2017 3Q Business Results

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This material is based on non-audited financial statements for 2017 3Q and released for investors' convenience only. Please note that readers should be aware this material is subject to revision during the course of audit.

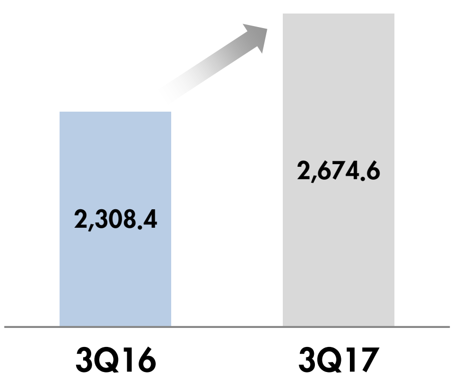
Contents

- Continued top-line growth across all divisions, largely driven by solid growth of Processed food biz and Selecta acquisition
- Increase in operating profit due to robust Processed Food biz and improved Foodstuff biz profitability from lower raw material cost
- Increase in net profit thanks to disposal gain from Samsung Life Insurance stake

Sales

(Unit: W bn)

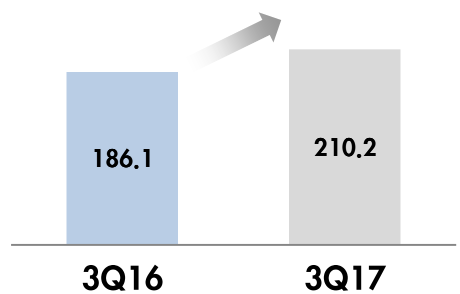
+366.2 (+15.9%)



Operating Profit

(Unit: W bn)

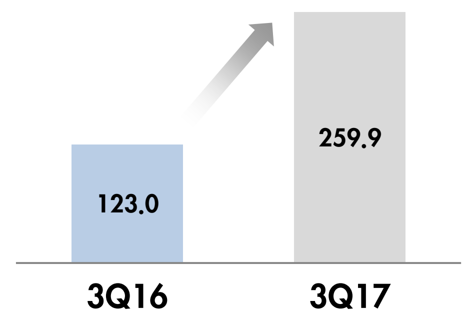
+24.1 (+13.%)



Net Profit

(Unit: W bn)

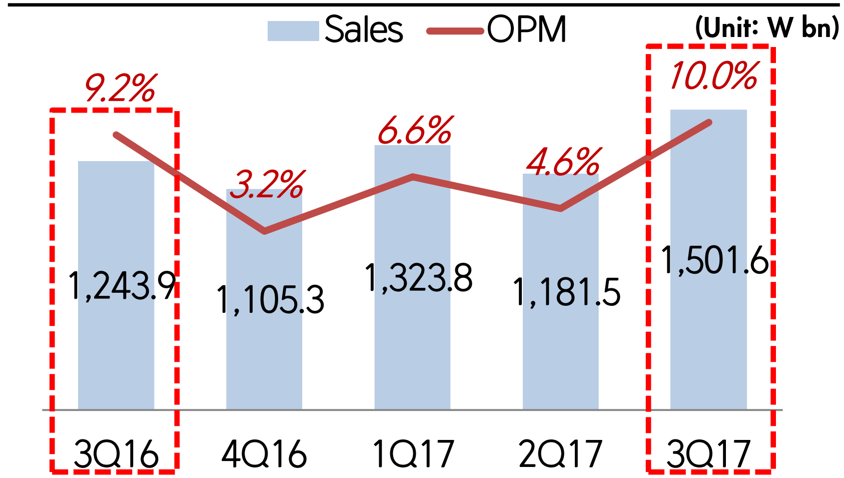
+136.9 (+111.3%)



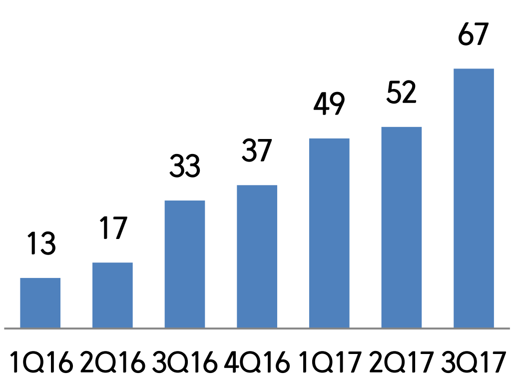
※ Excluding CJ Logistics

Solid top-line growth thanks to robust sales of both existing flagship & new products, expansion of overseas biz, and Selecta acquisition effect
Improved OPM owing to drop in raw sugar price, HMR reaching BEP, and record-high Chuseok gift set sales

