

# 1Q 2018 Earnings Result

2018. 4.26

# Disclaimer

The financial information included in this document are earnings results based on newly adopted K-IFRS in 2018.

This document is provided for the convenience of investors,  
and the external audit on our financial results are yet to be completed;  
therefore, certain part(s) of this document is subject to change upon the auditor's review.

The company does not make any representation or accept liability,  
as to the accuracy or completeness of the financial and operational results stated,  
and nothing contained herein is, or shall be relied upon as a promise or representation, whether as to the past or the future.

This document shall not be utilized for any legal purposes in regards to investors' investment results,  
and the company hereby expressly disclaims any and all liability resulting from investors' reliance on the information contained herein.

This document only speaks of the information as of the date they are made,  
and the company is not responsible for providing updates contained in this document in light of new information or future events.

# Earnings Summary (Consolidated)

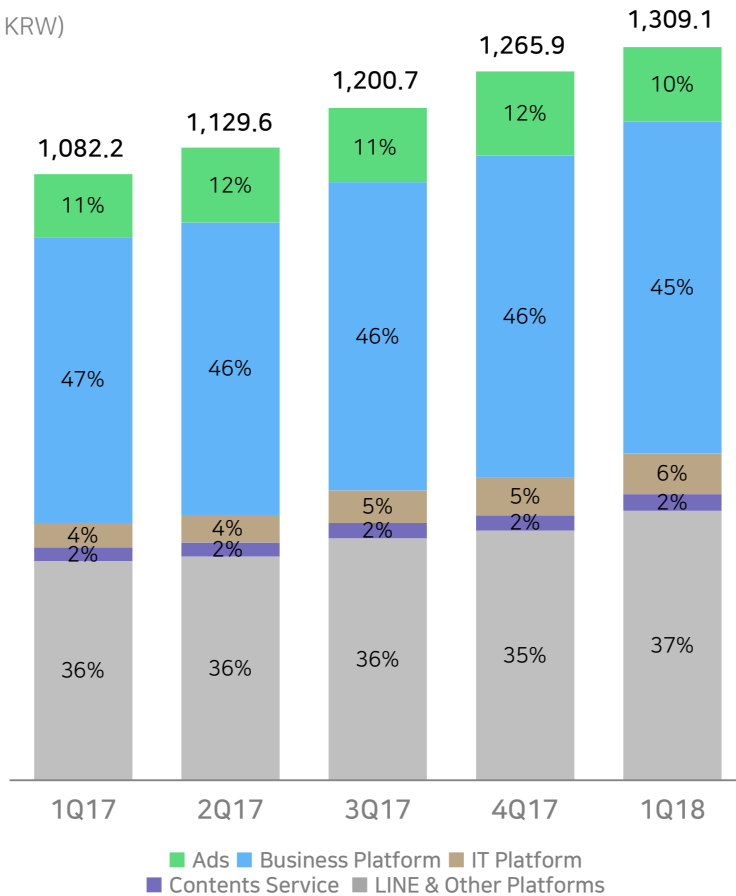
(bn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18	Growth	
						Y/Y	Q/Q
Operating Revenue	1,082.2	1,129.6	1,200.7	1,265.9	1,309.1	21.0%	3.4%
Ads	112.2	133.8	132.9	150.5	133.1	18.6%	-11.5%
Business Platform	510.5	521.8	549.8	575.6	592.7	16.1%	3.0%
IT Platform	43.4	49.4	58.6	66.4	72.5	66.9%	9.1%
Contents Service	24.7	25.0	27.2	27.6	29.6	19.8%	7.1%
LINE & Other Platforms	391.4	399.6	432.2	445.8	481.2	22.9%	7.9%
Operating Expenses	791.4	844.4	888.6	974.8	1,052.1	32.9%	7.9%
Operating Income	290.8	285.2	312.1	291.1	257.0	-11.6%	-11.7%
Operating Margin(%)	26.9%	25.2%	26.0%	23.0%	19.6%	-7.2%p	-3.4%p
Net Income	210.9	171.4	215.8	172.0	153.8	-27.1%	-10.6%

- Following the merger of Camp Mobile in February, part of revenue from LINE and Other Platforms was re-categorized into Ads, Business Platform and Contents Service.

