

Cheil

First Quarter 2016 Earnings Release

April 21st, 2016
Cheil Worldwide

The financial information in this document is consolidated earning results based on K-IFRS.

This document is provided for investors' information before FY 2016 1Q reviewed financial statements are released. The review outcomes may cause some parts of this document to be revised.

This document contains "forward-looking statements" - that is, statements related to future, not past events.

In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", or "will". Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in exchange rates, interest rates and commodity prices; strategic actions including dispositions and acquisitions. These uncertainties may cause our actual results to be materially different from those expressed in this document.

- Financial Summary (K-IFRS consolidated)
- Consolidated Revenue
- Consolidated Operating Income
- 2016.1Q Business Performance
- 2016 Outlook

Financial Summary (K-IFRS consolidated)

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(KRW Billion)

	2016.1Q	2015.1Q	Growth
Revenue (Gross Profit)	226.1	205.6	10%
Operating Expense	203.7	181.5	12%
Operating Income	22.4	24.1	△7%
Non-operating Expenses and Income	0.9	3.2	△72%
Income Before Income Taxes	23.3	27.3	△15%
Net Income	14.4	18.0	△20%

Consolidated Revenue : 2015.1Q KRW 205.6B → 2016.1Q 226.1B (20.5B ↑)

- Headquarter : Revenue up 7% to 55.1b YoY (3.5B ↑)
 - Increase in revenue from Samsung business
- Subsidiaries : Revenue up 11% to 171.0b YoY (17.0B ↑)
 - Strong performance in emerging markets such as China and Southeast Asia

(KRW Billion)

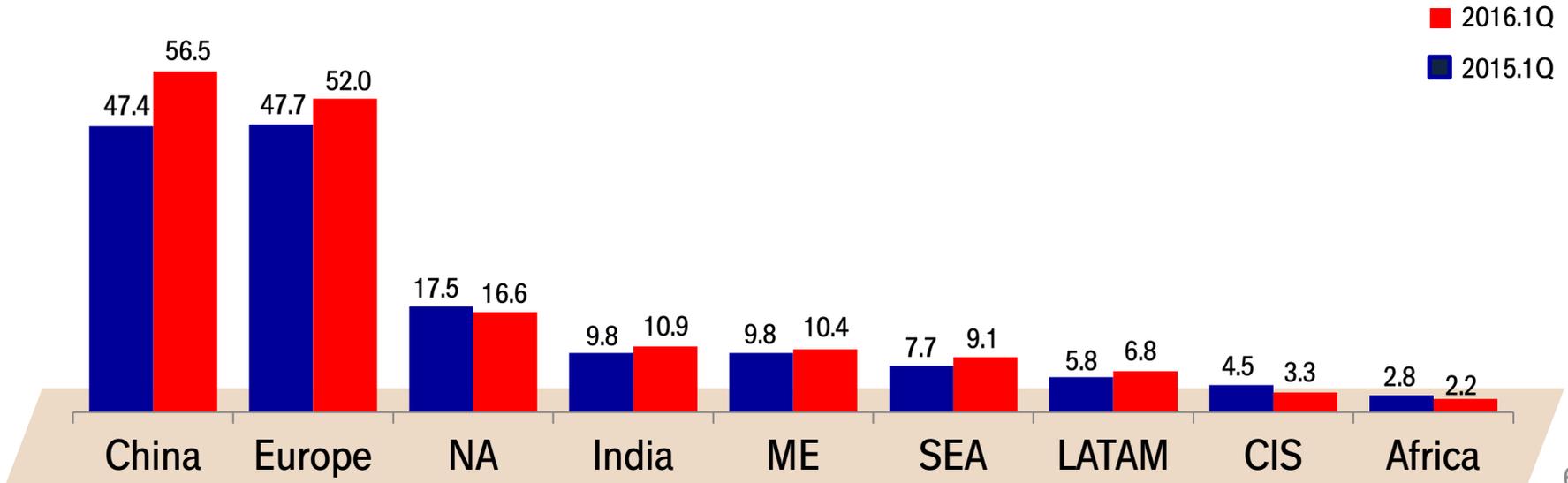
	2016.1Q	2015.1Q	Growth
HQ	55.1	51.6	7%
Subsidiaries	171.0	154.0	11%
Total	226.1	205.6	10%

