



Third Quarter 2016 Earnings Release

October 24th, 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 3Q 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
- 2016.3Q Business Performance
- 2016 Annual Outlook

Financial Summary (K-IFRS consolidated)

Cheil

(KRW billion)

| | 2016.3Q YTD | 2015.3Q YTD | Growth | 2016.3Q | 2015.3Q | Growth |
|---|----------------|----------------|--------|--------------|--------------|--------|
| Revenue (Gross Profit) | 718.5 | 683.7 | 5% | 236.3 | 236.5 | △0.1% |
| Operating Expense | 623.5 | 590.3 | 6% | 207.5 | 209.4 | △1% |
| Operating Income | 95.0 | 93.4 | 2% | 28.8 | 27.1 | 6% |
| Non-operating Expenses and Income | 2.2 | 10.3 | △79% | △1.1 | 1.6 | - |
| Income Before Income Taxes | 97.2 | 103.7 | △6% | 27.7 | 28.7 | △4% |
| Net Income | 68.6 | 69.5 | △1% | 25.5 | 17.8 | 43% |

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

Consolidated Revenue : 2015.3Q KRW 236.5B → 2016.3Q KRW 236.3B (0.2B ↓)

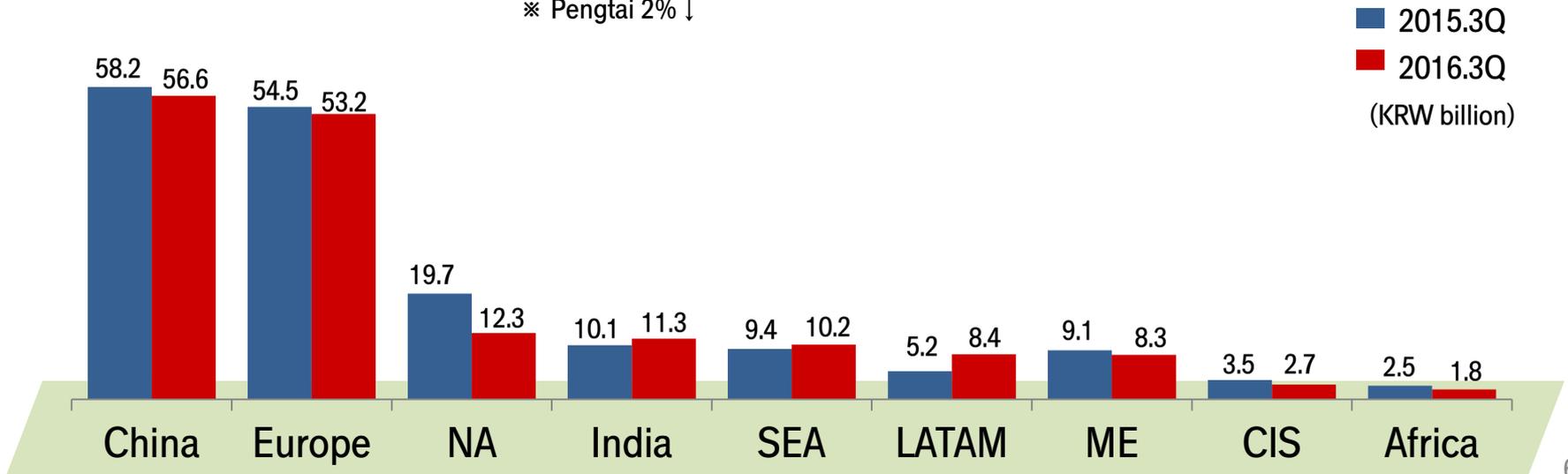
- Headquarter : Revenue up 6% to 66.9b YoY (3.7b ↑)
 - Increase in revenue from Samsung Electronics and non-Samsung clients
- Subsidiaries : Revenue down 2% to 169.4b YoY (3.9b ↓)
 - Negative growth due to decrease in North America revenue despite the strong growth in Latin America driven by Olympic events

(KRW billion)

| | 2016.3Q YTD | 2015.3Q YTD | Growth | 2016.3Q | 2015.3Q | Growth |
|--------------|-------------|-------------|--------|---------|---------|--------|
| HQ | 199.8 | 184.1 | 9% | 66.9 | 63.2 | 6% |
| Subsidiaries | 518.7 | 499.6 | 4% | 169.4 | 173.3 | △2% |
| Total | 718.5 | 683.7 | 5% | 236.3 | 236.5 | △0.1% |

