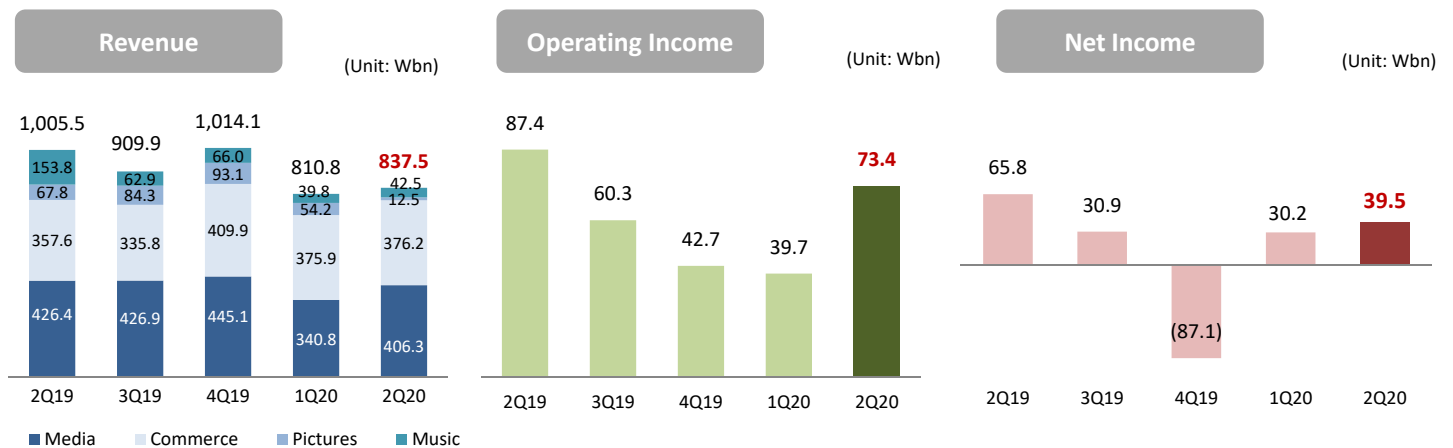
20.6 %

(YoY +4.9 %p)

45.6 %

(YoY +7.9 %p)

Profit turnaround with untact and digital growth, despite weak live revenue



● **[2Q20] Revenue W8,375bn (YoY -16.7%), OP W734bn (YoY -16.1%)**

: Despite TV Ad market slow-down and record-low box office revenue, steady growth in commerce and digital revenue

: Profitability improvement with media margin increase due to strong growth in content sales, continued commerce profit growth, music profit turnaround

● **[2H20] Fortify profitability through strengthening content and products competitiveness**

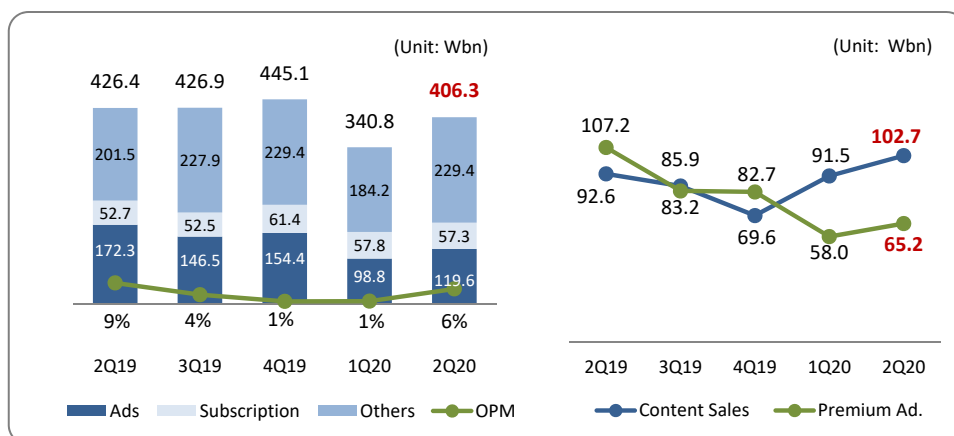
: **Media** – TV Ad recovery with media solution capability and reinforcement of digital, **Commerce** – Strengthen private brands and mobile platform

