

2Q19 Earnings Result

2019.07.25

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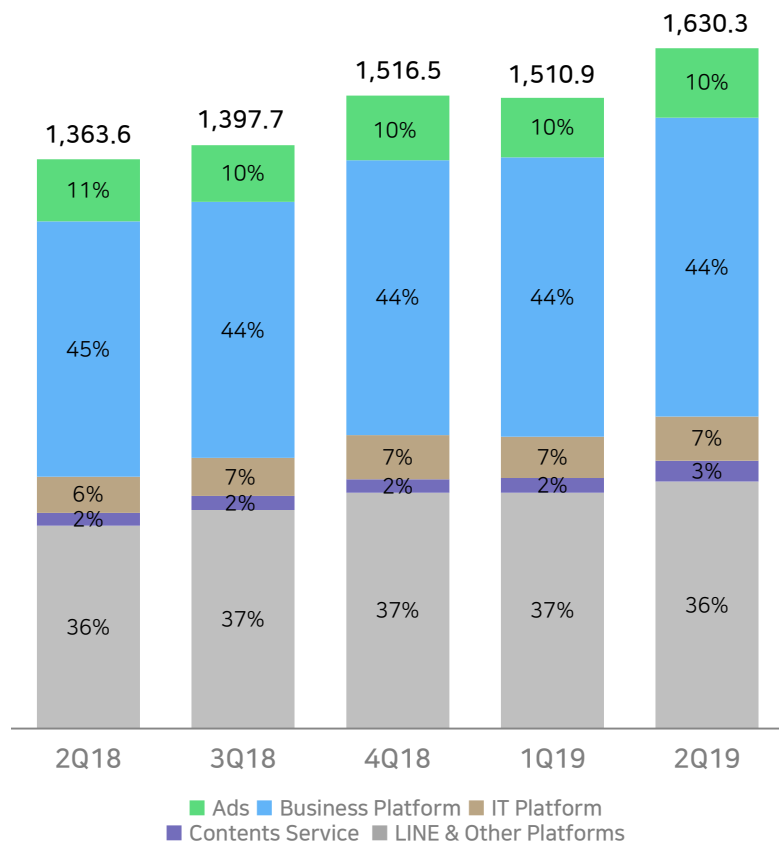
Earnings Summary (Consolidated)

(bn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19	Growth	
						Y/Y	Q/Q
Operating Revenue	1,363.6	1,397.7	1,516.5	1,510.9	1,630.3	19.6%	7.9%
Ads	148.7	136.1	155.1	142.2	166.6	12.0%	17.1%
Business Platform	611.6	613.0	658.5	669.3	715.9	17.1%	7.0%
IT Platform	86.4	91.4	105.6	99.2	105.9	22.6%	6.8%
Contents Service	31.0	33.2	32.0	35.0	50.1	61.4%	43.0%
LINE & Other Platforms	485.9	524.0	565.3	565.1	591.8	21.8%	4.7%
Operating Expenses	1,113.0	1,176.0	1,303.3	1,304.6	1,501.9	34.9%	15.1%
Operating Income	250.6	221.7	213.3	206.2	128.3	-48.8%	-37.8%
Operating Margin(%)	18.4%	15.9%	14.1%	13.7%	7.9%	-10.5%p	-5.8%p
Net Income	281.8	68.4	124.0	87.6	27.8	-90.1%	-68.3%

Breakdown (Consolidated)

