

4Q18 & FY18 Earnings Result

2019.01.31

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Earnings Summary (Consolidated)

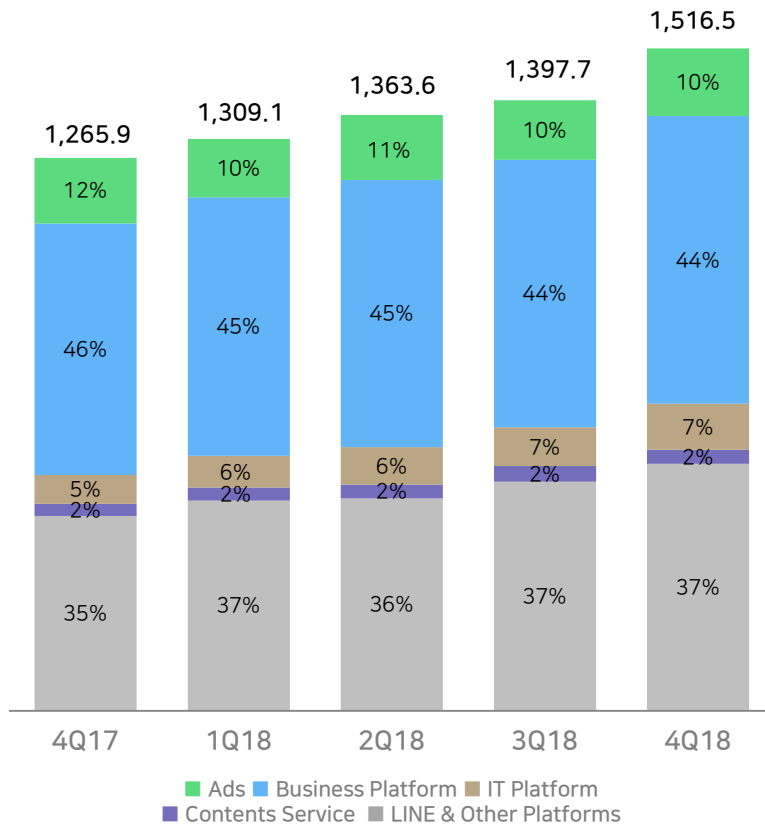
(bn KRW)	4Q17	3Q18	4Q18	Growth		FY18	Growth
				Y/Y	Q/Q		Y/Y
Operating Revenue	1,265.9	1,397.7	1,516.5	19.8%	8.5%	5,586.9	19.4%
Ads	150.5	136.1	155.1	3.1%	14.0%	573.0	8.3%
Business Platform	575.6	613.0	658.5	14.4%	7.4%	2,475.8	14.7%
IT Platform	66.4	91.4	105.6	59.0%	15.5%	355.8	63.4%
Contents Service	27.6	33.2	32.0	15.8%	-3.7%	125.8	20.4%
LINE & Other Platforms	445.8	524.0	565.3	26.8%	7.9%	2,056.5	23.2%
Operating Expenses	974.8	1,176.0	1,303.3	33.7%	10.8%	4,644.4	32.7%
Operating Income	291.1	221.7	213.3	-26.7%	-3.8%	942.5	-20.1%
Operating Margin(%)	23.0%	15.9%	14.1%	-8.9%p	-1.8%p	16.9%	-8.3%p
Net Income	172.0	68.4	132.5	-22.9%	93.8%	636.4	-17.4%

- As portion of Contents Service revenue is reclassified as IT Platform, same reclassification has been applied retroactively.
- 4Q18 Net income increased QoQ due to the rise in non-operating revenue which include one-off disposition gains from consolidated subsidiaries(125.5bn KRW) regarding LINE Games and gain from investment in associates(51.3bn KRW), and etc.

Breakdown (Consolidated)