: **Pictures** – Resume domestic and global B.O. release, corresponding market condition, **Music** – Expand global and untact activities of in-house artists

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2-2. Media – Financial Results

Offset sluggish TV Ad market through record-high digital and content sales revenue



Major Shows



<Hospital Playlist>
Mar 12 ~ May 28 (12 eps)
Highest rating: 14.1%



<When My Love Blooms>
Apr 25 ~ Jun 14 (16 eps)
Highest rating: 5.4%



<Three Meals A Day: Fishing Village 5>
May 1 ~ Jul 10 (11 eps)
Highest ratings: 12.2%

● **[2Q20] Revenue W406.3bn (YoY -4.7%), Operating Profit W24.9bn (YoY -31.9%)**

: Due to high-base and Ad market slump, TV Ad revenue (YoY -30.6%) contracted, whereas digital revenue (YoY +16.6%) maintained high growth

: Hike in TVING paid subscribers (YoY +66.2%) and steady growth of content sales revenue (YoY +10.9%) thanks to <Hospital Playlist> · <The King>

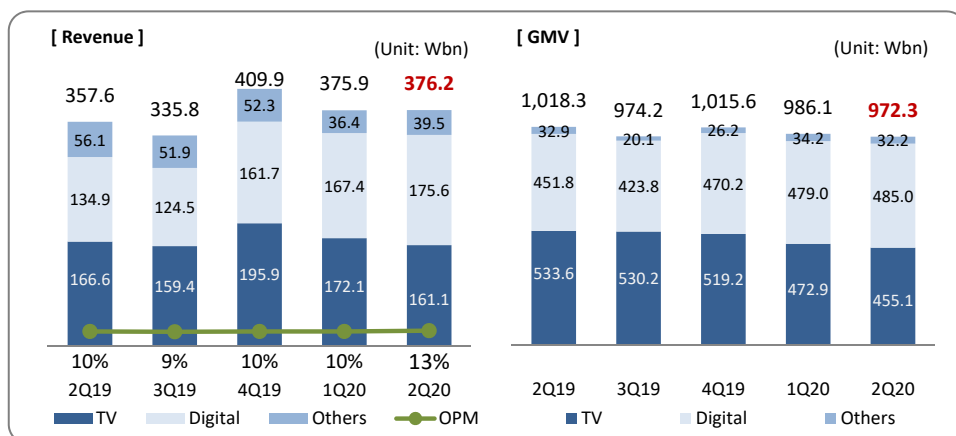
● **[2H20] Restore profitability via reduction in content production cost and media solution competency**

: Aim for profit recovery by reducing per-episode production cost and expanding co-airing between channels

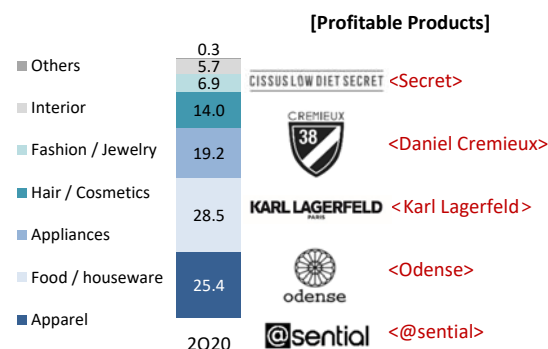
: Maximize Ad efficiency by launching new TV Ad product, I-AD, with advanced performance analysis and expanding TV-digital Ad packages

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The highest OP thanks to portfolio strategy and untact demand



Product Portfolio



• [2Q20] Revenue W376.2bn (YoY +5.2%), Operating Profit W49.8bn (YoY +38.3%)

- : Continued PB growth (GMV portion 13.8%) and increased demand in food·appliances·houseware·kid's products due to untact economy
- : Extended time allocation for high-margin products incl. PB and supplements·living·fashion etc., while downsized low-margin business

