

Cheil

Third Quarter 2017 Earnings Release

October 30th, 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 Q3 FY 2017 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
- Q3 2017 Business Performance
- 2017 Annual Outlook

(KRW billion)

| | Q3 2016 | Q3 2017 | Growth | Q3 2016 YTD | Q3 2017 YTD | Growth |
|---|---------|---------|--------|-------------|-------------|--------|
| Revenue (Gross Profit) | 236.3 | 247.8 | 5% | 718.5 | 717.1 | - |
| Operating Expense | 207.5 | 212.7 | 3% | 623.5 | 606.4 | △3% |
| Operating Income | 28.8 | 35.1 | 22% | 95.0 | 110.7 | 17% |
| Non-operating Expenses and Income | △1.1 | 4.8 | - | 2.2 | 3.8 | 73% |
| Income Before Income Taxes | 27.7 | 39.9 | 44% | 97.2 | 114.5 | 18% |
| Net Income | 25.5 | 41.7 | 64% | 68.6 | 96.8 | 41% |

Consolidated Revenue Summary

Consolidated Revenue : Q3 2016 KRW 236.3B → Q3 2017 KRW 247.8B (11.5B ↑)

- Headquarter : Q3 2016 KRW 66.9B → Q3 2017 KRW 71.0B(6%, 4.1B ↑)
 - Increase in revenue from major clients including Samsung Electronics, Samsung Life, Hankook Tire, etc
- Subsidiaries : Q3 2016 KRW 169.4B → Q3 2017 KRW 176.8B(4%, 7.4B ↑)
 - Strong performance in Europe and emerging markets such as India and LATAM

(KRW billion)

| | Q3 2016 | Q3 2017 | Growth | Q3 2016 YTD | Q3 2017 YTD | Growth |
|--------------|---------|---------|--------|-------------|-------------|--------|
| HQ | 66.9 | 71.0 | 6% | 199.8 | 197.7 | △1% |
| Subsidiaries | 169.4 | 176.8 | 4% | 518.7 | 519.4 | - |
| Total | 236.3 | 247.8 | 5% | 718.5 | 717.1 | - |

Overseas % of total revenue : 2016 72% → Q3 2017 YTD 72%

□ Steady growth continued in Europe and emerging markets such as India and LATAM

- CIS(62% ↑ YOY), India(40%), LATAM(30%), SEA(22%), Europe(15%)

※ Q3 YTD 37% ↑ YOY

※ 32% ↑

※ 34% ↑

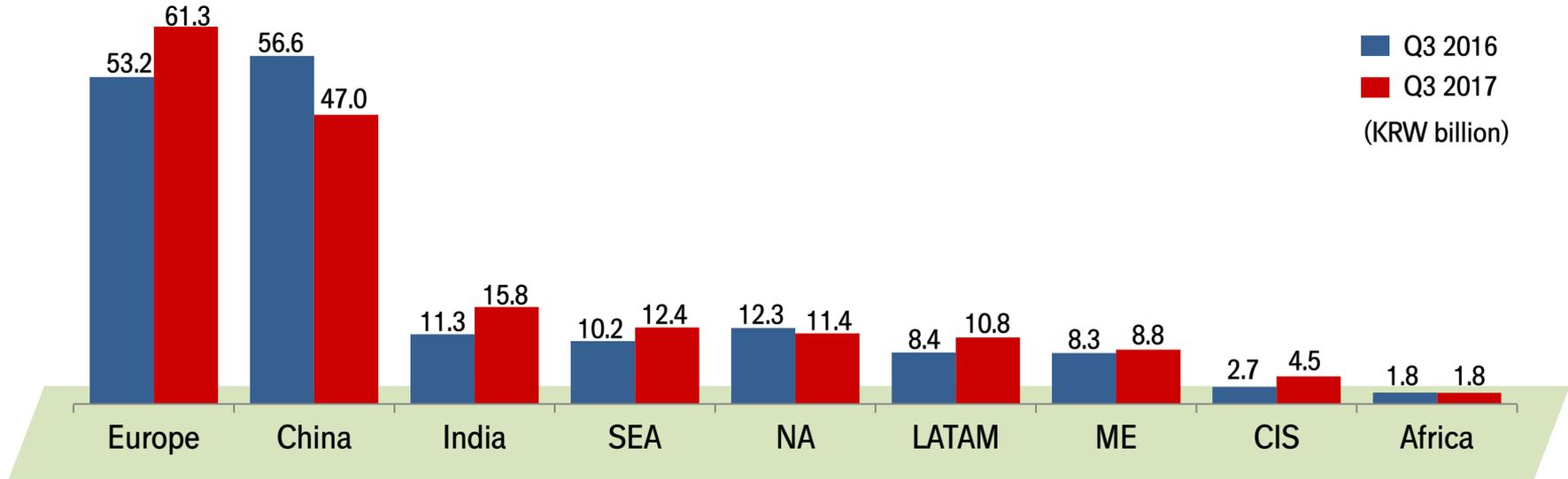
※ 18% ↑

※ 9% ↑

□ China revenue decreased due to external uncertainty

- China(△17% ↓ YOY)

