

3Q19 Earnings Result

2019.10.31

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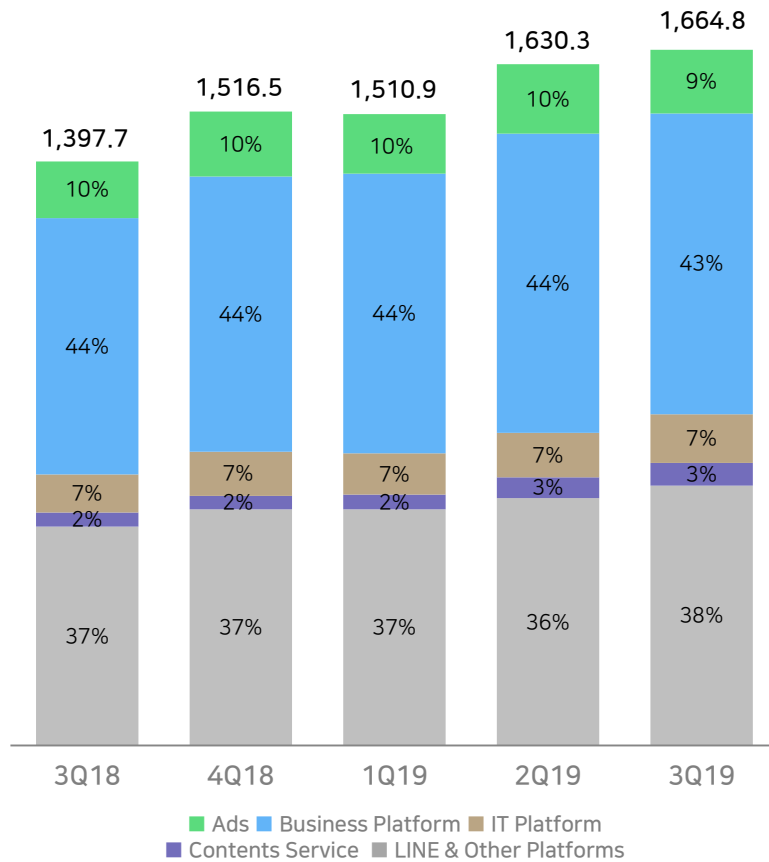
Earnings Summary (Consolidated)

(bn KRW)	3Q18	4Q18	1Q19	2Q19	3Q19	Growth	
						Y/Y	Q/Q
Operating Revenue	1,397.7	1,516.5	1,510.9	1,630.3	1,664.8	19.1%	2.1%
Ads	136.1	155.1	142.2	166.6	152.7	12.2%	-8.3%
Business Platform	613.0	658.5	669.3	715.9	719.3	17.3%	0.5%
IT Platform	91.4	105.6	99.2	105.9	116.3	27.2%	9.9%
Contents Service	33.2	32.0	35.0	50.1	54.5	64.1%	8.7%
LINE & Other Platforms	524.0	565.3	565.1	591.8	622.0	18.7%	5.1%
Operating Expenses	1,176.0	1,303.3	1,304.6	1,501.9	1,462.7	24.4%	-2.6%
Operating Income	221.7	213.3	206.2	128.3	202.1	-8.9%	57.5%
Operating Margin(%)	15.9%	14.1%	13.7%	7.9%	12.1%	-3.7%p	4.3%p
Net Income	68.4	124.0	87.6	27.8	85.3	24.7%	207.2%

Breakdown (Consolidated)

