



# Third Quarter 2018 Earnings Release

October 25th, 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 Q3 FY 2018 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 2018 Business Performance
- 2018 Annual Outlook

# Financial Summary (K-IFRS consolidated)

**Cheil**

(KRW billion)

	Q3 2017	Q3 2018	Growth	Q3 2017 YTD	Q3 2018 YTD	Growth
<b>Revenue (Gross Profit)</b>	247.8	262.5	6%	717.1	770.7	7%
Operating Expense	212.7	216.4	2%	606.4	640.3	6%
<b>Operating Income</b>	35.1	46.1	31%	110.7	130.4	18%
Non-operating Expenses and Income	4.8	1.0	△79%	3.8	8.7	129%
Income Before Income Taxes	39.9	47.1	18%	114.5	139.1	21%
Net Income	41.7	31.7	△24%	96.8	97.1	0.3%

# Consolidated Revenue Summary

Consolidated Revenue : Q3 2017 247.8B → Q3 2018 262.5B (14.7B↑)

□ Headquarter : Q3 2017 71.0B → Q3 2018 71.9B (0.9B↑)

- Increase in revenue from major clients including Samsung Fire, Mael, KakaoPay etc

□ Subsidiaries : Q3 2017 176.8B → Q3 2018 190.6B (13.8B↑)

- Continuous steady growth of Europe and emerging markets, recovery of China and North America

(KRW billion)

	Q3 2017	Q3 2018	Growth	Q3 YTD 2017	Q3 YTD 2018	Growth
HQ	71.0	71.9	1%	197.6	210.4	6%
Subsidiaries	176.8	190.6	8%	519.5	560.3	8%
Total	247.8	262.5	6%	717.1	770.7	7%

# Consolidated Revenue | by Region

Overseas % of total revenue : 2017 73% → Q3 2018 YTD 73%

□ Steady overall growth in overseas market

- Europe (Q3 10%↑ YoY), LATAM (11%), CIS(18%) drove overall growth in overseas market

※ Q3 YTD 9%↑ YoY

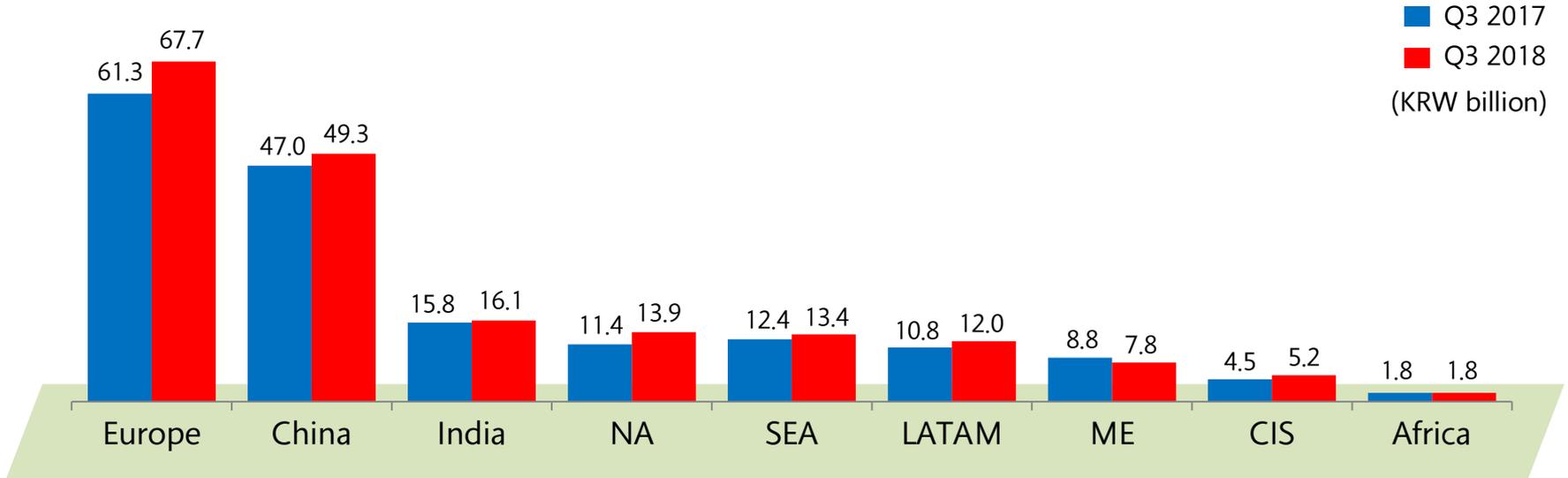
※ 17%↑

※ 5%↑

- Continuous recovery in North America (Q3 21%↑ YoY) and China (5%)