※ Pengtai △16% ↓



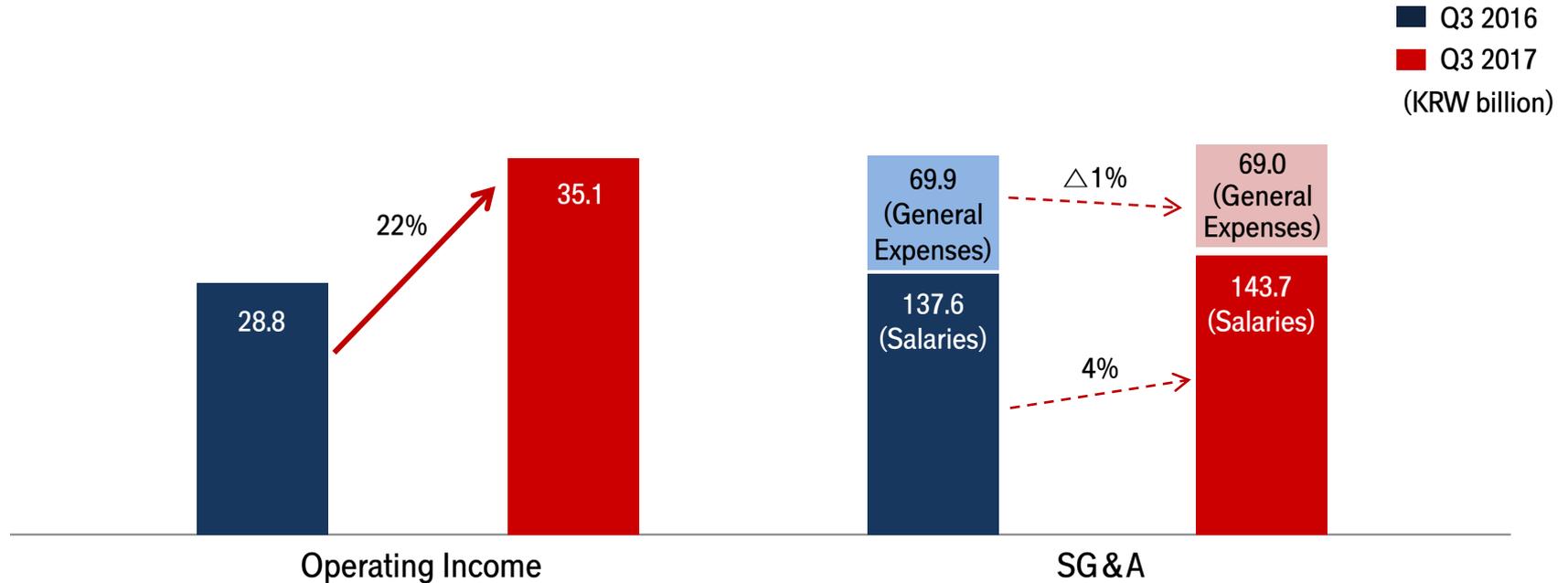
- Non-Samsung clients % of total revenue : 2016 YTD 34% → Q3 2017 YTD 29%
 - Headquarter : 2016 YTD 28% → Q3 2017 YTD 27%
 - Subsidiaries : 2016 YTD 37% → Q3 2017 YTD 30%
- Digital % of total revenue : 2016 YTD 30% → Q3 2017 YTD 29%

| | 2010 | 2013 | 2016 | Q3 2017 YTD |
|----------------|------------|------------|------------|-------------|
| Digital | 19% | 23% | 30% | 29% |
| BTL | 32% | 41% | 43% | 45% |
| Retail | 13% | 23% | 20% | 23% |

Consolidated Operating Income

Consolidated Operating Income : Q3 2016 KRW 28.8B → Q3 2017 KRW 35.1B(6.3B ↑)

- Consolidated operating income has been improved due to increase in revenue and decrease in general expenses



