

Cheil

First Half 2018 Earnings Release

July 27th, 2018
Cheil Worldwide

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

This document is provided for investors' information before H1 FY2018 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**
- **H1 2018 Business Performance**
- **2018 Outlook**

Financial Summary (K-IFRS consolidated)

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(KRW billion)

	Q2 2017	Q2 2018	Growth	H1 2017	H1 2018	Growth
Revenue (Gross Profit)	256.0	272.8	7%	469.4	508.1	8%
Operating Expense	203.7	214.6	5%	393.8	423.8	8%
Operating Income	52.3	58.2	11%	75.6	84.3	12%
Non- operating Expenses and Income	△1.0	6.7	-	△1.0	7.8	-
Income Before Income Taxes	51.3	64.9	27%	74.6	92.1	23%
Net Income	38.8	46.2	19%	55.1	65.4	19%

Consolidated Revenue : H1 2017 KRW 469.4B → H1 2018 KRW 508.1B (38.7B↑)
 Q2 2017 KRW 256.0B → Q2 2018 KRW 272.8B (16.8B↑)

□ Headquarter : Revenue up 9% to 138.5B YoY (11.9B↑)

- Increase in revenue from major clients such as Hankook Tire and additional revenue from new clients including Shinhan Bank

□ Subsidiaries : Revenue up 8% to 369.6B YoY (26.8B↑)

- Steady growth in Europe and continuous recovery of China and North America

(KRW billion)

	Q2 2017	Q2 2018	Growth	H1 2017	H1 2018	Growth
HQ	72.3	80.2	11%	126.6	138.5	9%
Subsidiaries	183.7	192.6	5%	342.8	369.6	8%
Total	256.0	272.8	7%	469.4	508.1	8%

Consolidated Revenue | by Region

Overseas % of total revenue : H1 2017 73% → H1 2018 73%

□ Steady growth with revenue increase from both Samsung and non-Samsung clients

- Europe (8%↑ YoY) and LATAM (20%↑) drove overall growth in overseas market

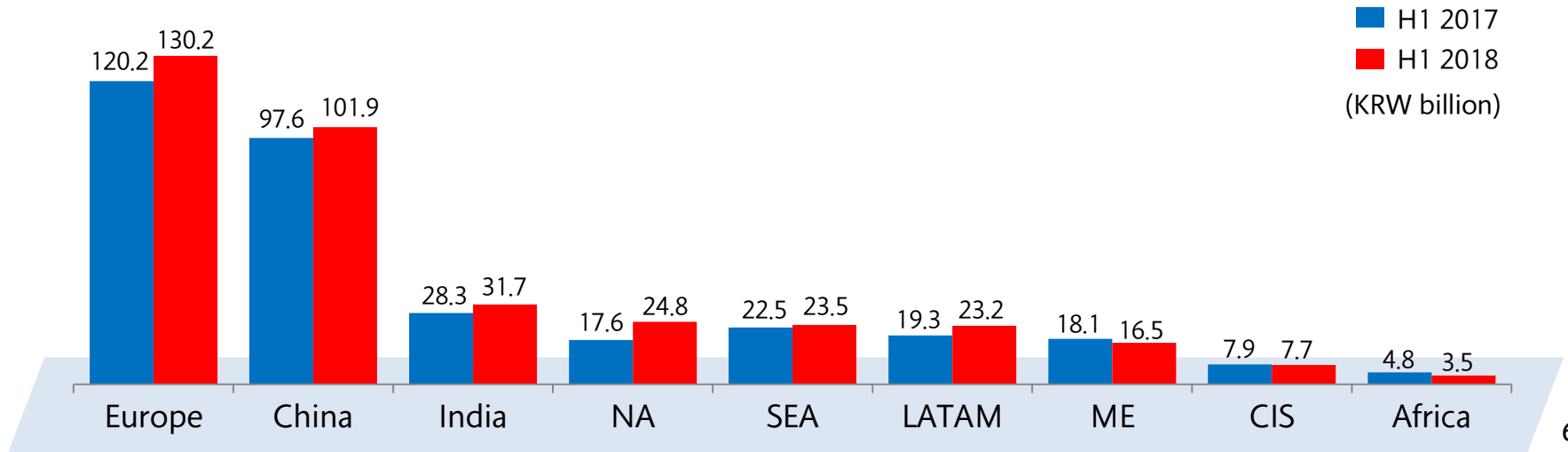
※ Q2 5% YoY (Iris Δ3%↓)