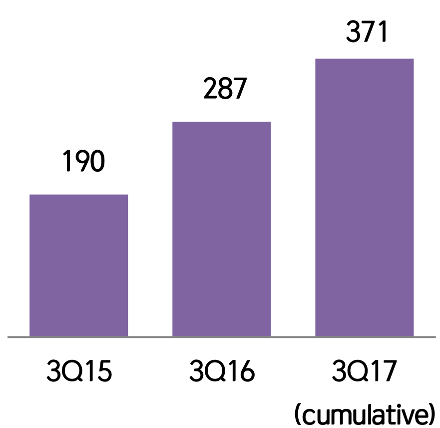
Sales and OPM trend



"HMR Sales"



"Processed food global revenue"



1)Hetbahn Cupbahn(cooked rice), Gourmet(western-style food), Soup/Stew, Cup noodle, etc

Earnings analysis

Sales

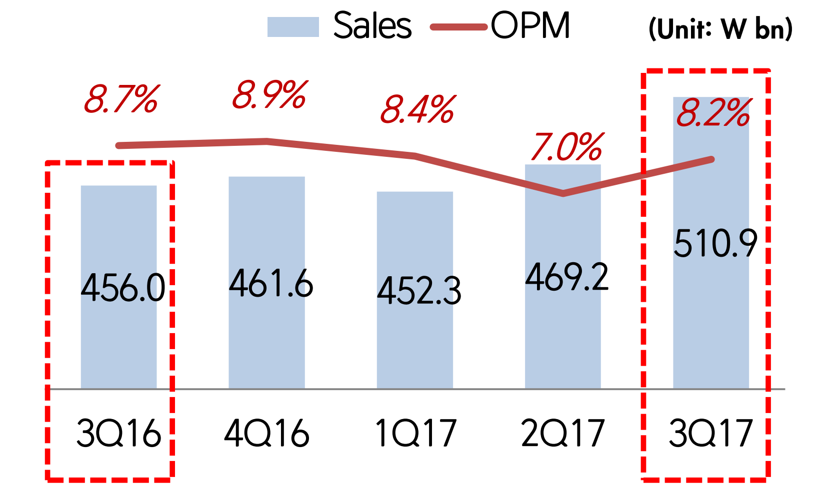
- **Processed food sales up 18.3% YoY (W905.9bn) due to solid sales of both new & existing flagship products coupled with strong growth of overseas biz**
  - ✓ Hetbahn/Frozen Food/Kimchi sales: +25%/+24%/+48% YoY
  - ✓ HMR[1] sales: +103% YoY thanks to successful expansion of Soup/Stew category and new product launches in Gourmet category
  - ✓ Overseas sales: +48% YoY
- **Foodstuff sales up 24.6% YoY (W595.7bn) thanks to Selecta acquisition, expansion of sugar/cooking oil and trading biz**
  - ✓ Selecta: W51.5bn (Aug 17~Sep 30)

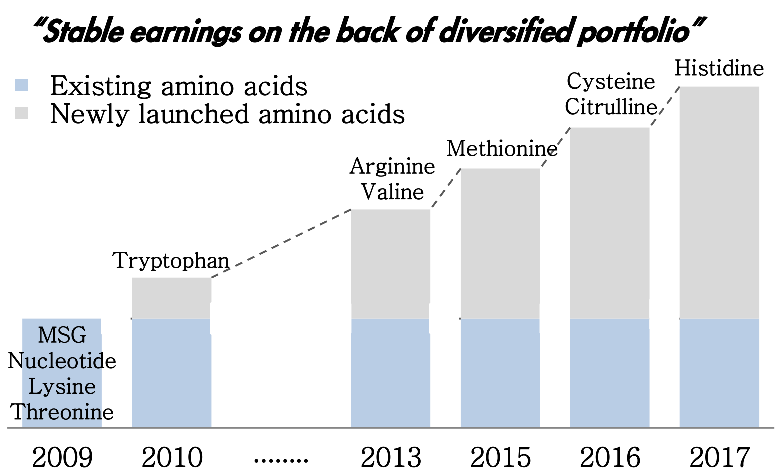
Operating profit: up at W149.7bn (+W35.4bn YoY) due to lower grain prices and efficient marketing spending

- Processed food biz maintained stable margins thanks to reduced promotion and marketing activities and HMR reaching BEP level
- Foodstuff gross margin improved on the back of falling input cost

Stable earnings on the back of solid margins from tryptophan and nucleotide and sales volume increase in high-margin amino acids, such as arginine and valine

