



We Create Connected Experiences that Matter

First Half 2023 Earnings Release

July 27, 2023

Cheil

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

This document is provided for investors' information before 1H FY2023 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.

1

Financial Performance

Gross Profit 9%↑

Operating Profit Δ 6%↓

- ✓ Expanded digital biz and new Non-Samsung clients from overseas subsidiaries
- ✓ Showed negative OP growth due to increase in labor cost investment

2

Service

Digital

Portion : 54%

YoY : 14%↑

- ✓ Expanded overseas digital biz. with dotcom, E-commerce
- ✓ Diversified digital service coverage with digital transformation

3

Clients

Non-Samsung clients

(esp. NA and China)

12%↑

- ✓ Developed new Non-Samsung clients in healthcare and leisure sector
- ✓ Recovered non-Samsung business in HQ during 2Q (Seasonality)

4

GEO Markets

Overseas

(driven by Non-Samsung)

13%↑

- ✓ Strong growth in McKinney by winning Non-Samsung clients
- ✓ Negative growth in Europe & India, but solid growth in China, led by Pengtai

Financial Summary (K-IFRS consolidated)

(KRW billion)

	Q2 2022	Q2 2023	YoY	1H 2022	1H 2023	YoY
Revenue (Gross Profit)	388.5	424.7	9%	723.4	788.8	9%
SG&A	300.5	340.0	13%	576.9	650.7	13%
Operating Profit	88.0	84.7	△4%	146.5	138.1	△6%
Non-operating Expenses and Income	4.8	6.0	28%	8.7	12.8	47%
Income Before Income Taxes	92.8	90.7	△2%	155.2	150.9	△3%
Net Income	61.3	65.2	6%	106.5	106.6	-

Consolidated Revenue Summary

Consolidated Revenue : 1H 2022 723.4B → 2H 2023 788.8B (65.4B↑)
Q2 2022 388.5B → Q2 2023 424.7B (36.2B↑)

□ HQ (KRW) : 1H 2022 176.3B → 1H 2023 172.8B (△3.5B↓)

- Negative growth due to reduced media budgets of major clients

□ Subsidiaries (KRW) : 1H 2022 547.1B → 1H 2023 616.0B (68.9B↑)

- Net growth due to digital expansion and non-Samsung development

(KRW billion)

	Q2 2022	Q2 2023	YoY	1H 2022	1H 2023	YoY
HQ	100.2	101.5	1%	176.3	172.8	△2%
Subsidiaries	288.3	323.2	12%	547.1	616.0	13%
Total	388.5	424.7	9%	723.4	788.8	9%

- By Service : Expansion of overseas digital business including performance marketing and increasing clients' demand in promotion and events

	2015	2020	2021	2022	1H 2023
Digital	28%	43%	50%	53%	54%
BTL	42%	35%	30%	30%	30%
Retail	22%	21%	20%	19%	18%
ATL	30%	22%	20%	17%	16%

- By Clients : Winning non-Samsung pitches (esp. in healthcare and leisure sector)

* McKinney showed strong growth from newly gained non-Samsung clients including Indivior and popeyes

< HQ >



< Overseas >



Consolidated OP : 1H 2022 146.5B → 1H 2023 138.1B (Δ8.4B↓)
 Q2 2022 88.0B → Q2 2023 84.7B (Δ3.3B↓)

- Due to investment in digital manpower for sustainable growth, showed negative growth in OP by 6%

(KRW Billion)

	Q2 2022	Q2 2023	YoY	1H 2022	1H 2023	YoY
Revenue(GP)	388.5	424.7	9%	723.4	788.8	9%
SG&A	300.5	340.0	13%	576.9	650.7	13%
Salaries	218.2	244.9	12%	417.5	469.0	12%
Others	82.3	95.1	16%	159.4	181.7	14%
Operating Profit	88.0	84.7	Δ4%	146.5	138.1	Δ6%

※ No. of Overall employees : June 2022 → 6,614 / December 2022 → 6,887 / June 2023 → 6,921
 · Overseas: June 2022 → 5,245 / December 2022 → 5,452 / June 2023 → 5,482

□ Business opportunities

NA

- Develop new digital services in dotcom
- Expand service coverage in retail/CRM
- Gain new non-Samsung clients