# Breakdown(Consolidated)

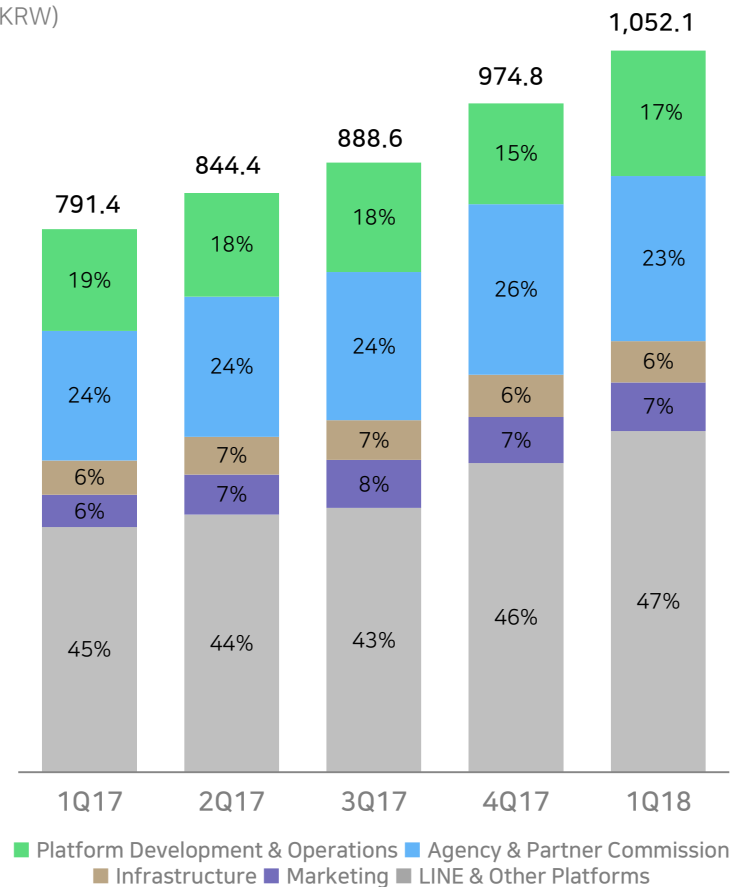
## Operating Revenue

(bn KRW)

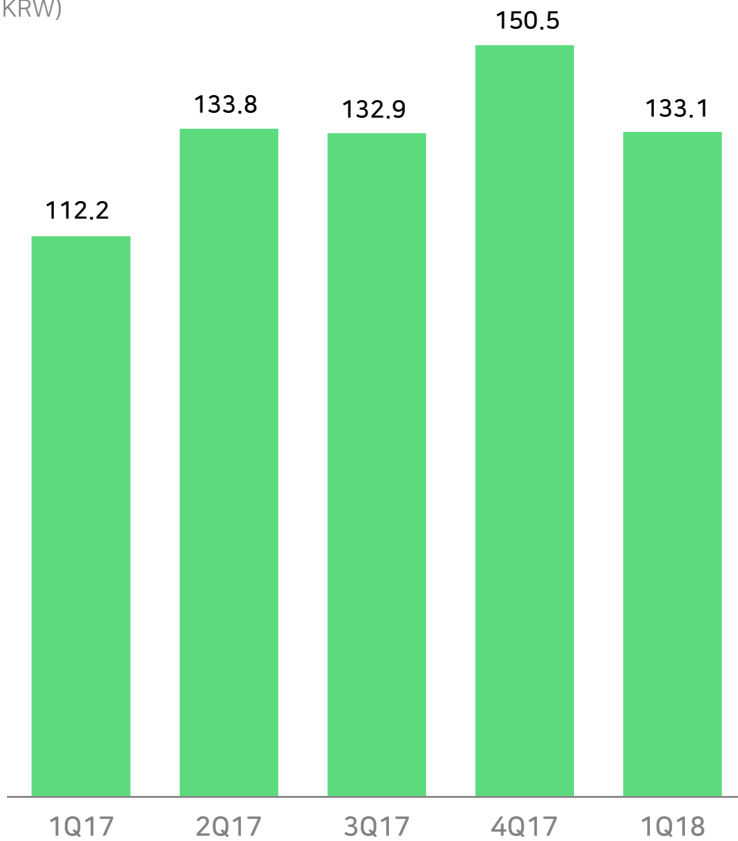


## Operating Expenses

(bn KRW)