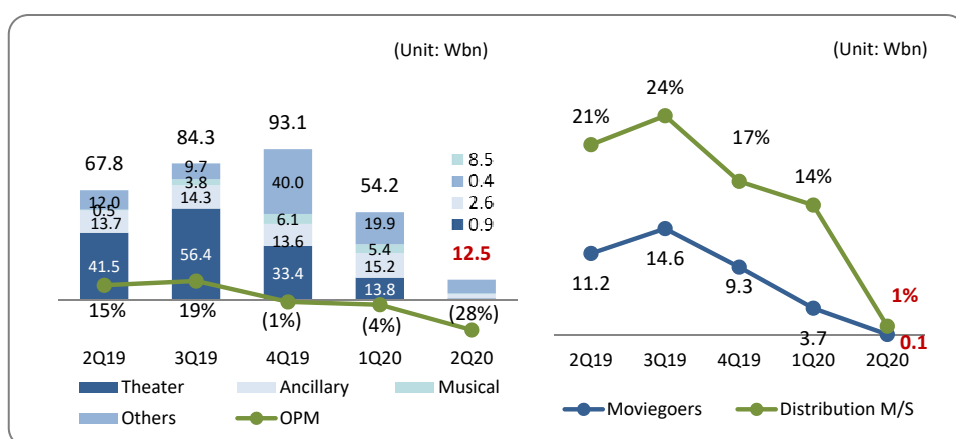
• [2H20] Develop into lifestyle shopping mall by enlarging PB product portfolio and strengthening digital platform

- : Expand product line-up based on nutritional supplements·living product and upgrade distribution and inventory management system
- : Renew digital shop-in-shop such as <Celebshop> · <Olive Market> · <Beauty in nowadays> and reinforce mobile eTV GMV for digital shift

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2-4. Pictures – Financial Results

1H - risk management on market condition, 2H - resuming B.O. release



Major Movies



<Parasite: black & white edition>
Released date : Apr 29



<Deliver Us From Evil>
Release date : Aug 5

• [2Q20] Revenue W12.5bn (YoY -81.5%), Operating Loss W3.5bn (TR)

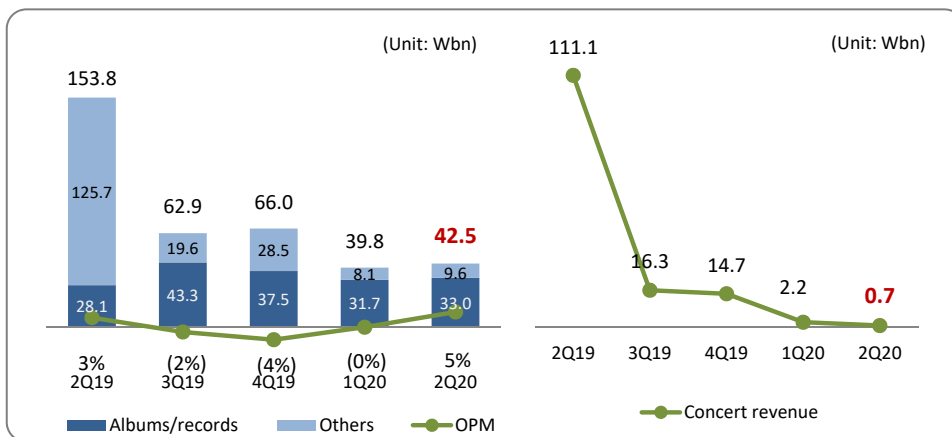
- : Operating loss due to sharp decrease in B.O. revenue (YoY -97.7%) and ancillary revenue (YoY -80.9%) from suspension of B.O. release
- : Despite <Parasite> overseas revenue from Japan · Spain, global revenue decreased due to theatre shut-down in major countries (U.S., Turkey etc.)

• [2H20] Resuming domestic and global B.O. release including in-house developed projects

- : Domestic – Starting B.O. release with <Deliver Us From Evil>, human-drama <Pawn>, action-crime <Collectors>, and in-house project <Hero>
- : Global – Resuming B.O. release with in-house projects in Vietnam <Invisible Evidence> · <Glitch>, Thailand <Cracked>, Turkey <4N1K>

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Despite squeezed concert revenue, albums·records contributed to profitability



