

1Q19 Earnings Result

2019.04.25

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Earnings Summary (Consolidated)

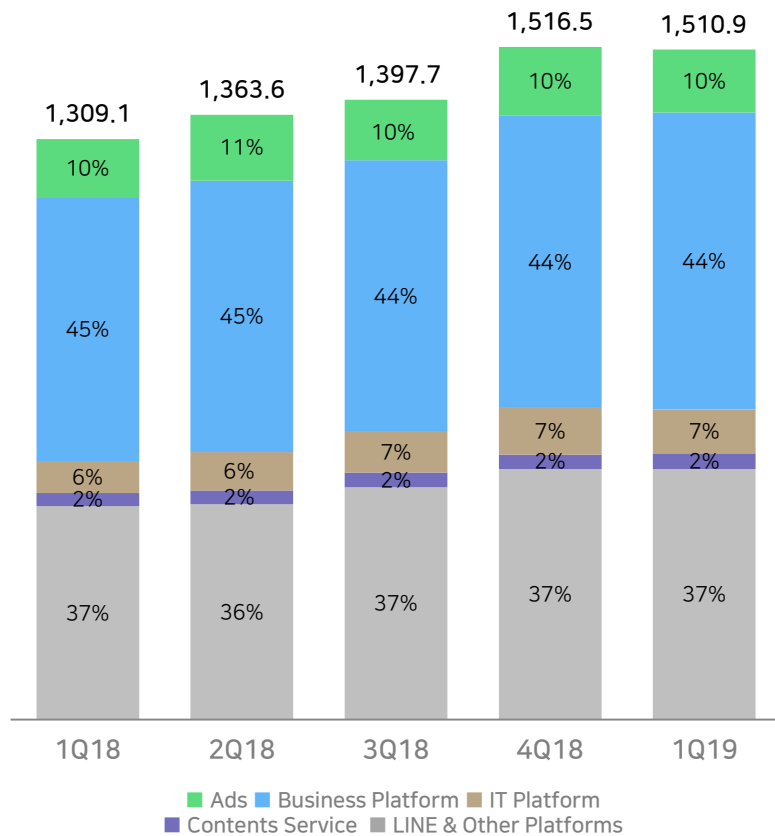
(bn KRW)	1Q18	2Q18	3Q18	4Q18	1Q19	Growth	
						Y/Y	Q/Q
Operating Revenue	1,309.1	1,363.6	1,397.7	1,516.5	1,510.9	15.4%	-0.4%
Ads	133.1	148.7	136.1	155.1	142.2	6.9%	-8.3%
Business Platform	592.7	611.6	613.0	658.5	669.3	12.9%	1.6%
IT Platform	72.5	86.4	91.4	105.6	99.2	36.9%	-6.0%
Contents Service	29.6	31.0	33.2	32.0	35.0	18.5%	9.6%
LINE & Other Platforms	481.2	485.9	524.0	565.3	565.1	17.4%	-0.0%
Operating Expenses	1,052.1	1,113.0	1,176.0	1,303.3	1,304.6	24.0%	0.1%
Operating Income	257.0	250.6	221.7	213.3	206.2	-19.7%	-3.3%
Operating Margin(%)	19.6%	18.4%	15.9%	14.1%	13.7%	-6.0%p	-0.4%p
Net Income	153.8	281.8	68.4	124.0	87.6	-43.0%	-29.4%

- 1Q19 Net income decreased due to corporate tax payment based on NAVER segment's solid earnings(NAVER separate based effective tax rate at 27.4%), and increase in the losses from LINE segments' strategic business investments.