※ McKinney 6%↑, TBG 57%↑

※ Pengtai 7%↑



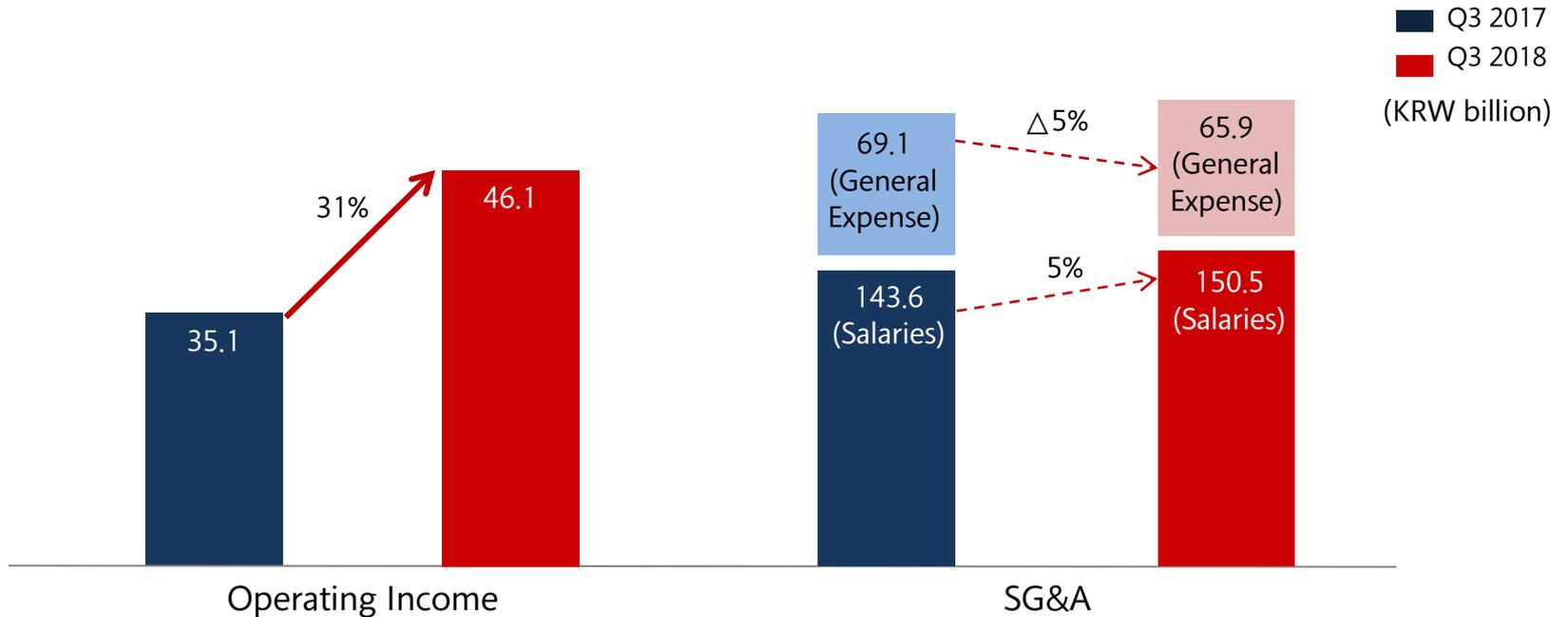
- Non-Samsung clients % : 2017 YTD 31% → Q3 2018 YTD 2018 29%
  - Headquarter : 2017 YTD 27% → Q3 2018 YTD 25%
  - Subsidiaries : 2017 YTD 33% → Q3 2018 YTD 31%
  
- Digital % of total revenue : 2017 YTD 30% → Q3 2018 YTD 33%

	2010	2013	2017	Q3 2018 YTD
<b>Digital</b>	19%	23%	30%	33%
<b>BTL</b>	32%	41%	45%	44%
<b>Retail</b>	13%	23%	23%	23%
<b>ATL</b>	49%	36%	25%	23%

# Consolidated Operating Income

Consolidated Operating Income : Q3 2017 35.1B → Q3 2018 46.1B (11.0B↑)

- Consolidated operating income has increased along with revenue growth and SG&A efficiency improvement