Major Content



<IZ*ONE> Oneiric Diary
Released on Jun 15
Total sales : 510k



<Heize> Lyricist
Weekly chart No.1

- [2Q20] Revenue W42.5bn (YoY -72.3%), Operating Profit W2.1bn (YoY -55.7%)**
 - : Albums·records revenue increased (YoY + 17.6%) by <IZ*ONE>, <Heize>, while others revenue declined due to concert cancellation (2Q19 BTS)
 - : Even with cancellation of concert and live performance, profitability improved thanks to in-house global artists incl. <IZ*ONE> · <JO1>
- [2H20] Strategic decision-making under untact market condition and extension of global artists**
 - : Active market correspondence by untact · digital concerts, and fortify performance of global artists including <IZ*ONE>, <JO1>
 - : Through <I-LAND> Part.2, which will be aired on August, plan · prepare an album and a debut of a new global artist

Financial Summary

Appendix 1-1. Balance Sheet Summary



(Unit: Wbn)	1Q20	2Q20	QoQ (%)
Total Assets	5,662	5,978	5.6
Current Assets	1,673	2,006	19.9
Cash and Cash Equivalents	405	412	1.8
Other Current Financial Assets	1,268	1,594	25.7
Non-Current Assets	3,989	3,972	(0.4)
Tangible Assets	966	973	0.8
Intangible Assets	1,122	1,061	(5.5)
Total Liabilities	2,485	2,585	4.0
Current Liabilities	1,864	1,756	(5.8)
Non-Current Liabilities	621	829	33.6
Shareholders' Equity	3,176	3,393	6.8
Equity capital	212	212	-
Retained Earnings	1,145	1,166	1.8
Other Reserves	1,597	1,749	9.5

Key financial ratios

(Unit: %)	1Q20	2Q20	QoQ (%)
Current Ratio (%)	89.7	114.2	24.5%p
Net Debt Ratio (%)	17.9	12.7	-5.2%p
Cash Ratio (%)	27.5	48.8	21.3%p

Appendix 1-2. Income Statement Summary

(Unit: Wbn)	2Q19	1Q20	2Q20	YoY (%)	QoQ (%)
Sales Revenue	1,006	811	838	(16.7)	3.3
Media	426	341	406	(4.7)	19.2
Commerce	358	376	376	5.2	0.1
Pictures	68	54	13	(81.5)	(76.9)
Music	154	40	43	(72.3)	6.8
OPEX	918	771	764	(16.8)	(0.9)
COGS	617	473	472	(23.5)	(0.3)
SG&A	301	298	292	(3.0)	(1.9)
Operating Profit	87	40	73	(16.1)	84.7
Non-Operating PL	2	(1)	(22)	TR	CR
Financial PL	1	4	(10)	TR	TR
Equity method G/L	12	12	20	63.8	67.3
Others	(12)	(16)	(32)	CR	CR
Pre-tax profit	89	39	51	(42.8)	30.7
Tax Expenses	27	9	12	(57.6)	29.8
Ongoing Operating Income	62	30	39	(36.2)	30.9
Discontinued Operating Income	4	0	0	-	-
Net profit	66	30	39	(40.0)	30.9

Appendix

Media Industry Outlook

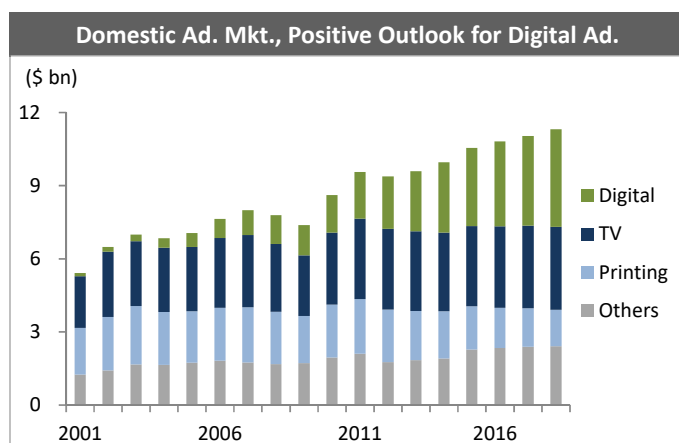
Top-line Growth through Digital New Biz. in Jumping Market

Positive Growth for Digital Media – Extend and Expand Content Business based on Long-tail