Overseas % of total revenue : 2015 72% → 2016.3Q YTD 72%

- Strong growth continued in emerging markets such as Latin America and India
 - Latin America(62% ↑ YoY), India(12% ↑), Southeast Asia(9% ↑), etc
- North America and China revenue decreased due to decline in revenue from non-Samsung clients
 - * Iris 5% ↓ (Excluding GBP impact, 17% ↑)
 - North America(38% ↓ YoY), China(3% ↓),
 - * Pengtai 2% ↓



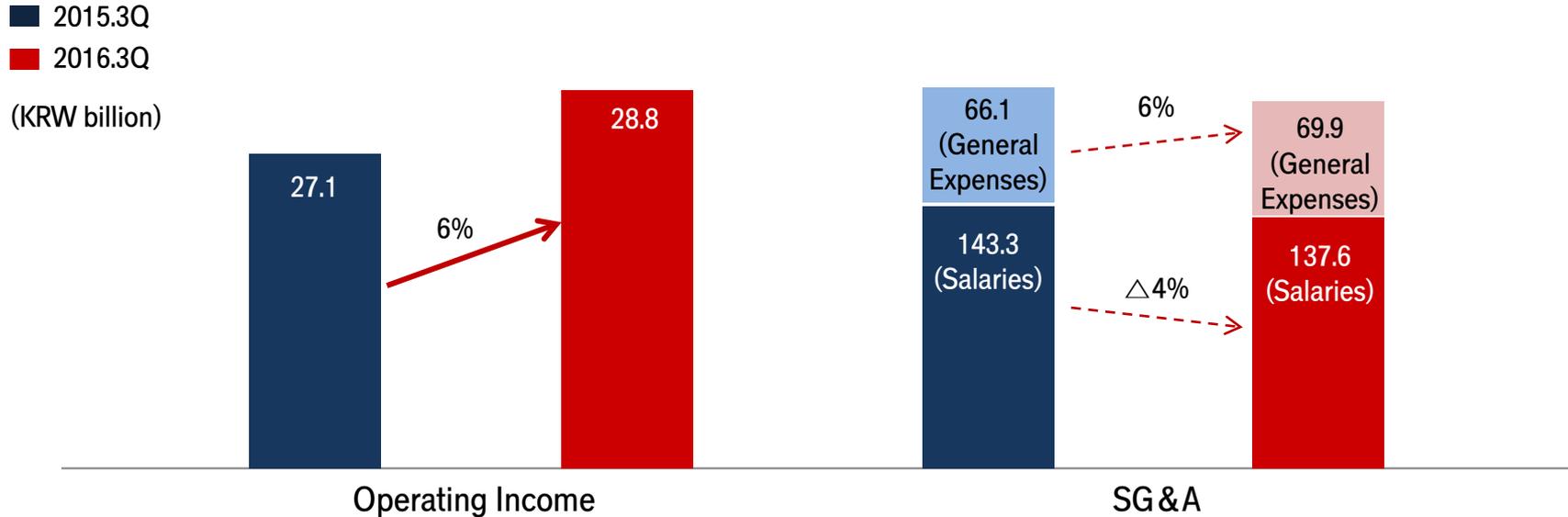
- Non-Samsung clients % of total revenue : 2015 YTD 35% → 2016.3Q YTD 35%
 - Headquarter : 2015 28% → 2016.3Q YTD 29%
 - Subsidiaries : 2015 37% → 2016.3Q YTD 38%
- Digital % of total revenue : 2015 YTD 28% → 2016.3Q YTD 30%

| | 2010 | 2012 | 2015 | 2016.3Q YTD |
|----------------|------------|------------|------------|-------------|
| Digital | 19% | 21% | 28% | 30% |
| BTL | 32% | 35% | 43% | 43% |
| Retail | 13% | 19% | 25% | 21% |

