

# Cheil

## Fourth Quarter 2018 Earnings Release

January 31st, 2019

Cheil Worldwide

---

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

*This document is provided for investors' information before Q4 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
- Q4 2018 Business Performance
- 2019 Annual Outlook

(KRW billion)

	Q4 2017	Q4 2018	Growth	2017 YTD	2018 YTD	Growth
Revenue (Gross Profit)	295.4	312.1	6%	1,012.5	1,082.8	7%
Operating Expenses	249.6	261.4	5%	856.0	901.7	5%
Operating Income	45.8	50.7	11%	156.5	181.1	16%
Non-operating Expenses and Income	5.0	0.6	△88%	8.8	9.4	7%
Income Before Income Taxes	50.8	51.3	1%	165.3	190.5	15%
Net Income	31.5	34.7	10%	128.4	131.9	3%

※ Dividend for the Fiscal Year 2018 : KRW 770/share

# Consolidated Revenue Summary

Consolidated Revenue : 2017 YTD KRW 1,012.5B → 2018 YTD 1,082.8B (70.3B↑)  
 Q4 2017 KRW 295.4B → Q4 2018 312.1B (16.7B↑)

- Headquarter : 2017 YTD KRW 281.1B → 2018 YTD KRW 300.9B (19.8B↑)
  - Increase in revenue from major clients including Samsung Electronics and additional revenue from new clients including POCOG etc.

\* PyeongChang Organizing Committee for the 2018 Winter Olympic Games

- Subsidiaries : 2017 YTD KRW 731.4B → 2018 YTD 781.9B (50.5B↑)
  - Continuous steady growth of Europe and emerging markets, N. America recovery

(KRW billion)

	Q4 2017	Q4 2018	Growth	2017 YTD	2018 YTD	Growth
HQ	83.4	90.6	9%	281.1	300.9	7%
Subsidiaries	212.0	221.5	4%	731.4	781.9	7%
Total	295.4	312.1	6%	1,012.5	1,082.8	7%

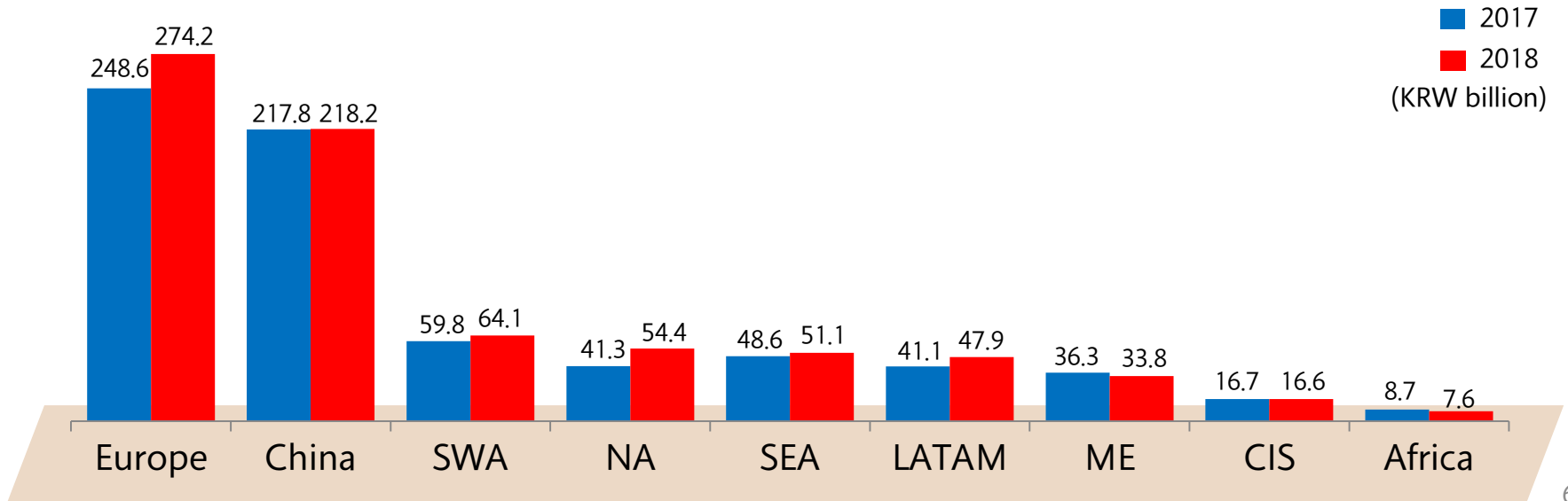
# Consolidated Revenue | by Region

Overseas % of total revenue : 2017 YTD 73% → 2018 YTD 72%

□ Strong growth continued in emerging markets and Europe

- LATAM (17%↑ YoY), Europe(10%), SWA (7%)  
※ Q4 16%↑ YoY                      ※ 14%↑                      ※ 4%↑

