

Cheil

Fourth Quarter 2019 Earnings Release

January 28, 2020

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 2019 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
- 2019 Business Performance
- 2020 Annual Outlook

(KRW billion)

	Q4 2018	Q4 2019	Growth	2018 YTD	2019 YTD	Growth
Revenue (Gross Profit)	312.1	320.1	3%	1,082.8	1,164.9	8%
Operating Expenses	261.4	268.5	3%	901.7	959.1	6%
Operating Income	50.7	51.6	2%	181.1	205.8	14%
Non-operating Expenses and Income	0.6	1.8	200%	9.4	4.0	△57%
Income Before Income Taxes	51.3	53.4	4%	190.5	209.8	10%
Net Income	34.7	37.1	7%	131.9	139.5	6%

※ Dividend for the Fiscal Year 2019 : KRW 820/share

Consolidated Revenue Summary

Consolidated Revenue : 2018 YTD KRW 1,082.8B → 2019 YTD 1,164.9B (82.1B↑)
 Q4 2018 KRW 312.1B → Q4 2019 320.1B (8.0B↑)

- Headquarter : 2018 YTD KRW 300.9B → 2019 YTD KRW 302.7B (1.8B↑)
 - Despite delaying recovery of advertising market, revenue remained flat due to increase in revenue from major clients
- Subsidiaries : 2018 YTD KRW 781.9B → 2019 YTD KRW 862.2B (80.3B↑)
 - All regional markets achieved positive growth along with strong performance in Europe and emerging markets

(KRW billion)

	Q4 2018	Q4 2019	Growth	2018 YTD	2019 YTD	Growth
HQ	90.6	93.1	3%	300.9	302.7	1%
Subsidiaries	221.5	227.0	3%	781.9	862.2	10%
Total	312.1	320.1	3%	1,082.8	1,164.9	8%

Consolidated Revenue | by Region

Overseas % of total revenue : 2018 YTD 72% → 2019 YTD 74%

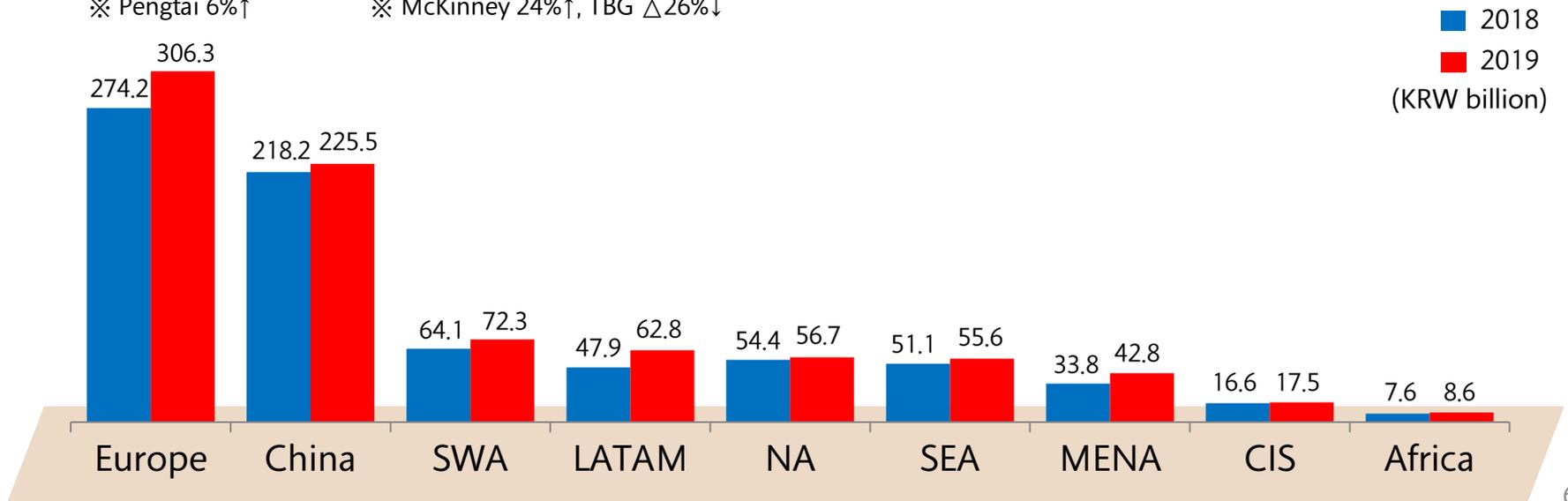
□ All regional markets achieved positive growth along with increase in revenue from both Samsung and non-Samsung clients