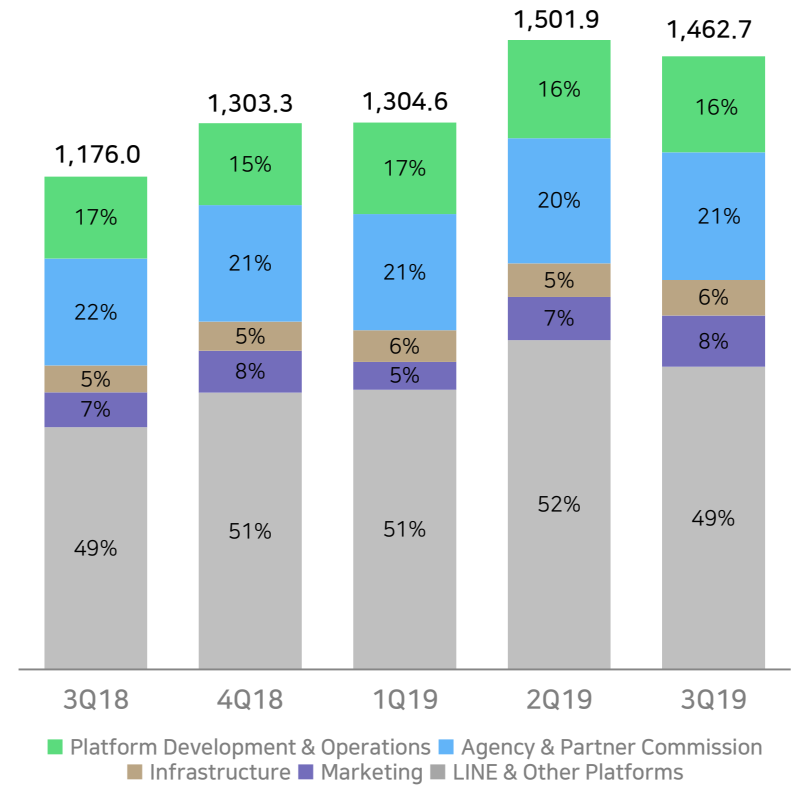
Operating Revenue

(bn KRW)

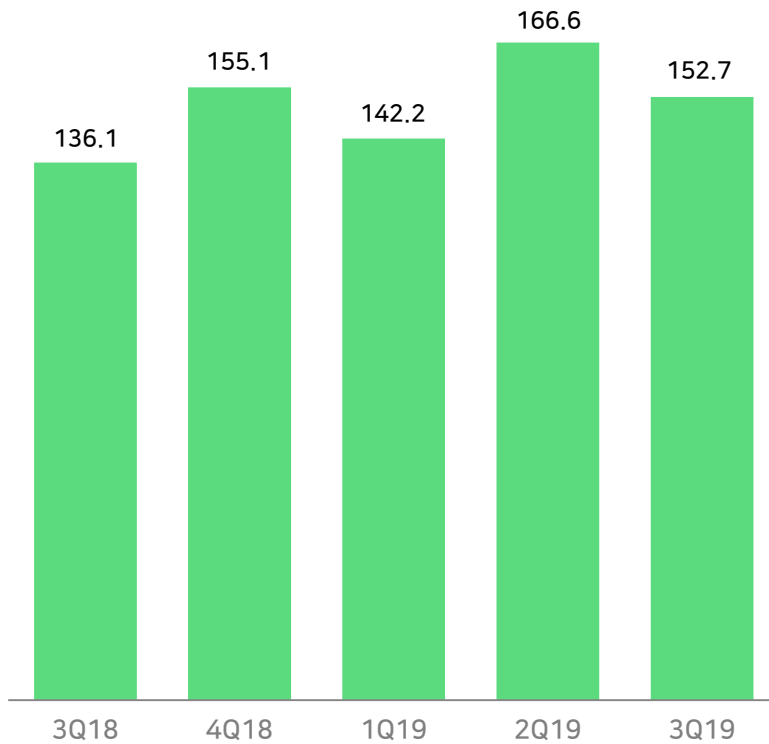


Operating Expenses

(bn KRW)



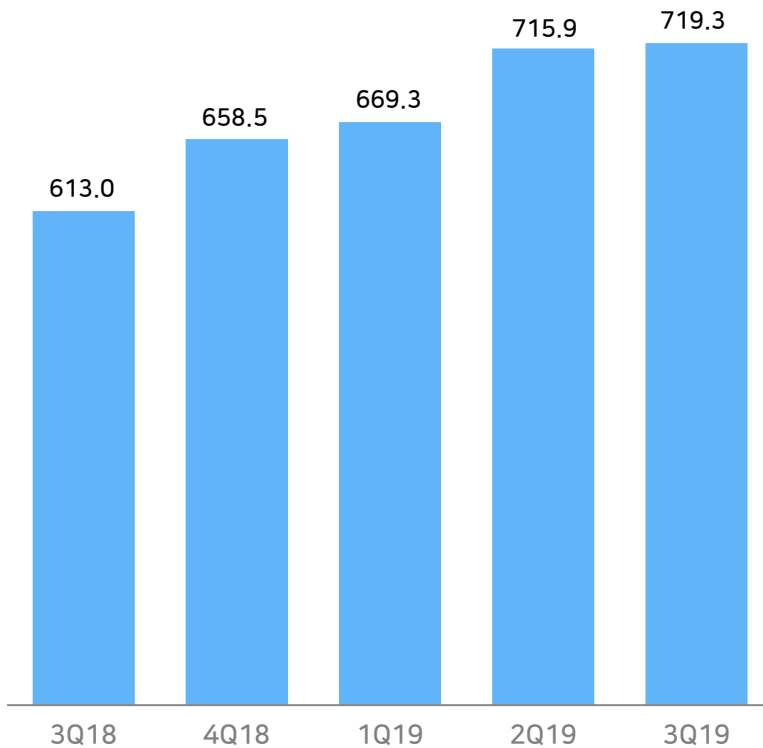
(bn KRW)