Sales and OPM trend





*Note: 4 amino acids in 2009 → 11 amino acids by 2017

Earnings analysis

Sales: up 12.% YoY (W510.9bn) owing to both overall sales volume increase and solid tryptophan pricing

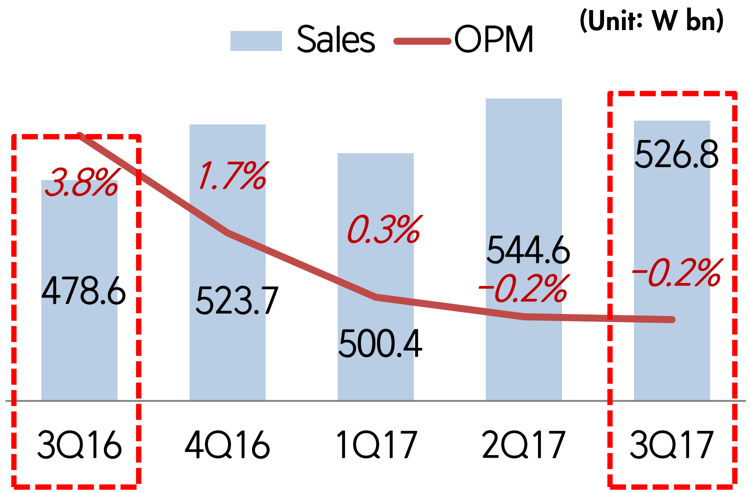
- Tryptophan: ASP +24% YoY, Sales Volume +31% YoY owing to capacity expansion
- Methionine: Revenue growth despite weak pricing
  - ✓ASP: -24% YoY ($2.6/kg)
  - ✓Sales Volume: +62% YoY (28k tons)

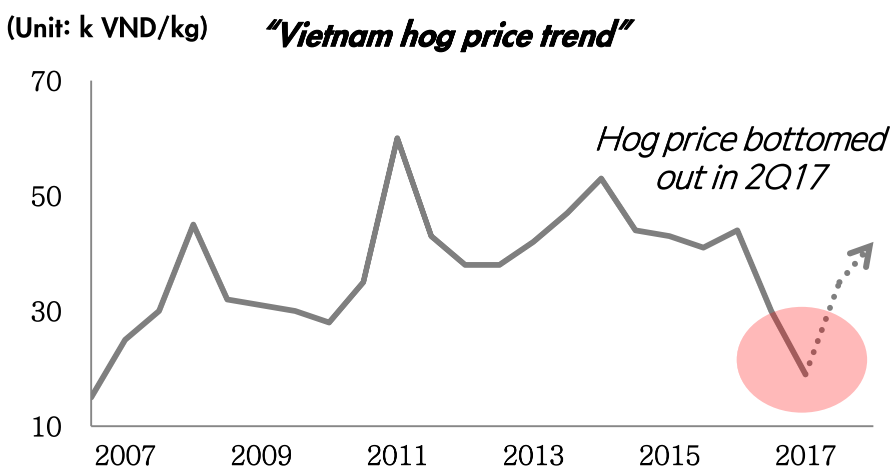
Operating profit: up at W42.1bn (+2.3bn YoY) thanks to solid nucleotide margin higher profit contribution from arginine and valine segments

- Arginine: Increase in demand for fermentation-based product and expanding market dominance
  - ✓ASP / Sales Volume: +7% / +81% YoY
- Valine: Sales volume expansion from cost reduction
  - ✓ASP: -7% YoY as a result of strategic pricing to induce higher demand
  - ✓Sales Volume: +118% YoY (2,250 tons)

Sales up 10.1% thanks to solid volume growth in feed biz
Decrease in profit due to sluggish operations in Indonesia feed and Vietnam livestock biz

Sales and OPM trend





Earnings analysis

Sales: up 10.1% YoY (W526.8bn) thanks to feed volume growth of 9%

- Indonesia: Boost in sales volume as feed biz enters Sumarang / Calimantan region
  - ✓Sales volume: +3% YoY