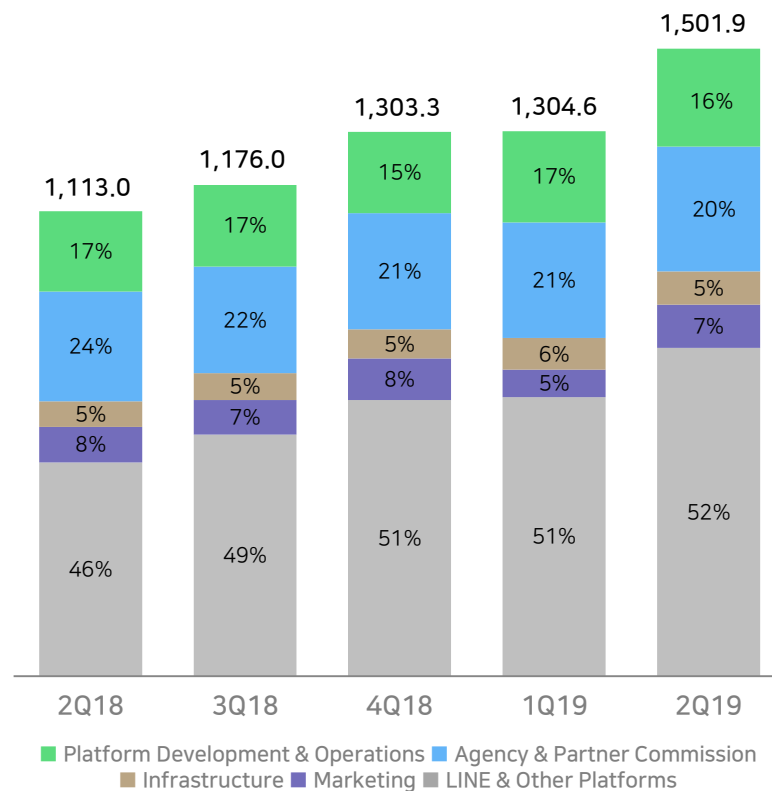
Operating Revenue

(bn KRW)

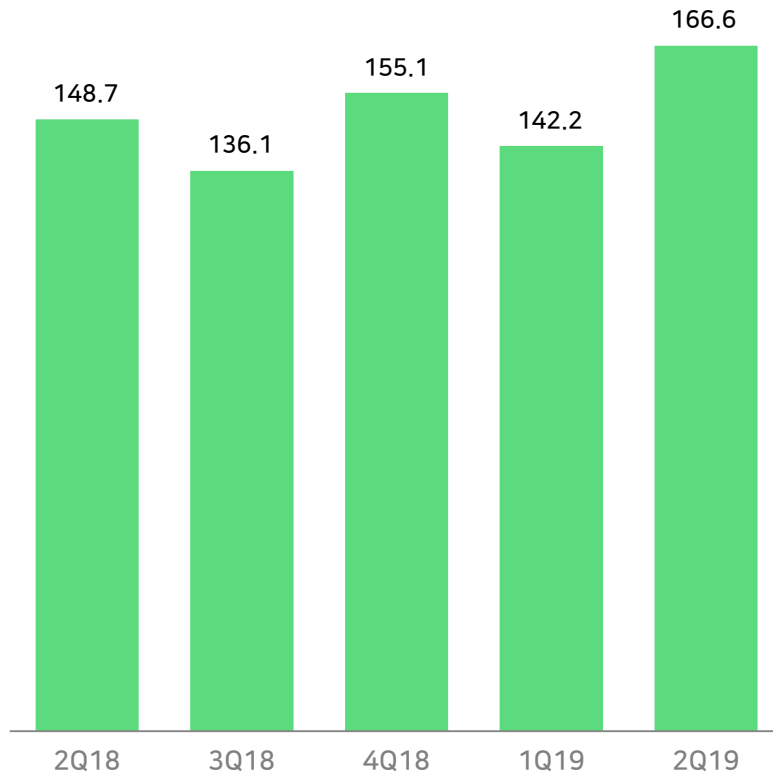


Operating Expenses

(bn KRW)