Breakdown (Consolidated)

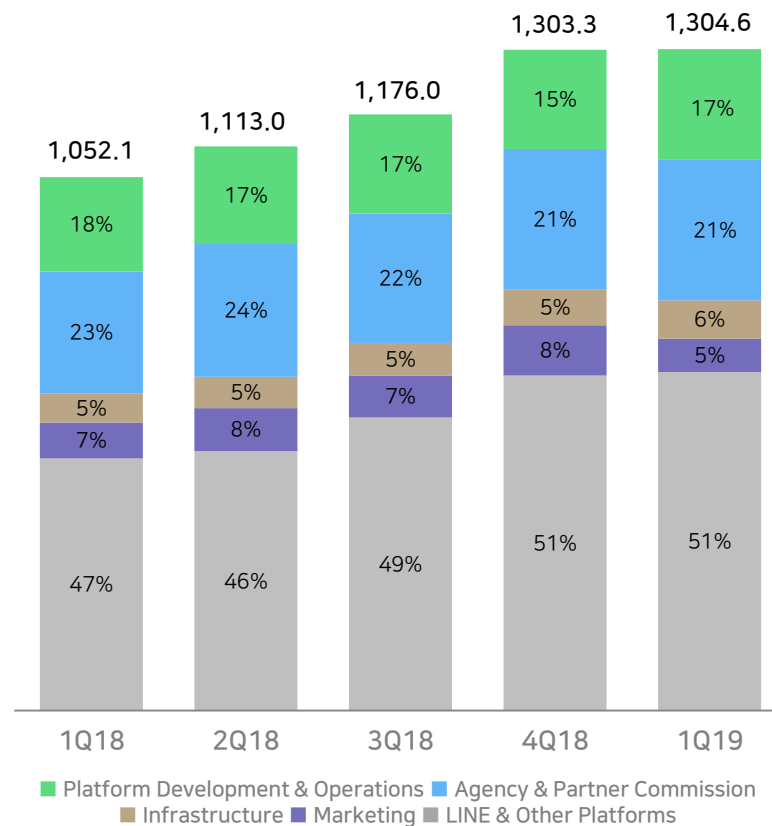
Operating Revenue

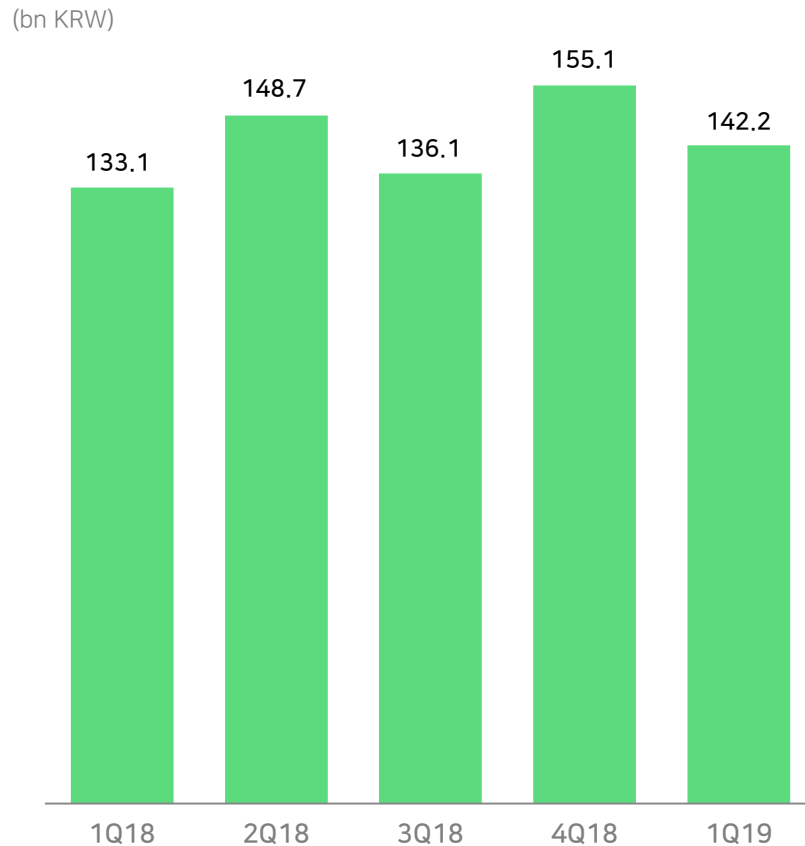
(bn KRW)



