

Cheil

First Half 2020 Earnings Release

July 30, 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 H1 FY2020 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 2020 Business Performance
- H2 2020 Outlook

Financial Summary (K-IFRS consolidated)

Cheil

(KRW billion)

	Q2 2019	Q2 2020	Growth	H1 2019	H1 2020	Growth
Revenue (Gross Profit)	307.9	263.1	△15%	560.6	520.2	△7%
Operating Expense	238.5	209.3	△12%	459.0	435.9	△5%
Operating Income	69.4	53.8	△23%	1,01.6	84.3	△17%
Non- operating Expenses and Income	△2.7	△4.8	-	0.9	0.5	△44%
Income Before Income Taxes	66.7	49.0	△27%	1,02.5	84.8	△17%
Net Income	44.1	33.4	△24%	66.7	58.5	△12%

Consolidated Revenue Summary

Consolidated Revenue : H1 2019 560.6B → H1 2020 520.2B (40.4B↓)

Q2 2019 307.9B → Q2 2020 263.1B (44.8B↓)

□ HQ (KRW) : Revenue down 3% to 133.7B (△4.5B↓)

- Revenue growth was negative primarily due to decrease in revenue from major clients including Amore Pacific and KT

□ Subsidiaries (KRW) : Revenue down 9% to 386.5B (△35.9B↓)

- While North America showed strong performance, revenue reduction in major markets such as Europe and China negatively impacted overall growth

(KRW billion)

	Q2 2019	Q2 2020	Growth	H1 2019	H1 2020	Growth
HQ	83.6	75.3	△10%	138.2	133.7	△3%
Subsidiaries	224.3	187.8	△16%	422.4	386.5	△9%
Total	307.9	263.1	△15%	560.6	520.2	△7%

Overseas % of total revenue : 2019 YTD 78% → H1 2020 74%

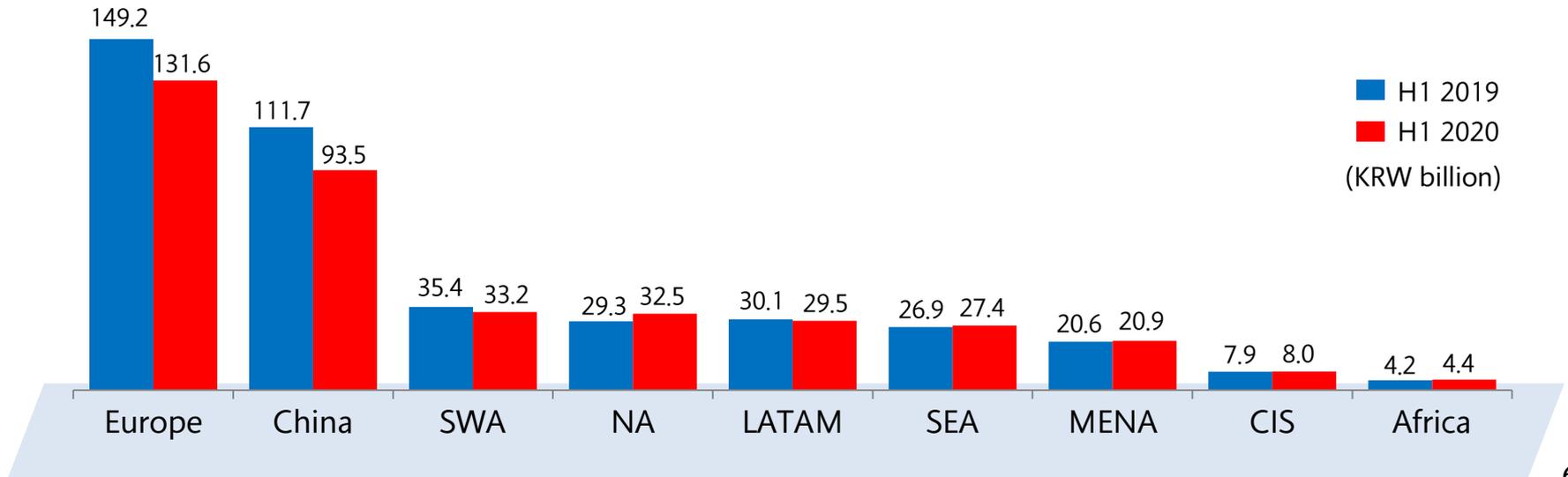
□ Under the impact from the COVID-19 pandemic, major markets including Europe(12%↓YoY) and China(16%↓) showed negative growth

