



Fourth Quarter 2017 Earnings Release

January 30th, 2018

Cheil Worldwide

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

This document is provided for investors' information before Q4 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
- 2017 Business Performance
- 2018 Outlook

Financial Summary (K-IFRS consolidated)

Cheil

(KRW billion)

	Q4 2016	Q4 2017	Growth	2016 YTD	2017 YTD	Growth
Revenue (Gross Profit)	279.0	295.4	6%	997.4	1,012.5	2%
Operating Expense	224.5	249.6	11%	847.9	856.0	1%
Operating Income	54.5	45.8	△16%	149.5	156.5	5%
Non-operating Expenses and Income	△23.9	5.0	-	△21.7	8.8	-
Income Before Income Taxes	30.6	50.8	66%	127.8	165.3	29%
Net Income	22.1	31.5	43%	90.6	128.4	42%

※ Q4 2016 Non-operating expense and income reflected one-time cost impairment charge and reverse earnouts (△28.7B)

※ Dividend for the Fiscal Year 2017 : KRW 760/share

Consolidated Revenue : 2016 YTD KRW 997.4B → 2017 YTD KRW 1,012.5B (15.1B ↑)
 Q4 2016 KRW 279.0B → Q4 2017 KRW 295.4B (16.4B ↑)

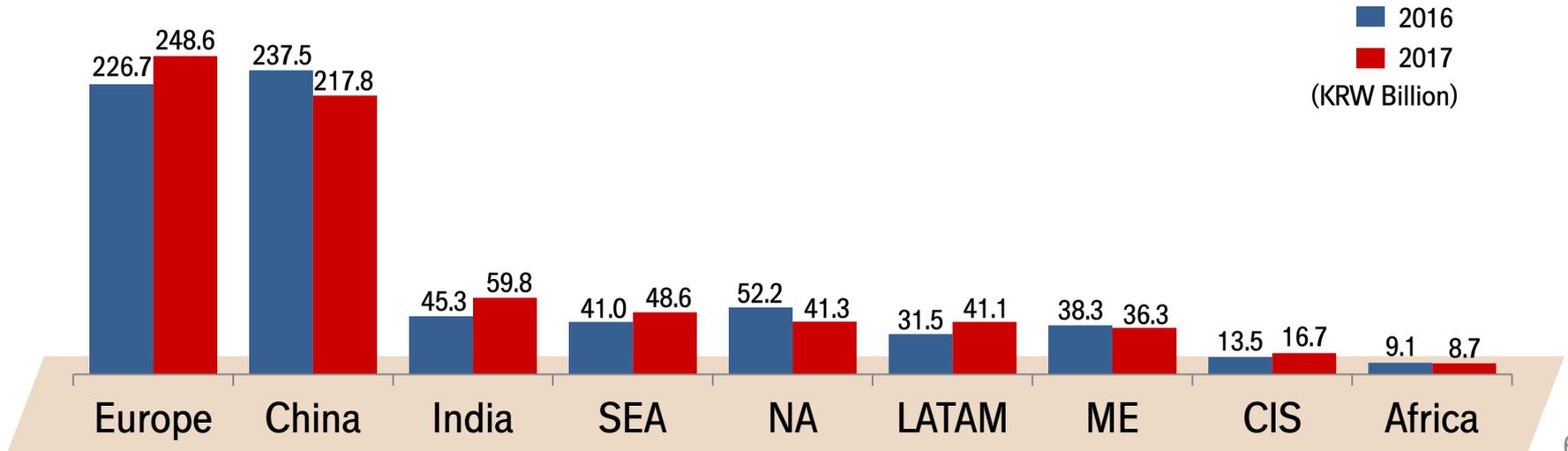
- Headquarter : 2016 YTD KRW 285.1B → 2017 YTD KRW 281.1B(△1%, △4B ↓)
 - Decrease in revenue from Samsung clients such as Samsung Fire & Marine Insurance and non-Samsung clients including SK group
- Subsidiaries : 2016 YTD KRW 712.3 → 2017 YTD KRW 731.4B(3%, 19.1B ↑)
 - Continuous strong growth in Europe and emerging markets such as LATAM and SEA

(KRW Billion)

	Q4 2016	Q4 2017	Growth	2016 YTD	2017 YTD	Growth
HQ	85.4	83.4	△2%	285.1	281.1	△1%
Subsidiaries	193.6	212.0	10%	712.3	731.4	3%
Total	279.0	295.4	6%	997.4	1,012.5	2%