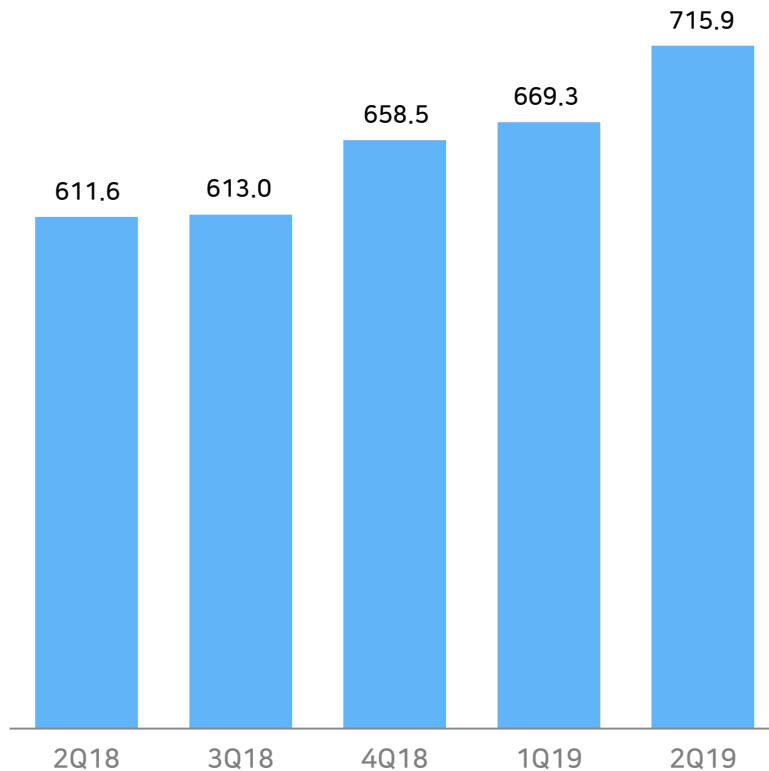
(bn KRW)



YoY 12.0% ↑ / QoQ 17.1% ↑

- Recorded solid growth on back of NAVER ads enhancements
- To introduce various new ad products on the new NAVER

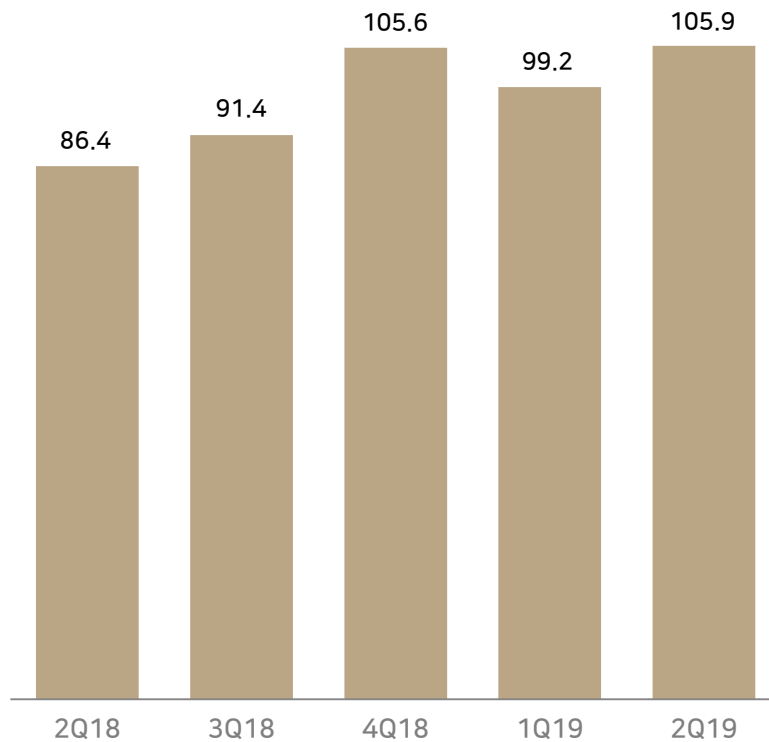
(bn KRW)