YoY 12.2% ↑ / QoQ 8.3% ↓

- Solid growth on back of ads enhancements and inventory expansion on NAVER mobile
- To strengthen mobile ad products and introduce new ad products

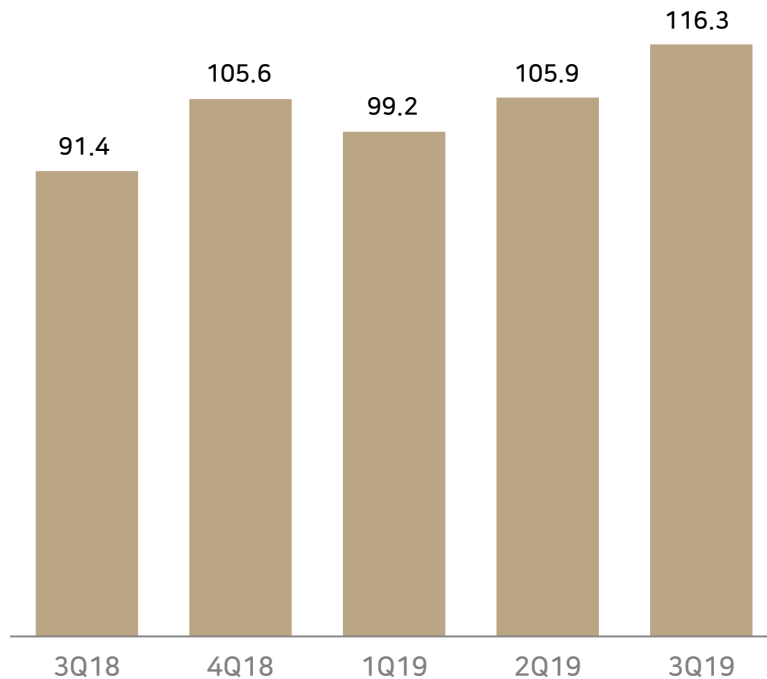
(bn KRW)



YoY 17.3% ↑ / QoQ 0.5% ↑

- Growth continues with products improvements, search enhancements with AI, and strong growth from shopping search ads
- To strengthen competitiveness of shopping by expanding cooperation with various brands and strengthening AI recommendation on back of data commerce

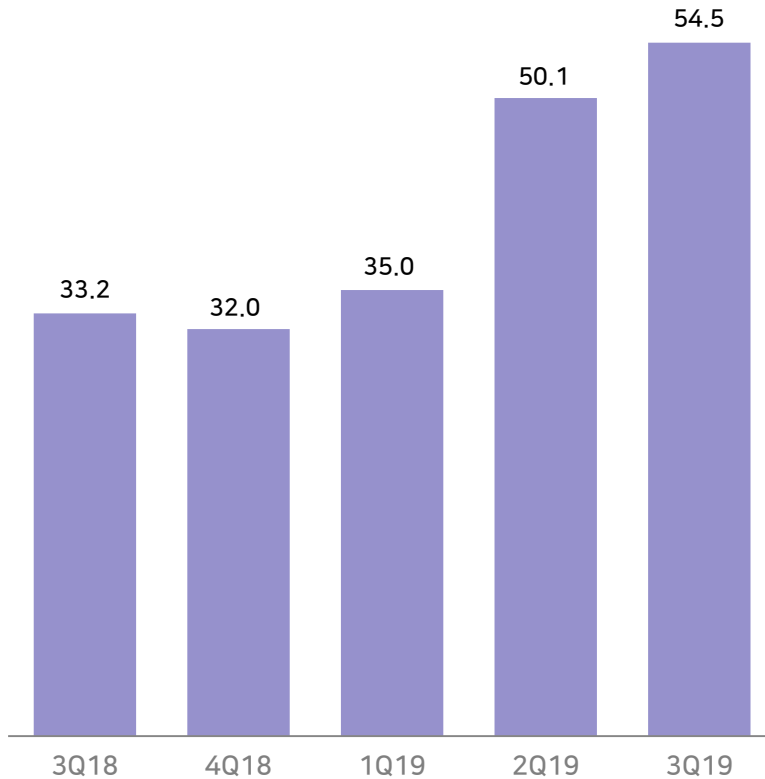
(bn KRW)