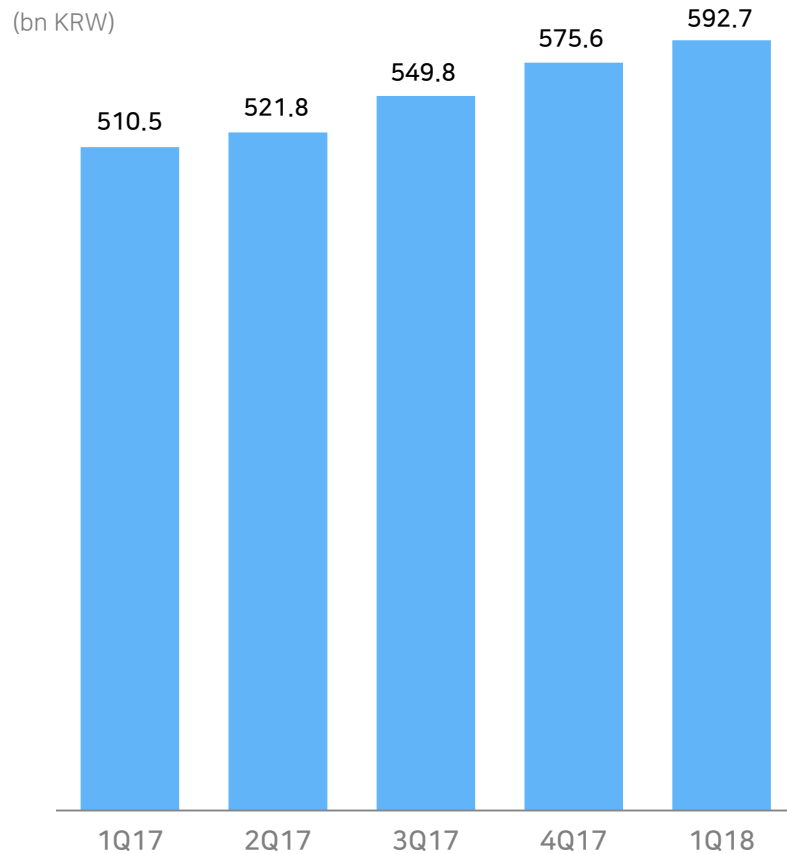


(bn KRW)



YoY 18.6% ↑ / QoQ 11.5% ↓

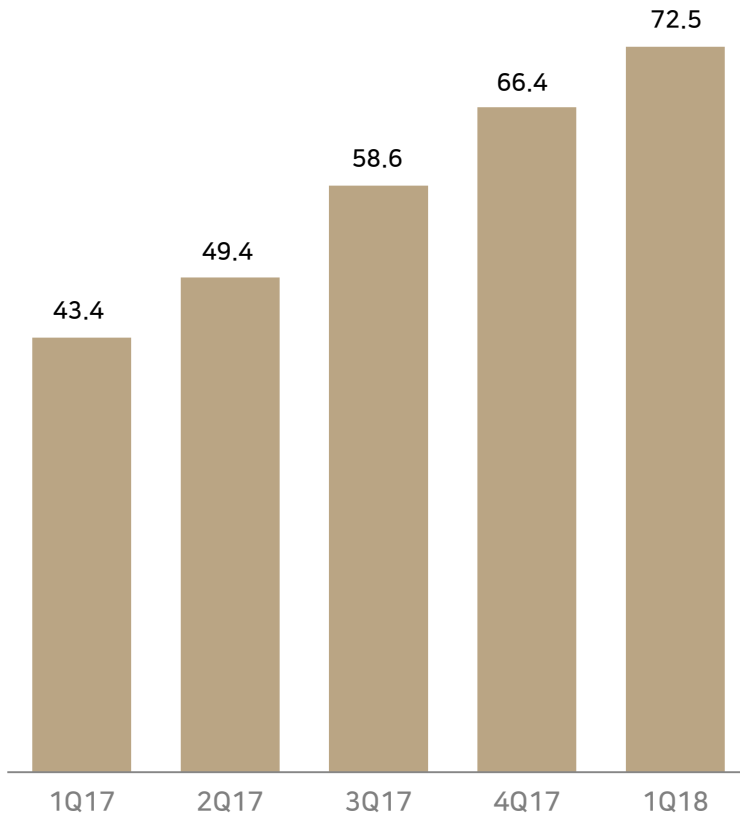
- Recovered double digit YoY growth, thanks to mobile product enhancements and Pyeongchang Winter Olympics effect
- Decreased QoQ due to negative seasonality



