

2Q 2018 Earnings Result

2018. 7.26

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

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Earnings Summary (Consolidated)

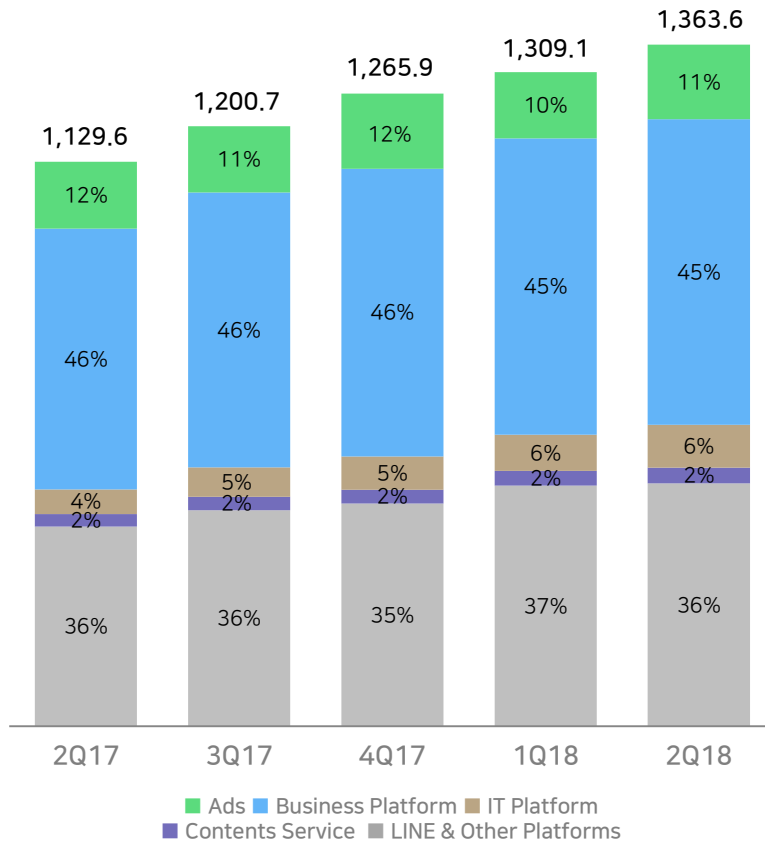
(bn KRW)	2Q17	3Q17	4Q17	1Q18	2Q18	Growth	
						Y/Y	Q/Q
Operating Revenue	1,129.6	1,200.7	1,265.9	1,309.1	1,363.6	20.7%	4.2%
Ads	133.8	132.9	150.5	133.1	148.7	11.1%	11.7%
Business Platform	521.8	549.8	575.6	592.7	611.6	17.2%	3.2%
IT Platform	49.4	58.6	66.4	72.5	85.7	73.4%	18.3%
Contents Service	25.0	27.2	27.6	29.6	31.7	27.0%	7.3%
LINE & Other Platforms	399.6	432.2	445.8	481.2	485.9	21.6%	1.0%
Operating Expenses	844.4	888.6	974.8	1,052.1	1,113.0	31.8%	5.8%
Operating Income	285.2	312.1	291.1	257.0	250.6	-12.1%	-2.5%
Operating Margin(%)	25.2%	26.0%	23.0%	19.6%	18.4%	-6.9%p	-1.3%p
Net Income	171.4	215.8	172.0	153.8	314.0	83.1%	104.2%

- 2Q18 Net income rose due to 112.7 billion won of disposition gains from consolidated subsidiaries, arising out of loss of control from Softbank's investment into LINE Mobile; as well as 23.2 billion of valuation gain from offshore fund; and dividend income of 10.7 billion from MiraeDaewoo, YG, etc. booked under the non-operating revenue.