- Europe (12%↑ YoY), LATAM(31%), MENA (27%) drove overall growth

※ Iris 14%↑ ※ Q4 8%↑ YoY ※ 31%↑ ※ 28%↑

- China (3%↑ YoY), NA (4%) showed slower growth

※ Pengtai 6%↑ ※ McKinney 24%↑, TBG △26%↓



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

- Headquarter : 2018 YTD 24% → 2019 YTD 23%

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

※ Overseas Non-Samsung Revenue 15%↑ YoY

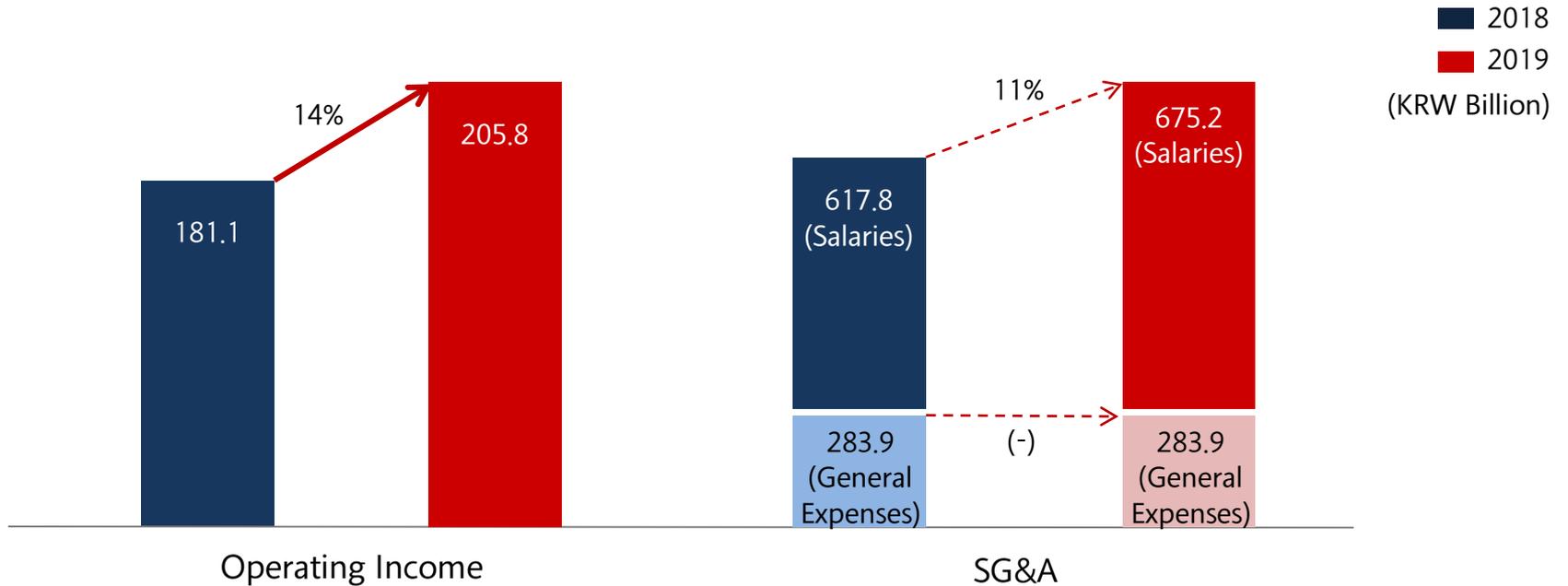
□ Digital % of total revenue : 2018 YTD 34% → 2019 YTD 39%

	2010	2013	2018	2019
Digital	19%	23%	34%	39%
BTL	32%	41%	44%	41%
Retail	13%	23%	22%	23%
ATL	49%	36%	22%	20%

Consolidated Operating Income

Consolidated Operating Income : 2018 YTD KRW 181.1B → 2019 YTD KRW 205.8B (24.7B↑)
Q4 2018 KRW 50.7B → Q4 2019 KRW 51.6B (0.9B↑)