Operating Expenses

(bn KRW)

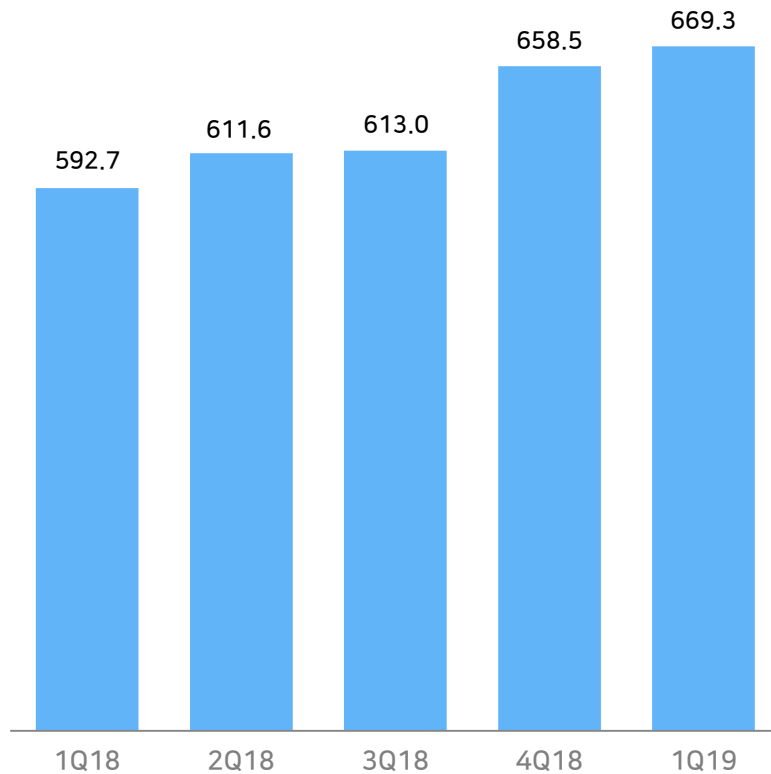




YoY 6.9% ↑ / QoQ 8.3% ↓

- Despite negative seasonality, NAVER portal ads recorded strong growth, but decline in BAND ads led to limited growth
- To introduce various new ad products on the new NAVER

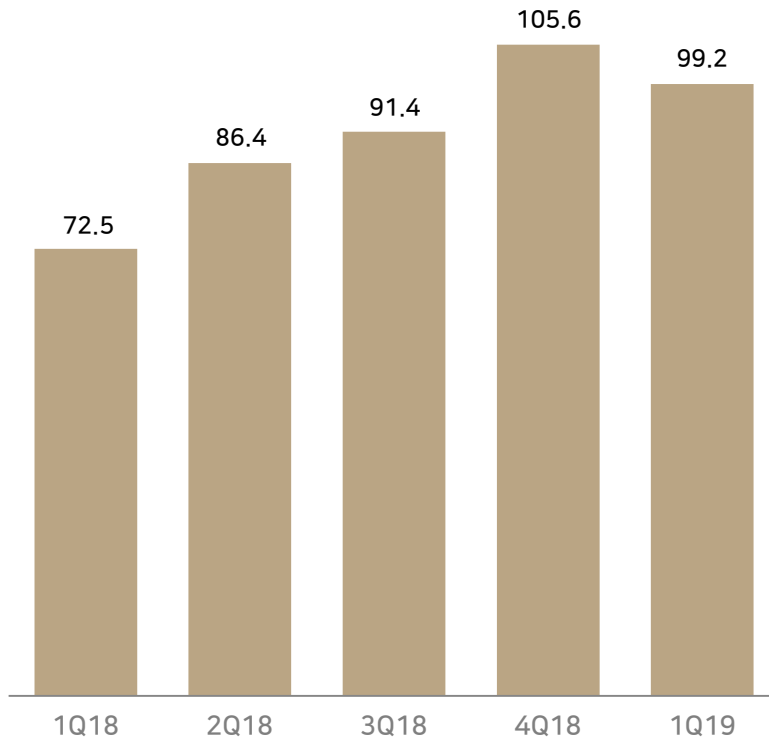
(bn KRW)



