

Cheil

First Half 2016 Earnings Release

July 20th, 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 2Q 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
- 2016.1H Business Performance
- 2016 Outlook

Financial Summary (K-IFRS consolidated)

Cheil

(KRW billion)

	2016.1H	2015.1H	Growth	2016.2Q	2015.2Q	Growth
Revenue (Gross Profit)	482.2	447.1	8%	256.1	241.6	6%
Operating Expense	415.9	380.8	9%	212.3	199.4	7%
Operating Income	66.3	66.3	-	43.8	42.2	4%
Non-operating Expenses and Income	3.4	8.7	△61%	2.5	5.6	△55%
Income Before Income Taxes	69.7	75.0	△7%	46.3	47.8	△3%
Net Income	43.1	51.8	△17%	28.7	33.8	△15%

* Income Before Income Taxes 2015.2Q : Reflected sales of Samsung General Chemicals (KRW 3.6B)

Consolidated Revenue : 2015.1H KRW 447.1B → 2016.1H KRW 482.2B (35.1B ↑)
 2015.2Q KRW 241.6B → 2016.2Q KRW 256.1B (14.5B ↑)

- Headquarter : Revenue up 10% to 132.8b YoY (12.0b ↑)
 - Increase in revenue from Samsung Electronics
- Subsidiaries : Revenue up 7% to 349.4b YoY (23.1b ↑)
 - Strong growth continued in emerging markets including Southeast Asia and LATAM, and revenue turnaround in Europe

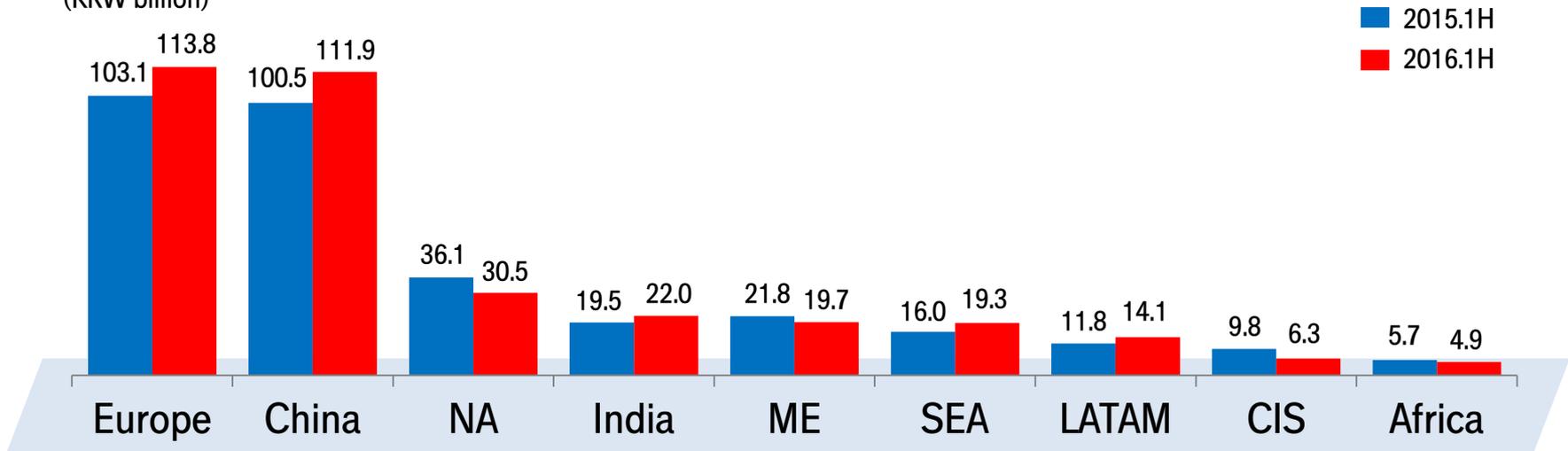
(KRW billion)

	2016.1H	2015.1H	Growth	2016.2Q	2015.2Q	Growth
HQ	132.8	120.8	10%	77.7	69.2	12%
Subsidiaries	349.4	326.3	7%	178.4	172.4	3%
Total	482.2	447.1	8%	256.1	241.6	6%

Overseas % of total revenue : 2015 YTD 72% → 2016.1H 73%

- Maintained steady growth in emerging markets such as Southeast Asia and LATAM
 - Southeast Asia(20% ↑ YoY), LATAM(20%), India(12%), China(11%), etc.
 - ※ Pengtai(14% ↑)
- Continued recovery in Europe while some region including CIS and Africa maintained negative growth in revenue
 - ※ Iris(9% ↑)