Overseas % of total revenue : 2016 YTD 71% → 2017 YTD 72%

- Continuous growth in Europe and emerging markets such as India and LATAM
 - India(32% ↑ YOY), LATAM(30%), CIS(24%), SEA(19%), Europe(10%)
 - ※ Q4 30% ↑ YOY
 - ※ 20% ↑
 - ※ △2% ↑
 - ※ 20% ↑
 - ※ 12% ↑
- Growth of China(6% ↑) and NA(30% ↑) in the fourth quarter narrowed annual losses
 - ※ Pengtai Q4 14% ↑ YOY



- Non-Samsung clients % of total revenue : 2016 YTD 34% → 2017 YTD 31%
 - Headquarter : 2016 YTD 28% → 2017 YTD 27%
 - Subsidiaries : 2016 YTD 37% → 2017 YTD 33%

- Digital % of total revenue : 2016 YTD 30% → 2017 YTD 30%

	2010	2013	2016	2017
Digital	19%	23%	30%	30%
BTL	32%	41%	43%	45%
Retail	13%	23%	20%	23%

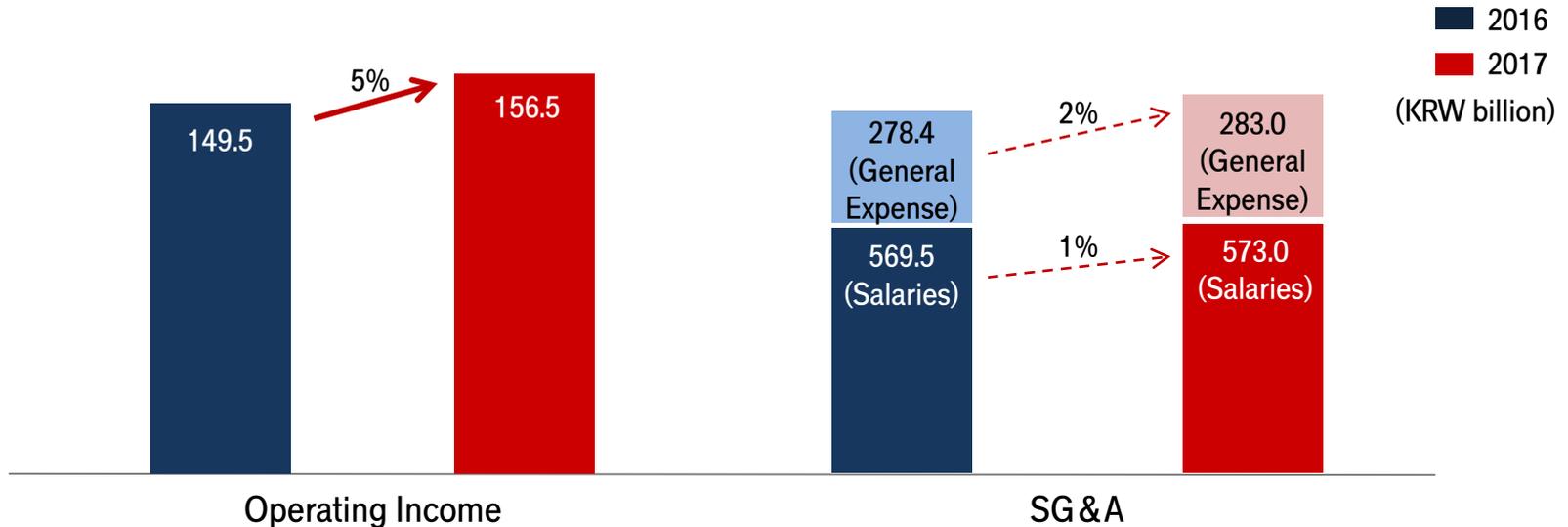
Consolidated Operating Income

Consolidated Operating Income : 2016 YTD KRW 149.5B → 2017 YTD KRW 156.5B(7.0B ↑)

Q4 2016 KRW 54.5B → Q4 2017 KRW 45.8B(△ 8.7B ↓)