YoY 12.9% ↑ / QoQ 1.6% ↑

- Recorded strong growth due to increase in search ad products and expansion of Shopping search ads
- To explore various business opportunities by securing competitiveness in data commerce and strengthening shopping ecosystem

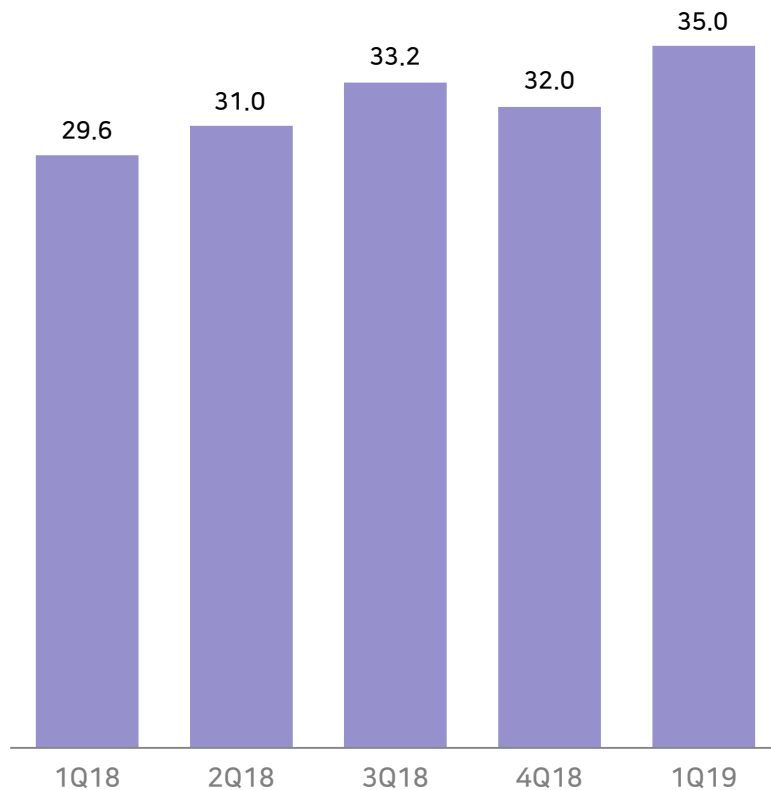
(bn KRW)



YoY 36.9% ↑ / QoQ 6.0% ↓

- NAVER Pay continues to grow with increases in shopping GMV & Pay merchants(280K)
- Cloud signs meaningful contracts in public and healthcare sector
- LINE Works' # of paid IDs doubled from last year & # of clients show steady growth

(bn KRW)



YoY 18.5% ↑ / QoQ 9.6% ↑

- NAVER Webtoon's MAU at 55+ million
- (Domestic 22 million, Overseas 33 million)
- V LIVE's cumulative downloads at 67+ million
Evolving into a global fan management platform by introducing 'V Fanship'(paid membership)

Operating Expenses (Consolidated)

