



We Create Connected Experiences that Matter

Fourth Quarter Earnings Release

January 28, 2021

Cheil

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

This document is provided for investors' information before Q4 FY 2020 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
- 2020 Business Performance
- 2021 Annual Outlook

(KRW billion)

	Q4 2019	Q4 2020	Growth	2019	2020	Growth
Revenue (Gross Profit)	320.1	305.8	△4%	1,164.9	1,104.4	△5%
Operating Expenses	268.5	244.6	△9%	959.1	899.5	△6%
Operating Income	51.6	61.2	19%	205.8	204.9	-
Non-operating Expenses and Income	1.8	△6.6	-	4.0	△8.0	-
Income Before Income Taxes	53.4	54.6	2%	209.8	196.9	△6%
Net Income	37.1	57.5	55%	139.5	158.3	13%

※ Dividend for the Fiscal Year 2020 : KRW 840/share

Consolidated Revenue Summary

Consolidated Revenue : Full Year 2019 1,164.9B → 2020 1,104.4B (60.5B↓)
 Fourth Quarter 2019 320.1B → 2020 305.8B (14.3B↓)

□ Headquarter : 2019 302.7B → 2020 304.3B (1.6B↑)

- Despite delaying recovery of advertising market, HQ achieved positive growth with increase in digital revenue from major clients

□ Subsidiaries : 2019 862.2B → 2020 800.1B (62.1B↓)

- Subsidiaries showed negative growth due to decrease in Europe and India revenue

(KRW billion)

	Q4 2019	Q4 2020	Growth	2019	2020	Growth
HQ	93.1	91.0	△2%	302.7	304.3	1%
Subsidiaries	227.0	214.8	△5%	862.2	800.1	△7%
Total	320.1	305.8	△4%	1,164.9	1,104.4	△5%

Overseas % of total revenue : Full Year 2019 74% → 2020 72%

□ North America and Southeast Asia showed strong performance continuously and China achieved positive growth in the fourth quarter

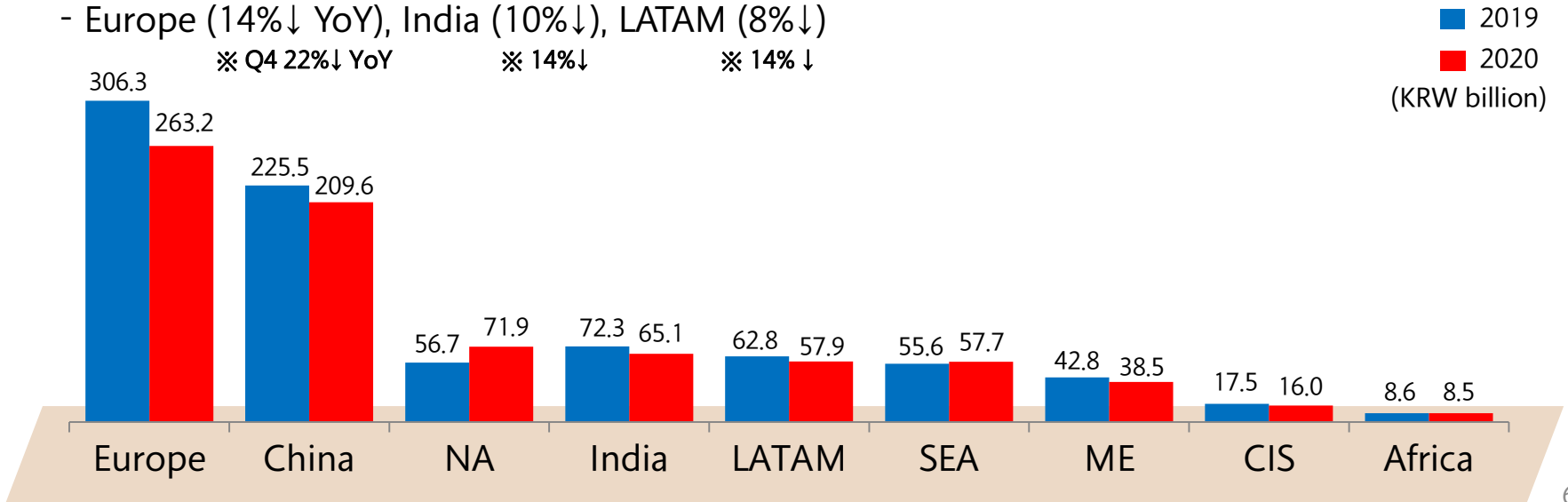
- North America (27%↑ YoY), Southeast Asia (4%↑), China (7%↓), etc

※ MC 9%↑, TBG 21% ↑ ※ Q4 59%↑ YoY ※ 6%↑ ※ 6%↑

□ Europe and India continued sluggish growth due to re-spread of COVID-19

- Europe (14%↓ YoY), India (10%↓), LATAM (8%↓)

