The logo for CJ E&M, featuring three overlapping circles in blue, orange, and red, positioned to the left of the text "CJ E&M".

CJ E&M 2Q17 Earnings Release

2017.8.9

Disclaimer

The financial release in this document contains consolidated earnings of the second quarter ended (Jun 30th) results based on K-IFRS.

This document is provided for the convenience of investors only, before our external audit on 2Q 2017 financial results of our headquarter is completed. These statements involve risks and uncertainties, and actual results may differ.

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. These uncertainties may cause our actual results to be materially different from those expressed in this document.

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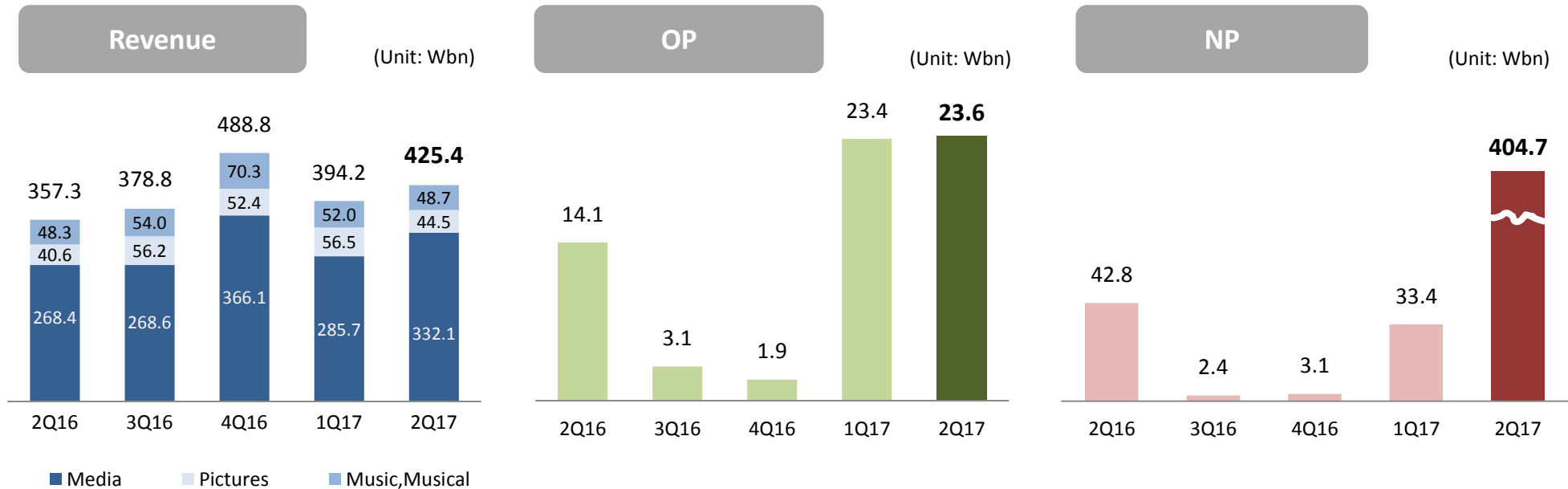
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1. 2Q17 Financial Highlights

Broaden business domains for top-line and margin growths



● [2Q17] Revenue W425.4bn (YoY +19.1%), OP W23.6bn (YoY 67.2%)