※ Iris 13%↓

※ Pengtai 5%↓

□ North America(11%↑YoY), Southeast Asia, Middle East(2%↑) achieved positive growth

※ Mckinney 20%↑, TBG 23%↓



□ Digital % of total revenue : 2019 YTD 39% → H1 2020 42%

	2010	2015	2019	H1 2020
Digital	19%	28%	39%	42%
BTL	32%	42%	41%	37%
Retail	13%	22%	23%	22%
ATL	49%	30%	20%	21%

□ Non-Samsung clients % : 2019 YTD 30% → H1 2020 27%

- Headquarter : 2019 YTD 23% → H1 2020 18%

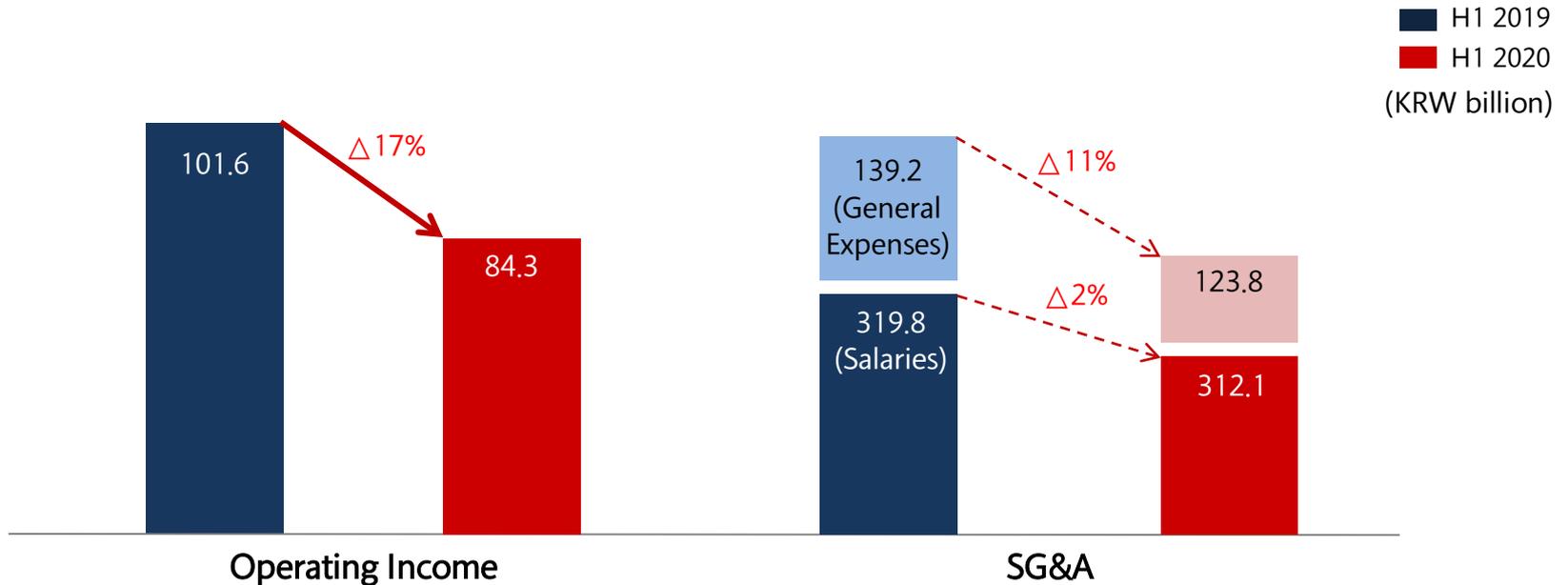
- Subsidiaries : 2019 YTD 33% → H1 2020 30%

※ Overseas Non-Samsung revenue 17%↓YoY

Consolidated Operating Income

Consolidated Operating Income : H1 2019 101.6B → H1 2020 84.3B (17.3B↓)
Q2 2019 69.4B → Q2 2020 53.8B (15.6B↓)

□ Despite efforts to increase cost efficiency, operating income decrease along with reduction in revenue



※ Headcount : 7,175 as at June 2019 → 6,698 as at June 2020 (Δ477)
(Overseas) (5,748) (5,290) (Δ458)

- New Clients : Zaxby's, ESPN(NA), Pizza Hut, Yili(China), P&G, Pfizer(Europe), etc.