□ North America (32%↑ YoY) maintained positive growth while China's revenue remained flat  
※ McKinney 19%↑, TBG 65%↑



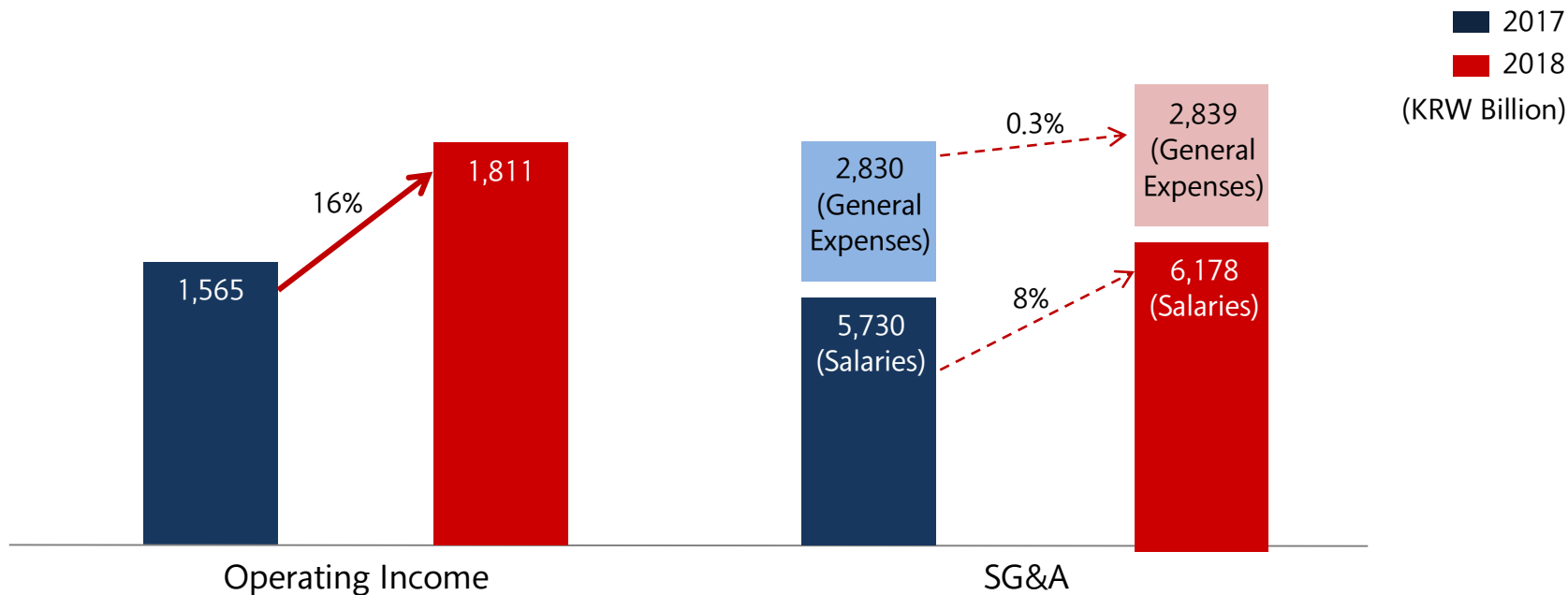
- Non-Samsung Clients % : 2017 YTD 31% → 2018 YTD 29%
  - Headquarter : 2017 YTD 27% → 2018 YTD 24%
  - Subsidiaries : 2017 YTD 33% → 2018 YTD 32%
  
- Digital % of total revenue : 2017 YTD 30% → 2018 YTD 34%

	2010	2013	2017	2018
Digital	19%	23%	30%	34%
BTL	32%	41%	45%	44%
Retail	13%	23%	23%	22%
ATL	49%	36%	25%	22%