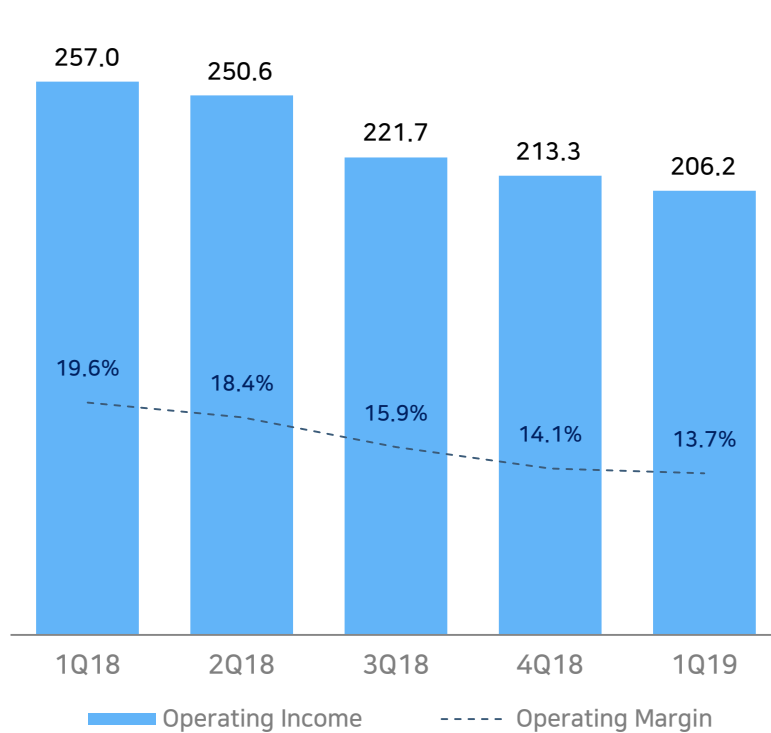
(bn KRW)	1Q18	2Q18	3Q18	4Q18	1Q19	Growth	
						Y/Y	Q/Q
Operating Expenses	1,052.1	1,113.0	1,176.0	1,303.3	1,304.6	24.0%	0.1%
Platform Development & Operations	185.9	192.8	195.9	195.1	218.4	17.5%	11.9%
Agency & Partner Commission	240.4	262.2	254.7	278.2	277.0	15.2%	-0.4%
Infrastructure	57.6	61.3	64.5	69.7	75.8	31.6%	8.7%
Marketing	71.0	84.9	82.8	99.5	65.8	-7.3%	-33.8%
LINE & Other Platforms	497.2	511.9	578.1	660.8	667.6	34.3%	1.0%

- As portion of Infrastructure is reclassified as Platform Development & Operations, same reclassification has been applied retroactively.

Income (Consolidated)

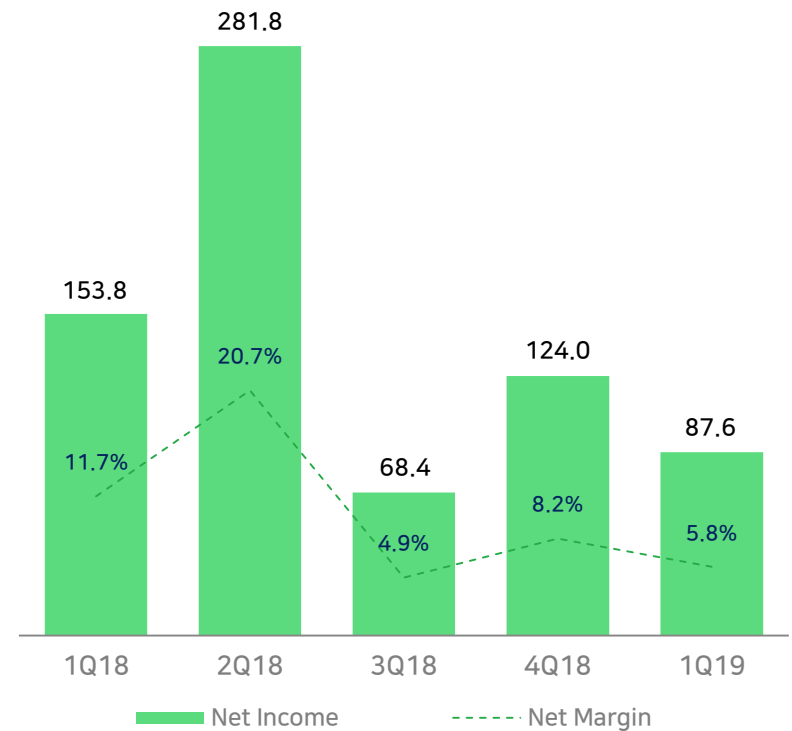
Operating Income

(bn KRW)