YoY 27.2% ↑ / QoQ 9.9% ↑

- To spin-off NAVER Financial as of Nov. 1, and to focus on providing differentiated financial services afterwards
- Cloud records meaningful results including opening of Financial Cloud Zone and acquiring new global customers(e.g. Deskera, World Customs Organization)
- LINE Works' # of paid IDs and customers continue to show steady grow while recording a solid No.1 position(2019 Fuji Chimera Research Results)

(bn KRW)



YoY 64.1% ↑ / QoQ 8.7% ↑

- Webtoon's global MAU marks 60 million
Executed marketing in US to raise brand awareness and focused on expanding domestically proven business models into overseas
- V LIVE's cumulative downloads at 80+ million
Evolving into a global fan membership platform by expanding the # of 'V Fanship' & Live Performance products

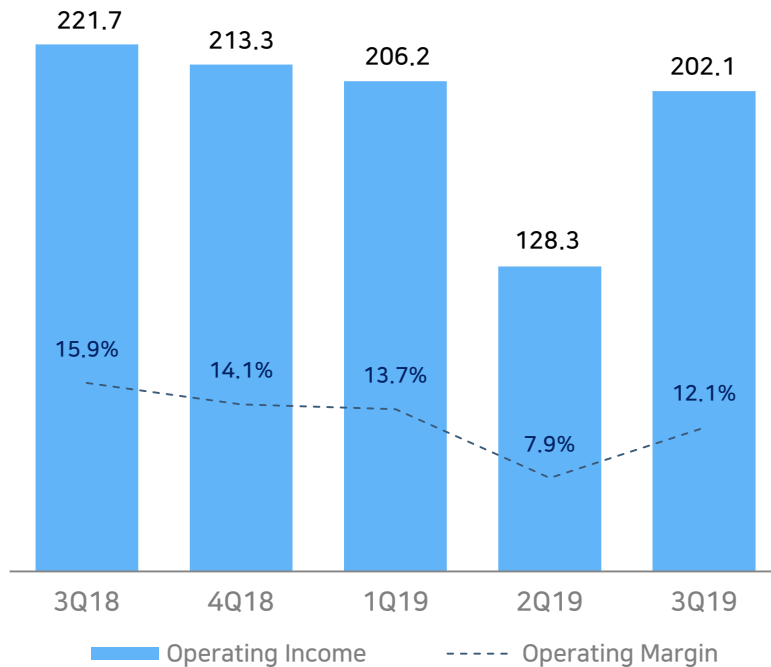
Operating Expenses (Consolidated)

(bn KRW)	3Q18	4Q18	1Q19	2Q19	3Q19	Growth	
						Y/Y	Q/Q
Operating Expenses	1,176.0	1,303.3	1,304.6	1,501.9	1,462.7	24.4%	-2.6%
Platform Development & Operations	195.9	195.1	218.4	234.6	228.7	16.8%	-2.5%
Agency & Partner Commission	254.7	278.2	277.0	298.2	304.6	19.6%	2.2%
Infrastructure	64.5	69.7	75.8	80.4	85.0	31.8%	5.7%
Marketing	82.8	99.5	65.8	102.9	122.1	47.4%	18.7%
LINE & Other Platforms	578.1	660.8	667.6	785.9	722.3	24.9%	-8.1%

Income (Consolidated)

