



Fourth Quarter 2016 Earnings Release

January 26th, 2017

Cheil Worldwide

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

This document is provided for investors' information before FY 2016 4Q 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 Business Performance
- 2017 Annual Outlook & Long Term Strategy

Financial Summary (K-IFRS consolidated)

Cheil

(KRW billion)

	2016 YTD	2015 YTD	Growth	2016.4Q	2015.4Q	Growth
Revenue (Gross Profit)	997.4	948.7	5%	279.0	265.0	5%
Operating Expense	847.9	821.5	3%	224.5	231.2	△3%
Operating Income	149.5	127.2	18%	54.5	33.8	61%
Non-operating Expenses and Income	△21.7	22.3	-	△23.9	11.9	-
Income Before Income Taxes	127.8	149.5	△15%	30.6	45.7	△33%
Net Income	90.6	81.7	11%	22.1	12.2	81%

※ 4Q Non-operating expense and income(△23.9B) reflected one-time cost impairment charge of △40.6B
(Actual impact was △28.5B with earnout of +12.1B)

※ Dividend for the Fiscal Year 2016 (KRW 300/share)

Consolidated Revenue : 2015 YTD KRW 948.7B → 2016 YTD 997.4B (48.7B ↑)
 2015.4Q 265.0B → 2016.4Q 279.0B (14.0B ↑)

- Headquarter : Revenue up 8% to 285.1B YoY(22.2B ↑)
 - Increase in revenue from Samsung Electronics and non-Samsung Clients
- Subsidiaries : Revenue up 4% to 712.3B (26.5B ↑)
 - Continuous strong growth in emerging markets such as Latin America, Southeast Asia and India

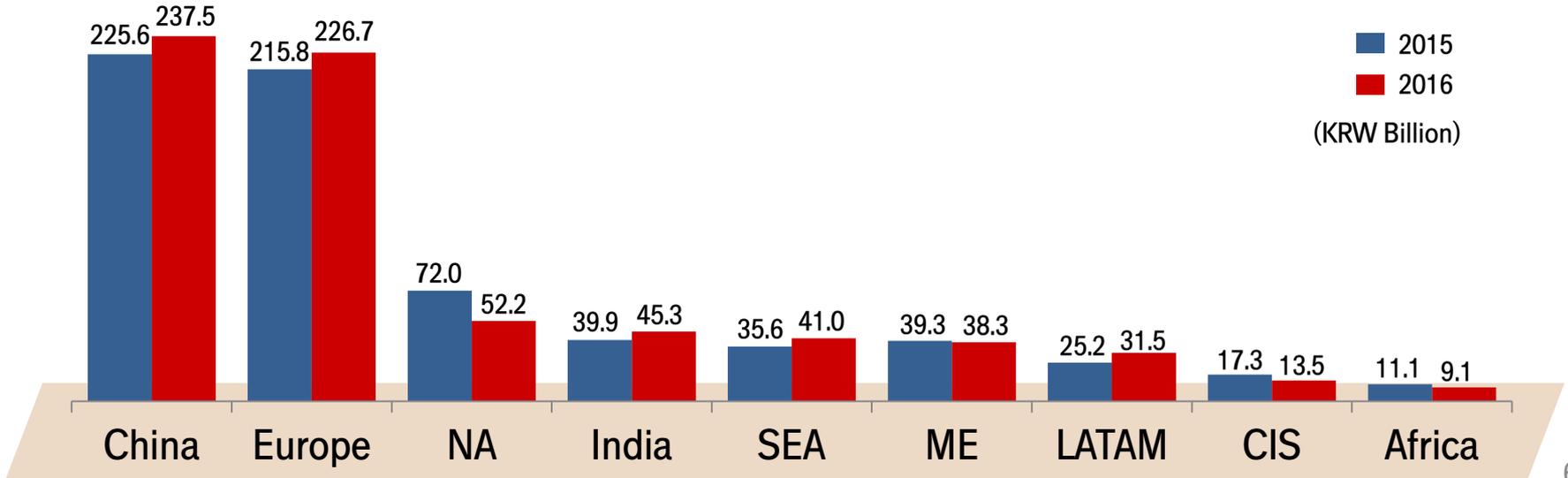
(KRW Billion)

	2016 YTD	2015 YTD	Growth	2016.4Q	2015.4Q	Growth
HQ	285.1	262.9	8%	85.4	78.9	8%
Subsidiaries	712.3	685.8	4%	193.6	186.1	4%
Total	997.4	948.7	5%	279.0	265.0	5%

