

Cheil

First Half 2019 Earnings Release

July 22, 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 H1 FY2019 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 2019 Business Performance
- H2 2019 Outlook

Financial Summary (K-IFRS consolidated)

Cheil

(KRW billion)

	Q2 2018	Q2 2019	Growth	H1 2018	H1 2019	Growth
Revenue (Gross Profit)	272.8	307.9	13%	508.1	560.6	10%
Operating Expense	214.6	238.5	11%	423.8	459.0	8%
Operating Income	58.2	69.4	19%	84.3	101.6	21%
Non- operating Expenses and Income	6.7	△2.7	-	7.8	0.9	△88%
Income Before Income Taxes	64.9	66.7	3%	92.1	102.5	11%
Net Income	46.2	44.1	△5%	65.4	66.7	2%

Consolidated Revenue : H1 2018 508.1B → H1 2019 560.6B (52.5B↑)

Q2 2018 272.8B → Q2 2019 307.9B (35.1B↑)

□ Headquarter : Revenue remained flat at 138.2B (Δ0.3↓)

- Despite some major account loss including Coway, revenue remained flat due to additional revenue from new clients including Market Kurly

□ Subsidiaries : Revenue up 14% to 422.4B (52.8B↑)

- Steady growth continued in overseas market primarily due to strong growth in Europe and emerging markets

(KRW billion)

	Q2 2018	Q2 2019	Growth	H1 2018	H1 2019	Growth
HQ	80.2	83.6	4%	138.5	138.2	Δ0%
Subsidiaries	192.6	224.3	16%	369.6	422.4	14%
Total	272.8	307.9	13%	508.1	560.6	10%

Consolidated Revenue | by Region

Overseas % of total revenue : 2018 YTD 72% → H1 2019 75%

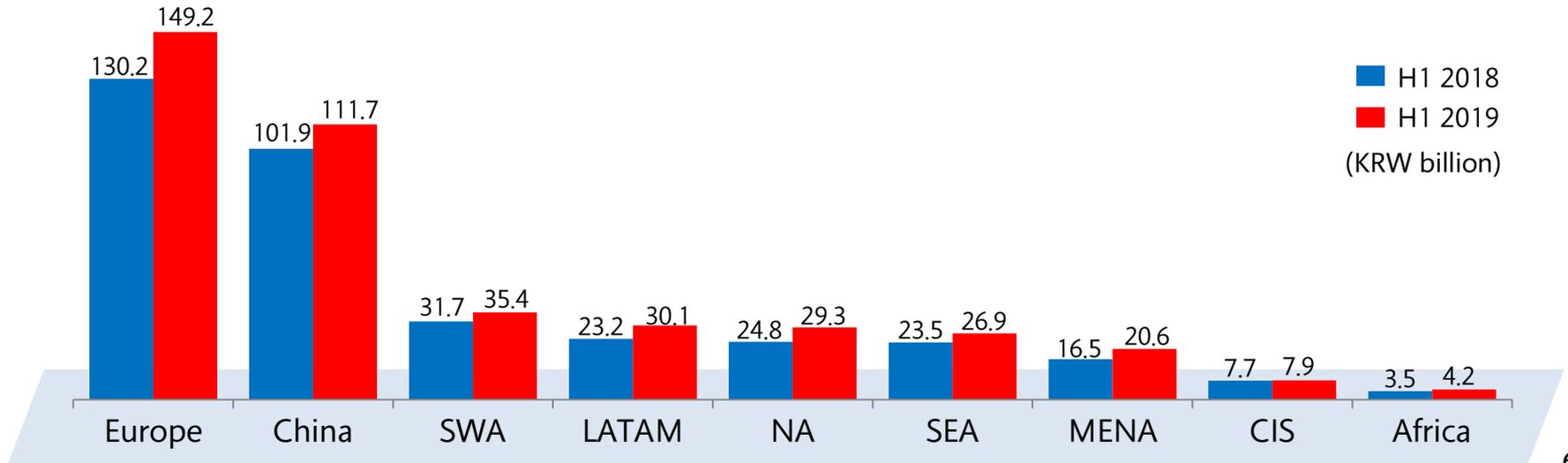
□ Positive growth across all regional markets due to increase in revenue from both Samsung and non-Samsung clients

- Europe(15%↑YoY), NA(18%↑) and LATAM (29%↑) drove overall growth in overseas market