Consolidated Operating Income

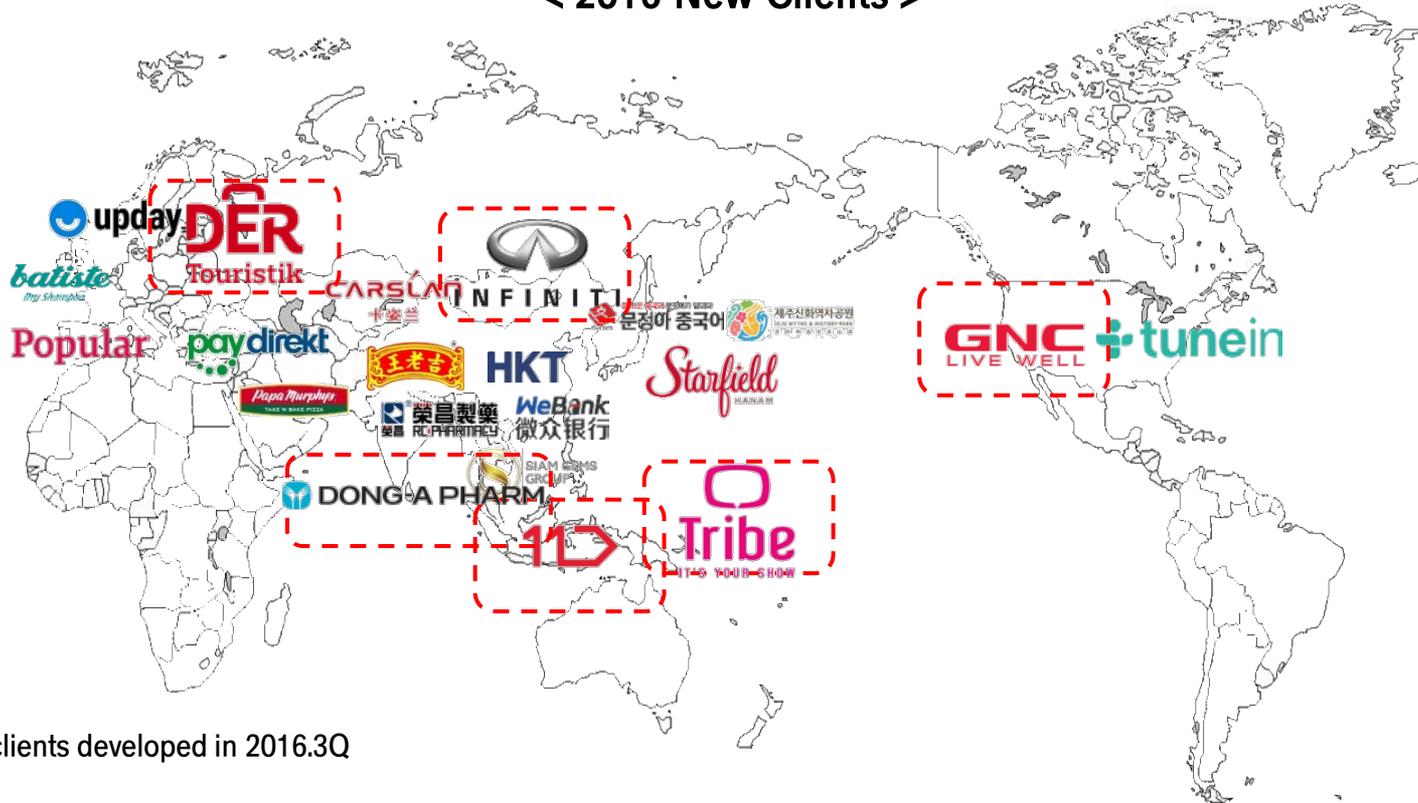
Consolidated Operating Income : 2015.3Q KRW 27.1B → 2016.3Q KRW 28.8B (1.7B ↑)

- Improved operating income as a result of strong performance of HQ and Latin America and expense reduction
 - Decrease in consolidated operating expenses by 1.9B due to decline in salaries despite the increase in HQ expense



- 11st(Thailand), GNC(NA), Infiniti(China), Dong-A Pharm(HK) and more

< 2016 New Clients >



New clients developed in 2016.3Q

Impressive Creativity Proven at Global Awards

- Spikes Asia(5 Awards) : Spike 1, Silver 1, Bronze 3
- Ad Stars(18) : Gold 2, Silver 6, Bronze 10
- 9th place in The Hottest Agencies in Asia by Campaign Brief Asia