YoY 16.1% ↑ / QoQ 3.0% ↑

- Expanded text ads enhancements led to strengthening of ad information, thus more number of clicks
- Shopping Search Ad product continued to grow

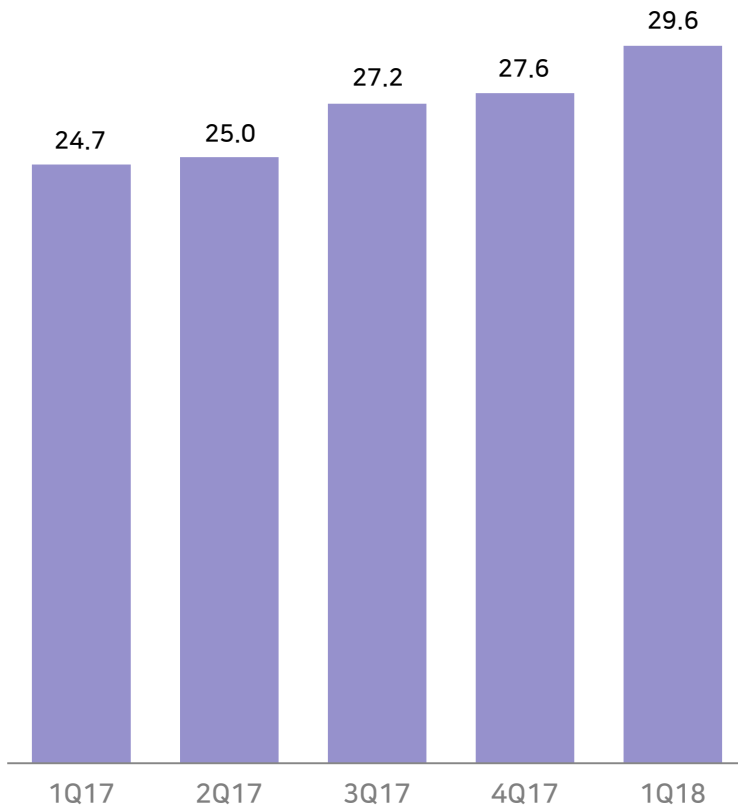
(bn KRW)



YoY 66.9% ↑ / QoQ 9.1% ↑

- NAVER Pay continues to grow stably on back of increases in number of users and merchants
- Offering 89 cloud products as of 1Q18, adding 11 new products during 1Q  
Plan to add new products in 2018

(bn KRW)



YoY 19.8% ↑ / QoQ 7.1% ↑

- Global Webtoon mobile MAU marks 46 million (Domestic 22 million, Overseas 24 million)
- V LIVE's cumulative downloads at 46 million (Over 80% from overseas)



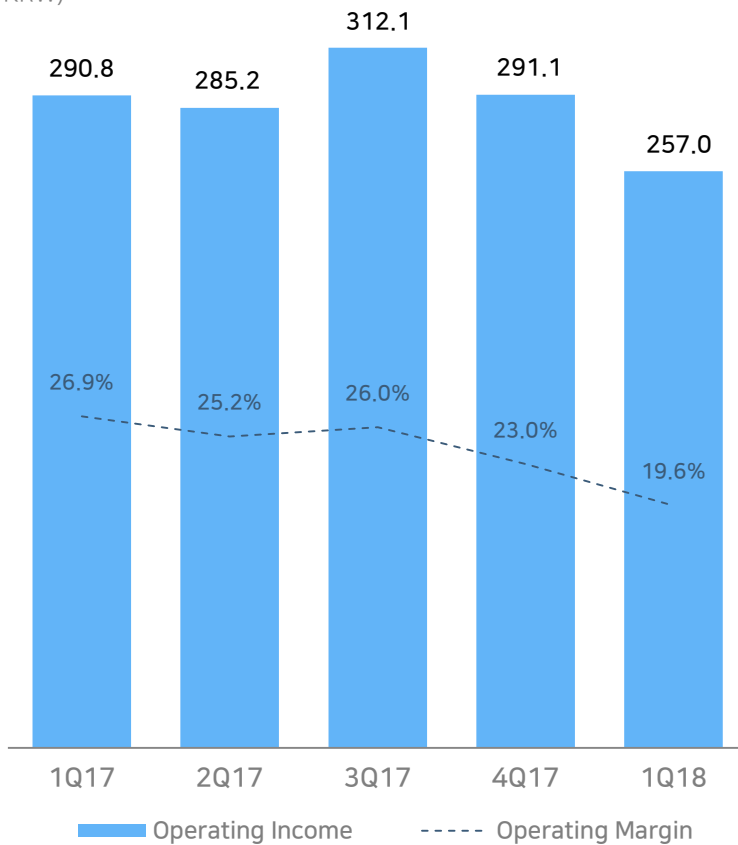
# Operating Expenses (Consolidated)