※ Q2 18% YoY(Iris 21%↑) ※ 20%↑ ※ 36%↑

- China(10%↑YoY), SWA(12%↑), SEA(15%↑) and MENA(24%↑) showed continuous recovery

※ Q2 9% YoY(Pengtai 5%↑) ※ 14%↑ ※ 13%↑ ※ 30%↑



□ Non-Samsung clients % : 2018 YTD 29% → H1 2019 30%

- Headquarter : 2018 YTD 24% → H1 2019 22%

- Subsidiaries : 2018 YTD 32% → H1 2019 33%

※ Non-Samsung Revenue 16%↑ YoY

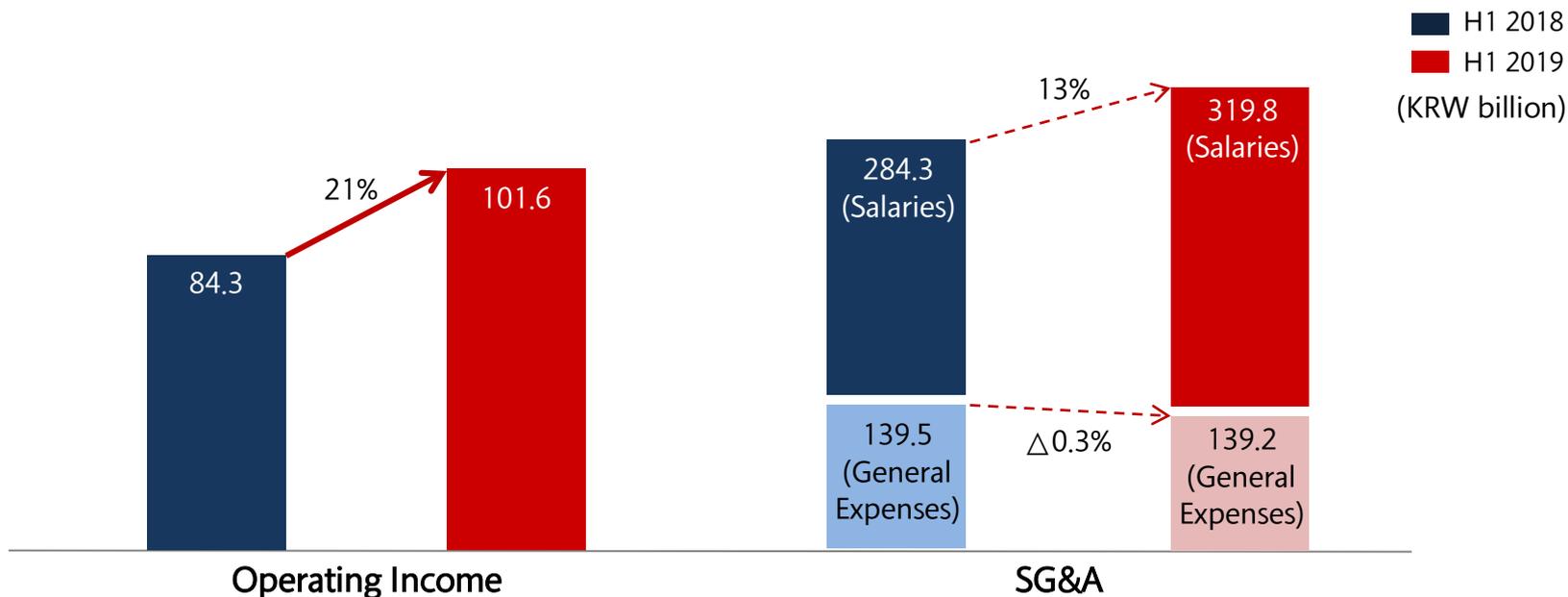
□ Digital % of total revenue : 2018 YTD 34% → H1 2019 38%

	2010	2013	2018	H1 2019
Digital	19%	23%	34%	38%
BTL	32%	41%	44%	42%
Retail	13%	23%	22%	23%
ATL	49%	36%	22%	20%

Consolidated Operating Income

Consolidated Operating Income : H1 2018 84.3B → H1 2019 101.6B (17.3B↑)
 Q2 2018 58.2B → Q2 2019 69.4B (11.2B↑)

□ Despite investment in talents, consolidated operating income increased along with revenue growth and cost efficiency



※ Headcount : H1 2018 6,446 → H1 2019 7,175 (+729)
 (Overseas) (5,086) (5,810) (+724)