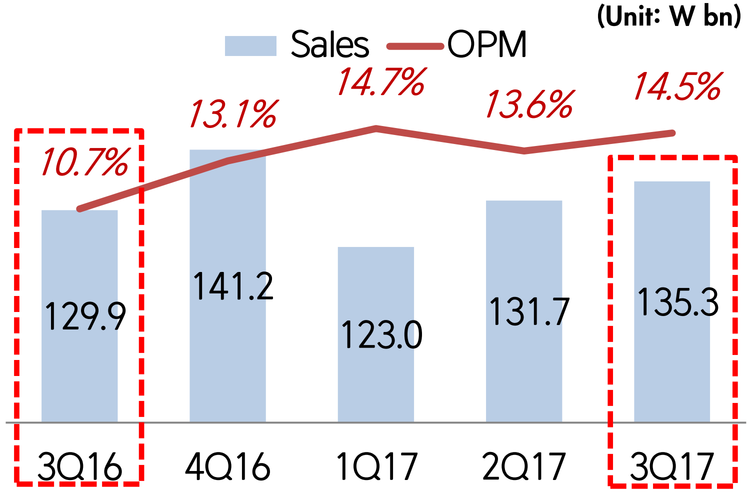
Operating profit: –W1.2bn (–19.3bn YoY) owing to delayed feed price increase in Indonesia and sluggish livestock market in Vietnam

- Indonesia: Margin deterioration amid higher raw material price burden
  - ✓ASP: 2% increase as of end-Sep, meaningful ASP increase effect to be reflected from 4Q17
  - ✓Raw material price: Recovery in corn crop and expansion of seed volume to ease cost burden
- Vietnam: Hog price -36% YoY (28k VND/kg)
  - ✓Hog price: +4% QoQ rebounding from trough in 2Q17

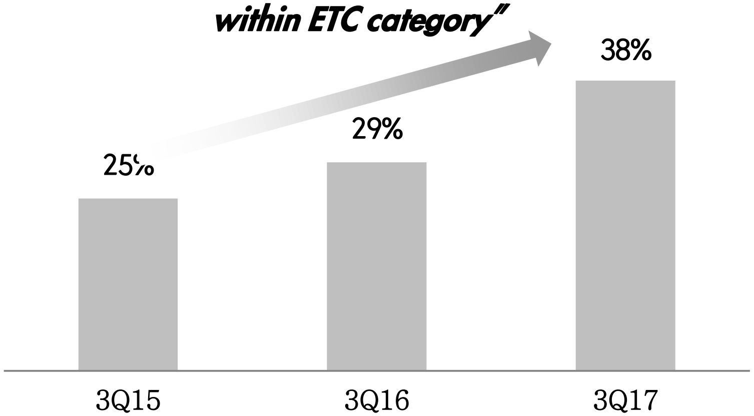
Sales up 4.2% YoY thanks to solid sales from high-margin/strategic ETC products and drink category, OPM increase from improved product mix

Sales and OPM trend

(Unit: W bn)



"Increasing contribution of high-margin/strategic products within ETC category"



Earnings analysis

Sales: up 4.2% YoY (W135.3bn) thanks to expanded sales of high-margin/strategic ETC products and drink category

- ETC category sales: +3% YoY
  - ✓High-margin/strategic products: +35% YoY
  - ✓Excluding high-margin/strategic products: -9% YoY
- Drink category (e.g. Condition) sales: +1% YoY
- Overseas sales: +18% YoY
  - ✓$1mn upfront payment received for clinical trial approval in China from licensing-out CJ-12420[1)]

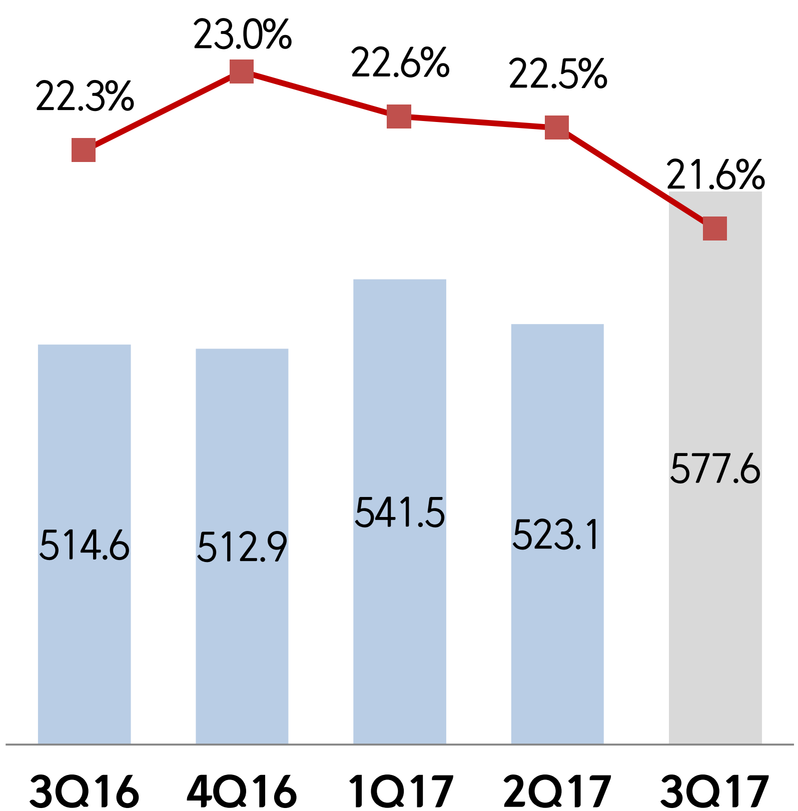
Operating profit: up at W19.6bn (+5.7bn YoY) thanks to strengthened sales of high-margin/strategic ETC products and improved product mix in drink category