□ JD.COM, Infiniti (China), Staples (Europe), Jared (NA), etc

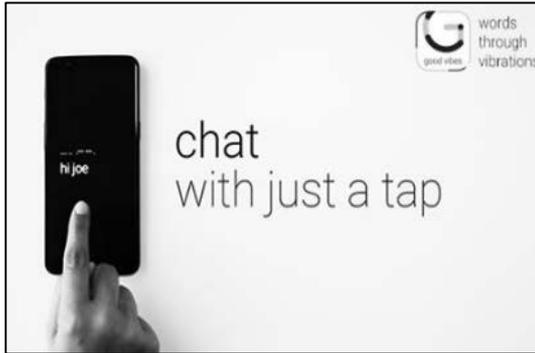
< 2018 New Clients >



New clients developed in Q3

- Spikes Asia 8 : Gold 2, Innovation 1, Silver 1, Bronze 4
- Clio 8 : Bronze 8
- 2018 Hong Kong Creative Agency of the Year by Campaign Brief Asia
  - \* Cheil Hong Kong

## < Award Winners >



<Sense International India, Good Vibes>  
\* Spikes Gold/Silver, Clio Bronze, etc

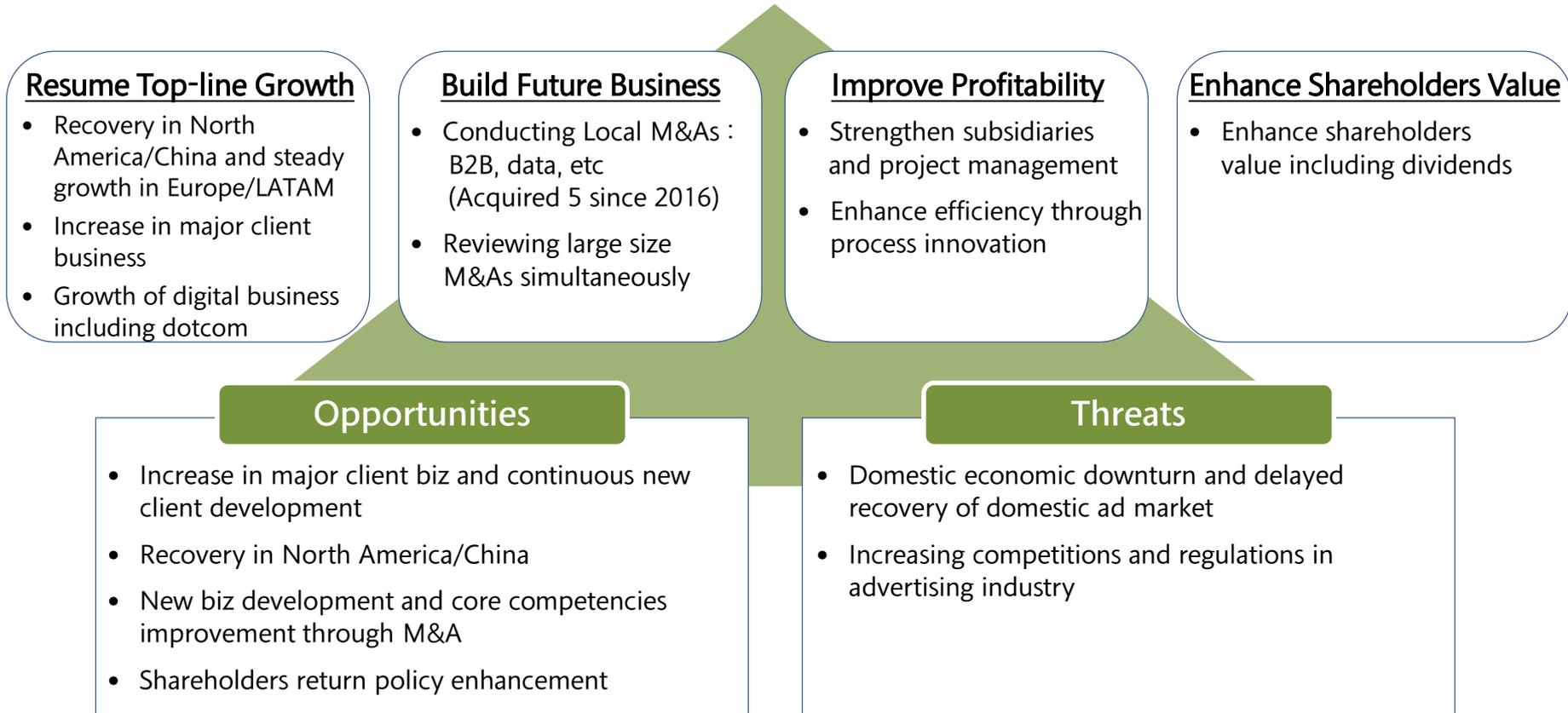


<Busan Police Agency, Stop Downloadkill>  
\* Spikes Bronze, Clio Bronze, etc



<Harman JBL, Block out the Chaos>  
\* Spikes Bronze, Clio Bronze, etc

## 4Q Objectives : Achieve annual guidance and build future business



**Thank you**