# Consolidated Operating Income

Consolidated Operating Income : 2017 YTD KRW 156.5B → 2018 YTD KRW 181.1B (24.6B↑)  
Q4 2017 KRW 45.8B → Q4 2018 KRW 50.7B (4.9B↑)

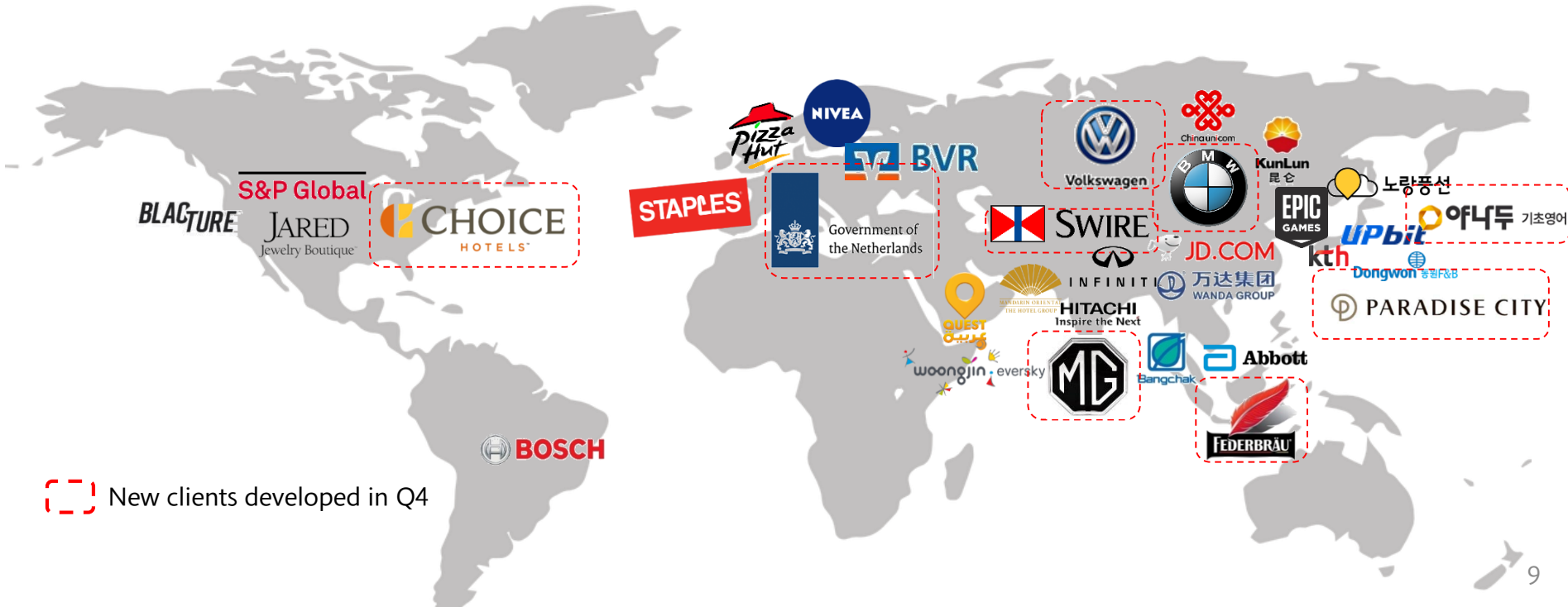
- Operating income increased along with revenue growth and general expense efficiency despite an increase in labor costs





- New Clients : Volkswagen(China), Choice Hotels(NA), BVR(Europe), etc
- Dotcom Business Win : Amore Pacific ※ Global operation of 18 Brands

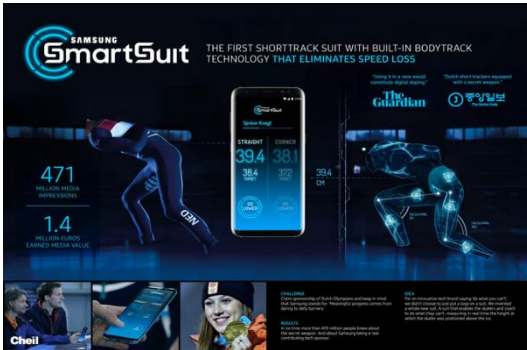
## < 2018 New Clients >



New clients developed in Q4

- Cannes Lions 10 : Gold 1, Silver 2, Bronze 7
- London Intl Award 14 : Gold 2, Silver 5, Bronze 7
- Others : One Show(21), New York Festivals(13), Spikes Asia(8), etc
  - \* Record-breaker
  - \* Record-breaker