Europe

- Expand service coverage in digital media and eCommerce
- Secure Olympic related business
- Enhance non-Samsung clients portfolio (Healthcare, etc)

China

- Upgrade eCommerce and dotcom business
- Expand service coverage in performance marketing for DTC
- Enhance non-Samsung clients portfolio (Auto/Health/Beauty)

Emerging Markets

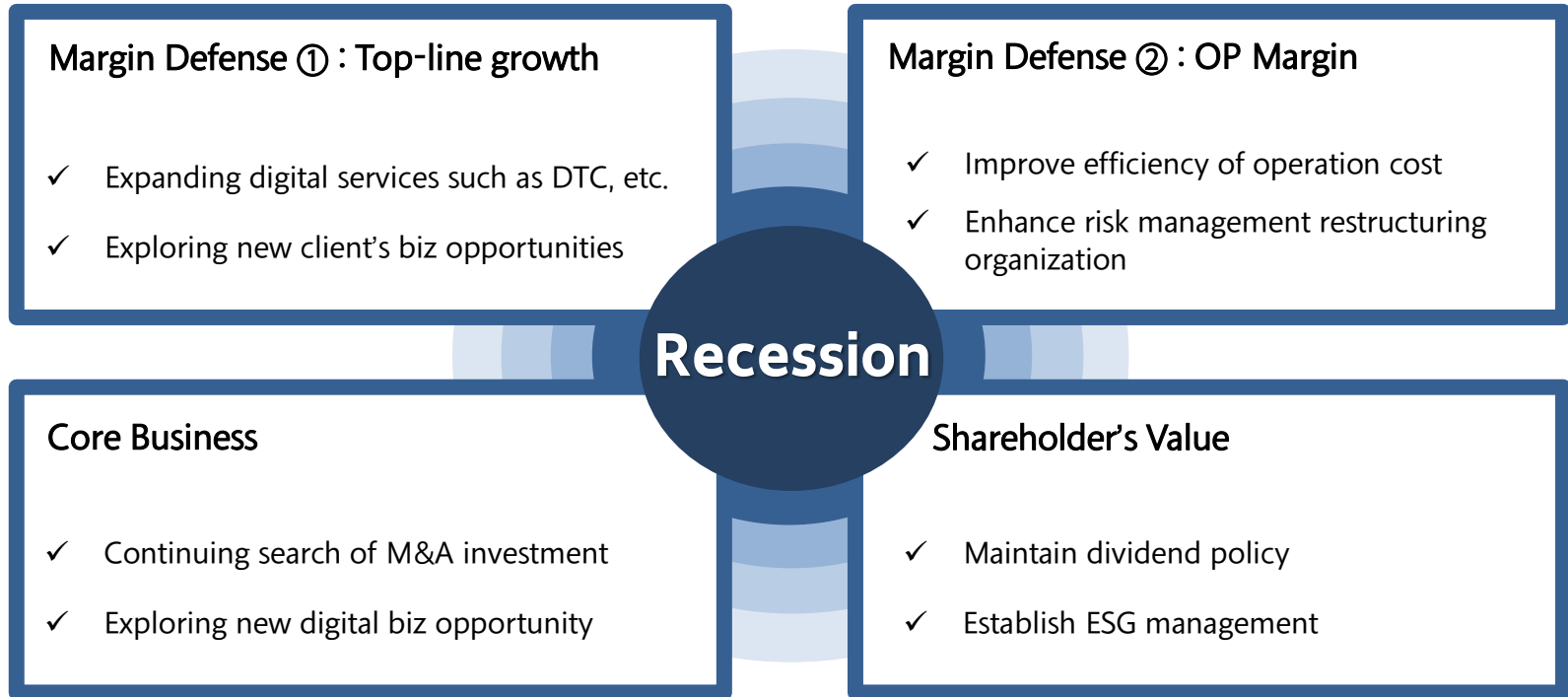
- Upgrade eCommerce and dotcom business
- Expand service coverage in FFM/CRM
- Develop new non-Samsung clients
- Establish new business branches

HQ

- Expect recovery of advertising and media market
- Expand service coverage in performance marketing for DTC
- Enhance non-Samsung clients portfolio (Healthcare, etc)

Minimize external uncertainties offering DTC and performance marketing on digital

Top-line growth rate 5%↑ and Margin Defense



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