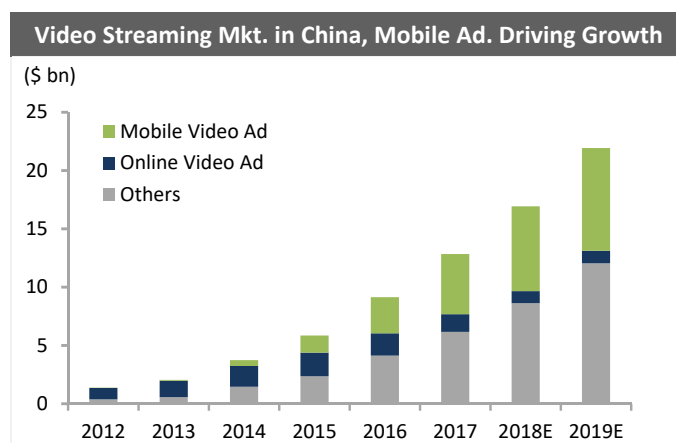
: 2018 domestic ad. market \$11bn - digital ad. to grow to 38% of total ad.

: 2018(E) video streaming market \$17bn - 47% from mobile ad., driving growth

: Digital content production system + new biz. model such as PIP and MCN → Secure growth in growing domestic/overseas market

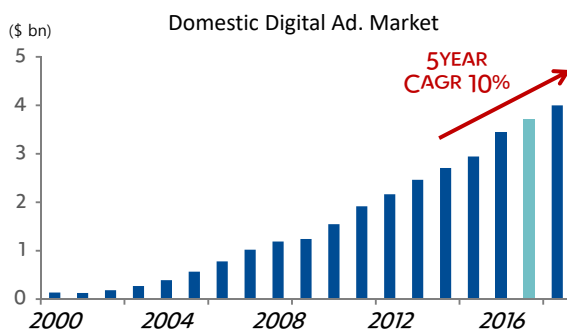
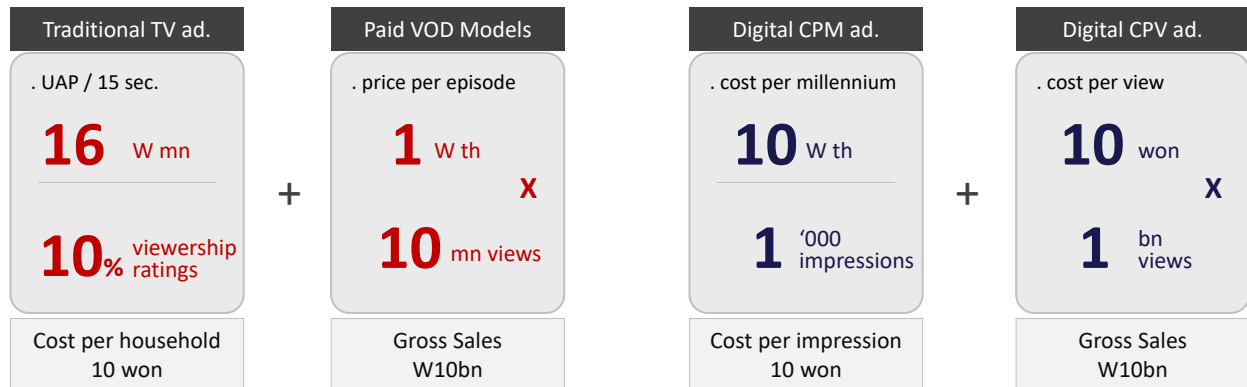