## < Award Winners >



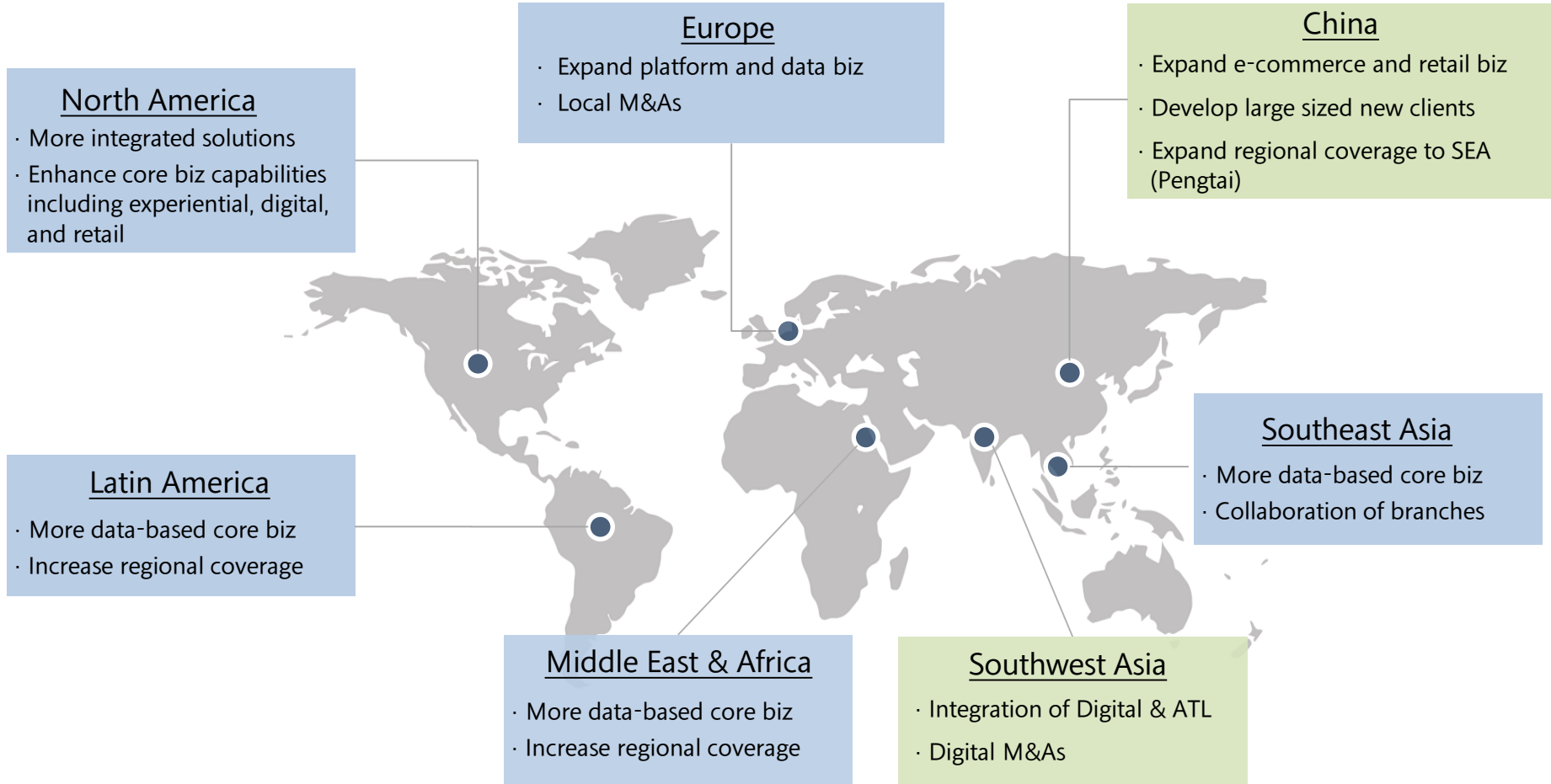
<Samsung Electronics, Smart Suit>  
\* Cannes Gold, Bronze,  
One Show Silver, Bronze, etc