< Award Winners >



<EBS, Healing Exam>
* Spikes Asia, AdStars

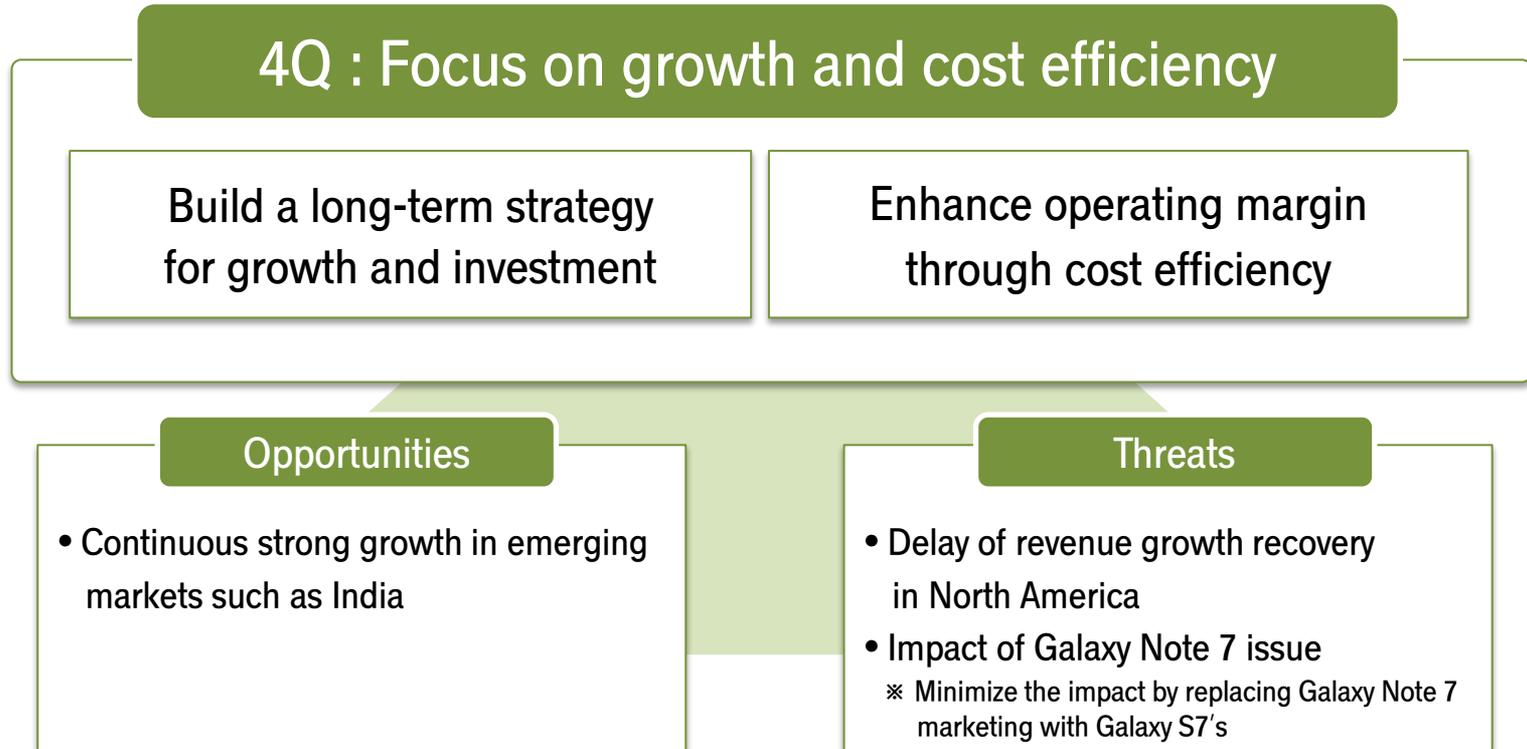


<Samsung Electronics, #BeFearless>
* Spikes Asia, AdStars



<Ministry of Unification, Piano of Unification>
* Cannes, Spikes Asia

Revenue Goal : 4~5% growth with enhanced operating margin



Thank you