□ New Account Wins

- Panasonic Avionics(NA), NIVEA(Thailand), BCA, Discovery Channel(Europe), Korea Ginseng Corp(Taiwan), TikTok(HQ), etc



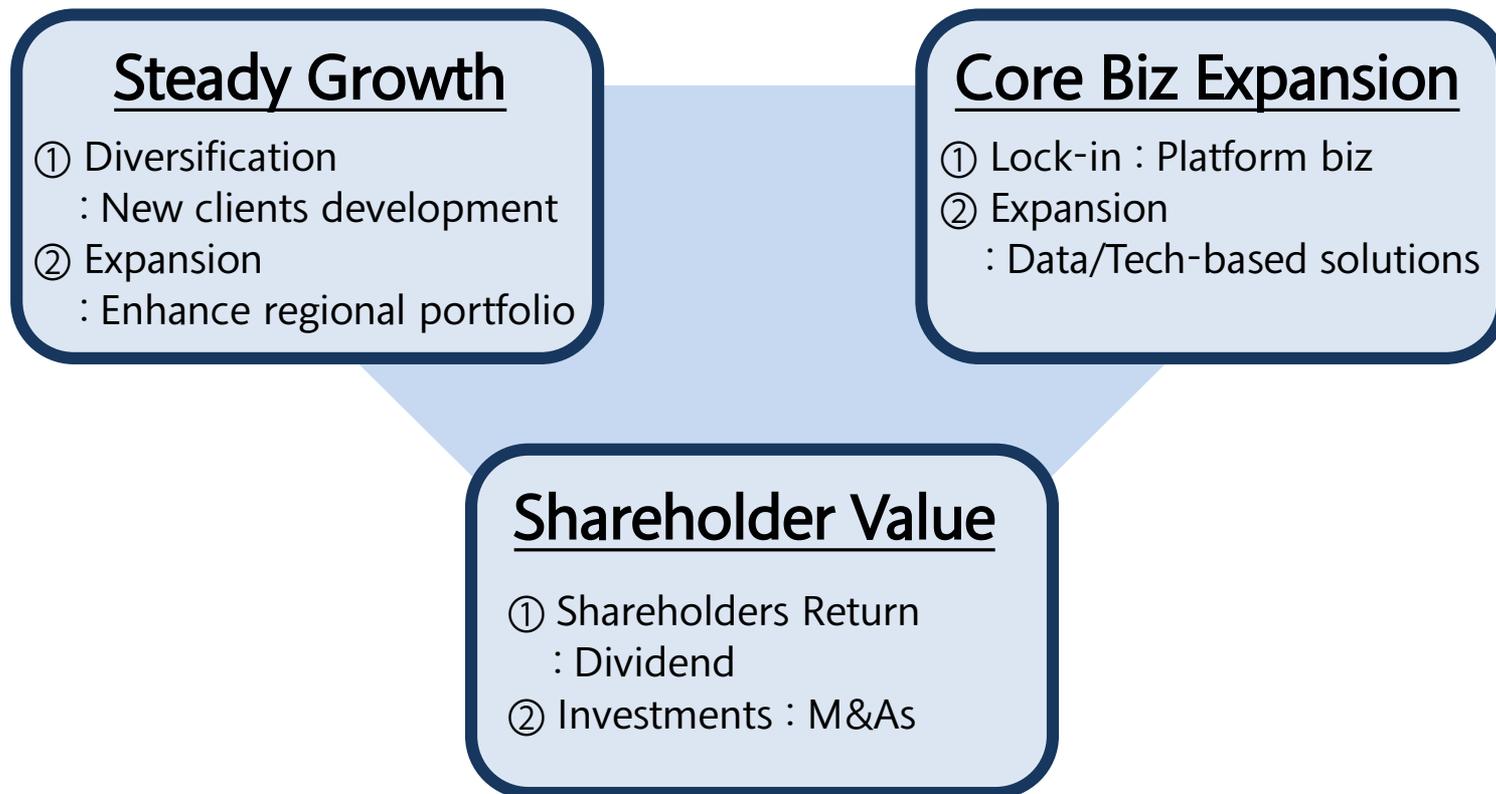
□ International Award Wins

- One Show 25, New York Festivals 23, Cannes Lions 8, D&AD 7, etc

□ New Office in Argentina (January)



H2 2019 Objective : Stable Growth & Proactive Risk Management



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