Overseas % of total revenue : 2015 YTD 72% → 2016 YTD 71%

- Strong growth continued in emerging markets such as Latin America and Southeast Asia
 - Latin America(25% ↑ YoY), Southeast Asia(15%), India(14%), etc
- While major markets including China and Europe revenue increased,
 - ※ Pengtai 6% ↑ , Iris 4% ↑ (Excluding GBP impact, 15% ↑)

North America revenue decreased due to decline in Non-Samsung revenue



- Non-Samsung clients % of total revenue : 2015 YTD 35% → 2016 YTD 34%
 - Headquarter : 2015 YTD 28% → 2016 YTD 28%
 - Subsidiaries : 2015 YTD 37% → 2016 YTD 37%

- Digital % of total revenue : 2015 YTD 28% → 2016 YTD 30%

	2010	2012	2015	2016
Digital	19%	21%	28%	30%
BTL	32%	35%	43%	43%
Retail	13%	19%	25%	20%

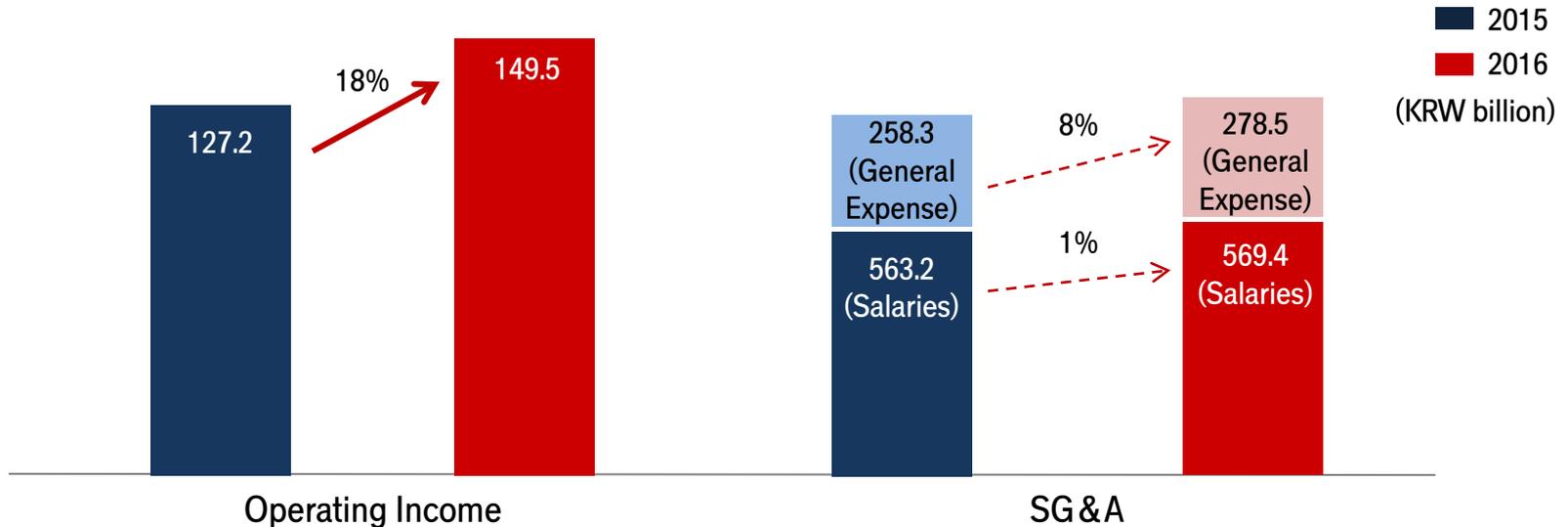
Consolidated Operating Income

Consolidated Operating Income : 2015 YTD 127.2B → 2016 YTD 149.5B (22.3B ↑)

2015.4Q 33.8B → 2016.4Q 54.5B (20.7B ↑)