- Harman(NA), Haven Holidays(Europe), Kakao Mobility(HQ) etc

< 2017 New Clients >



Impressive Creativity Proven at Global Awards

- Spikes Asia(20) : Gold 2, Silver 6, Bronze 12
- Ad Stars(25) : Grand prix 1, Gold 3, Silver 11, etc
- Others : Clio(3), Clio Fashion & Beauty(2), etc

< Award Winners >



< Uniqlo, Heat Tech Window >

* Spikes Asia Gold, Clio Bronze, Cannes Bronze, etc



< Harman, Block out the Chaos >

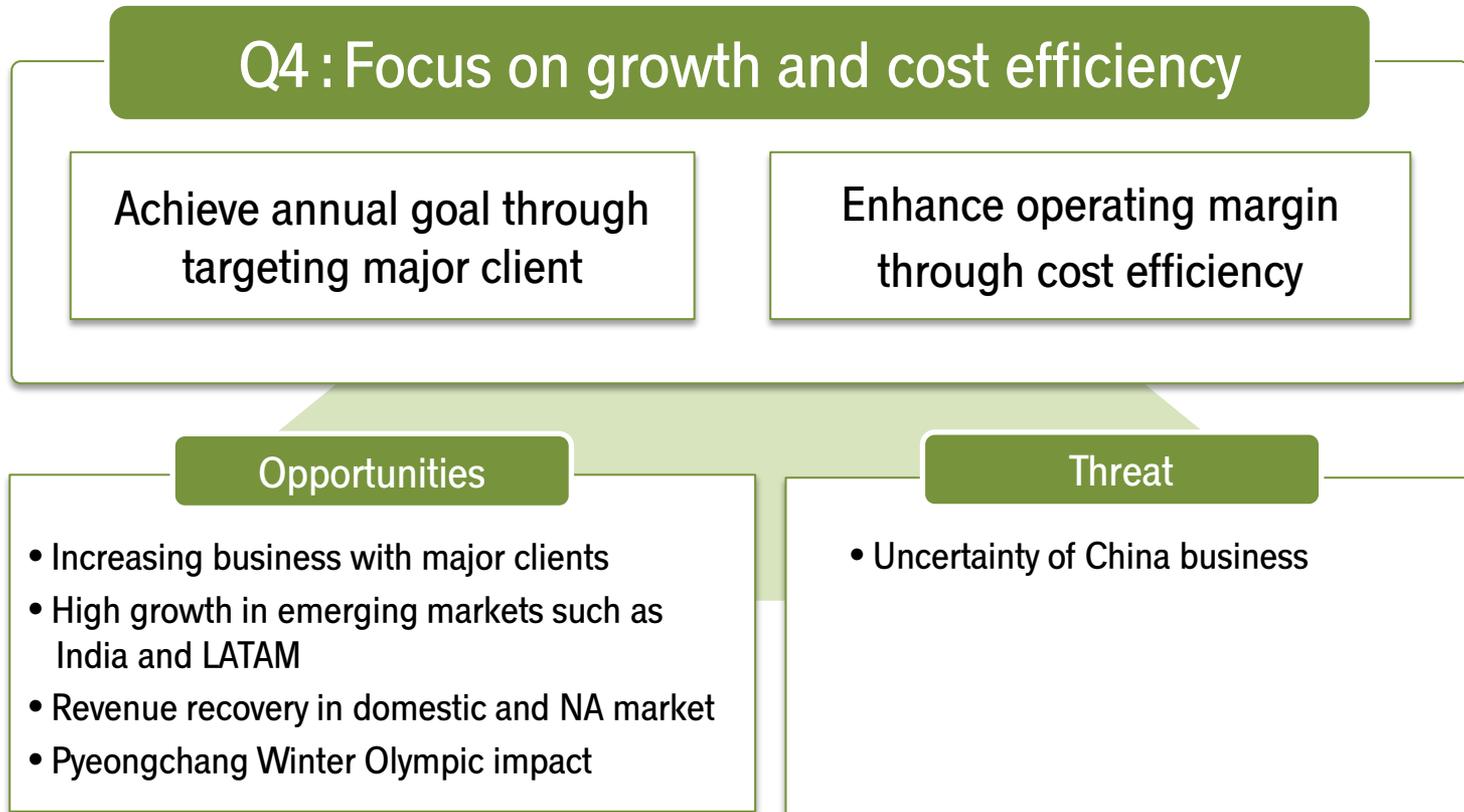
* Spikes Asia Gold, Cannes Bronze, etc



< Tesco, Safety Bags >

* Clio Silver, Spikes Asia Bronze, etc

“2017 Goal : Revenue 3~5% & Operating Margin Improvement”



Thank you