※ 16%↑

□ Continuous net growth in North America (41%↑ YoY) and China (4%)

※ Q2 37% YoY (Mckinney 22%↑, TBG 78%↑)

※ 3% (Pengtai 4%↑)



- Non-Samsung clients % : 2017 YTD 31% → H1 2018 30%
 - Headquarter : 2017 YTD 27% → H1 2018 26%
 - Subsidiaries : 2017 YTD 33% → H1 2018 32%

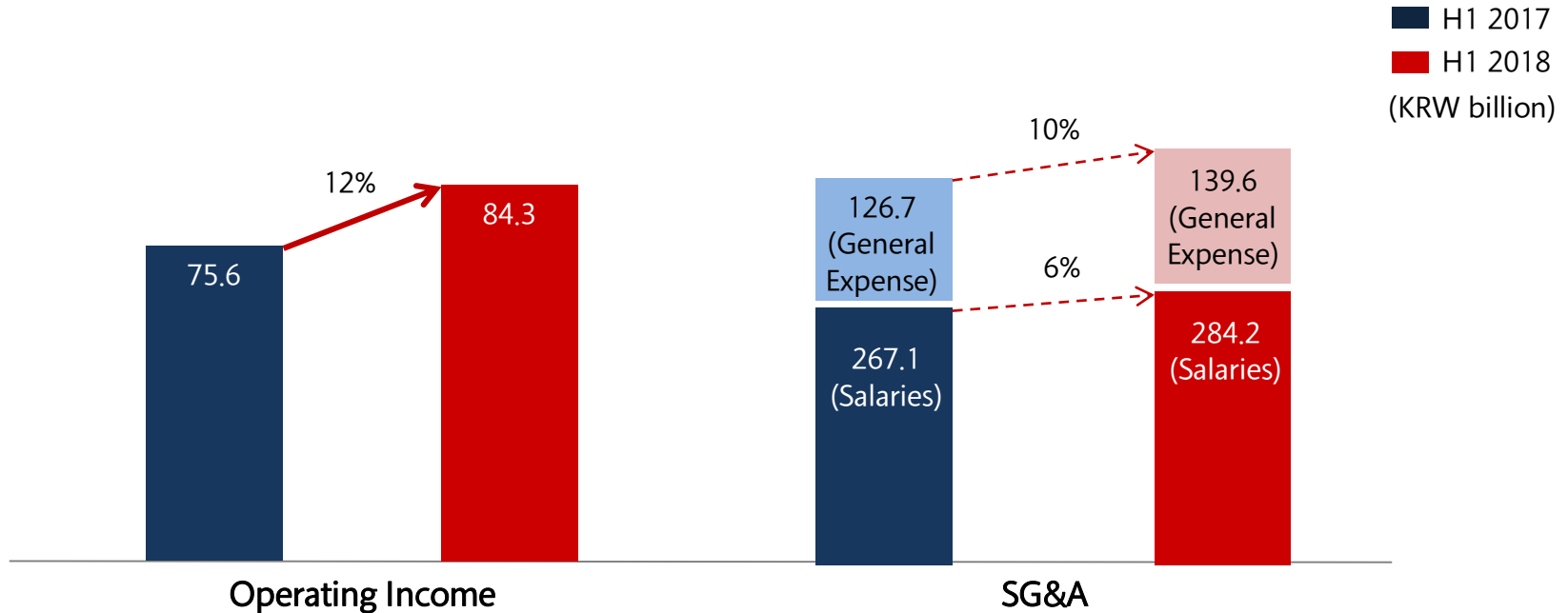
- Digital % of total revenue : 2017 YTD 30% → H1 2018 32%

	2010	2013	2017	H1 2018
Digital	19%	23%	30%	32%
BTL	32%	41%	45%	45%
Retail	13%	23%	23%	23%
ATL	49%	36%	25%	23%

Consolidated Operating Income

Consolidated Operating Income : H1 2017 75.6B → H1 2018 84.3B (8.7B↑)
Q2 2017 52.3B → Q2 2018 58.2B (5.9B↑)

- Consolidated operating income has increased along with revenue growth despite an increase in SG&A including salaries