Breakdown (Consolidated)

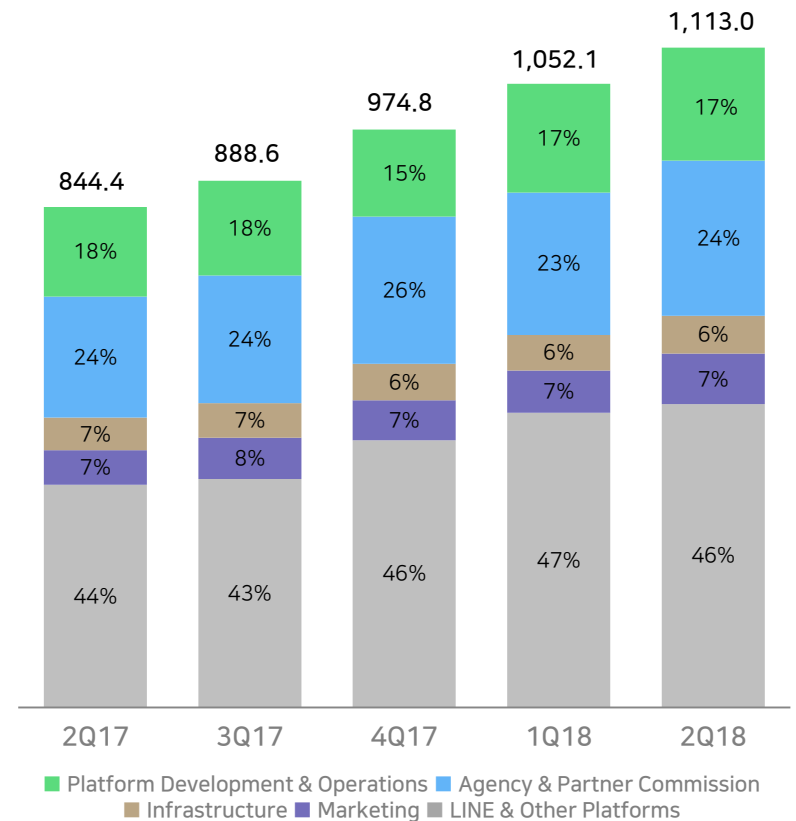
Operating Revenue

(bn KRW)



Operating Expenses

(bn KRW)



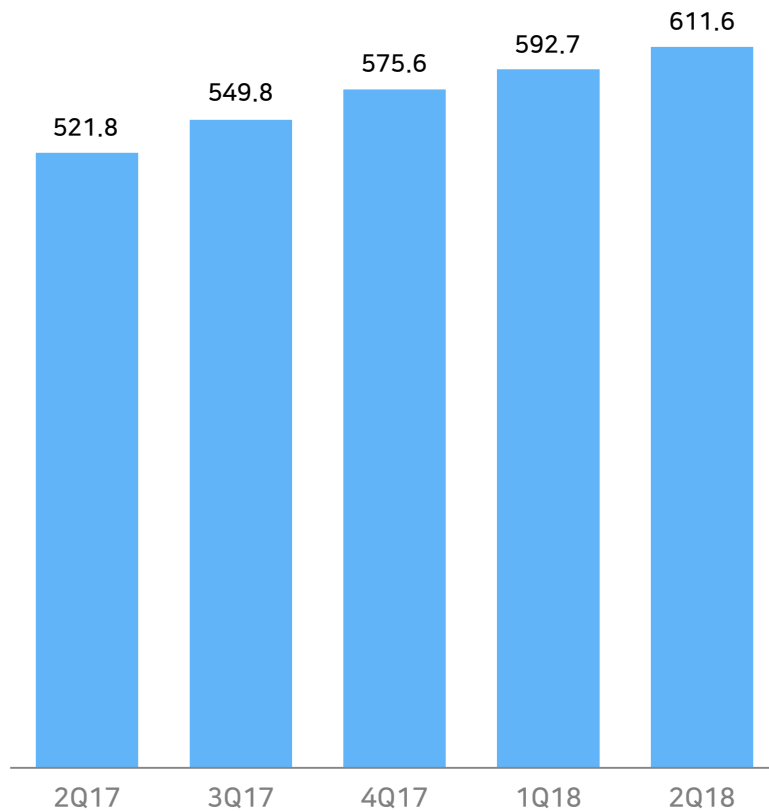
(bn KRW)



YoY 11.1% ↑ / QoQ 11.7% ↑

- Despite continued efforts to enhance mobile products, growth rate slowed due to high base effect
- Mobile main page renewal may have impact on revenue