source: KOBACO, CJ ENM



source: China Internet Watch, iResearch, CJ ENM

Revenue Diversification from Media-Mix



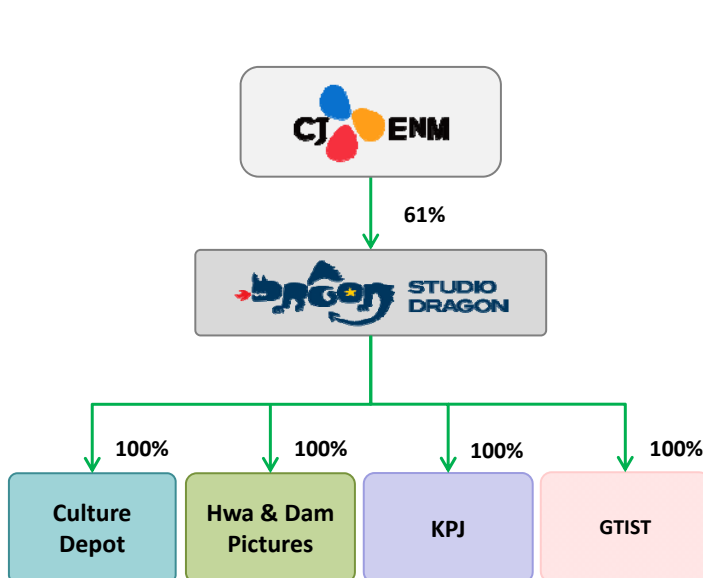
source: KOBACO, CJ ENM

- : Domestic digital ad. spending will reach \$4.2bn in 2018
- : emerging importance of digital media-mix with traditional media
- : competitive edge with analysis system for measuring ad. effectiveness
- : increase digital media revenue with various media mix

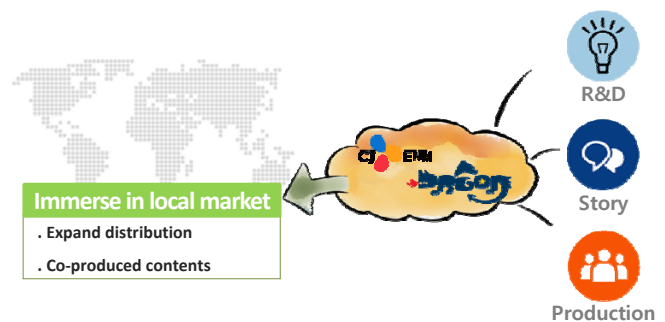
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Fortifying with In-house Studio (2016)

Studio Dragon, aiming for new growth in Asian Contents market



- Culture Depot**
- : 2013 <My Love from the Star>, <来自星星的你>
 - : 2016 <The Legend of the Blue Sea>, <蓝色海洋的传说>
- Hwa & Dam Pictures**
- : 2016 <Descendants of the Sun>, <太阳的后裔>
 - : 2016 <Goblin>, <鬼怪>
- KPJ**
- : 2003 <Dae Jang Geum>, <大长今>
 - : 2011 <Deep Rooted Tree>, <树大根深>



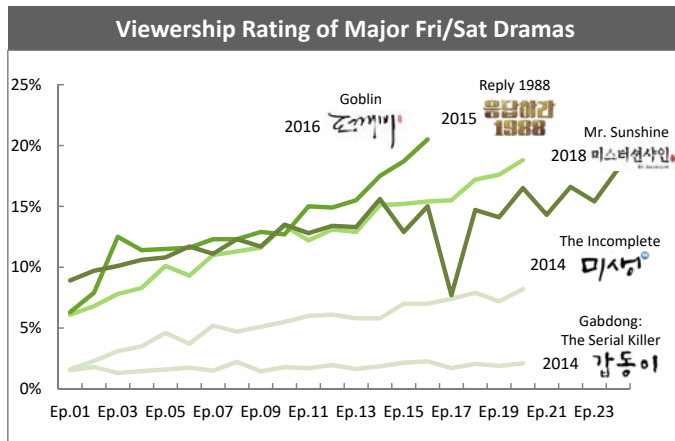
- The Spin-off of Drama subdivision, New entity for the Drama**
 - : Acquisition of the well-known production company
 - Develop high-end dramas
- Launch of a major studio to lead the content market**
 - : Expertise in storytelling, diversified genre contents, Introducing a cinematic quality to TV storytelling
- Growing into a global production company**
 - : Local-partnership, co-produced contents

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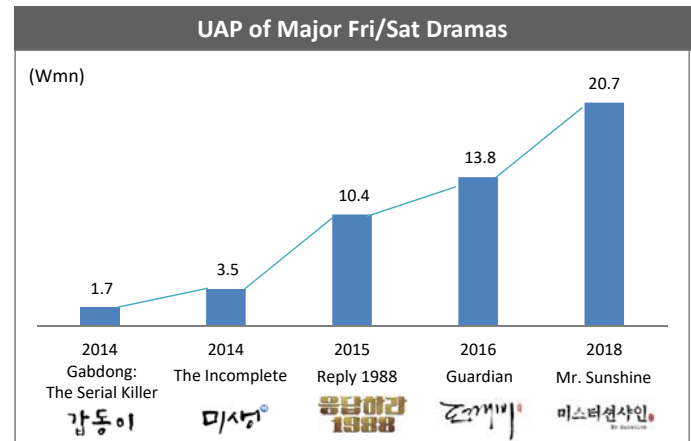
Paving the way to become "Content Powerhouse"