(bn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18	Growth	
						Y/Y	Q/Q
Operating Expenses	791.4	844.4	888.6	974.8	1,052.1	32.9%	7.9%
Platform Development & Operations	148.1	151.3	159.6	146.6	183.2	23.7%	24.9%
Agency & Partner Commission	188.7	204.3	215.7	248.5	240.4	27.4%	-3.3%
Infrastructure	50.1	55.2	58.0	61.7	60.3	20.5%	-2.2%
Marketing	47.2	58.2	70.0	67.0	71.0	50.5%	5.9%
LINE & Other Platforms	357.4	375.5	385.2	450.9	497.2	39.1%	10.3%

# Income (Consolidated)

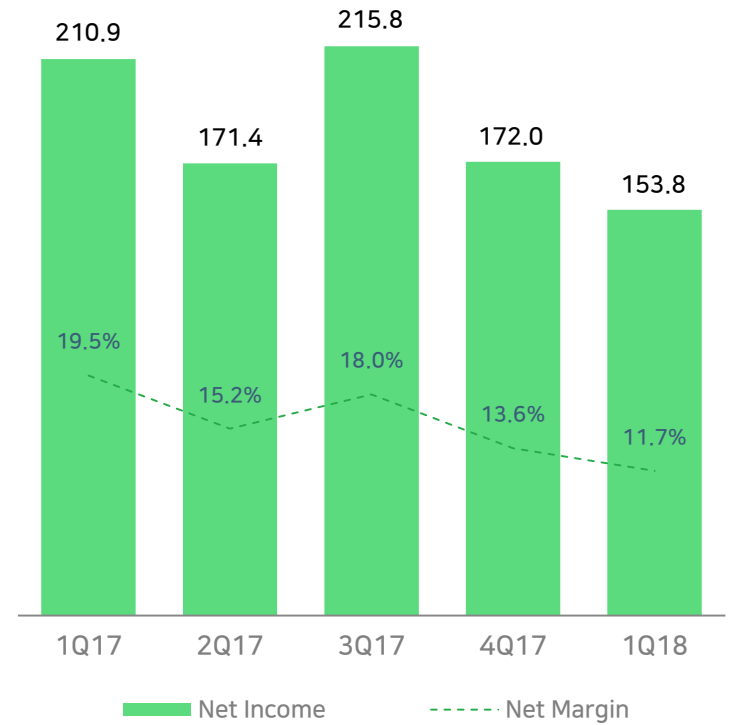
## Operating Income

(bn KRW)



## Net Income

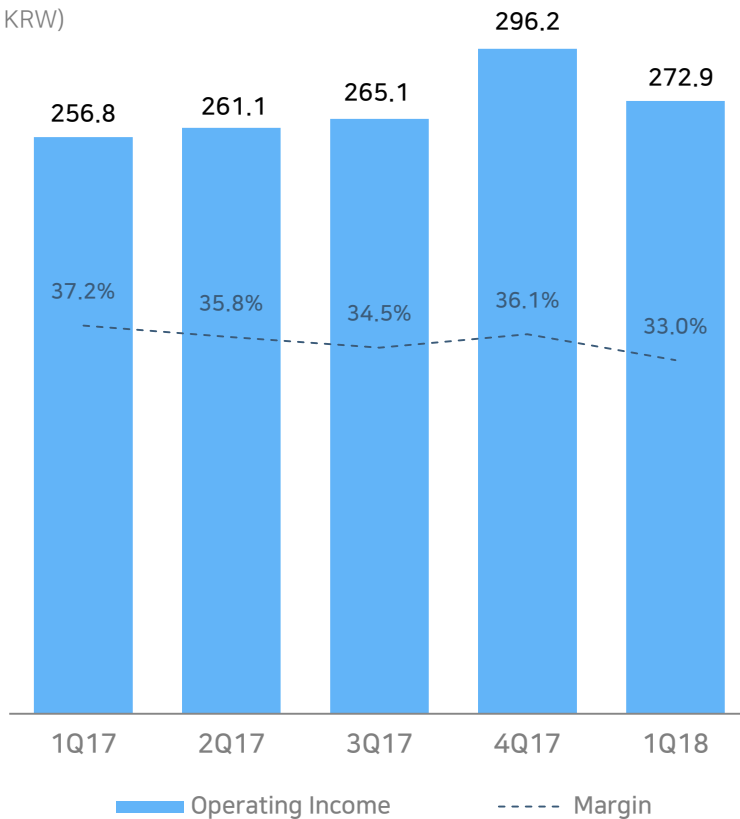
(bn KRW)