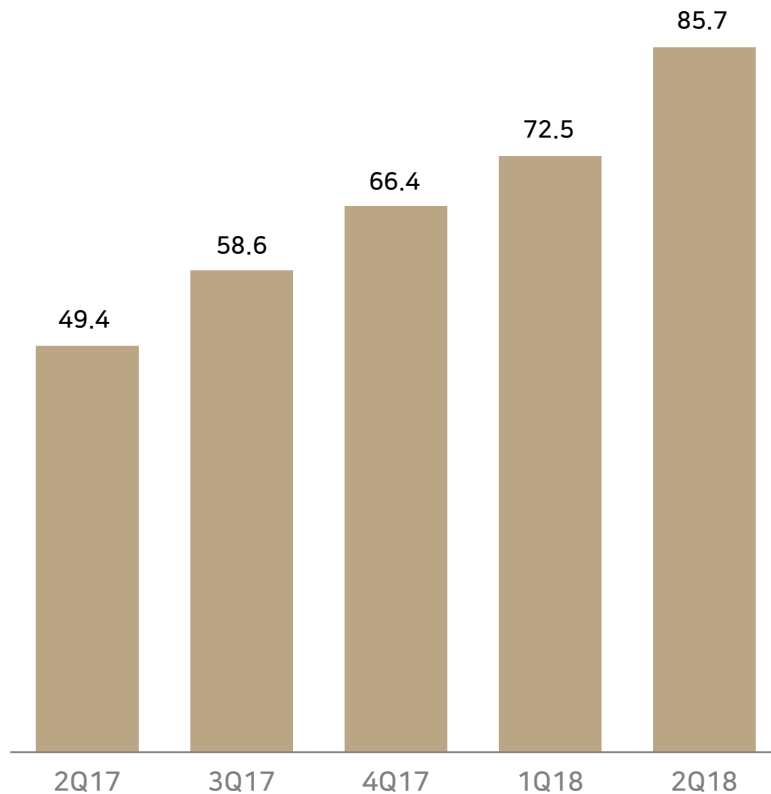
(bn KRW)



YoY 17.2% ↑ / QoQ 3.2% ↑

- Improved ad performance with expanded text ads by providing additional options(e.g. image, location) to advertisers
- Shopping Search Ad product showed stable growth

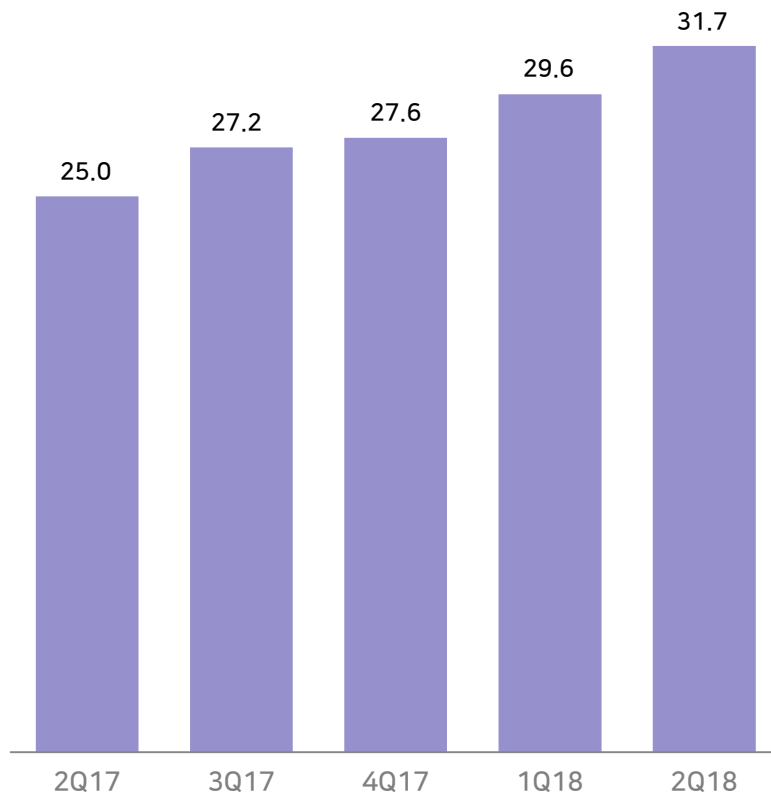
(bn KRW)



YoY 73.4% ↑ / QoQ 18.3% ↑

- Growth continued in number of users and merchants for NAVER Pay
Focus on enhancing users' convenience
- Making efforts to provide customized cloud products for specific sectors(e.g. game, finance, healthcare and more)