- Greater high-margin/strategic product mix within ETC category
  - ✓ETC gross margin improved 2.7%pt YoY
- Expansion sales growth of high-margin 'Condition' drink and demarketing of low margin drinks
  - ✓Drink category gross margin improved 6.1%pt YoY

1) Medication to treat digestive disorder gastroesophageal reflux disease

SG&A to sales ratio declined by 0.7%pt YoY to 21.6% thanks to efficient marketing spending, despite higher variable cost driven by top-line growth

"SG&A to Sales ratio trend"



(Unit: W bn)

	3Q16	3Q17	Chg.
Labor cost	123.4	145.6	22.2
Commission expense	119.6	129.4	9.8
Transportation cost	97.7	116.1	18.4
Promotion/ Advertising cost	61.6	64.7	3.1
Others	112.3	121.8	9.5
Total	514.6	577.6	63.0

Improved non-operating line by W162.5bn from disposal gain from Samsung Life Insurance stake

Details

- ✓ Net interest expense at W35.5bn (+W9.4bn YoY)
  - Outstanding debt balance(Avg.):W4,996.3bn (Avg. int. rate: 2.8%)
- ✓ FX-related losses at W4.1bn (-W22.2bn YoY)
- ✓ Commodity derivatives-related gains at W1.1bn (-W5.1bn YoY)
- ✓ Disposal gain of W228.8bn (+W228.8bn YoY) from Samsung Life Insurance stake

(Unit: W bn)

	3Q16	3Q17	Chg.
Net Interest Expense	-26.1	-35.5	-9.4
FX-Related Gains & Losses	18.1	-4.1	-22.2
Equity Method Gains & Losses	-0.4	2.9	3.3
Donations	-14.1	-13.1	1.0
Commodity Derivatives-Related Gains & Losses	6.2	1.1	-5.1
Disposal gain from AFS financial assets	0	228.8	228.8
Others	-5.0	-38.9	-33.9
Total	-21.3	141.2	162.5
Corporate tax	-41.8	-91.5	-49.7

• 3Q17 USDKRW[Ending] : 1,146.70, 3Q17 USDKRW[Avg] : 1,132.24
• 2016 USDKRW[Ending] : 1,208.50, 3Q16 USDKRW[Avg] : 1,121.37

1-(1). Summary of Income Statement (excluding CJ Logistics)

(Unit: W bn)

	3Q16	2Q17	3Q17	Change(YoY)		Change(QoQ)	
Sales	2,308.4	2,327.0	2,674.6	366.2	15.9%	347.6	14.9%
COGS	1,607.7	1,699.8	1,886.8	279.1	17.4%	187.0	11.%
(%)	69.6%	73.%	70.5%		0.9%pt.		-2.5%pt.
Gross Profit	700.7	627.2	787.8	87.1	12.4%	160.6	25.6%
(%)	30.4%	27.%	29.5%		-0.9%pt.		2.5%pt.
SG&A	514.6	523.1	577.6	63.0	12.2%	54.5	10.4%
(%)	22.3%	22.5%	21.6%		-0.7%pt.		-0.9%pt.
Operating Profit	186.1	104.1	210.2	24.1	13.%	106.1	101.9%
(%)	8.1%	4.5%	7.9%		-0.2%pt.		3.4%pt.
Non-Operating P/L	-21.3	-71.8	141.2	162.5	NA	213.0	NA
(%)	-0.9%	-3.1%	5.3%		6.2%pt.		8.4%pt.
Recurring Profit	164.8	32.3	351.4	186.6	113.2%	319.1	987.9%
(%)	7.1%	1.4%	13.1%		6.%pt.		11.7%pt.
Net Profit	123.0	18.1	259.9	136.9	111.3%	241.8	1,335.9%
(%)	5.3%	0.8%	9.7%		4.4%pt.		8.9%pt.