- Kunlun, Wanda (China), BVR (Germany), Bosch (Brazil), etc

< H1 2018 New Clients >



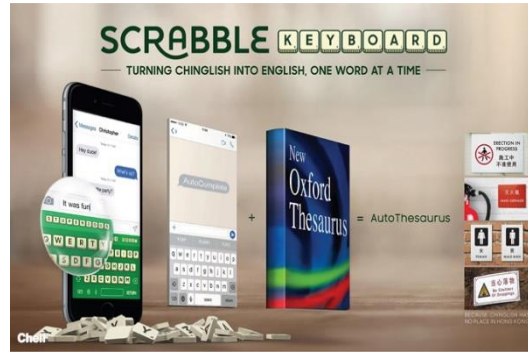
Impressive Creativity Proven at Global Awards

- Cannes Lions 10 : Gold 1, Silver 2, Bronze 7
- New York Festivals 13 : Gold 3, Silver 2, Bronze 8
- One Show(21), AdFest(14), D&AD(7), etc

< Award Winners >



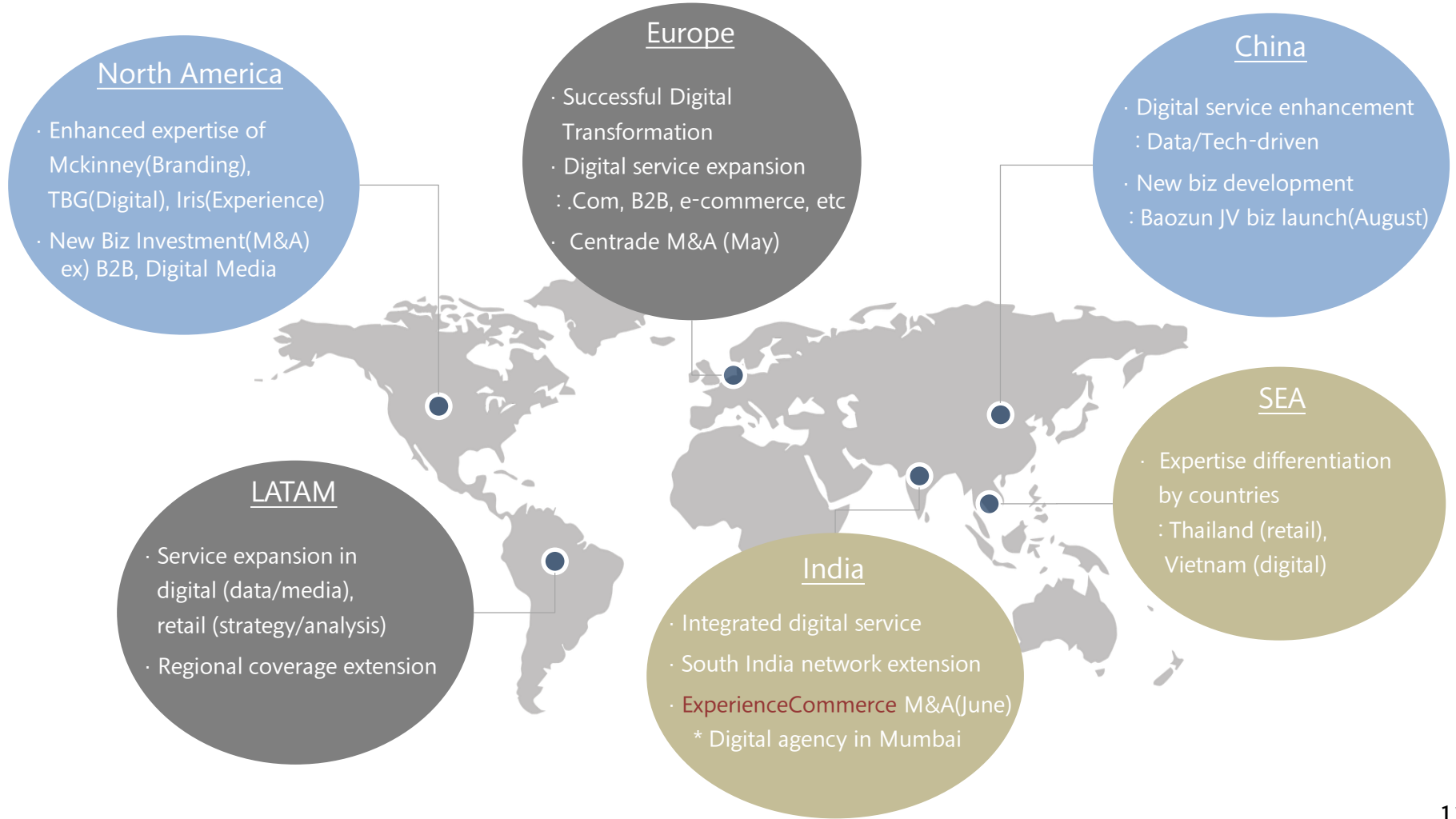
<Samsung Electronics, Smart Suit>
* Cannes Gold, Bronze,
One Show Silver, Bronze, etc



