

Cheil

Third Quarter 2020 Earnings Release

October 20, 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 Q3 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)
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- Q3 2020 Business Performance
- Regional Highlights
- H2 2020 Outlook

Financial Summary (K-IFRS consolidated)

(KRW billion)

	Q3 2019	Q3 2020	Growth	9M 2019	9M 2020	Growth
Revenue (Gross Profit)	284.2	278.4	△2%	844.8	798.7	△6%
Operating Expenses	231.5	219.0	△5%	690.6	654.9	△5%
Operating Profit	52.7	59.4	13%	154.2	143.8	△7%
Non-operating Expenses & Income	1.2	△2.0	-	2.2	△1.5	-
Profit Before Tax	53.9	57.4	7%	156.4	142.3	△9%
Net Income	35.6	42.2	19%	102.3	100.8	△2%

Consolidated Revenue Summary

Consolidated Revenue : Q3 2019 284.2B → Q3 2020 278.4B (5.8B↓)

□ Headquarter : Q3 2019 71.4B → Q3 2020 79.5B (8.1B↑)

- Revenue increased along with additional revenue from major clients including Samsung Electronics

□ Subsidiaries : Q3 2019 212.8B → Q3 2020 198.9B (13.9B↓)

- Despite sluggish growth in Europe and India, total overseas revenue growth showed shallower dip with strong growth in North America and SEA

(KRW billion)

	Q3 2019	Q3 2020	Growth	9M 2019	9M 2020	Growth
HQ	71.4	79.5	11%	209.6	213.2	2%
Subsidiaries	212.8	198.9	△7%	635.2	585.5	△8%
Total	284.2	278.4	△2%	844.8	798.7	△6%

Overseas % of total revenue : 2019 YTD 74% → Q3 YTD 2020 73%

□ Overseas revenue showed recovery driven by strong performance in North America

- Europe (10%↓ YoY), India (13%↓), LATAM (12%↓) marked negative growth

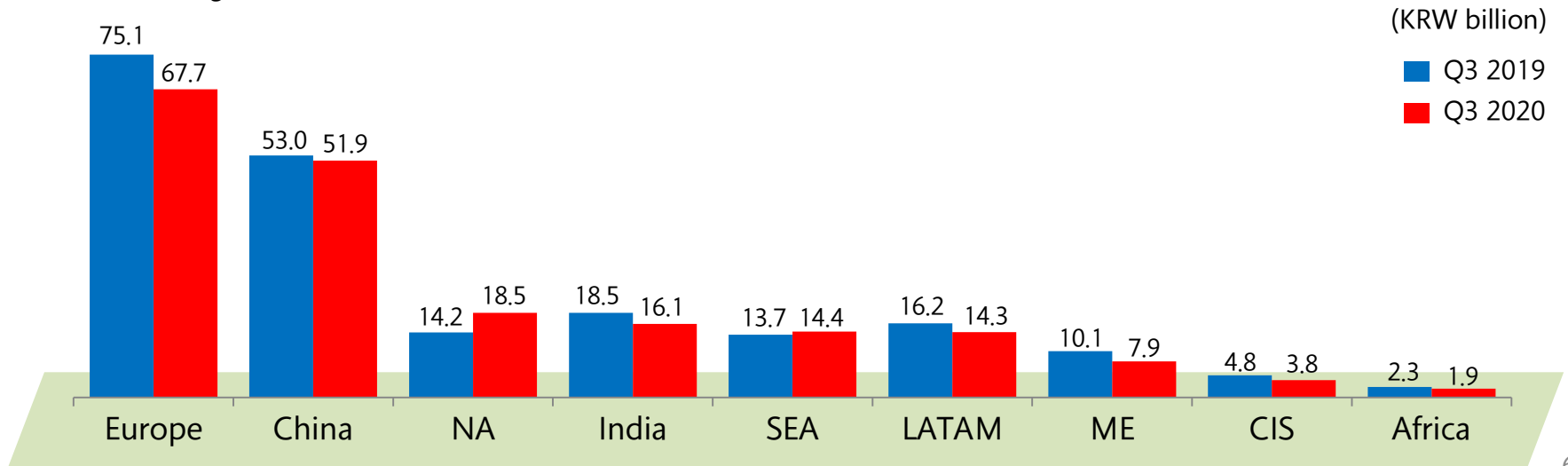
※ Q3 Iris 15%↓ / ※ Q3 YTD Europe 11%↓, India 9%↓, LATAM 5%↓

- NA (30%↑ YoY) and SEA (5%) achieved robust performance

※ Q3 McKinney 4%↑, TBG 18%↑ / Q3 YTD NA 17%↑, SEA 10% ↑

- China(2%↓) has shown recovery

※ Q3 Pengtai 10%↑ / Q3 YTD China 12%↓



□ Digital % of total revenue : 2019 YTD 39% → Q3 YTD 2020 43%

	2010	2015	2019	9M 2020
Digital	19%	28%	39%	43%
BTL	32%	42%	41%	35%
Retail	13%	22%	23%	22%
ATL	49%	30%	20%	22%