1-(2). Summary of Balance Sheet (excluding CJ Logistics)

(Unit: W bn)

	2012	2013	2014	2015	2016	3Q17
Current Assets	2,684.9	2,434.7	2,769.7	2,860.5	3,464.0	3,786.9
Quick Assets	1,559.2	1,442.6	1,713.1	1,774.6	2,199.5	2,426.5
Inventory	1,125.7	992.1	1,056.6	1,085.9	1,264.5	1,360.4
Non-Current Assets	6,196.0	6,489.1	6,613.1	6,953.1	7,309.9	7,830.4
Investments	1,851.0	1,629.6	1,604.0	1,611.6	1,489.0	1,159.5
Tangible Assets	3,870.8	4,367.1	4,528.8	4,859.4	5,210.2	5,645.6
Intangible Assets	395.1	426.1	426.7	439.3	561.4	973.1
Other Fixed Assets	79.1	66.3	53.6	42.8	49.3	52.2
Total Assets	8,880.9	8,923.8	9,382.8	9,813.6	10,773.9	11,617.3
Current Liabilities	2,789.9	2,800.5	3,316.0	3,130.4	3,429.8	3,917.7
Non-Current Liabilities	2,871.1	2,885.7	2,725.1	2,987.7	3,351.0	3,488.7
Total Debt	4,028.3	4,125.9	4,356.1	4,277.6	4,801.5	5,191.1
Net Debt	3,562.7	3,716.2	3,903.9	3,705.4	4,133.0	4,556.6
Liability to Equity Ratio	176%	176%	181%	166%	17%	176%
Liability ex cash to Equity Ratio	161%	163%	167%	15%	153%	161%
Net Debt to Equity Ratio	111%	115%	117%	10%	104%	108%
Total Liabilities	5,661.0	5,686.2	6,041.1	6,118.1	6,780.8	7,406.4
Current Capital	72.1	72.1	72.3	72.4	72.4	72.5
Capital Surplus	892.1	895.9	910.2	918.3	919.9	922.2
Other Accumulated Earnings	-40.9	-153.6	-110.9	-116.6	-79.9	-318.8
Retained Earnings	2,044.1	2,160.5	2,191.6	2,331.0	2,561.5	2,879.4
Minority Interest	252.5	262.7	278.5	490.4	519.2	655.6
Total Shareholders' Equity	3,219.9	3,237.6	3,341.7	3,695.5	3,993.1	4,210.9

2-(1). Summary of Income Statement (including CJ Logistics)

(Unit: W bn)

	3Q16	2Q17	3Q17	Change(YoY)		Change(QoQ)	
Sales	3,679.0	3,908.9	4,410.7	731.7	19.9%	501.8	12.8%
COGS	2,807.7	3,095.6	3,424.3	616.6	22.%	328.7	10.6%
(%)	76.3%	79.2%	77.6%		*1.3%pt.*		*-1.6%pt.*
Gross Profit	871.4	813.3	986.4	115.0	13.2%	173.1	21.3%
(%)	23.7%	20.8%	22.4%		*-1.3%pt.*		*1.6%pt.*
SG&A	628.1	648.9	717.1	89.0	14.2%	68.2	10.5%
(%)	17.1%	16.6%	16.3%		*-0.8%pt.*		*-0.3%pt.*
Operating Profit	243.3	164.4	269.3	26.0	10.7%	104.9	63.8%
(%)	6.6%	4.2%	6.1%		*-0.5%pt.*		*1.9%pt.*
Non-Operating P/L	-78.0	-94.2	95.2	173.2	NA	189.4	NA
(%)	-2.1%	-2.4%	2.2%		*4.3%pt.*		*4.6%pt.*
Recurring Profit	165.3	70.2	364.5	199.2	120.4%	294.3	419.2%
(%)	4.5%	1.8%	8.3%		*3.8%pt.*		*6.5%pt.*
Net Profit	116.7	43.1	263.5	146.8	125.8%	220.4	510.6%
(%)	3.2%	1.1%	6.%		*2.8%pt.*		*4.9%pt.*

2-(2). Summary of Balance Sheet (including CJ Logistics)

(Unit: W bn)