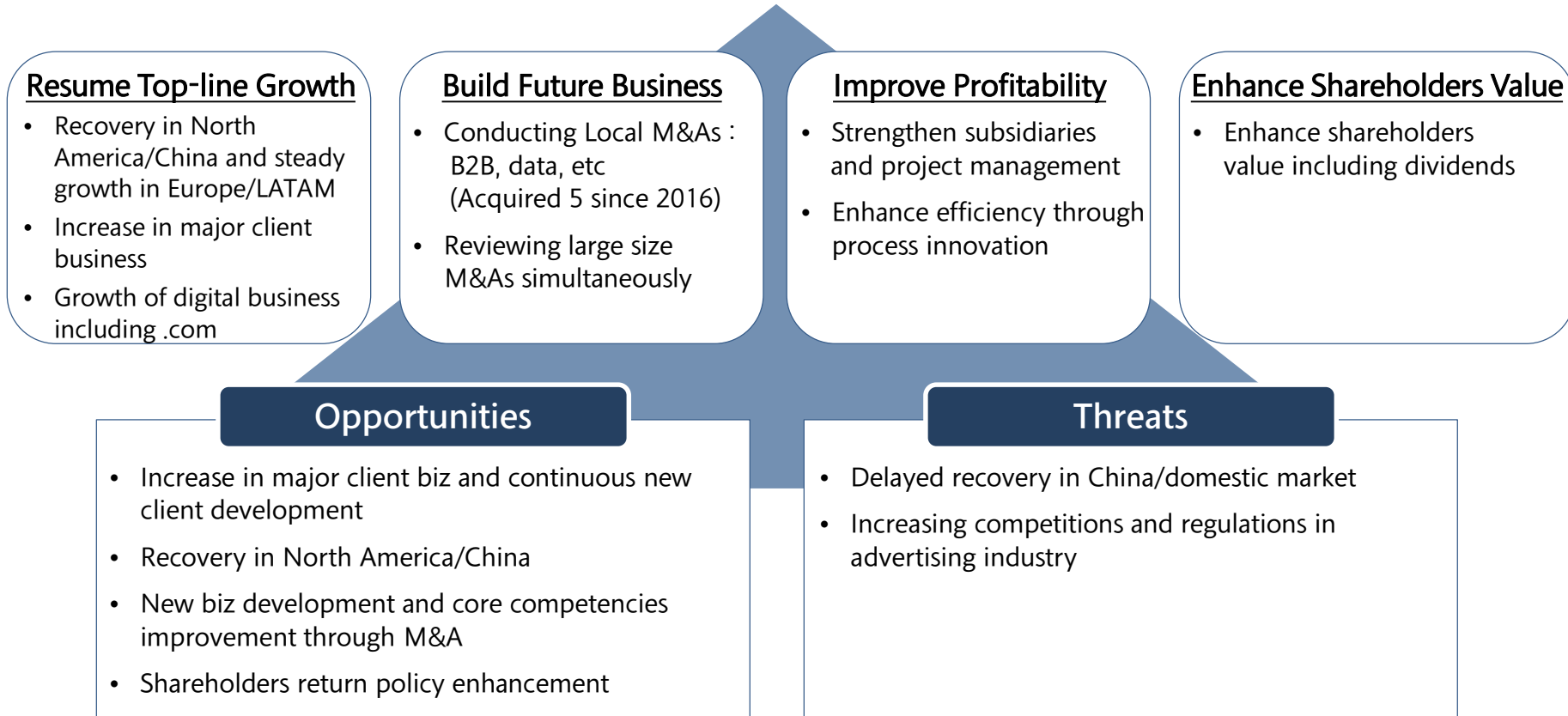
<Scrabble Club, Scrabble Keyboard>
* AdFest Gold, D&AD Bronze, etc



<Harman JBL, Block out the Chaos>
* New York Festivals Gold,
One Show Silver, AdFest Silver, etc



“Enhance Fundamentals and Grow Further as a Global Leader”



Thank you