(bn KRW)



YoY 27.0% ↑ / QoQ 7.3% ↑

- North America Webtoon MAU marks 5 million
To focus on global expansion
- V LIVE's cumulative downloads at 55 million
Aim to become a global entertainment platform

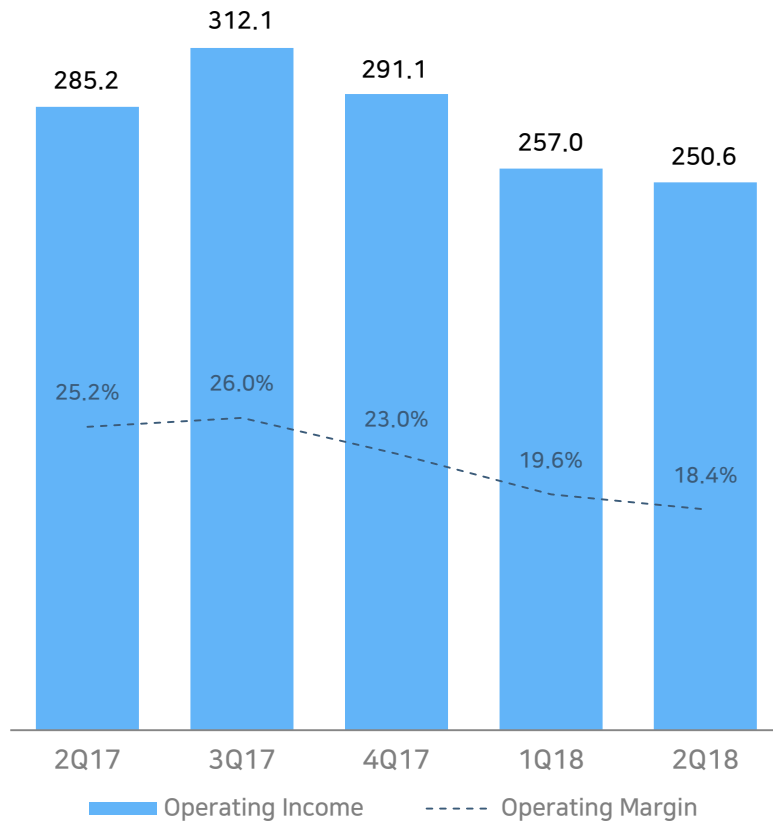
Operating Expenses (Consolidated)

(bn KRW)	2Q17	3Q17	4Q17	1Q18	2Q18	Growth	
						Y/Y	Q/Q
Operating Expenses	844.4	888.6	974.8	1,052.1	1,113.0	31.8%	5.8%
Platform Development & Operations	151.3	159.6	146.6	183.2	190.2	25.7%	3.8%
Agency & Partner Commission	204.3	215.7	248.5	240.4	262.2	28.4%	9.1%
Infrastructure	55.2	58.0	61.7	60.3	63.8	15.7%	5.9%
Marketing	58.2	70.0	67.0	71.0	84.9	45.9%	19.6%
LINE & Other Platforms	375.5	385.2	450.9	497.2	511.9	36.3%	2.9%

Income (Consolidated)