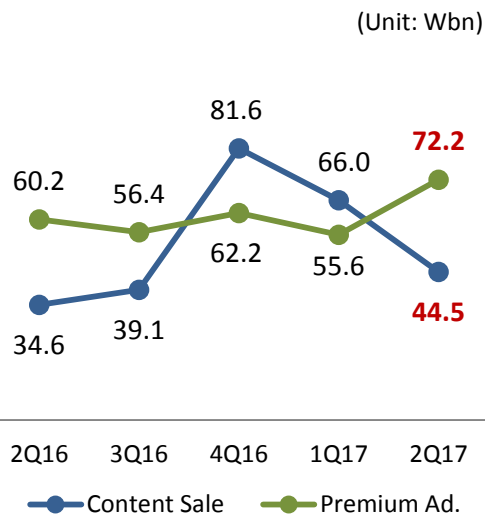
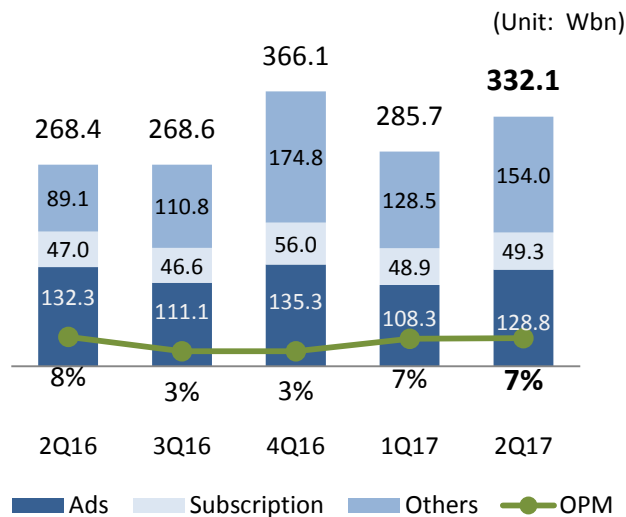
- : **Media** digital & VOD grew further, **Pictures** production revenue recognized, **Music·Musical** in-house IPs expanded
- : Top-line and margin expansion continued thanks to stronger content competency and expanded business domains

● [2H17] Focus on enhancing content popularity and profitability

- : **Media** reinforce channel & slot allocation strategy through elevating the quality of dramas and variety shows
- : **Pictures** build exhilarating portfolio both home and abroad, **Music·Musical** continue developing strong in-house IPs

2-1. Media – Financial Results

Greater digital & channel presence led to stable earnings



Major Shows



<Youn's Kitchen>
 Mar 24th ~ May 19th (9 eps)
 Highest rating: 14.1%
 VOD rank: No. 1 / CPI rank: No.2



<Produce 101 Season 2>
 Apr 7th ~ Jun 16th (11 eps)
 VOD rank: No. 2 / CPI rank: No. 1
 PIP traffic: 360mn views



<Tunnel>
 Mar 25th ~ May 21st (16 eps)
 VOD rank: No.2 / CPI rank: No. 9
 Highest rating for **OCN**

● [2Q17] Revenue W332.1bn (YoY +23.7%), OP W24.0bn (YoY +17.0)

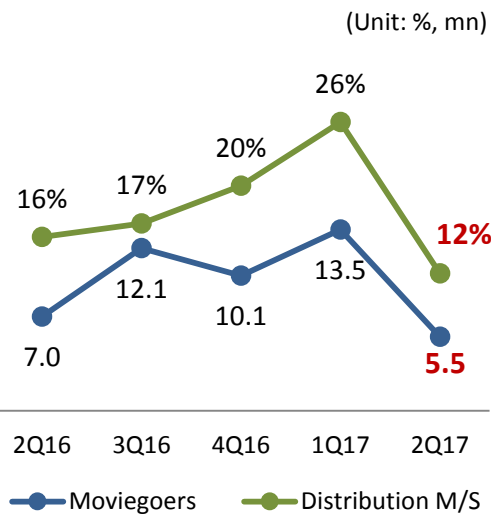
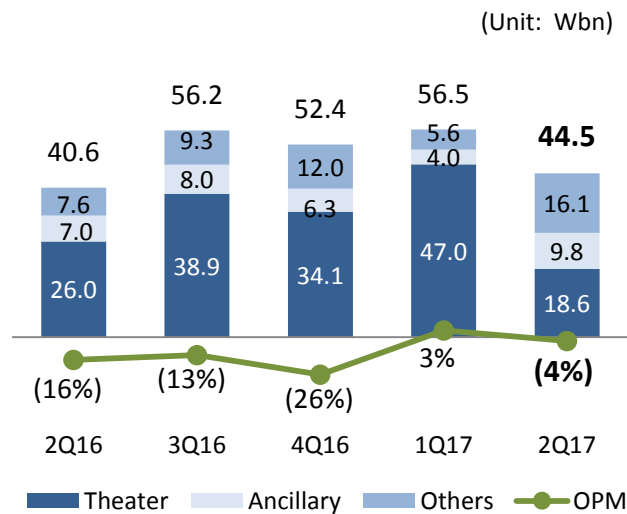
- : Despite a decrease in TV Ads revenue (YoY -2.6%), compelling content offset the negative ad market condition
- : Digital Ads delivered substantial growth (YoY +72.4%) driven by PIP · MCN (PIP M/S 30%)
- : Secured earnings stability thanks to the solid growth in Content Sale (YoY +28.6%) and VOD (YoY +22.3%)