- Operating income increased along with revenue growth and cost efficiency despite an increase in talent recruitment



※ Headcount : 4Q 2018 6,844 → 4Q 2019 7,093 (+249)
(Overseas) (5,472) (5,731) (+259)

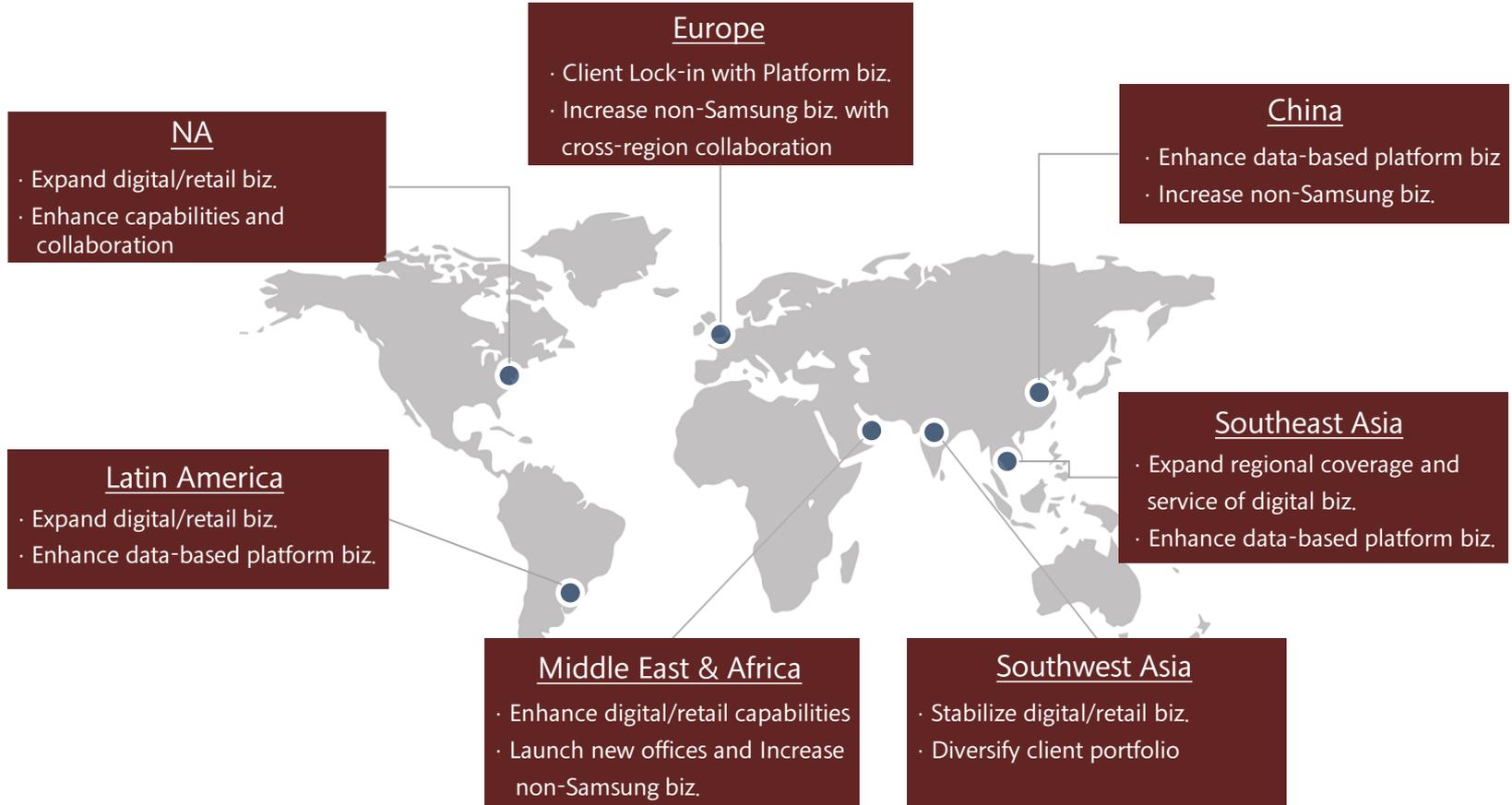
□ New Account Wins

- Suzuki, Discovery(Europe), Little Caesars, Panasonic(NA), Chery, Volkswagen(China), etc.