YoY 17.1% ↑ / QoQ 7.0% ↑

- Continue to record strong growth as search is enhanced through AI and shopping shows strong growth
- To strengthen competitiveness of shopping by expanding cooperation with various brands on back of data commerce

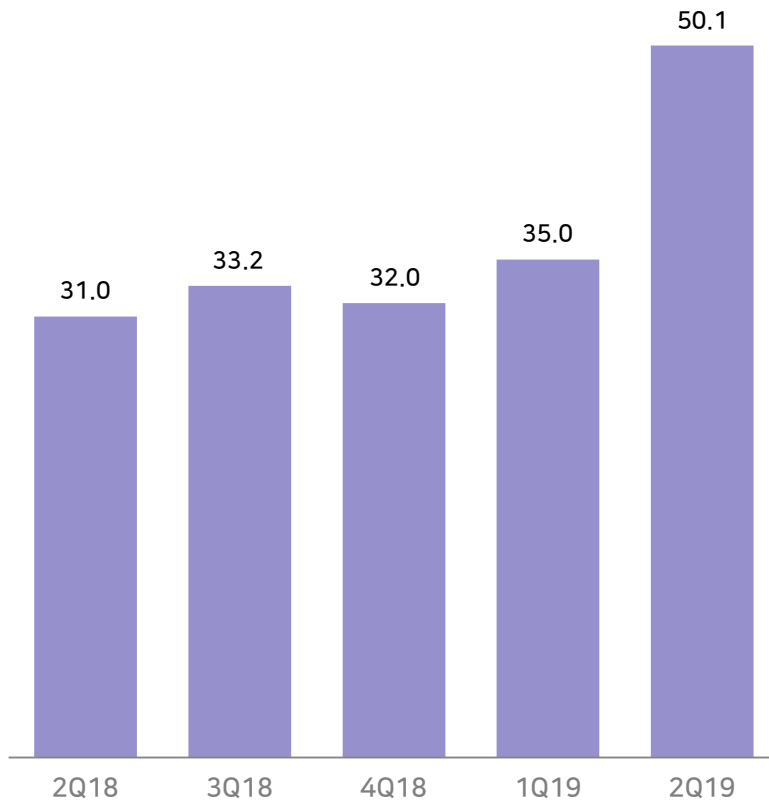
(bn KRW)



YoY 22.6% ↑ / QoQ 6.8% ↑

- To spin-off NAVER Pay business to proactively expand into financial services
- Cloud meets all evaluation criteria of Financial Security Institute's Cloud Safety Assessments
- LINE Works' # of paid IDs continue to record double growth from last year & # of clients show steady growth

(bn KRW)



YoY 61.4% ↑ / QoQ 43.0% ↑

- Focused on enhancing brand awareness and business model on back of strong global webtoon user base
- V LIVE's cumulative downloads at 78+ million
Evolving into a global fan management platform by expanding the number of 'V Fanship'(paid membership) to 44

Operating Expenses (Consolidated)