● [2H17] Expand content presence with new drama slots and stronger variety shows

- : New slots for Wed/Thu drama, well-made line-ups → enhance efficiency of TV Ads and Content Sale
- : Renewals at style channels incl. **OLIVE** (broader target) & **OnStyle**(diverse genres) → heighten channel competency and digital synergy

2-2. Pictures – Financial Results

Strengthen biz portfolio and improve fundamentals



Major Movies



<The King's Case Note>
Release date: Apr 26th
B.O. W12.6bn
Attendance: 1.63mn



<The Merciless>
Release date: May 17th
B.O. W7.5bn
Attendance: 0.93mn



<The Boss Baby>
Release date: May 3rd
B.O. W18.9bn
Attendance: 2.45mn

● [2Q17] Revenue W44.5bn (YoY +9.6%), OL W1.6bn (CR)

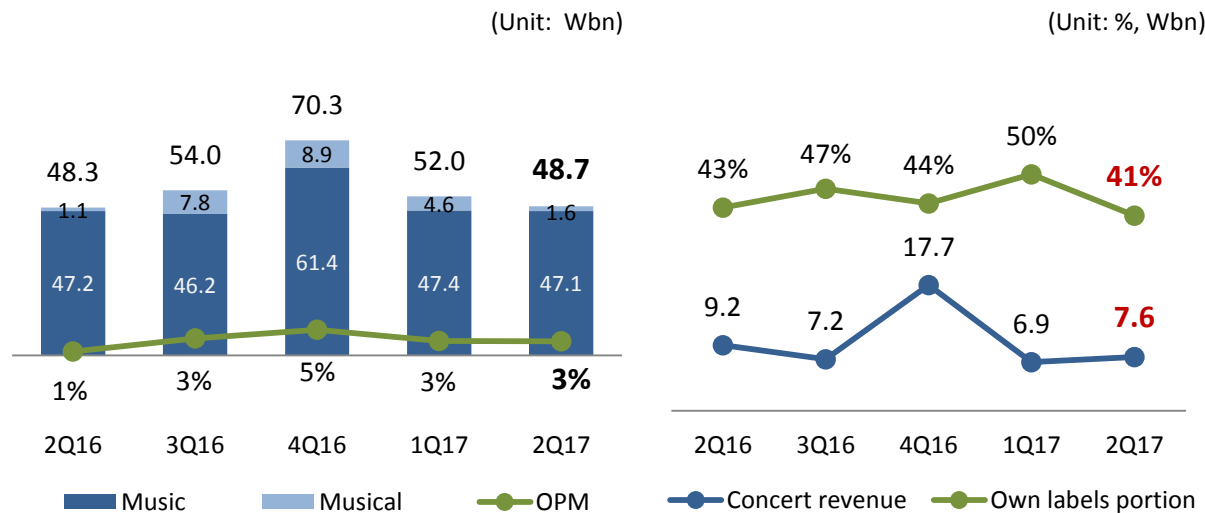
- : Theater revenue declined (YoY -28.6%) due to weak B.O.; Others revenue expanded thanks to profit share of <Confidential Assignment>
- : Fundamental improvement continued upon strengthened biz structure despite sluggish line-ups

● [2H17] Focus on strengthening portfolio through enhancing content competitiveness