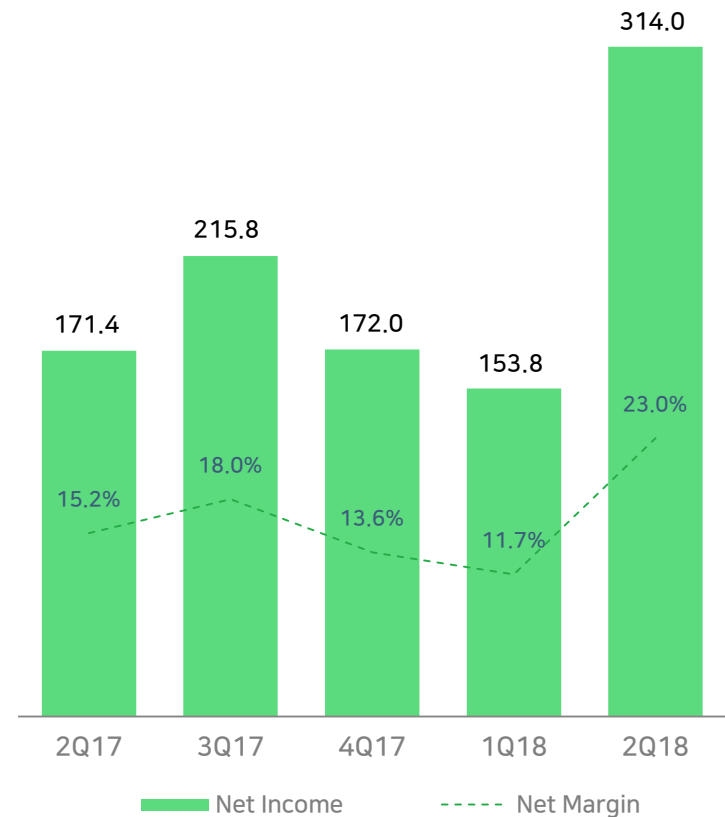
Operating Income

(bn KRW)



Net Income

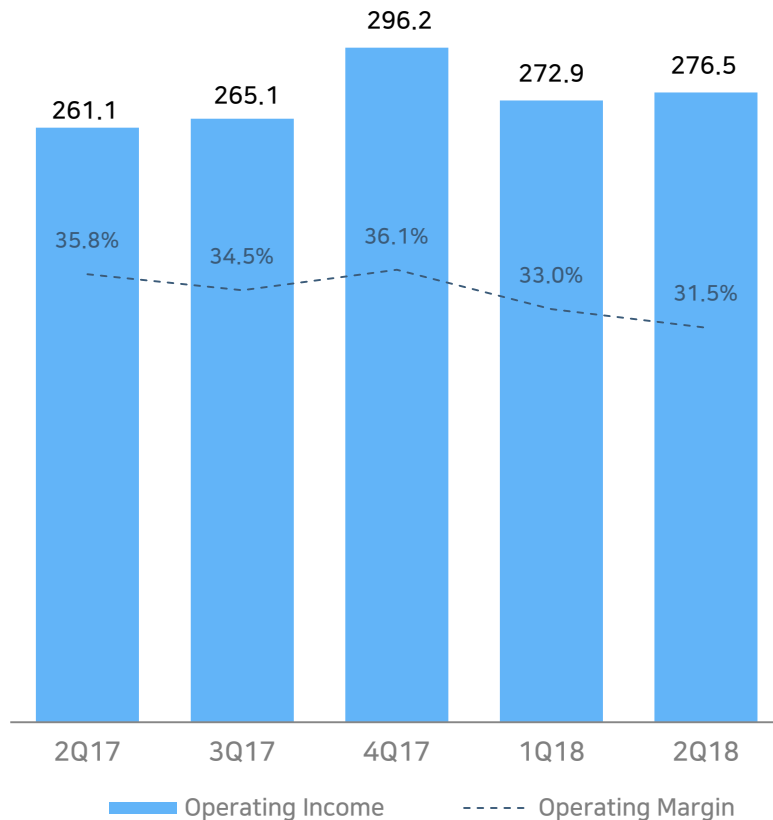
(bn KRW)



Operating Income by Segments (Consolidated)

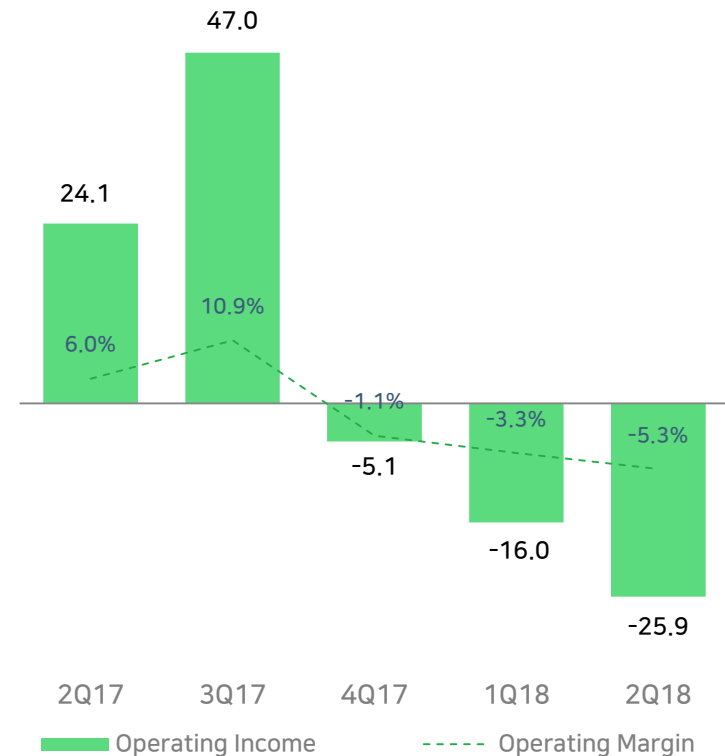
Operating Income (NAVER Segments)