Quality drama production to enlarge content library going forward

- : Viewership rating of dramas constantly improving – from recording low-single digit to achieving record-high rating
- : Growing recognition from viewers leading to increasing ads (TV & digital) and stronger channel branding
- : Expect to leverage massive original content library to maximize IP utilization in the long run



Source: Nielson Korea, CJ ENM

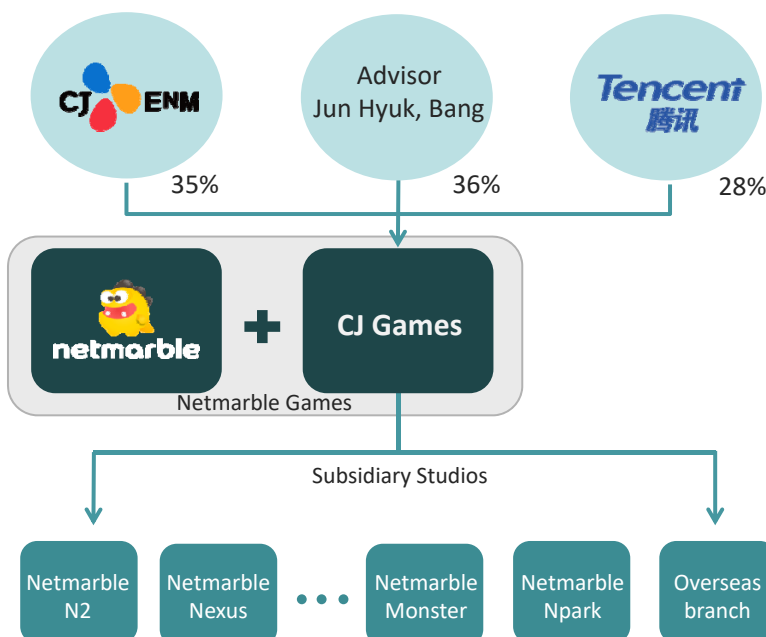


Source: CJ ENM

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GAMES STRUCTURE after JV (2014)

Partnership Accelerates Move into the Global Market



* Current stakes after IPO (May 12, 2017):
Mr. Bang 24.4%, CJ ENM 22.0%, Tencent 17.7%, Ncsoft 6.9%
(Ncsoft initially held a stake of 9.8% through a capital increase in Feb 2015)

● Partnership in New Corp.

- : Integration of Game Biz. (Netmarble & CJ Games)
- : Collaborate with Tencent for higher synergies and stronger publishing

● Equity Investment from Tencent

- : US \$500mn with 28% stake
- : As a fully-loaded Strategic Investor rather than FI

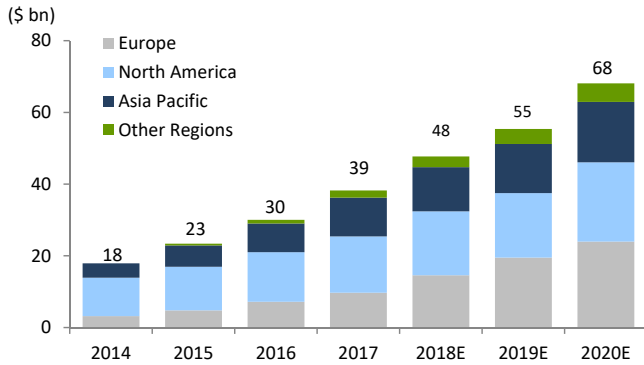
● Removal of Regulatory Barrier

- : Restructuring to facilitate M&A
(Developing studios are great-grandsons of the holding company. Partial acquisition is banned by FTC in current conditions)