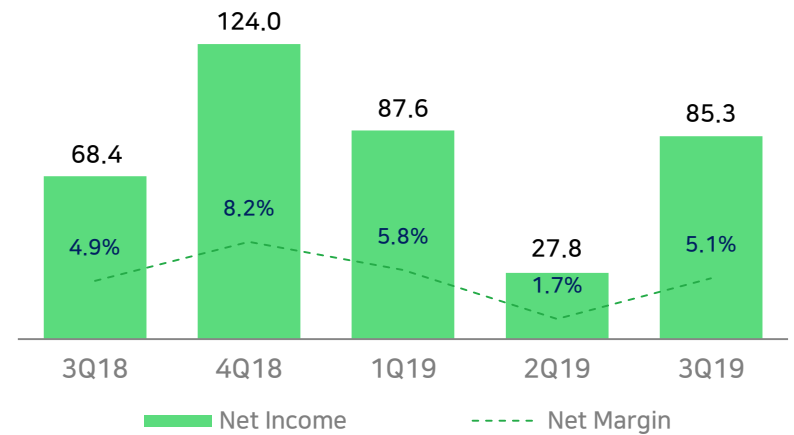
Operating Income & Margin

(bn KRW)



Net Income & Margin

(bn KRW)

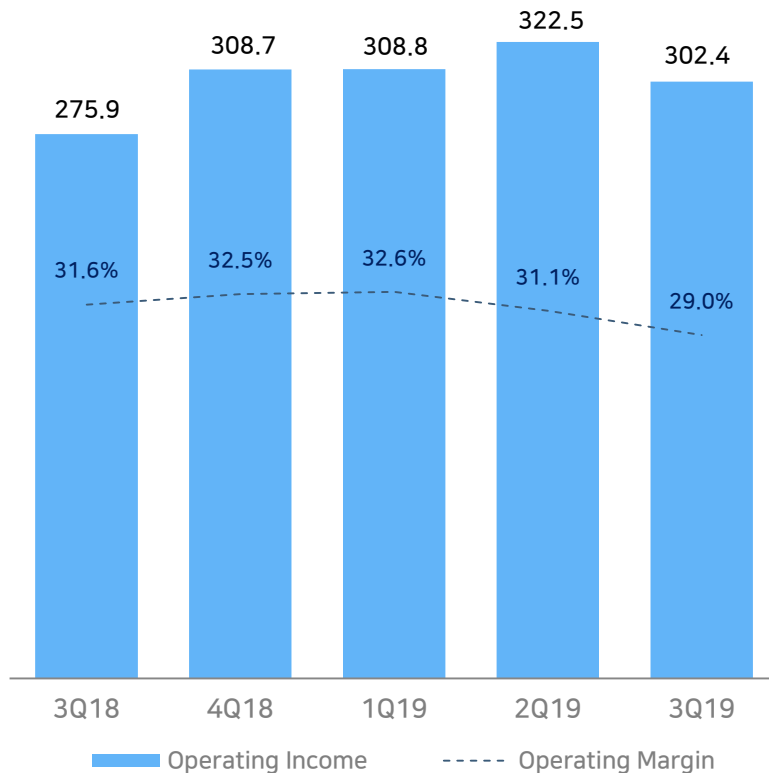


Operating Income by Segments (Consolidated)

NAVER

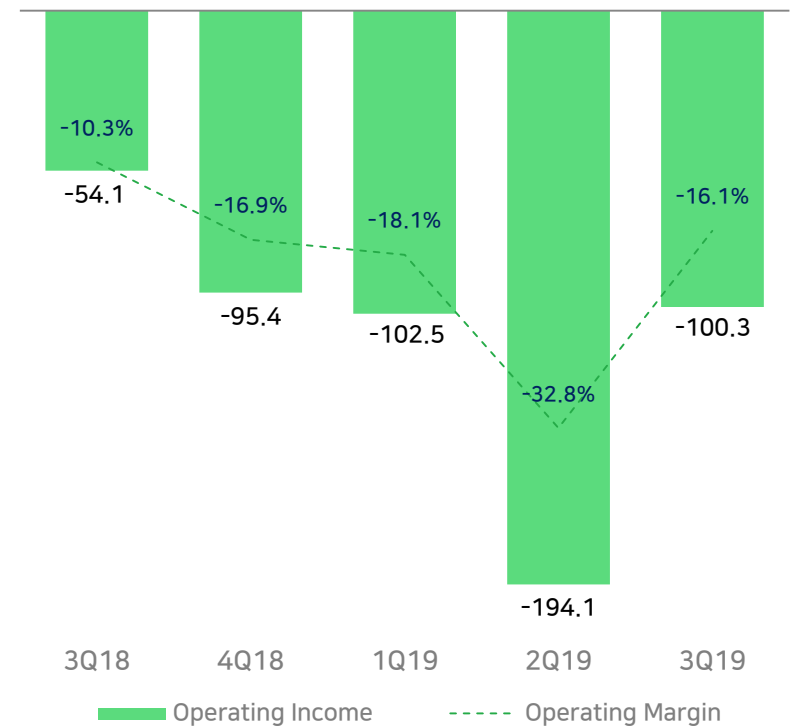
Operating Income (NAVER Segments)