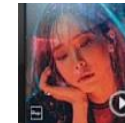
- : Domestic) <The Battleship Island> released on July 26th, <The Fortress> scheduled for release in September
- : Overseas) Newly developed films scheduled for release in Vietnam incl. <The Girl from Yesterday> and <Kiss and Spell>

2-3. Music · Musical – Financial highlights

Expand in-house IP production and profitability



Major Content



<Heize> /// (You, Clouds, Rain)
2017.06.26
Top rankings for 4 weeks



<Roy Kim> Blooming Season
2017.05.16



<Lee Hae-ri> h
2017.04.19

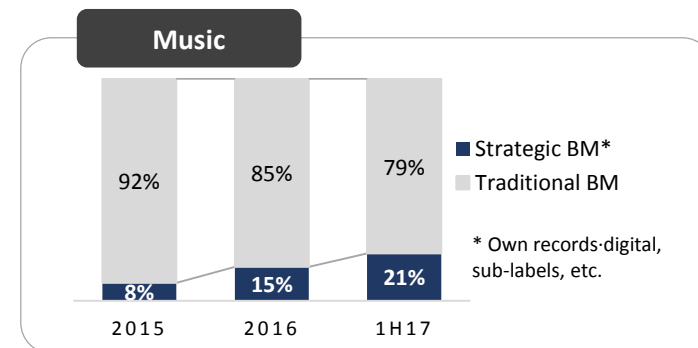
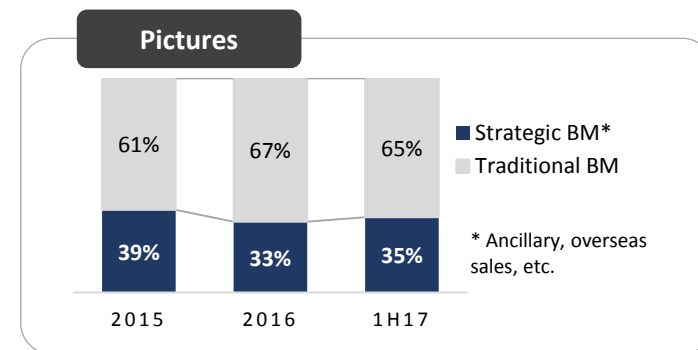
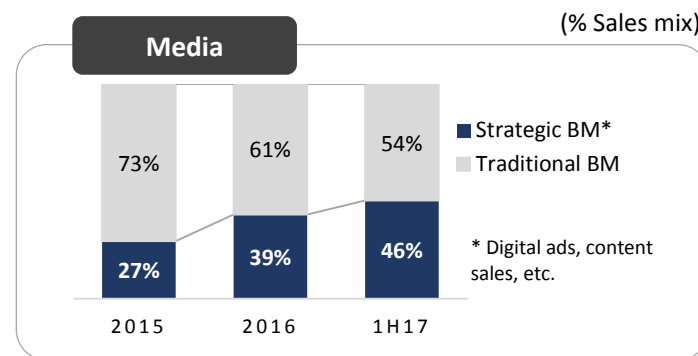
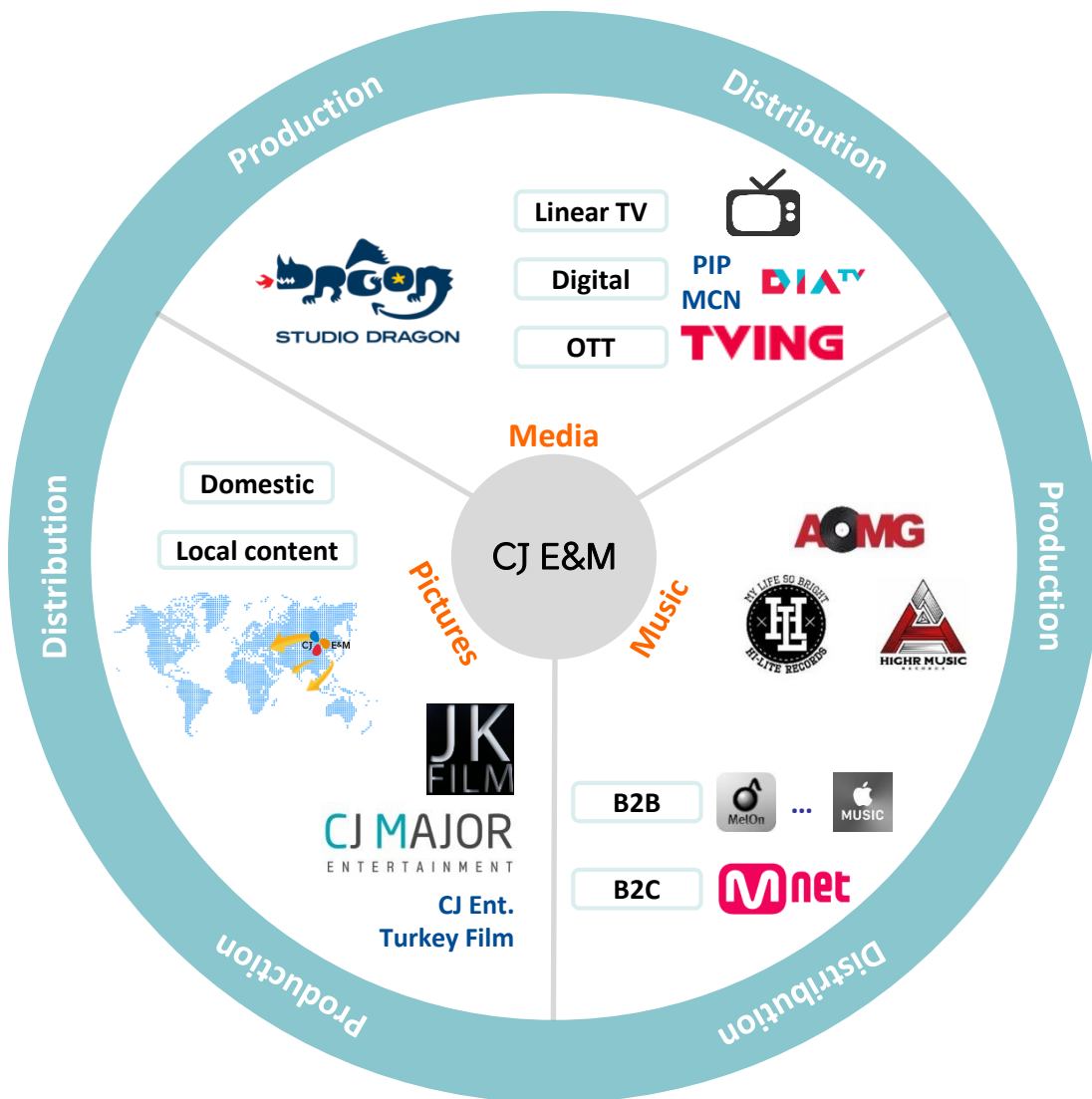