□ Non-Samsung clients % : 2019 YTD 30% → Q3 YTD 2020 27%

- Headquarter : 2019 YTD 23% → Q3 YTD 2020 20%

- Subsidiaries : 2019 YTD 33% → Q3 YTD 2020 30%

※ Q3 YTD Non-Samsung Revenue 14%↓ YoY

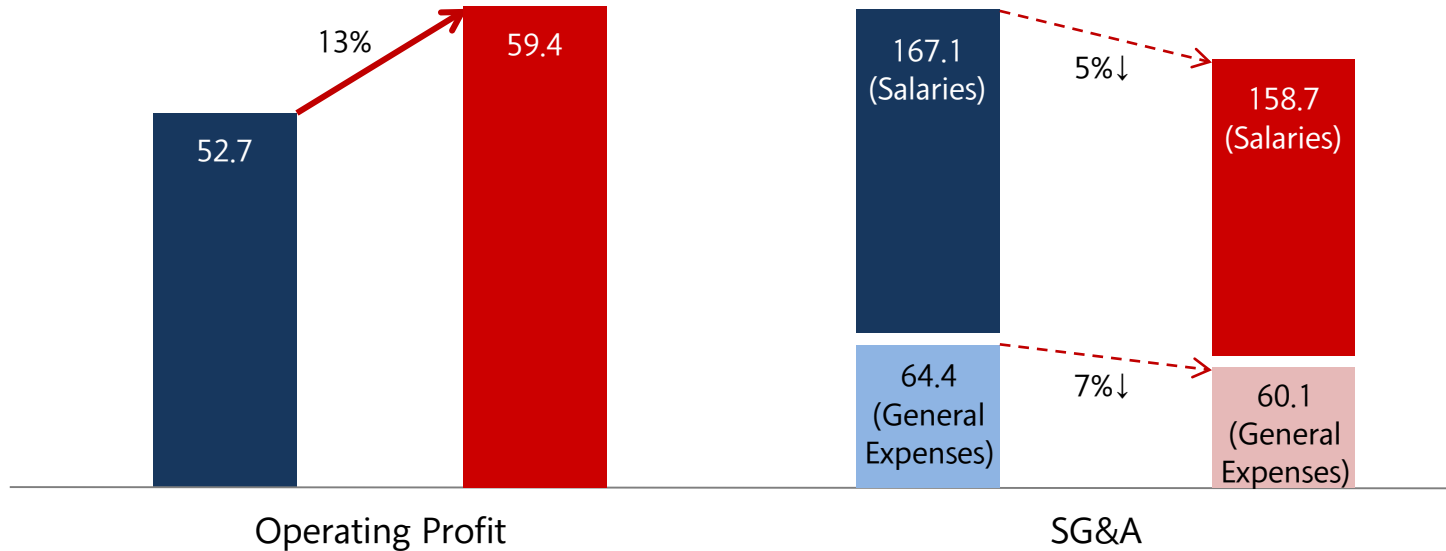
Consolidated Operating Profit

Consolidated Operating Profit : Q3 2019 52.7B → Q3 2020 59.4B (6.7B↑)

□ Consolidated operating profit was up with cost savings despite revenue decline

(KRW billion)

■ Q3 2019
■ Q3 2020



※ Headcount : Q3 2019 7,148 → Q3 2020 6,578 (570↓)
(Overseas) (5,782) (5,227) (555↓)

□ New Account Wins

- Paypal, People's United Bank, Cetaphil (NA), CAR Inc. (China), etc



□ Overseas Biz. Enhancement : New office in New Zealand (September)

□ International Award Wins : Ad Stars 16 wins

GROWTH

[North America]

- ① Expand digital platform biz : operation, strategy, etc.
- ② Advance content solution to enhance production biz.
- ③ More business as Biz-Connected Agency

[China & SEA]

- ① [China] Extend scope of work in e-commerce, digital media, Handle new projects such as Winter Olympic
- ② [SEA] More data/tech-based digital/retail

RECOVERY

[Europe]

- ① Develop and share Biz-Connected Solution in Europe
- ② Enhance omni-channel retail capabilities
- ③ Win new accounts through subsidiaries' collaboration

[India, LATAM, ME]

- ① [India] Digital transformation and retail/BTL recovery
- ② [LATAM] Develop new biz. in digital media and retail
- ③ [ME] Enhance digital/retail expertise & develop non-Samsung clients

< Mitigate the impacts of COVID-19 & Improve Earnings >

* Annual Objective : Protect GP and achieve positive OP growth



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