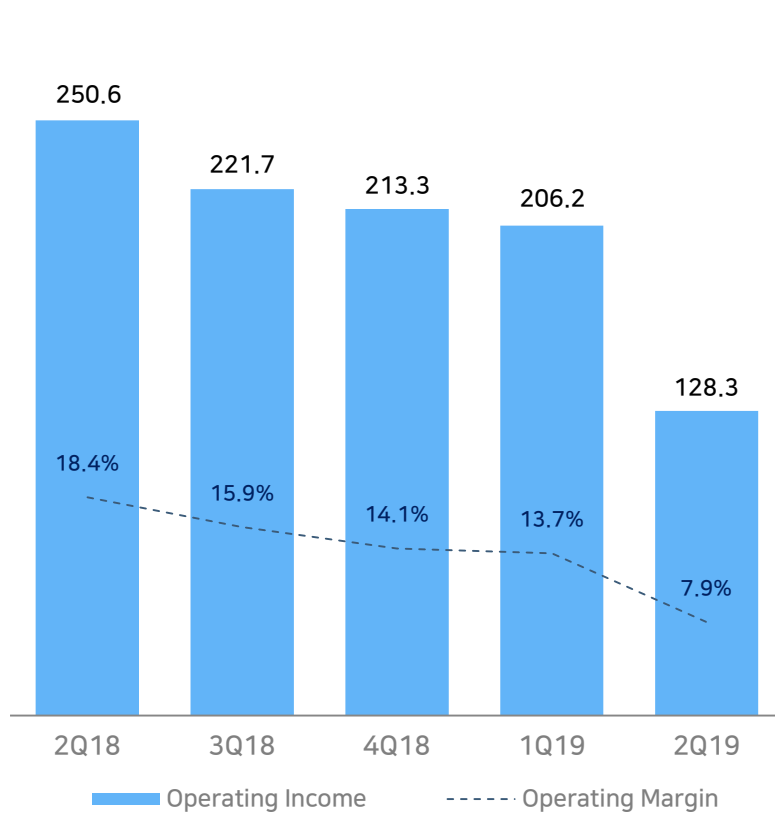
(bn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19	Growth	
						Y/Y	Q/Q
Operating Expenses	1,113.0	1,176.0	1,303.3	1,304.6	1,501.9	34.9%	15.1%
Platform Development & Operations	192.8	195.9	195.1	218.4	234.6	21.7%	7.4%
Agency & Partner Commission	262.2	254.7	278.2	277.0	298.2	13.7%	7.7%
Infrastructure	61.3	64.5	69.7	75.8	80.4	31.2%	6.1%
Marketing	84.9	82.8	99.5	65.8	102.9	21.1%	56.3%
LINE & Other Platforms	511.9	578.1	660.8	667.6	785.9	53.5%	17.7%

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

Income (Consolidated)

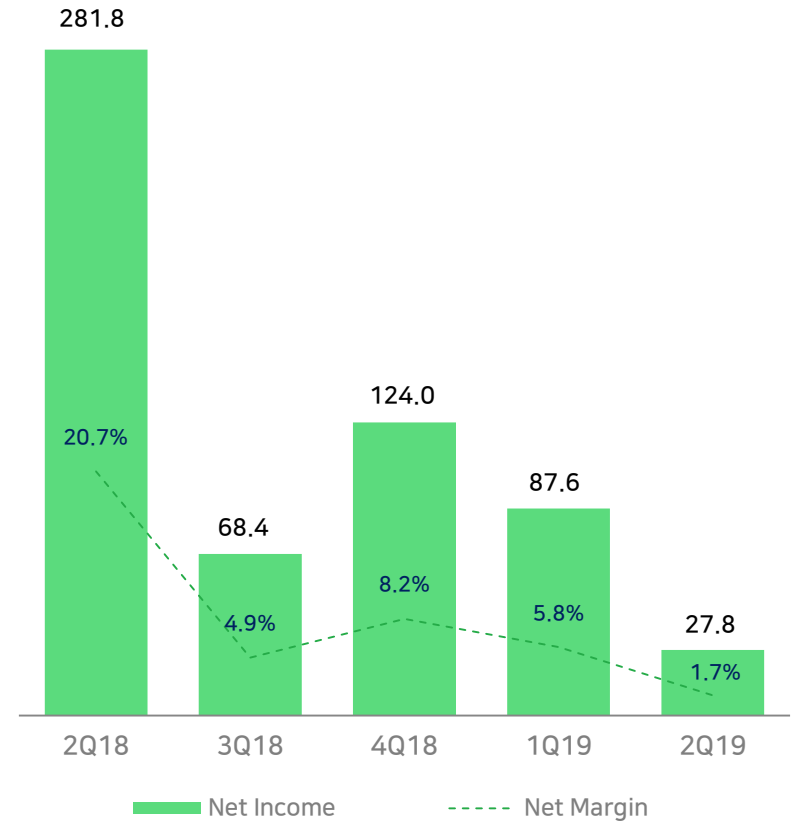
Operating Income

(bn KRW)