(bn KRW)



Operating Income (LINE and Other Segments)

(bn KRW)

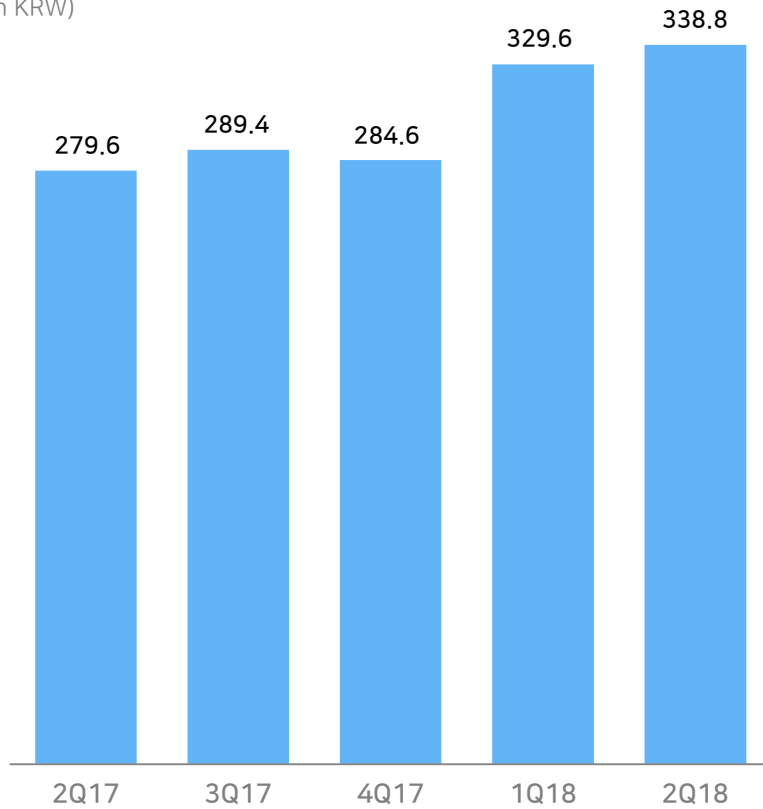


*Note: it is a split of consolidated earnings based on K-IFRS, separating key business of NAVER and others, thus the figures may differ from the numbers reported by LINE

Investments (Consolidated)

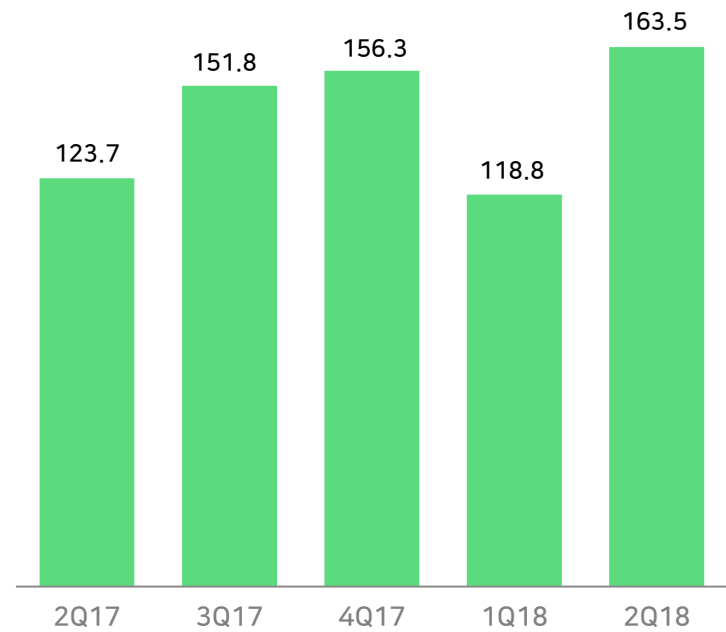
R&D

(bn KRW)