# Operating Income by Segments(Consolidated)

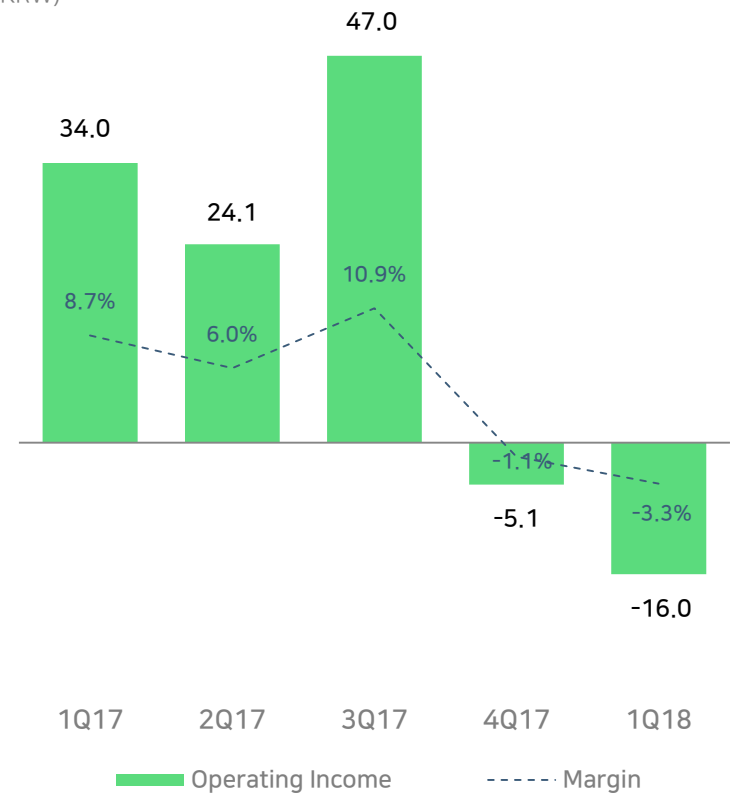
## Operating Income (NAVER Segments)

(bn KRW)



## Operating Income (LINE and Other Segments)

(bn KRW)

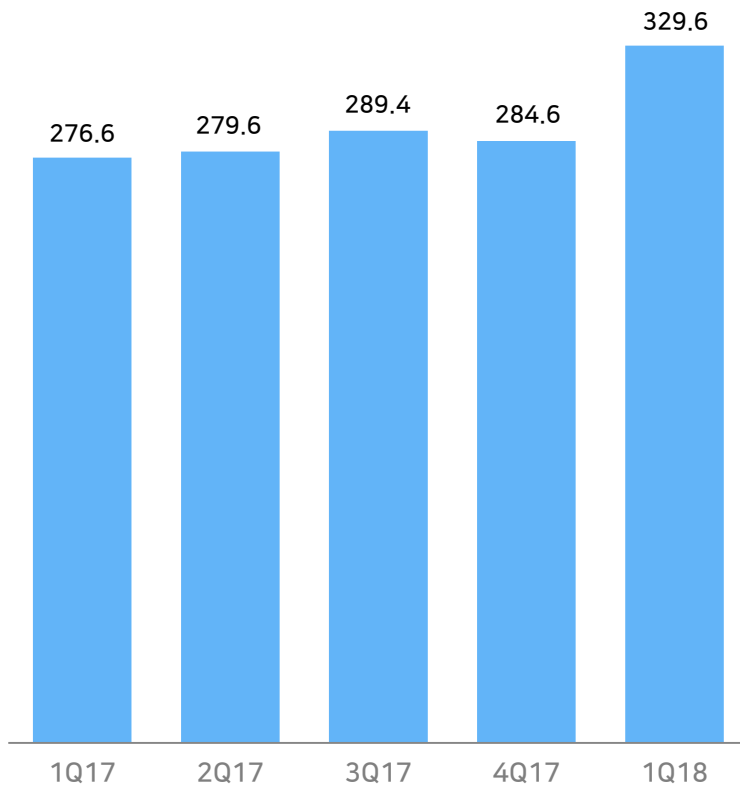


- Classified consolidated earnings based on K-IFRS as NAVER and LINE & other segments, thus may differ from LINE's earnings reported to SEC and TSE