(bn KRW)



Operating Income (LINE and Other Segments)

(bn KRW)

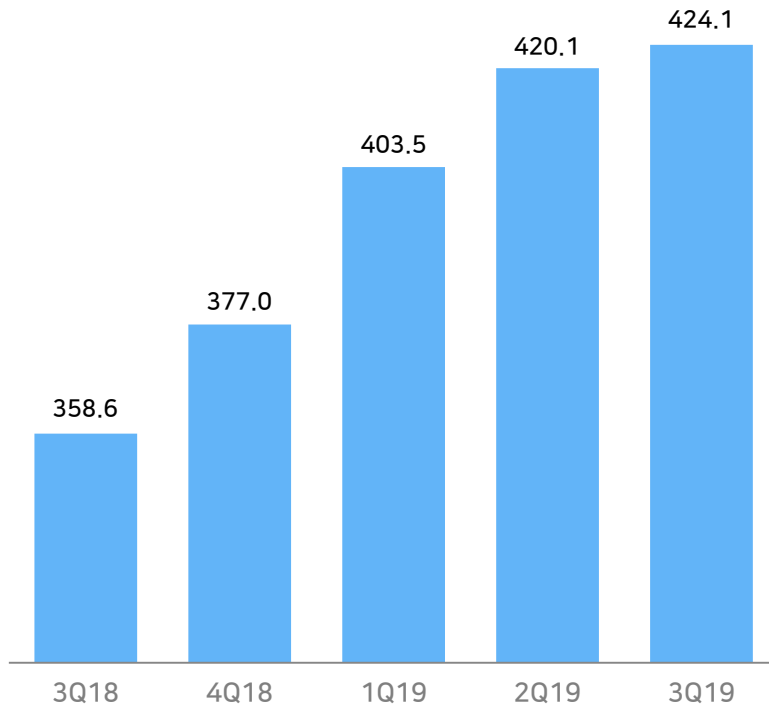


※ Segments are a split of consolidated earnings based on K-IFRS, separating key business of NAVER with others, thus the figures may differ from the numbers reported by LINE 10

Investments (Consolidated)

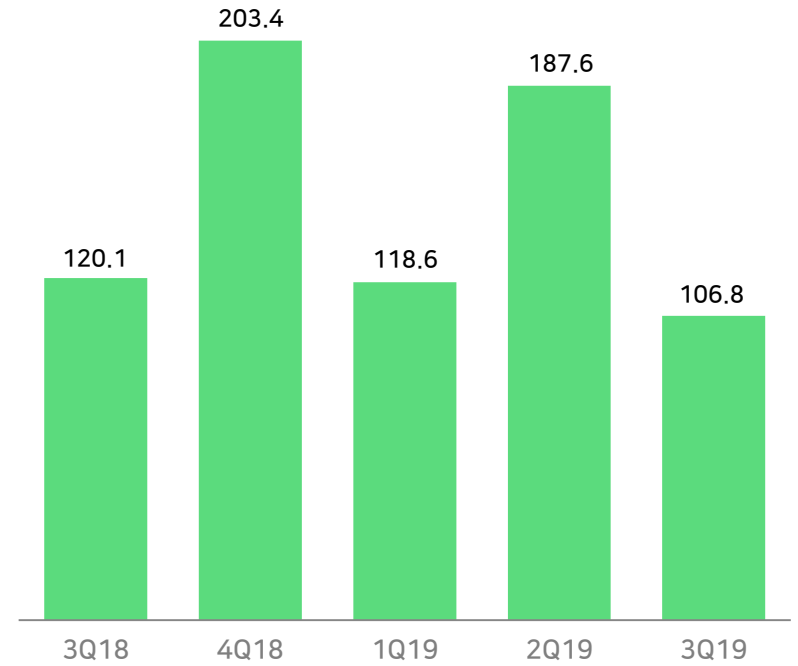
R&D

(bn KRW)