Net Income

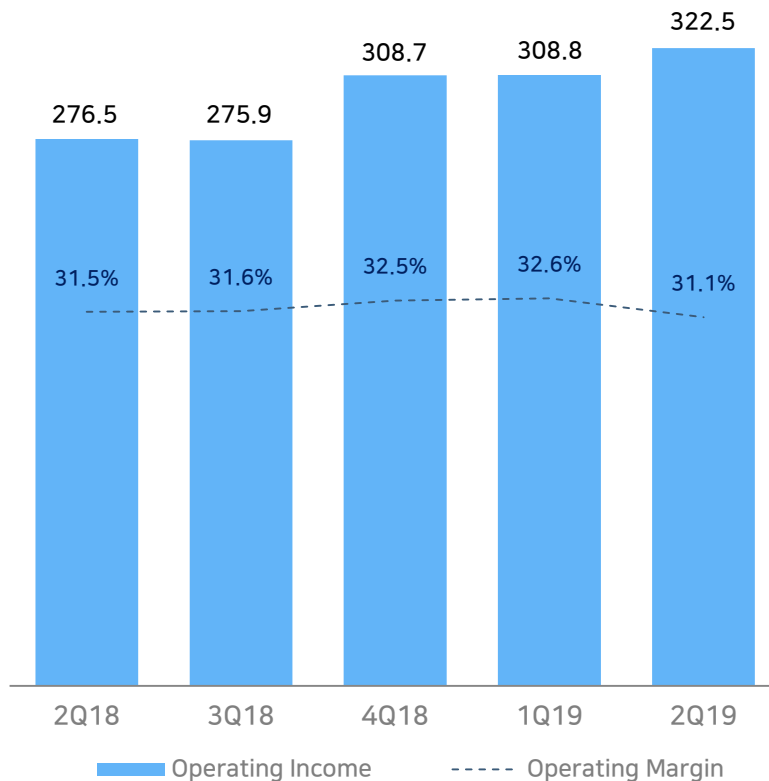
(bn KRW)



Operating Income by Segments (Consolidated)

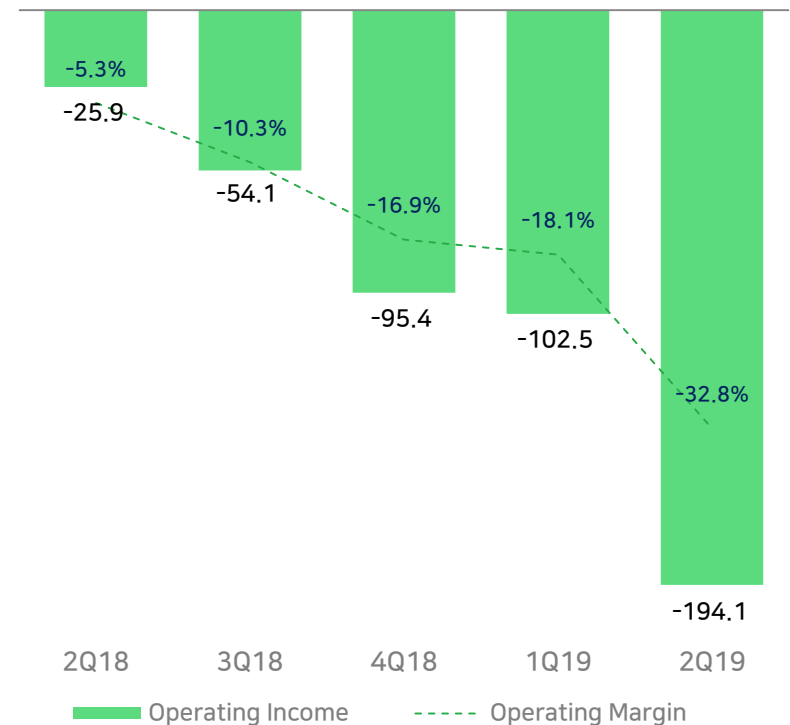
Operating Income (NAVER Segments)