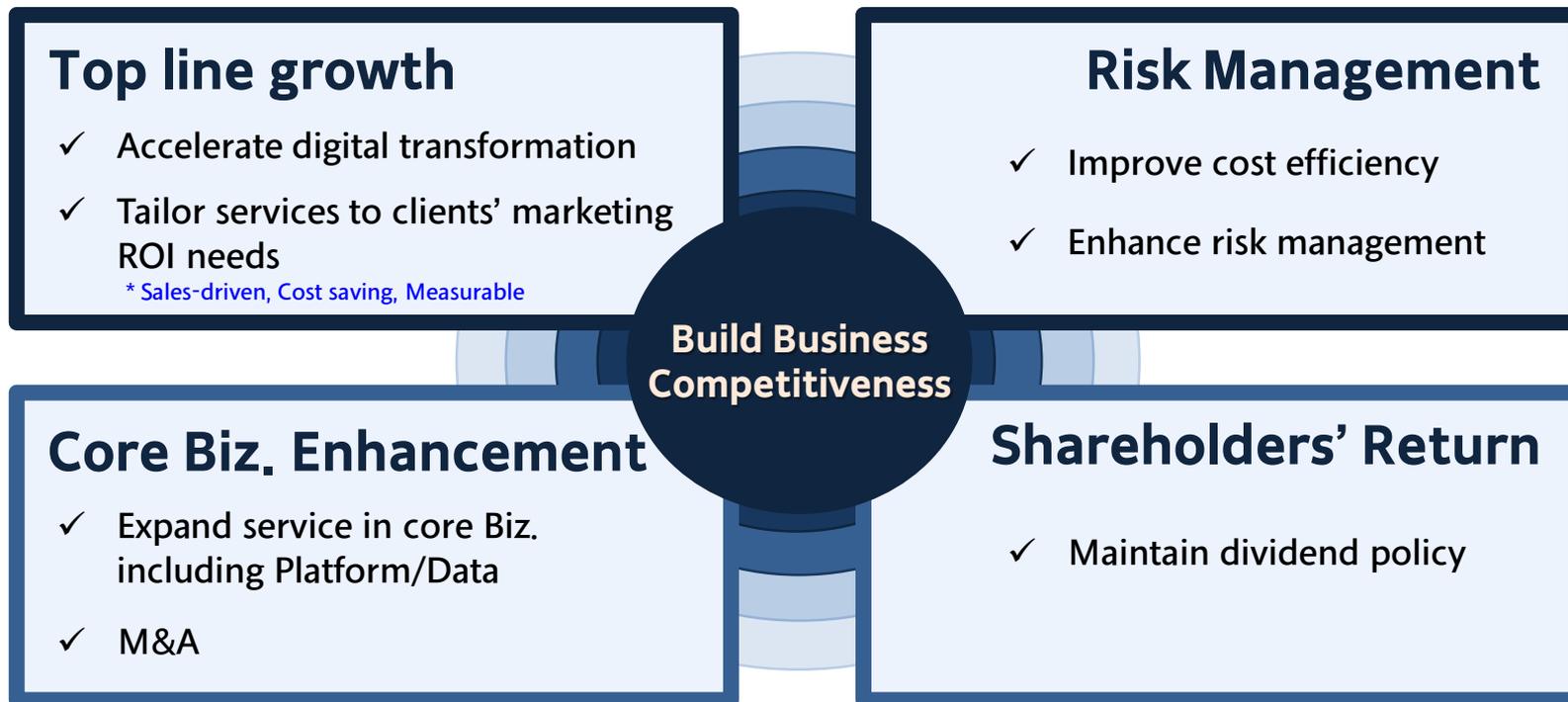
- Overseas Biz. Enhancement : New office in Egypt(Feb), Acquisition of ColourData(June)

* Chinese social big data analytics firm

- International Award Wins : New York Festivals 34, One Show 29, D&AD 7, etc

< Minimize the impacts of COVID-19 & Resume earnings recovery >

* Annual Objectives : Protect GP against risks + Achieve OP at previous year's level



End of Document