Overseas % of total revenue : 2015 YTD 72% → 2016.1Q 76%

- Strong growth continued in emerging markets
 - China(19% ↑ YoY), Southeast Asia(18%), LATAM(17%), India(11%)
 - ※ Pengtai revenue growth(YoY) : 27% ↑
- Weak performance in CIS and Africa while earnings turnaround in Europe and ME

※ Iris revenue : 26.6b(0.9b ↑ YoY)

(KRW Billion)



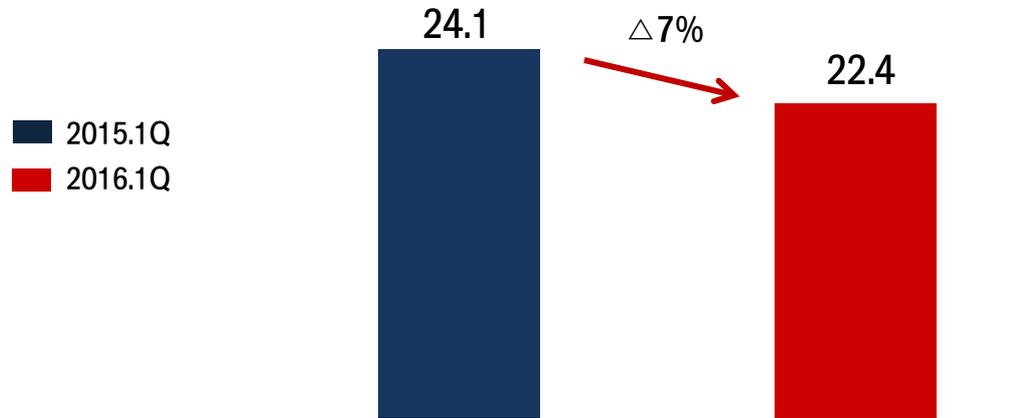
- Non-Samsung clients % of total revenue : 2015 YTD 35% → 2016.1Q 37%
 - Headquarter : 2015 28% → 2016.1Q 28%
 - Subsidiaries : 2015 37% → 2016.1Q 39%
- Digital % of total revenue : 2015 YTD 28% → 2016.1Q 29%

	2010	2012	2015	2016.1Q
Digital	19%	21%	28%	29%
BTL	32%	35%	43%	43%
Retail	13%	19%	25%	21%

Operating income : 2015.1Q KRW 24.1B → 2016.1Q 22.4B (Δ 1.7B ↓)

- Operating income decreased due to revenue decrease in some regions such as CIS and Africa resulting from economic recession and revenue decrease in NA

(KRW Billion)



founded - B2B Marketing Agency in UK (Founded in 2012)
- 2015 Revenue of \$8.7M / Operating Income of \$2.2M / 50 Employees

Purpose

- To enhance B2B specialty as one of 2016 growth strategy
- To meet the major clients` growing needs in B2B service

Synergy

- B2B Service Enhancement : Execution-focused → **Strategic approach**
- B2B Geographic Expansion : NA/SEA-focused → **UK**
- New clients gain : Founded`s 40 clients across various industries

Plan

- To deliver enhanced B2B marketing service to major clients including Samsung Electronics through integrating Pepper and Founded capabilities

China



Europe



Others



- AdFest (12) : Grand Prix 1, Gold 2, Silver 6, etc
- Consumer's Choice Advertising Awards (13) : Grand Prix 2, etc
- Ad of the Year (6) : Grand Prix 2, etc

< Award Winners >



<KT, k at Me>

* Cannes, Spikes and more



<Friends of Nature, Rebirth After Reading>

* Clio, One Show



<Taikang Insurance, Taikang Moment >

* AdFest

Revenue Goal : 10% ↑ growth including inorganic growth(M & A)

Environment

- Economic Environment : Continuous uncertainty
- Ad Spending Market : Overall 5% growth
- Competitors : Wide spread of M & As / Rise of Chinese agencies

Growth Strategy

- ① New Markets : More investment in emerging markets including India and China
- ② New Business : Expansion in new media(Digital, Retail, Promotion, etc), E-commerce, Digital media and B2B business

M & A

- Focus on Emerging markets(Region) + Investment(M & A) in New channel(Service)
- Iris acquired Founded, a B2B marketing agency

Thank you