(bn KRW)



Operating Income (LINE and Other Segments)

(bn KRW)

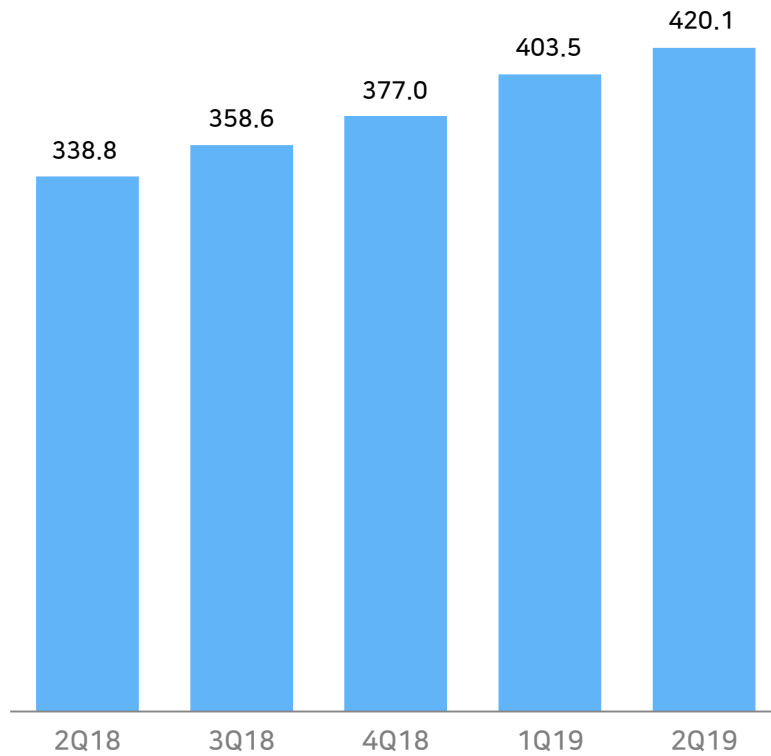


*Note: Segments are a split of consolidated earnings based on K-IFRS, separating key business of NAVER with others, thus the figures may differ from the numbers reported by LINE

Investments (Consolidated)

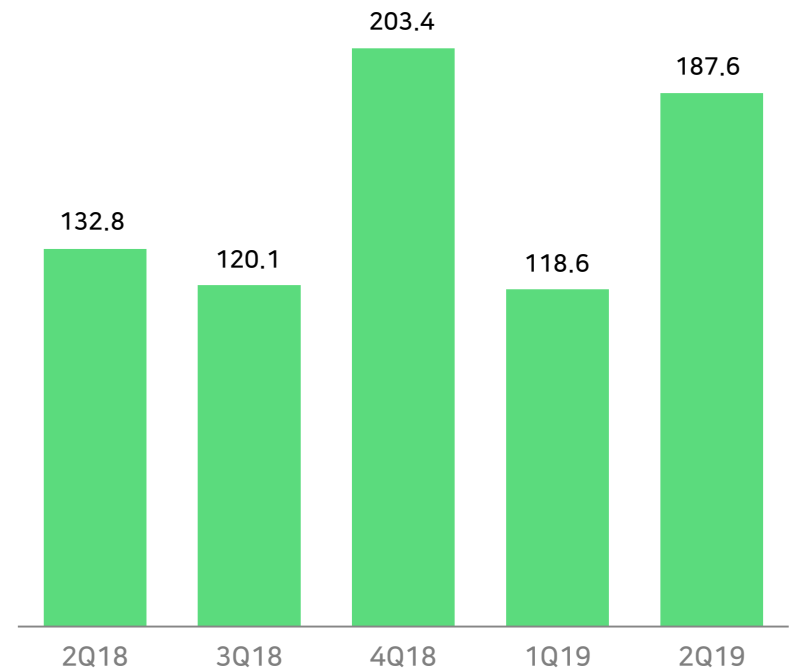
R&D

(bn KRW)