※ Q4 : Salaries 14.1B ↑ , General Expenses 25.1B ↑

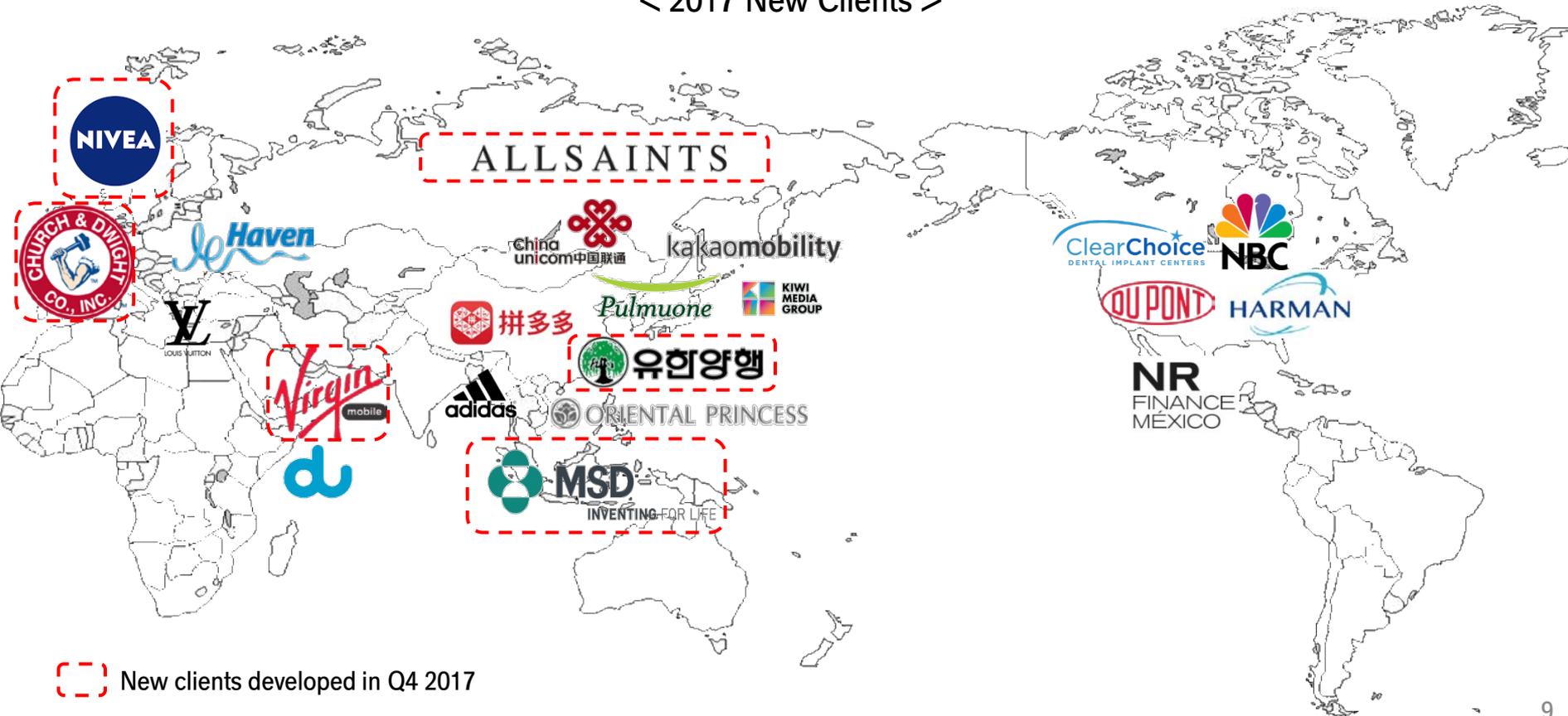
- Consolidated operating income increased due to increase in revenue and improvement in operating efficiency
- Operating margin improvement of 0.5%p(2016 15.0% → 2017 15.5%)



2017 Business Performance | New Client Wins

- Nivea(Europe), Virgin Mobile(ME), Dupont(NA), Yuhan(HQ) etc

< 2017 New Clients >



Impressive Creativity Proven at Global Awards

- Cannes Lions(11) : Silver 1, Bronze 10
- London Intl Award(22) : Gold 8, Silver 4, Bronze 10, etc
- Others : Spikes Asia(20), One Show(19), New York Festivals(7), etc

< Award Winners >



< Uniqlo, Heat Tech Window >

* Cannes Bronze, Spikes Asia Gold, etc



< Harman, Block Out the Chaos >

* Cannes Bronze, Spikes Asia Gold, etc



< Adidas, Breaking the Pattern >

* Cannes Silver, London Intl Awards Bronze, etc

“Enhance Fundamentals and Grow Further as a Global Leader”

2018 Goal : Revenue 7~10% + Additional Growth(M&A), Operating Margin Improvement

Strengthen Core Biz Competitiveness

- Advance digital/retail service and create successful campaigns
- Expand major client business such as B2B marketing and .com operation

Build Future Business

- Improve digital media/data/e-commerce capabilities
- Corporate-led M&As/Local M&As

Improve Operating Efficiency

- Further improve profitability through strengthening subsidiaries management
- Enhance project management

Enhance Shareholders Value

- Enhance shareholders value through continuous dividends and more

Opportunities

- Economic recovery in both advanced/emerging markets
- Increasing share of revenue from major client

Threats

- Delayed recovery of China/domestic market
- Clients' continuous pursuit of marketing budget efficiency

Thank you