Net Income

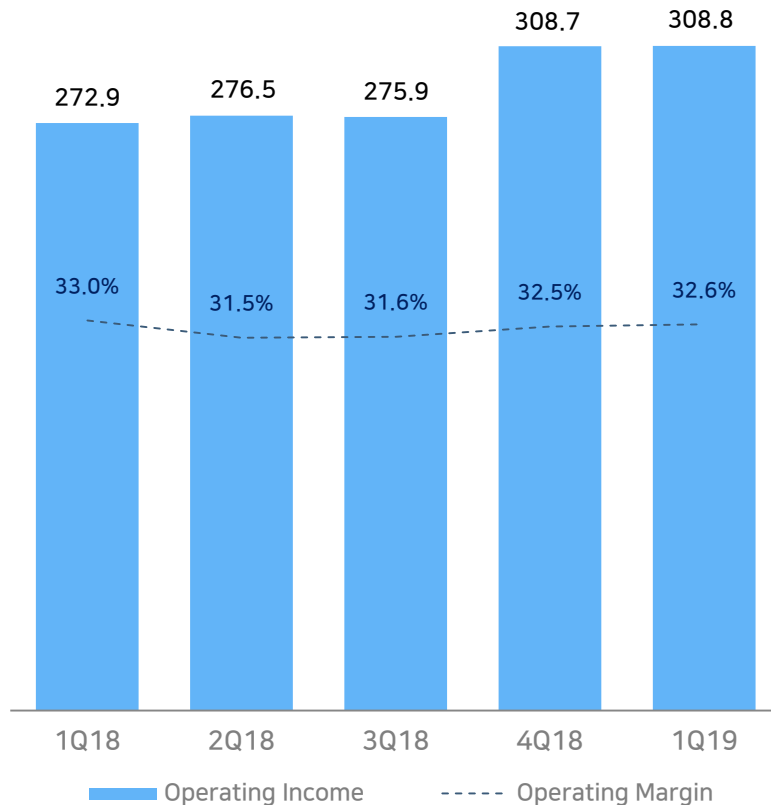
(bn KRW)



Operating Income by Segments (Consolidated)

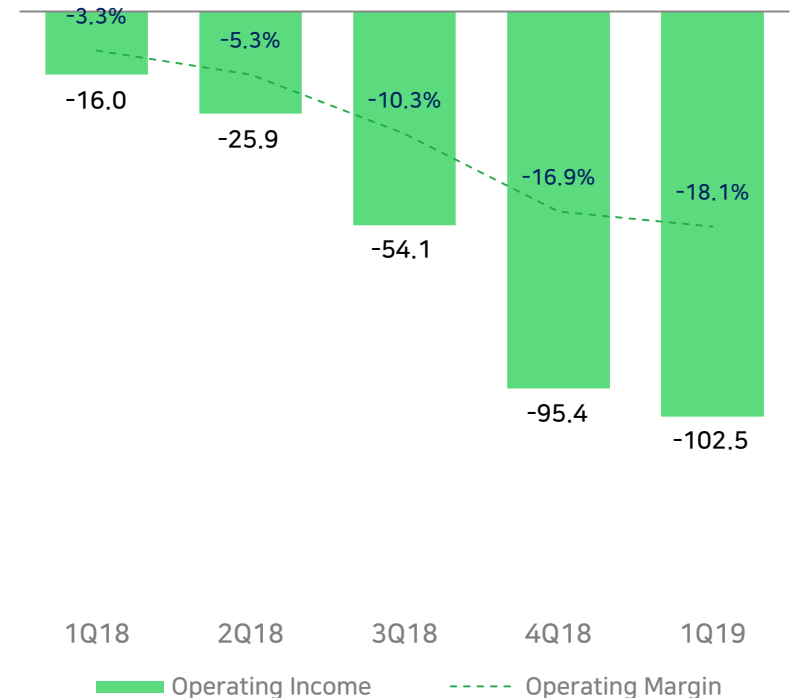
Operating Income (NAVER Segments)