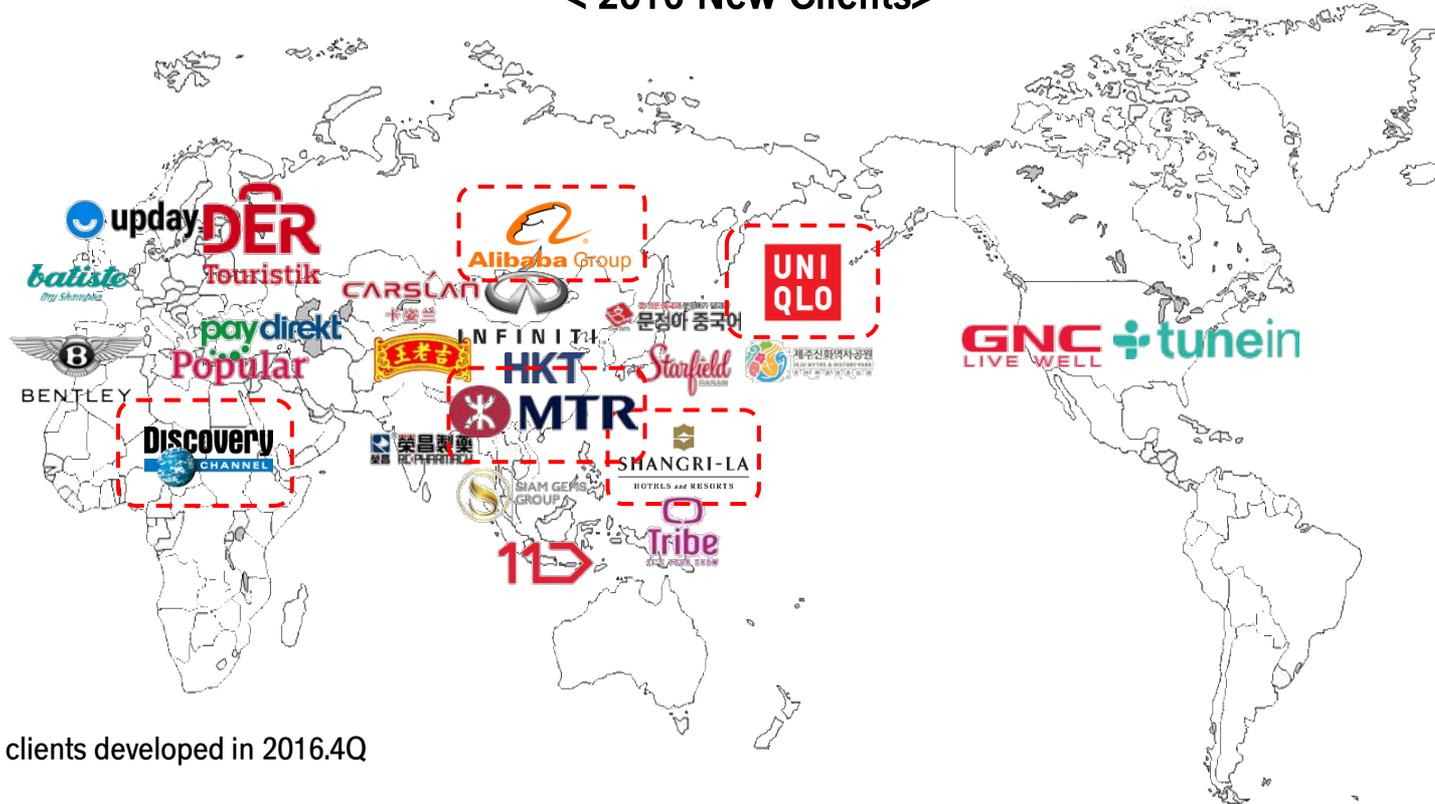
※ 2016.4Q : Revenue 14.0B ↑ with Samsung Electronics business, SG&A △6.7B ↓

- Full Year : Operating income increased due to revenue increase and expense reduction
 - Annual operating margin increased to 15.0% in 2016 versus 13.4% in 2015



- Bentley(UK), GNC(NA), 11st(Thailand) and more

< 2016 New Clients >



New clients developed in 2016.4Q

Impressive Creativity Proven at Global Awards

- Cannes Lions(7 Awards) : Gold 1, Silver 1, Bronze 5
- London International Awards (8) : Gold 1, Silver 4, Bronze 3
- Others : AdFest(12), One Show(18), Spikes Asia(5), Ad Stars(18) and more

< Award Winners >



< Samsung, The Last Wish >

* London International Awards, etc



< KT, Life Saving TV >

* Adfest Grand, One Show, etc



<Ministry of Unification, Piano of Unification>

* Cannes, Spikes Asia, etc

“ 2017 Goal : Revenue 5% + Additional Growth(M&A), Operating Margin Improvement ”

2020 Goal : Global Top Tier Ad Agency with Revenue of 2 Trillion Won

Growth Strategy

- ① Business : Expand major client business with new business including **e-commerce, digital media, CRM**
- ② Capabilities : Strengthen core competencies including **Data, Tech, Strategy** and adapt to rapidly-changing digital environment
- ③ Region : Achieve Top Tier (China/India), Foster services(UK/US/Germany), Target major client(Emerging markets)

Investment

[Inorganic growth through M&A]

- Headquarter : corporate-led big M&A focused on future capabilities
- Subsidiaries : local M&A focused on reinforcing local and regional presence

Management

[Strengthen subsidiaries management and Improve operating margin]

Shareholder Value

[Enhance shareholder value through continuous dividends]

Thank you