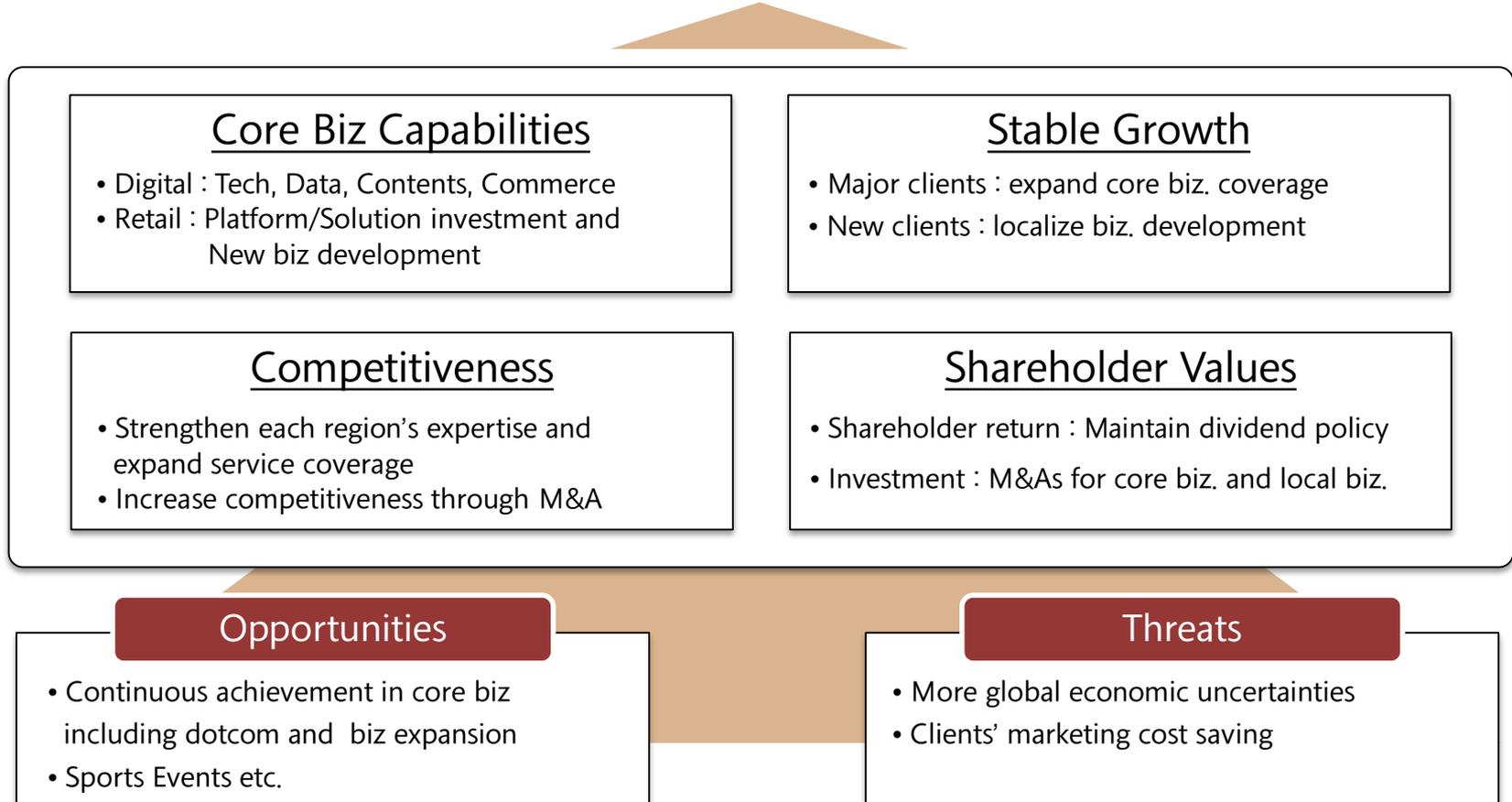


□ International Award Wins

- One Show 25, New York Festivals 23, Spikes Asia 13, Cannes Lions 8, etc.



2020 Objectives : Revenue 7%↑ growth, Core Biz. Enhancement



Thank you