



First Quarter 2017 Earnings Release

April 27th, 2017

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 2017 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
- 2017.1Q Business Performance
- 2017 Outlook

(KRW Billion)

	2017.1Q	2016.1Q	Growth
Revenue (Gross Profit)	213.4	226.1	$\triangle 6\%$
Operating Expense	190.1	203.7	$\triangle 7\%$
Operating Income	23.3	22.4	4%
Non-operating Expenses and Income	-	0.9	-
Income Before Income Taxes	23.3	23.3	-
Net Income	16.4	14.4	14%

Consolidated Revenue : 2016.1Q 226.1B → 2017.1Q 213.4B (△12.7B ↓)

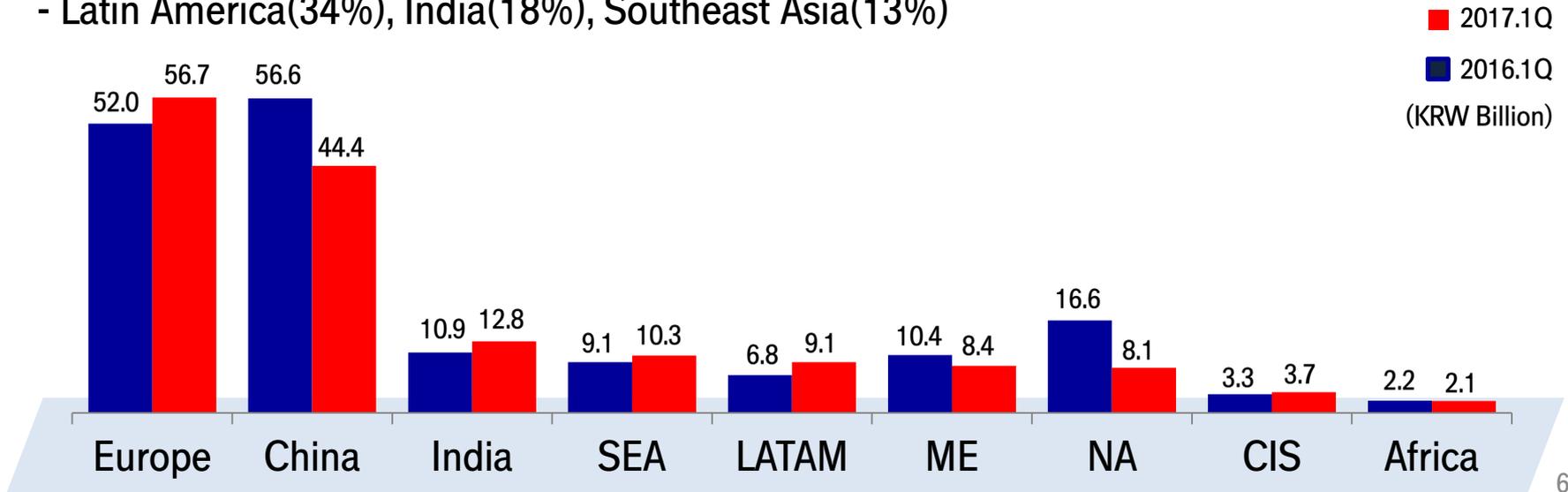
- Headquarter : Revenue down 1% to 54.3B (△0.8B ↓)
 - Decrease in revenue from non-Samsung clients including CJ and KT
- Subsidiaries : Revenue down 7% to 159.1B (△11.9B ↓)
 - Decrease in revenue from non-Samsung clients in North America and China

(KRW Billion)

	2017.1Q	2016.1Q	Growth
Headquarter	54.3	55.1	△1%
Subsidiaries	159.1	171.0	△7%
Total	213.4	226.1	△6%

Overseas % of total revenue : 2016.1Q 76% → 2017.1Q 75%

- Overseas business showed strong performance on average with a continuous increase in Europe revenue despite a decline in China and North American revenue
 - China(△21% YoY), North America(△51%), Europe(9%)
 - ※ Pengtai △22% ↓
 - ※ Iris 3% ↑ (Excluding GBP impact, 23%)
- Emerging markets such as Latin America, India, and Southeast Asia maintained strong growth
 - Latin America(34%), India(18%), Southeast Asia(13%)



- Non-Samsung clients % : 2016 YTD 34% → 2017.1Q 29%
 - Headquarter : 2016 YTD 28% → 2017.1Q 28%
 - Subsidiaries : 2016 YTD 37% → 2017.1Q 30%