Equipped to Become a Global Player

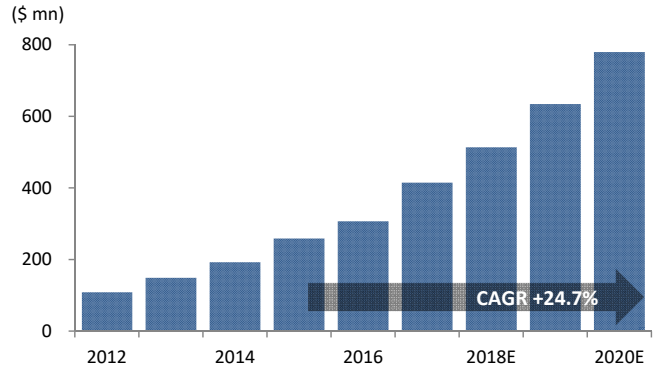
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Global OTT Market Projection



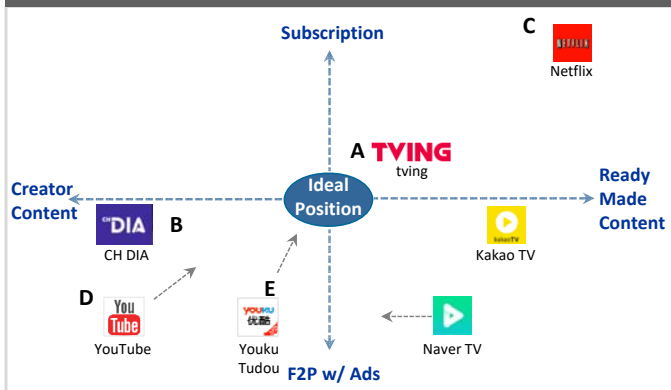
Source : Strategy Analysis

Domestic OTT Market Projection



Source : Korea Communications Commission

Service positioning of platforms



Source : CJ ENM

Service positioning of platforms

	Business Model	Type of Contents	Platform
A	Subscription	RMC	tving
B	Ads	UCC	CH DIA
C	Subscription	RMC	Netflix
D	Ads	UCC	Youtube
E	Ads	UCC + RMC	Youku Tudou

Source : CJ ENM

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Appendix 2. Main Line-ups for 3Q20

Media

[Scripted Format]

- <My unfamiliar family> (Jun 1 ~ Jul 21) : Mon/Tue Drama on tvN
- <It's Okay to Not Be Okay> (Jun 20 ~ Aug 9) : Sat/Sun Drama on tvN
- <Train> (Jul 11 ~ Aug 16) : Sat/Sun Drama on OCN
- <Flower of Evil> (Jul 29 ~ Sep 17) : Mon/Tue Drama on tvN
- <Stranger 2> (Aug 15 ~ Oct 4) : Sat/Sun Drama on tvN
- <Missing: the other side> (Aug) : Mon/Tue Drama on OCN

[Non-scripted Format]

- <Three meals a day : Fishing Village 5> (May 1 ~ Jul 10) : Variety show on tvN
- <House on Wheels> (Jun 18 ~ Aug 13) : Variety show on tvN
- <Hometown Flex> (Jul 12 ~ Sep 27) : Variety show on tvN
- <Our little summer vacation> (Jul 17 ~ Sep 18) : Variety show on tvN
- <Korean Monster: The Making of Ryu Hyun-jin> (Jul 28 ~ Aug 18) : Variety show on tvN
- <Lee's Kitchen> (Jul 31 ~) : Variety show on tvN
- <I-LAND> (Aug 14 ~ Sep 18) : Variety show on Mnet

Pictures

[Pictures]

- <Deliver us from Evil> (Released on Aug 5)
- <Collectors> (Release in September)
- <Pawn> (Release in September)

[Musical]

- <42nd Street> (Jun 20 ~ Aug 23)
- <Maybe Happy Ending> (Jun 30 ~ Sep 13)
- <Kinky Boots> (Aug 21 ~ Nov 1)
- <Werther> (Aug 28 ~ Nov 1)

Music

[Albums/Records]

- <HOLO> (Jul 23) : Lee-Hi
- <The Other Side> (Jul 30) : Eric Nam
- <Star Gazer> (Aug 26) : JO1
- OST : <It's Okay to Not Be Okay>, <Stranger 2>, <Train>

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