<The Bodyguard> Busan·Daegu tours
2017.04

- [2Q17] Music Revenue W47.1bn (YoY -0.2%), OP W2.0bn (YoY +50.7%)**
 : Despite a decrease in Concert revenue, margin widened thanks to the growth in records & digital sales (YoY +31.7%)
- [2H17] Expand in-house IPs and synergies with Media**
 : Expand artists and sub-labels, enhance synergies with Media incl. <Idol School> and <Show Me The Money 6>
- [2Q17] Musical Revenue W1.6bn (YoY +50.7%), OL W0.7bn (CR)**
 : Operating losses due to the absence of line-ups except for <The Bodyguard> Busan & Daegu tours
- [2H17] Increase in-house line-ups and improve profitability**
 : <Cyrano> · <42nd Street> · <Seopyonje> in 3Q17 and <Hamlet> · <Love Song in Gwanghwamoon> scheduled in 4Q17

3. Business Strategy and Objectives

Focus on content producing competency & market expansion



Appendix 1-1. Balance Sheet Summary

(Unit: Wbn)	FY 2016	2Q17	YTD (%)
Total Assets	2,793	3,457	23.8
Current Assets	996	1,014	1.9
Cash and Cash Equivalents	81	161	98.7
Other Current Financial Assets	914	853	(6.7)
Non-Current Assets	1,797	2,443	35.9
Tangible Assets	275	292	6.1
Intangible Assets	724	782	8.1
Total Liabilities	1,177	1,389	18.0
Current Liabilities	937	854	(8.8)
Non-Current Liabilities	240	535	122.6
Shareholders' Equity	1,616	2,068	28.0
Equity capital	1,163	1,163	0.0
Retained Earnings	420	850	102.6
Other Reserves	(37)	(18)	(50.1)

Key financial ratios

(Unit: %)	FY 2016	2Q17	YTD
Current Ratio (%)	106.2	118.7	12.5%p
Net Debt Ratio (%)	22.9	21.5	-1.4%p
Cash Ratio (%)	17.9	25.3	7.4%p

Appendix 1-2. Income Statement Summary

(Unit: Wbn)	2Q16	1Q17	2Q17	YoY (%)	QoQ (%)
Sales Revenue	357.3	394.2	425.4	19.1	7.9
Media	268.4	285.7	332.1	23.7	16.2
Pictures	40.6	56.5	44.5	9.6	(21.2)
Music	47.2	47.4	47.1	(0.2)	(0.6)
Musical	1.1	4.6	1.6	50.7	(65.0)
OPEX	343.2	370.9	401.7	17.1	8.3
COGS	269.8	287.2	312.2	15.7	8.7
SG&A	73.3	83.7	89.5	22.1	7.0
Operating Profit	14.1	23.4	23.6	67.2	1.0
Non-Operating P/L	33.5	21.8	513.6	1,432.6	2,255.5
Financial P/L	(5.0)	(6.0)	(3.5)	(30.3)	(42.5)
Equity method G/L	44.5	31.4	522.8	1,073.6	1,562.8
Others	(6.0)	(3.6)	(5.6)	(6.6)	57.3
Pre-tax profit	47.6	45.2	537.2	1,027.9	1,089.3
Tax Expenses	4.8	11.7	132.6	2,653.0	1,029.0
Ongoing Operating Income	42.8	33.4	404.7	845.1	1,110.5
Discontinued Operating Income	0.0	0.0	0.0	-	-
Net profit	42.8	33.4	404.7	845.1	1,110.5

Appendix 2. Main line-ups for 3Q17

Media

- <Trivia Encyclopedia> (Jun 2nd ~Jul 28th) : Variety show on tvN
- <Stranger> (Jun 10th ~Jul 30th) : Sat/Sun Drama on tvN
- <New Journey to the West 4> (Jun 13th ~) : Variety show on tvN
- <The Bride of Habaek 2017> (Jul 3rd ~) : Mon/Tue Drama on tvN
- <Shadow Singer> (Jul 14th ~) : Variety show on tvN
- <Leaving the Nest> (Jul 15th ~) : Variety Show on tvN
- <CRIMINAL MINDS : KOREA> (Jul 26th ~) : Wed/Thu Drama on tvN
- <3 Meals a Day> (Aug 4th ~) : Variety Show on tvN
- <Save Me> (Aug 5th ~) : Sat/Sun Drama on OCN
- <Live Up To Your Name> (Aug 12th ~) : Sat/Sun Drama on tvN

Pictures

- <The Battleship Island>
(Released on July 26th)
- <The Fortress>
(Scheduled for release on Sep 27th)

Music · Musical

- In-house labels : <Wanna One>, <Park Bo Ram>
- OST : <The Bride of Habaek 2017>, <CRIMINAL MINDS : KOREA>, <Live Up To Your Name>
- Concert: <Produce 101 Season2 Finale>
- Musical:
 <Cyrano> (Jul 7th ~ Oct 8th)
 <42nd Street> (Aug 5th ~ Oct 8th)
 <Seopyonje> (Aug 30th ~ Nov 5th)

Thank You