CapEx

(bn KRW)



Appendix. NAVER (Financial Statements Summary)

Consolidated Income Statement

(mn KRW)	2Q17	3Q17	4Q17	1Q18	2Q18
Operating Revenue	1,129,631	1,200,676	1,265,914	1,309,060	1,363,616
Operating Expenses	844,418	888,592	974,821	1,052,079	1,113,033
Operating Income	285,214	312,084	291,093	256,981	250,583
Operating Margin	25.2%	26.0%	23.0%	19.6%	18.4%
Non-operating Revenue	35,580	41,742	43,854	54,657	196,351
Non-operating Expenses	15,648	32,800	72,053	55,972	58,551
Pre-tax Income	305,146	321,026	262,893	255,666	388,383
Tax	133,683	105,186	90,889	102,683	74,520
Net Income from Continuing Operations	171,463	215,840	172,004	152,982	313,863
Discontinued Operations Income	-43	-41	3	769	92
Net Income	171,420	215,798	172,007	153,752	313,955
Controlling Interests	173,147	214,057	180,193	165,223	296,415
Non-controlling Interests	-1,726	1,741	-8,186	-11,472	17,540

Consolidated Statement of Financial Position

(mn KRW)	2Q17	3Q17	4Q17	1Q18	2Q18
Current Assets	4,275,606	4,381,998	4,784,228	4,699,863	4,588,635
Non-current Assets	2,925,909	3,238,183	3,235,024	3,667,525	3,940,161
Total Assets	7,201,515	7,620,181	8,019,252	8,367,389	8,528,796
Current Liabilities	1,764,429	1,969,679	2,302,730	2,511,730	2,309,746
Non-current Liabilities	489,174	506,678	411,335	477,803	503,469
Total Liabilities	2,253,602	2,476,357	2,714,065	2,989,533	2,813,215
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,448,493	1,452,184	1,507,879	1,512,407	1,523,507
Other Components of Equity	-1,207,105	-1,266,353	-1,317,532	-1,455,612	-1,465,796
Retained Earnings	4,156,237	4,370,295	4,555,518	4,733,637	5,030,046
Non-controlling Interests	533,806	571,218	542,840	570,943	611,342
Total Equity	4,947,912	5,143,824	5,305,186	5,377,856	5,715,580

Income Statement

(mn KRW)	2Q17	3Q17	4Q17	1Q18	2Q18
Operating Revenue	709,482	746,425	795,845	810,609	861,041
Operating Expenses	421,147	445,766	477,942	516,854	550,996
Operating Income	288,336	300,659	317,903	293,755	310,045
Operating Margin	40.6%	40.3%	39.9%	36.2%	36.0%
Non-operating Revenue	20,957	20,497	40,330	22,465	78,845
Non-operating Expenses	18,986	27,084	62,467	33,649	50,211
Pre-tax Income	290,307	294,072	295,766	282,571	338,679
Tax	78,655	73,394	91,693	70,284	52,149
Net Income from Continuing Operations	211,652	220,678	204,073	212,287	286,530
Net Income	211,652	220,678	204,073	212,287	286,530

Statement of Financial Position

(mn KRW)	2Q17	3Q17	4Q17	1Q18	2Q18
Current Assets	2,205,390	2,264,783	2,629,856	2,439,077	2,413,356
Non-current Assets	2,503,416	2,726,578	2,712,499	3,045,029	3,148,443
Total Assets	4,708,807	4,991,361	5,342,355	5,484,106	5,561,799
Current Liabilities	897,724	1,004,090	1,266,828	1,408,137	1,198,950
Non-current Liabilities	266,298	272,780	141,666	148,280	165,595
Total Liabilities	1,164,022	1,276,871	1,408,494	1,556,417	1,364,545
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	-1,151,577	-1,202,549	-1,178,359	-1,409,528	-1,426,493
Retained Earnings	4,317,474	4,538,152	4,733,332	4,958,329	5,244,860
Total Equity	3,544,785	3,714,491	3,933,861	3,927,689	4,197,254