(bn KRW)



Operating Income (LINE and Other Segments)

(bn KRW)

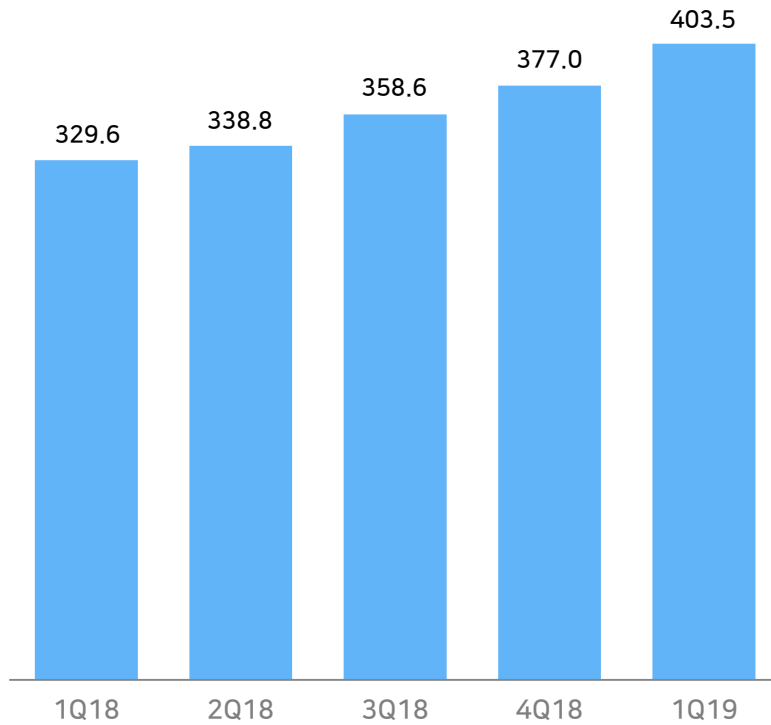


*Note: Segments are a split of consolidated earnings based on K-IFRS, separating key business of NAVER with others, thus the figures may differ from the numbers reported by LINE

Investments (Consolidated)

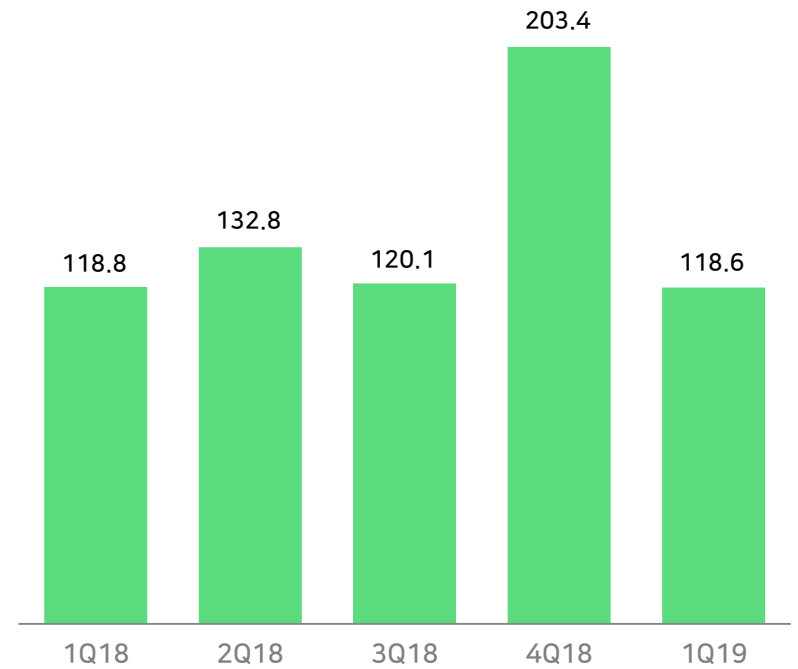
R&D

(bn KRW)



CapEx

(bn KRW)