※ Q4 22%↓ YoY ※ 14%↓ ※ 14% ↓



□ Digital % of total revenue : Full Year 2019 39% → 2020 43%

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

□ Non-Samsung Clients % : Full Year 2019 30% → 2020 28%

- Headquarter : Full Year 2019 23% → 2020 22%

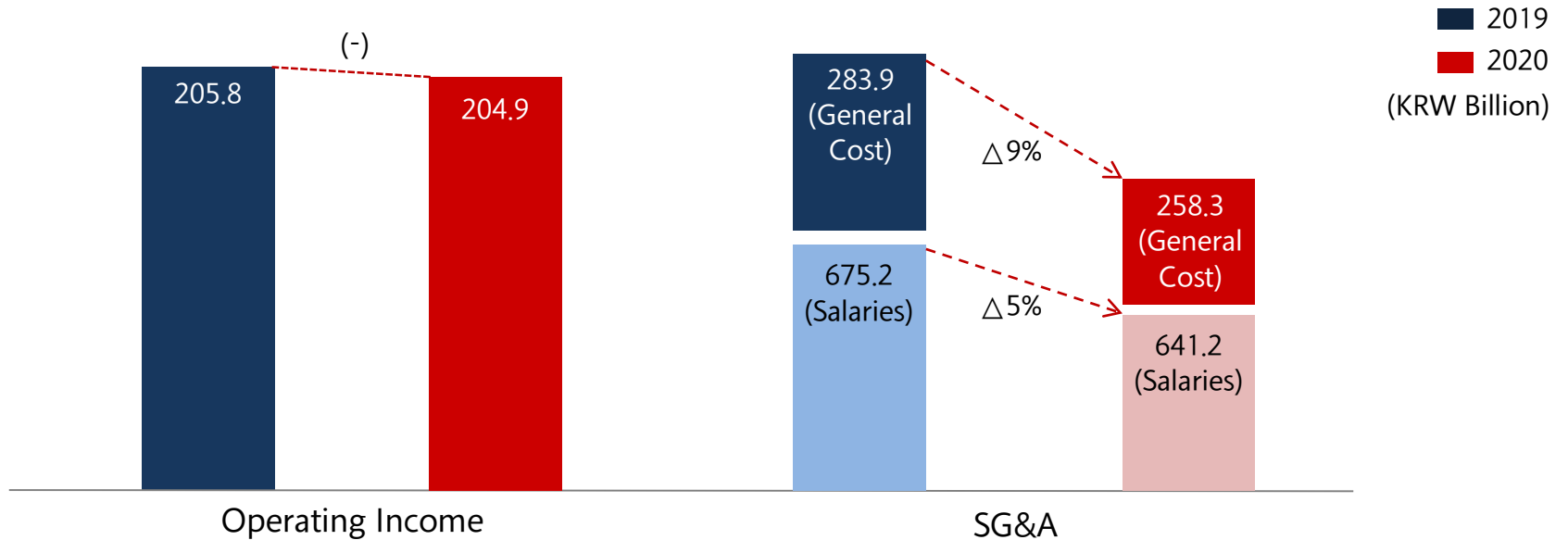
- Subsidiaries : Full Year 2019 33% → 2020 31%

※ Overseas Non-Samsung Revenue 13%↓ YoY

Consolidated Operating Income

Consolidated Operating Income : Full Year 2019 205.8B → 2020 204.9B (0.9B↓)
 Fourth Quarter 2019 51.6B → 2020 61.2B (9.6B↑)

□ Operating Income was maintained at previous year's level achieving annual target



※ Headcount : 4Q 2019 7,093 → 4Q 2020 6,424 (Δ669)
 (Overseas) (5,731) (5,086) (Δ645)

□ New Account Wins

- Zaxby's, Stop&Shop(NA), Volkswagen, Pizza Hut, Mercedes-Benz(China), etc.



□ Overseas Branch Launch : Egypt(February), New Zealand(September)

- Digital Transformation : Untact experiential platforms including online galaxy studio, E-commerce sell-in model, etc.



2021 Objective : Revenue 10%↑ + M&A, Margin Improvement



Growth Strategy

Biz-Connected Agency : Offer digital-based integrated solution, enhance client lock-in

- ① Business : Expand new biz. including Platform Biz., E-commerce, Digitalize BTL/Retail
- ② Region : Grow NA up to first-tier market, Turnaround in Europe/China, Expand digital biz. in EM
- ③ Client : Expand major client's service offerings/regional coverage, Enhance non-Samsung portfolio



Investment

- M&As within a year
 - Region : NA, Europe, etc
 - Capabilities : Tech, Data, etc

Operation

- Optimize structure and training for digitalization
- Enhance collaboration with CoE
 - Increase cost competitiveness

Shareholder Value

- Maintain dividend policy

Thank you