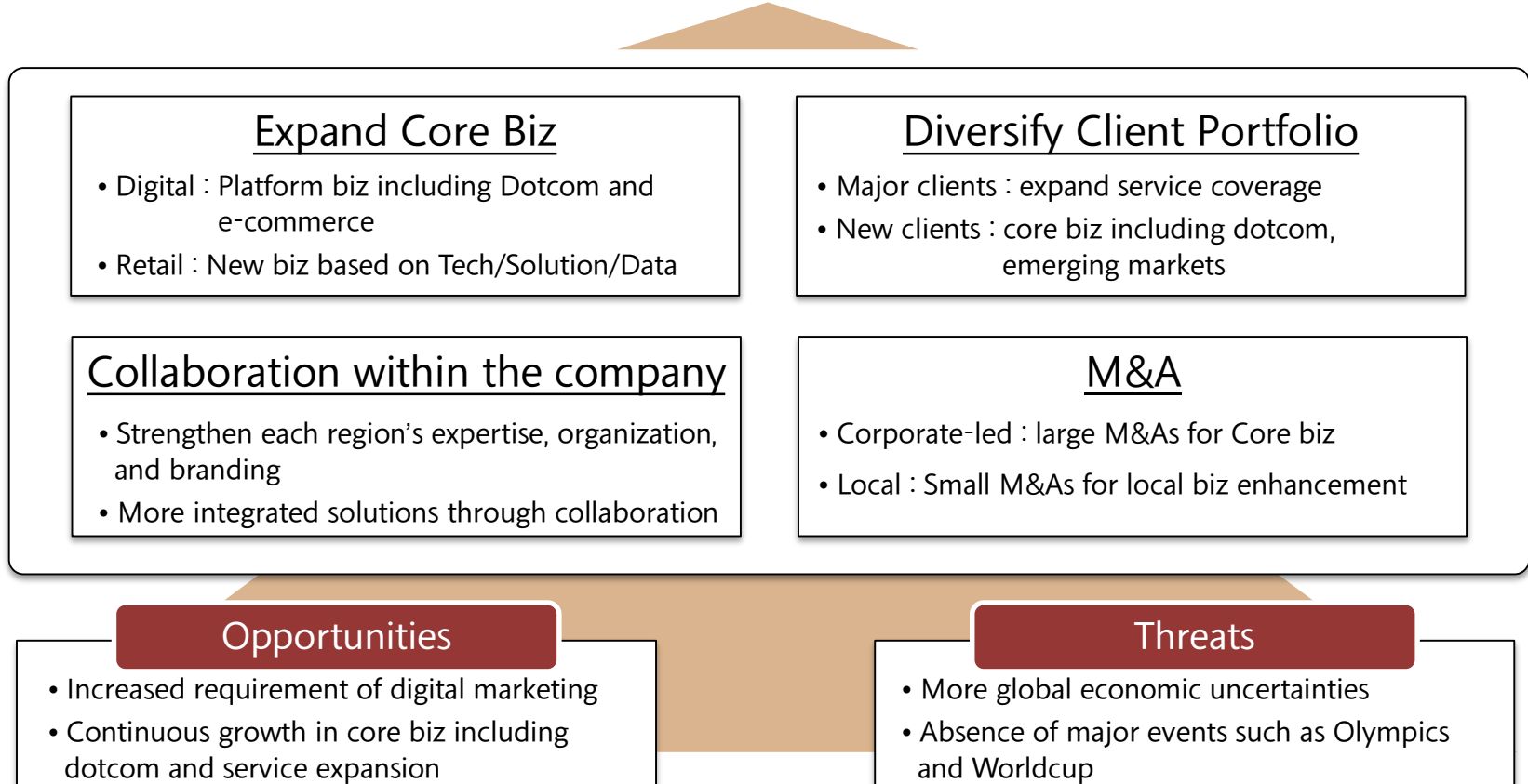
<Seoul Metropolitan Government, DustSee>  
\* London Intl Awards Gold, Clio Bronze, etc



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



## 2019 Objectives : Revenue 7~10% growth, Core Biz Investment



**Thank you**