Financial Statements Summary

Consolidated Income Statement

(mn KRW)	1Q18	2Q18	3Q18	4Q18	1Q19
Operating Revenue	1,309,060	1,363,616	1,397,714	1,516,515	1,510,862
Operating Expenses	1,052,079	1,113,033	1,175,995	1,303,264	1,304,617
Operating Income	256,981	250,583	221,718	213,250	206,245
Operating Margin	19.6%	18.4%	15.9%	14.1%	13.7%
Non-operating Revenue	54,657	196,351	37,550	228,394	96,911
Non-operating Expenses	55,972	58,551	72,457	160,832	113,364
Pre-tax Income	255,666	388,383	186,812	280,812	189,791
Tax	102,683	106,717	118,416	160,940	98,858
Net Income from Continuing Operations	152,982	281,667	68,395	119,872	90,933
Discontinued Operations Income	769	92	-9	4,133	-3,347
Net Income	153,752	281,759	68,387	124,005	87,586
Controlling Interests	165,223	264,218	98,969	120,402	130,059
Non-controlling Interests	-11,472	17,540	-30,583	3,603	-42,473

Consolidated Statement of Financial Position

(mn KRW)	1Q18	2Q18	3Q18	4Q18	1Q19
Current Assets	4,699,863	4,588,635	5,671,009	5,385,570	5,625,304
Non-current Assets	3,667,525	3,940,161	4,243,234	4,495,621	5,282,046
Total Assets	8,367,389	8,528,796	9,914,243	9,881,191	10,907,350
Current Liabilities	2,511,730	2,341,943	2,863,672	2,619,672	3,025,749
Non-current Liabilities	477,803	503,469	1,174,594	1,312,379	1,833,101
Total Liabilities	2,989,533	2,845,412	4,038,266	3,932,050	4,858,850
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,513,368	1,523,507	1,557,712	1,540,986	1,545,717
Other Components of Equity	-1,455,499	-1,465,796	-1,506,885	-1,546,390	-1,589,605
Retained Earnings	4,733,637	4,997,849	5,096,818	5,229,203	5,309,898
Non-controlling Interests	569,869	611,342	711,850	708,861	766,009
Total Equity	5,377,856	5,683,384	5,875,977	5,949,141	6,048,500

Income Statement

(mn KRW)	1Q18	2Q18	3Q18	4Q18	1Q19
Operating Revenue	810,609	861,041	855,396	931,968	912,618
Operating Expenses	516,854	550,996	540,547	587,068	571,931
Operating Income	293,755	310,045	314,848	344,901	340,687
Operating Margin	36.2%	36.0%	36.8%	37.0%	37.3%
Non-operating Revenue	22,465	78,845	17,463	88,513	69,653
Non-operating Expenses	33,649	50,211	64,841	98,664	55,862
Pre-tax Income	282,571	338,679	267,470	334,749	354,478
Tax	70,284	84,346	79,125	89,293	97,304
Net Income	212,287	254,334	188,346	245,456	257,174

Statement of Financial Position

(mn KRW)	1Q18	2Q18	3Q18	4Q18	1Q19
Current Assets	2,439,077	2,413,356	1,504,452	1,226,981	1,361,198
Non-current Assets	3,045,029	3,148,444	4,621,517	4,701,612	4,997,563
Total Assets	5,484,106	5,561,799	6,125,968	5,928,592	6,358,761
Current Liabilities	1,408,137	1,231,147	1,591,968	1,210,780	1,471,784
Non-current Liabilities	148,280	165,595	171,146	160,931	185,936
Total Liabilities	1,556,417	1,396,742	1,763,115	1,371,711	1,657,720
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	362,406	362,406	362,406	362,406	362,406
Other Components of Equity	-1,409,528	-1,426,493	-1,417,043	-1,477,547	-1,544,621
Retained Earnings	4,958,329	5,212,663	5,401,009	5,655,541	5,866,774
Total Equity	3,927,689	4,165,058	4,362,853	4,556,882	4,701,041