	2012	2013	2014	2015	2016	3Q17
Current Assets	3,363.5	3,705.0	3,973.3	4,018.5	4,880.7	5,450.5
Quick Assets	2,224.2	2,698.3	2,907.7	2,920.9	3,600.5	4,075.9
Inventory	1,139.3	1,006.7	1,065.6	1,097.6	1,280.2	1,374.6
Non-Current Assets	9,000.3	9,299.5	9,409.2	9,732.8	10,885.5	11,804.7
Investments	1,539.5	1,062.9	1,087.6	1,135.8	1,096.2	723.6
Tangible Assets	5,575.2	6,254.5	6,383.9	6,690.2	7,280.5	7,978.9
Intangible Assets	1,605.6	1,764.0	1,750.9	1,737.3	2,333.8	2,845.7
Other Fixed Assets	280.0	218.1	186.8	169.5	175.0	256.5
Total Assets	12,363.8	13,004.5	13,382.5	13,751.3	15,766.2	17,255.2
Current Liabilities	3,389.2	3,708.9	4,122.4	4,335.7	4,699.2	5,576.5
Non-Current Liabilities	3,753.6	4,483.0	4,310.2	4,030.4	5,006.5	5,344.8
Total Debt	4,857.0	5,772.0	5,857.4	5,670.7	6,563.2	7,272.1
Net Debt	4,235.1	5,242.5	5,269.5	4,975.5	5,739.2	6,385.0
Liability to Equity Ratio	137%	17%	17%	155%	16%	172%
Liability ex cash to Equity Ratio	125%	159%	158%	142%	147%	158%
Net Debt to Equity Ratio	81%	109%	106%	92%	95%	101%
Total Liabilities	7,142.8	8,191.9	8,432.6	8,366.1	9,705.7	10,921.3
Current Capital	72.1	72.1	72.3	72.4	72.4	72.5
Capital Surplus	892.1	895.9	910.2	918.3	919.9	922.2
Other Accumulated Earnings	-41.4	-227.3	-184.8	-181.9	-149.4	-384.5
Retained Earnings	2,051.7	2,143.1	2,187.2	2,334.2	2,566.5	2,890.4
Minority Interest	2,246.5	1,928.8	1,965.0	2,242.2	2,651.1	2,833.3
Total Shareholders' Equity	5,221.0	4,812.6	4,949.9	5,385.2	6,060.5	6,333.9

3. Earnings results by division

(Unit: W bn)

	2015					2016					2017		
	1Q	2Q	3Q	4Q	2015	1Q	2Q	3Q	4Q	2016	1Q	2Q	3Q
CJCJ													
Sales	1,999.2	1,967.1	2,177.1	2,008.8	8,152.2	2,194.9	2,206.2	2,308.4	2,231.8	8,941.3	2,399.5	2,327.0	2,674.6
Gross Profit	589.0	570.1	634.0	553.5	2,346.6	669.3	632.3	700.7	616.2	2,618.5	685.7	627.2	787.8
Operating Profit	182.6	152.7	177.0	74.2	586.5	183.0	152.1	186.1	103.3	624.5	144.2	104.1	210.2
EBITDA	265.5	239.2	262.0	171.8	938.5	274.8	246.7	274.4	203.1	999.0	239.5	196.8	313.3
OP margin(%)	*9.1%*	*7.8%*	*8.1%*	*3.7%*	*7.2%*	*8.3%*	*6.9%*	*8.1%*	*4.6%*	*7.0%*	*6.0%*	*4.5%*	*7.9%*
Food Division													
Sales	1,048.6	993.4	1,151.5	956.9	4,150.4	1,159.8	1,103.5	1,243.9	1,105.3	4,612.5	1,323.8	1,181.5	1,501.6
Gross Profit	355.3	328.6	421.5	312.1	1,417.5	416.7	366.8	434.0	352.1	1,569.6	427.3	376.5	517.4
Operating Profit	110.8	79.4	131.9	26.4	348.5	118.1	84.4	114.3	35.1	351.9	87.0	54.2	149.7
EBITDA	149.5	120.4	173.9	73.9	517.7	162.2	132.5	156.9	86.3	537.9	134.2	98.3	204.5
OP margin(%)	*10.6%*	*8.0%*	*11.5%*	*2.8%*	*8.4%*	*10.2%*	*7.6%*	*9.2%*	*3.2%*	*7.6%*	*6.6%*	*4.6%*	*10.0%*
Bio Division													
Sales	401.7	433.5	464.5	440.0	1,739.7	428.2	455.8	456.0	461.6	1,801.6	452.3	469.2	510.9
Gross Profit	123.1	120.7	89.2	108.8	441.8	120.0	122.0	126.1	126.7	494.8	133.2	122.7	137.7
Operating Profit	50.4	47.7	23.3	17.4	138.8	31.4	29.8	39.8	41.0	142.0	37.8	32.9	42.1
EBITDA	83.6	81.4	54.7	52.9	272.6	67.7	63.8	74.3	76.2	282.0	73.3	68.1	77.4
OP margin(%)	*12.5%*	*11.0%*	*5.0%*	*4.0%*	*8.0%*	*7.3%*	*6.5%*	*8.7%*	*8.9%*	*7.9%*	*8.4%*	*7.0%*	*8.2%*
Feed & Livestock Division													
Sales	443.0	427.2	449.7	485.5	1,805.4	489.2	521.4	478.6	523.7	2,012.9	500.4	544.6	526.8
Gross Profit	55.3	61.7	64.2	62.5	243.7	67.1	75.8	71.4	61.8	276.1	54.6	53.3	56.4
Operating Profit	9.3	13.1	10.8	13.7	46.9	15.1	20.8	18.1	8.7	62.7	1.3	-0.9	-1.2
EBITDA	15.2	19.7	17.4	23.5	75.8	22.1	28.9	24.8	17.2	93.0	9.4	7.7	7.2
OP margin(%)	*2.1%*	*3.1%*	*2.4%*	*2.8%*	*2.6%*	*3.1%*	*4.0%*	*3.8%*	*1.7%*	*3.1%*	*0.3%*	*-0.2%*	*-0.2%*
CJ Healthcare													
Sales	105.9	113.0	111.4	126.4	456.7	117.7	125.5	129.9	141.2	514.3	123.0	131.7	135.3
Gross Profit	55.3	59.1	59.1	70.1	243.6	65.5	67.7	69.2	75.6	278.0	70.6	74.7	76.3
Operating Profit	12.1	12.5	11.0	16.7	52.3	18.4	17.1	13.9	18.5	67.9	18.1	17.9	19.6
EBITDA	17.2	17.7	16.0	21.5	72.4	22.8	21.5	18.4	23.4	86.1	22.6	22.7	24.2
OP margin(%)	*11.4%*	*11.1%*	*9.9%*	*13.2%*	*11.5%*	*15.6%*	*13.6%*	*10.7%*	*13.1%*	*13.2%*	*14.7%*	*13.6%*	*14.5%*