(KRW billion)

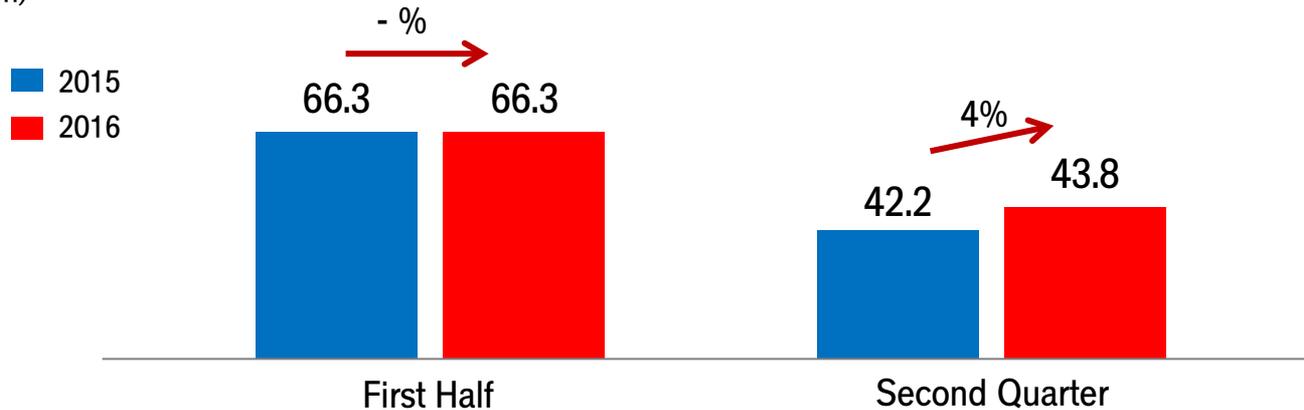


- Non-Samsung clients % of total revenue : 2015 YTD 35% → 2016.1H 35%
 - Headquarter : 2015 28% → 2016.1H 27%
 - Subsidiaries : 2015 37% → 2016.1H 38%
- Digital % of total revenue : 2015 YTD 28% → 2016.1H 29%

	2010	2012	2015	2016.1H
Digital	19%	21%	28%	29%
BTL	32%	35%	43%	44%
Retail	13%	19%	25%	21%

- Operating income : 2015.1H KRW 66.3B → 2016.1H KRW 66.3B (-)
2015.2Q KRW 42.2B → 2016.2Q KRW 43.8B (1.6B ↑)
- Mainly due to revenue decrease in some region such as CIS, Africa and North America and increase in labor costs along with additional recruitment

(KRW billion)



B2B Marketing

- Acquisition of Founded, a B2B Agency (April)
 - Further extend our network, services, skills and gained new clients

Digital Media

- MOU with Google (April) ※ Facebook(July)
 - Co-develop digital ad products and apply
 - Strengthen digital marketing capabilities through seminars and more

Digital PPL

- MOU with KCTA (May)
 - * Korea Cable TV Association
 - Campaign to encourage digital PPL business and build contents distribution channels in collaboration

VR Marketing

- VR Marketing Business Launch (June)
 - Expand VR Marketing business leveraging our VR Marketing experiences at CES, Galaxy Unpacked and more

HQ



China



Europe



Others



SIAM GEMS GROUP



Impressive Creativity Proven at Global Awards

- Cannes Lions (7) : Gold 1, Silver 1, Bronze 5
- One Show (18) : Silver 1, Bronze 3, Merit 14
- AdFest (12) : Grand Prix 1, Gold 2, Silver 6, Bronze 2, Innova 1
- Consumer's Choice Advertising Award(13), Ad of the Year(6), etc.

< Award Winners >



< Samsung Electronics, Blind Cap >
* Cannes Gold, etc



< KT, Life Saving TV >
* Adfest Grand Prix, One Show Bronze, etc



< Ministry of Unification, Piano of Unification >
* Cannes, One Show, Adfest, etc

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



Environment

- Economic Environment : Growing uncertainty in global economy
- Ad Spending Market : Reduction of global market growth forecast to 4%
- Competitors : Wide spread of M&As / Growth IT-based digital agency

Growth Strategy

- New Markets : Continuous investment in emerging markets such as India and China
- New Business : Expansion in new media(Digital, Retail, Promotion, etc), E-commerce, Digital media and B2B business

Investment

- Focus on Emerging markets(Region) + Investment(M&A) in New channel(Service)
- Reinforce media partnership and continue to invest in new biz such as e-commerce

* Google, Facebook, etc

Thank you