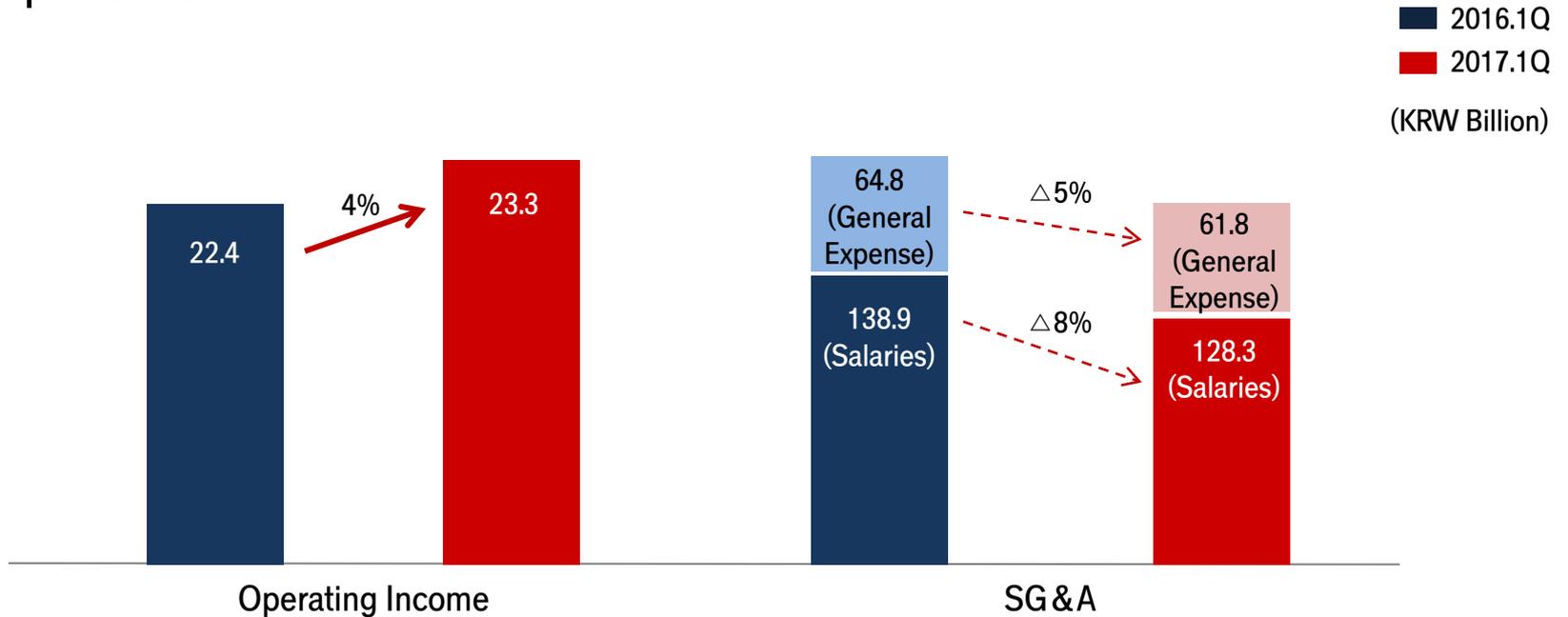
- Digital % of total revenue : 2016 YTD 30% → 2017.1Q 22%

	2010	2013	2016	2017.1Q
Digital	19%	23%	30%	22%
BTL	32%	41%	43%	54%
Retail	13%	23%	20%	22%

Consolidated Operating Income

Consolidated Operating Income : 2016.1Q 22.4B → 2017.1Q 23.3B (0.9B ↑)

- Consolidated operating income has increased through operational efficiency improvement





- B2B Agency(Pricing consultancies) in Canada(Founded in 1993)
- Offices in Toronto(Headquarter) and London, 20 Employees

Purpose

- To enhance B2B marketing business
- To respond effectively to B2B marketing services demand of major clients in North America and UK

Synergy

- Strengthened competitiveness with comprehensive B2B services
- Expansion of client portfolio with gains of PSL's 50 clients across various industries

Plan

- To create operating synergy through the collaboration with Founded and other subsidiaries including Iris and Pengtai
- To expand the footprints in major markets such as North America and Europe and target major clients

- Dupont(NA), China Unicom(China) and more

< 2017.1Q New Clients >



- AdFest(14) : Gold 3, Silver 8, Bronze 3
- Consumer's Choice Ad Awards(9) : Grand Prix 1, Good Advertisement Award 8
- Ad of the Year(3): Gold 2, Judge's Award 1

< Award Winners >



<Uniqlo, Heat Tech Window>
* AdFest Gold, etc



<Samsung C&T, Life Pump>
* AdFest Silver, Consumers Choice Ad Awards Grand Prix, etc



<Samsung Electronics, Spread the Joy>
* AdFest Gold, 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 business and meeting the local clients' needs

Risk Management

[Risk management through efficiency improvement and investment]

- Improve operating efficiency by restructuring and analyzing the profitability of business
- Expand Samsung business and develop non-Samsung clients with top talent recruitment and investment in new business

Thank you