4. Processed Food Domestic M/S trend

(Unit: %)

Category		2013	2014	2015	2016	2017							
						Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Dashida	Seasoning	77.5	77.1	77.3	78.0	78.9	79.3	79.2	79.4	79.6	79.9	79.3	na
	Original	81.3	81.6	80.9	81.4	83.5	82.7	82.2	81.9	82.2	82.7	82.8	na
Beksol	Marinade	45.8	46.2	49.6	49.7	51.6	49.2	48.4	48.6	48.6	48.2	na	na
Haechandle (Paste)	Pepper Paste	47.1	48.7	50.1	50.2	51.3	50.2	48.8	49.0	50.8	50.3	49.4	50.3
	Bean Paste	45.7	48.7	50.2	51.1	52.6	51.8	51.9	50.8	52.0	50.7	49.9	51.4
	Seasoned Bean Paste	43.7	45.3	48.5	48.7	48.5	48.9	48.7	49.5	50.7	49.7	47.9	50.2
Hetbahn	Rice	65.2	65.4	66.0	67.0	67.1	66.7	67.2	69.0	67.7	67.6	66.1	66.9
	White Rice	64.6	64.7	64.3	65.8	66.8	66.3	66.6	68.6	66.7	66.3	64.8	65.6
	Multi-grain Rice	68.8	69.3	74.8	75.5	69.8	69.6	72.6	72.5	75.8	77.2	77.1	77.1
HMR	Cubbahn[1]			40.7	66.2	63.7	62.3	67.3	70.7	69.5	62.1	56.7	60.8
	Soup/Stew				15.1	34.0	43.4	52.2	53.2	49.4	46.5	35.9	44.2
Fishery	Fish Cake	39.6	40.7	42.7	42.2	39.2	41.3	39.7	40.4	40.9	40.9	42.0	42.6
Frozen	Dumpling	22.2	26.2	34.2	39.6	39.0	41.1	42.8	43.9	44.1	43.1	42.3	43.4
	Cooked Frozen	18.4	20.8	22.0	24.7	26.5	22.3	23.3	22.3	23.9	24.3	22.4	23.9
Processed Meat	Canned Ham	44.5	44.2	48.1	49.3	49.7	55.9	57.7	56.3	53.9	54.5	na	na
	Salmon Can	9.7	9.4	13.8	21.4	26.2	27.5	29.8	29.3	29.5	29.2	31.2	32.2
Kimchi	Kimchi	77.5	77.1	77.3	78.0	78.9	79.3	79.2	79.4	79.6	79.9	79.3	na

Note: Revenue-basis market share, Source: Link-Aztec
1) HMR product launched in 2015

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