CapEx

(bn KRW)



Financial Statements Summary

Consolidated Income Statement

(mn KRW)	3Q18	4Q18	1Q19	2Q19	3Q19
Operating Revenue	1,397,714	1,516,515	1,510,862	1,630,275	1,664,815
Operating Expenses	1,175,995	1,303,264	1,304,617	1,501,940	1,462,729
Operating Income	221,718	213,250	206,245	128,335	202,086
Operating Margin	15.9%	14.1%	13.7%	7.9%	12.1%
Non-operating Revenue	37,550	228,394	96,911	65,279	82,817
Non-operating Expenses	72,457	160,832	113,364	83,190	104,655
Pre-tax Income	186,812	280,812	189,791	110,423	180,248
Tax	118,416	160,940	98,858	82,896	94,821
Net Income from Continuing Operations	68,395	119,872	90,933	27,527	85,428
Discontinued Operations Income	-9	4,133	-3,347	230	-159
Net Income	68,387	124,005	87,586	27,757	85,268
Controlling Interests	98,969	120,402	129,701	79,212	125,428
Non-controlling Interests	-30,583	3,603	-42,115	-51,455	-40,160

Consolidated Statement of Financial Position

(mn KRW)	3Q18	4Q18	1Q19	2Q19	3Q19
Current Assets	5,671,009	5,385,570	5,625,304	5,365,624	5,497,195
Non-current Assets	4,243,234	4,495,621	5,282,046	6,070,952	6,309,522
Total Assets	9,914,243	9,881,191	10,907,350	11,436,576	11,806,717
Current Liabilities	2,863,672	2,619,672	3,025,749	3,216,112	3,343,625
Non-current Liabilities	1,174,594	1,312,379	1,833,101	1,950,889	2,025,575
Total Liabilities	4,038,266	3,932,050	4,858,850	5,167,001	5,369,200
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,557,712	1,540,986	1,545,717	1,584,580	1,612,329
Other Components of Equity	-1,506,885	-1,546,390	-1,589,605	-1,508,308	-1,471,649
Retained Earnings	5,096,818	5,229,203	5,309,898	5,399,329	5,524,748
Non-controlling Interests	711,850	708,861	766,009	777,493	755,607
Total Equity	5,875,977	5,949,141	6,048,500	6,269,575	6,437,517

Income Statement

(mn KRW)	3Q18	4Q18	1Q19	2Q19	3Q19
Operating Revenue	855,396	931,968	912,618	1,000,176	996,224
Operating Expenses	540,547	587,068	571,931	651,165	653,551
Operating Income	314,848	344,901	340,687	349,011	342,674
Operating Margin	36.8%	37.0%	37.3%	34.9%	34.4%
Non-operating Revenue	17,463	88,513	69,653	29,669	107,353
Non-operating Expenses	64,841	98,664	55,862	21,504	29,138
Pre-tax Income	267,470	334,749	354,478	357,176	420,889
Tax	79,125	89,293	97,304	78,240	110,105
Net Income	188,346	245,456	257,174	278,935	310,784

Statement of Financial Position

(mn KRW)	3Q18	4Q18	1Q19	2Q19	3Q19
Current Assets	1,504,452	1,226,981	1,361,198	1,435,183	1,468,747
Non-current Assets	4,621,517	4,701,612	4,997,563	5,173,833	5,446,104
Total Assets	6,125,968	5,928,592	6,358,761	6,609,015	6,914,851
Current Liabilities	1,591,968	1,210,780	1,471,784	1,407,383	1,419,144
Non-current Liabilities	171,146	160,931	185,936	195,166	201,624
Total Liabilities	1,763,115	1,371,711	1,657,720	1,602,549	1,620,768
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	-1,417,043	-1,477,547	-1,544,621	-1,518,110	-1,551,638
Retained Earnings	5,401,009	5,655,541	5,866,774	6,145,689	6,466,833
Total Equity	4,362,853	4,556,882	4,701,041	5,006,466	5,294,083