# Investments (Consolidated)

## R&D

(bn KRW)



## CapEx

(bn KRW)



# Appendix. NAVER (Financial Statements Summary)

## Consolidated Income Statement

(mn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18
Operating Revenue	1,082,247	1,129,631	1,200,676	1,265,914	1,309,060
Operating Expenses	791,450	844,418	888,592	974,821	1,052,079
Operating Income	290,797	285,214	312,084	291,093	256,981
Operating Margin	26.9%	25.2%	26.0%	23.0%	19.6%
Non-operating Revenue	47,457	35,580	41,742	43,854	54,657
Non-operating Expenses	31,491	15,648	32,800	72,053	55,972
Pre-tax Income	306,764	305,146	321,026	262,893	255,666
Tax	93,415	133,683	105,186	90,889	102,683
Net Income from Continuing Operations	213,349	171,463	215,840	172,004	152,982
Discontinued Operations Income	-2,473	-43	-41	3	769
Net Income	210,876	171,420	215,798	172,007	153,752
Controlling Interests	205,483	173,147	214,057	180,193	165,223
Non-controlling Interests	5,394	-1,726	1,741	-8,186	-11,472

## Consolidated Statement of Financial Position

(mn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18
Current Assets	4,241,694	4,275,606	4,381,998	4,784,228	4,699,863
Non-current Assets	2,199,759	2,925,909	3,238,183	3,235,024	3,667,525
Total Assets	6,441,452	7,201,515	7,620,181	8,019,252	8,367,389
Current Liabilities	1,701,116	1,764,429	1,969,679	2,302,730	2,511,730
Non-current Liabilities	470,417	489,174	506,678	411,335	477,803
Total Liabilities	2,171,533	2,253,602	2,476,357	2,714,065	2,989,533
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,234,223	1,448,493	1,452,184	1,507,879	1,512,407
Other Components of Equity	-1,493,507	-1,207,105	-1,266,353	-1,317,532	-1,455,612
Retained Earnings	3,983,091	4,156,237	4,370,295	4,555,518	4,733,637
Non-controlling Interests	529,631	533,806	571,218	542,840	570,943
Total Equity	4,269,919	4,947,912	5,143,824	5,305,186	5,377,856

## Income Statement

(mn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18
Operating Revenue	678,909	709,482	746,425	795,845	810,609
Operating Expenses	407,570	421,147	445,766	477,942	516,854
Operating Income	271,339	288,336	300,659	317,903	293,755
Operating Margin	40.0%	40.6%	40.3%	39.9%	36.2%
Non-operating Revenue	19,474	20,957	20,497	40,330	22,465
Non-operating Expenses	7,960	18,986	27,084	62,467	33,649
Pre-tax Income	282,854	290,307	294,072	295,766	282,571
Tax	69,844	78,655	73,394	91,693	70,284
Net Income from Continuing Operations	213,009	211,652	220,678	204,073	212,287
Discontinued Operations Income	-	-	-	-	-
Net Income	213,009	211,652	220,678	204,073	212,287

## Statement of Financial Position

(mn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18
Current Assets	2,242,572	2,205,390	2,264,783	2,629,856	2,439,077
Non-current Assets	1,805,941	2,503,416	2,726,578	2,712,499	3,045,029
Total Assets	4,048,513	4,708,807	4,991,361	5,342,355	5,484,106
Current Liabilities	887,506	897,724	1,004,090	1,266,828	1,408,137
Non-current Liabilities	272,140	266,298	272,780	141,666	148,280
Total Liabilities	1,159,646	1,164,022	1,276,871	1,408,494	1,556,417
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	163,500	362,406	362,406	362,406	362,406
Other Components of Equity	-1,396,936	-1,151,577	-1,202,549	-1,178,359	-1,409,528
Retained Earnings	4,105,822	4,317,474	4,538,152	4,733,332	4,958,329
Total Equity	2,888,867	3,544,785	3,714,491	3,933,861	3,927,689