CapEx

(bn KRW)



Financial Statements Summary

Consolidated Income Statement

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Operating Revenue	1,363,616	1,397,714	1,516,515	1,510,862	1,630,275
Operating Expenses	1,113,033	1,175,995	1,303,264	1,304,617	1,501,940
Operating Income	250,583	221,718	213,250	206,245	128,335
Operating Margin	18.4%	15.9%	14.1%	13.7%	7.9%
Non-operating Revenue	196,351	37,550	228,394	96,911	65,279
Non-operating Expenses	58,551	72,457	160,832	113,364	83,190
Pre-tax Income	388,383	186,812	280,812	189,791	110,423
Tax	106,717	118,416	160,940	98,858	82,896
Net Income from Continuing Operations	281,667	68,395	119,872	90,933	27,527
Discontinued Operations Income	92	-9	4,133	-3,347	230
Net Income	281,759	68,387	124,005	87,586	27,757
Controlling Interests	264,218	98,969	120,402	129,701	79,212
Non-controlling Interests	17,540	-30,583	3,603	-42,115	-51,455

Consolidated Statement of Financial Position

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Current Assets	4,588,635	5,671,009	5,385,570	5,625,304	5,365,624
Non-current Assets	3,940,161	4,243,234	4,495,621	5,282,046	6,070,952
Total Assets	8,528,796	9,914,243	9,881,191	10,907,350	11,436,576
Current Liabilities	2,341,943	2,863,672	2,619,672	3,025,749	3,216,111
Non-current Liabilities	503,469	1,174,594	1,312,379	1,833,101	1,950,890
Total Liabilities	2,845,412	4,038,266	3,932,050	4,858,850	5,167,001
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,523,507	1,557,712	1,540,986	1,545,717	1,559,456
Other Components of Equity	-1,465,796	-1,506,885	-1,546,390	-1,589,605	-1,508,308
Retained Earnings	4,997,849	5,096,818	5,229,203	5,309,898	5,399,329
Non-controlling Interests	611,342	711,850	708,861	766,009	802,616
Total Equity	5,683,384	5,875,977	5,949,141	6,048,500	6,269,575

Income Statement

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Operating Revenue	861,041	855,396	931,968	912,618	1,000,176
Operating Expenses	550,996	540,547	587,068	571,931	651,165
Operating Income	310,045	314,848	344,901	340,687	349,011
Operating Margin	36.0%	36.8%	37.0%	37.3%	34.9%
Non-operating Revenue	78,845	17,463	88,513	69,653	29,669
Non-operating Expenses	50,211	64,841	98,664	55,862	21,504
Pre-tax Income	338,679	267,470	334,749	354,478	357,176
Tax	84,346	79,125	89,293	97,304	78,240
Net Income	254,334	188,346	245,456	257,174	278,935

Statement of Financial Position

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Current Assets	2,413,356	1,504,452	1,226,981	1,361,198	1,435,183
Non-current Assets	3,148,444	4,621,517	4,701,612	4,997,563	5,173,833
Total Assets	5,561,799	6,125,968	5,928,592	6,358,761	6,609,015
Current Liabilities	1,231,147	1,591,968	1,210,780	1,471,784	1,407,383
Non-current Liabilities	165,595	171,146	160,931	185,936	195,166
Total Liabilities	1,396,742	1,763,115	1,371,711	1,657,720	1,602,549
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	-1,426,493	-1,417,043	-1,477,547	-1,544,621	-1,518,110
Retained Earnings	5,212,663	5,401,009	5,655,541	5,866,774	6,145,689
Total Equity	4,165,058	4,362,853	4,556,882	4,701,041	5,006,466