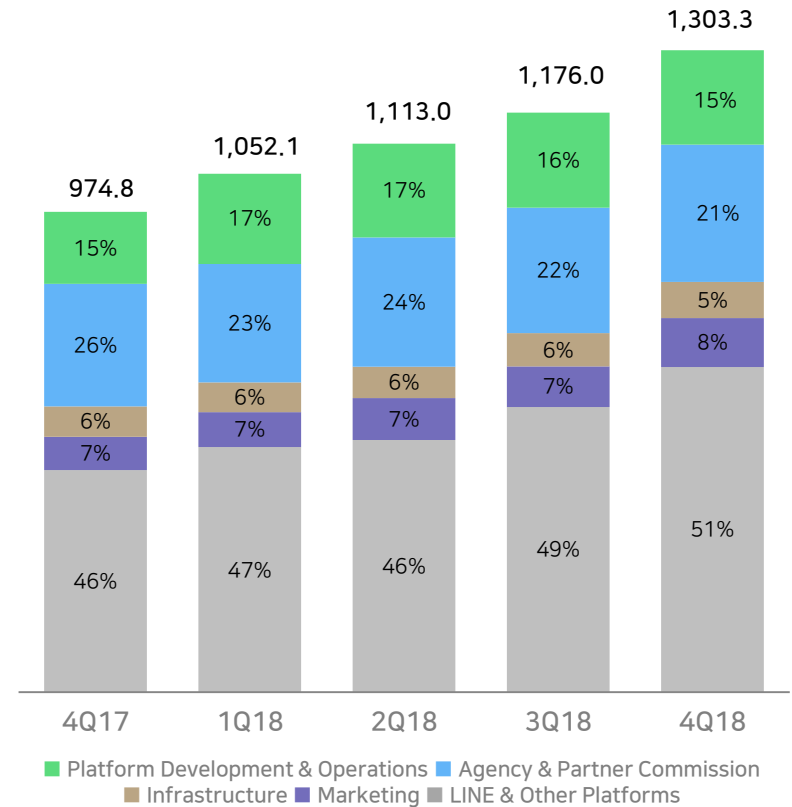
Operating Revenue

(bn KRW)

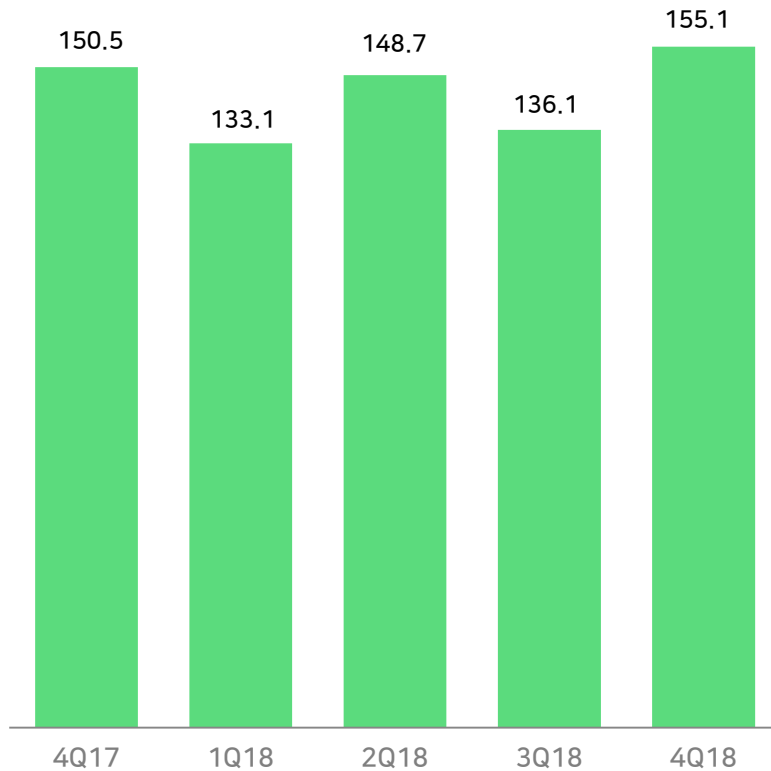


Operating Expenses

(bn KRW)



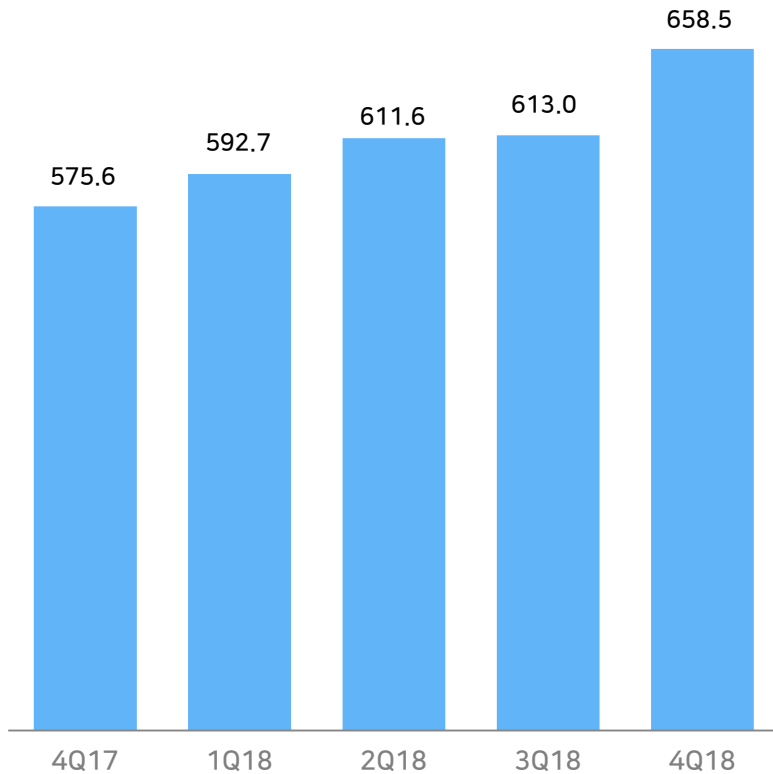
(bn KRW)



YoY 3.1% ↑ / QoQ 14.0% ↑

- Even with strong recovery from NAVER portal ads, decline in BAND ads led to limited growth of total ads
- To focus on enhancing ads effectiveness following NAVER mobile renewal

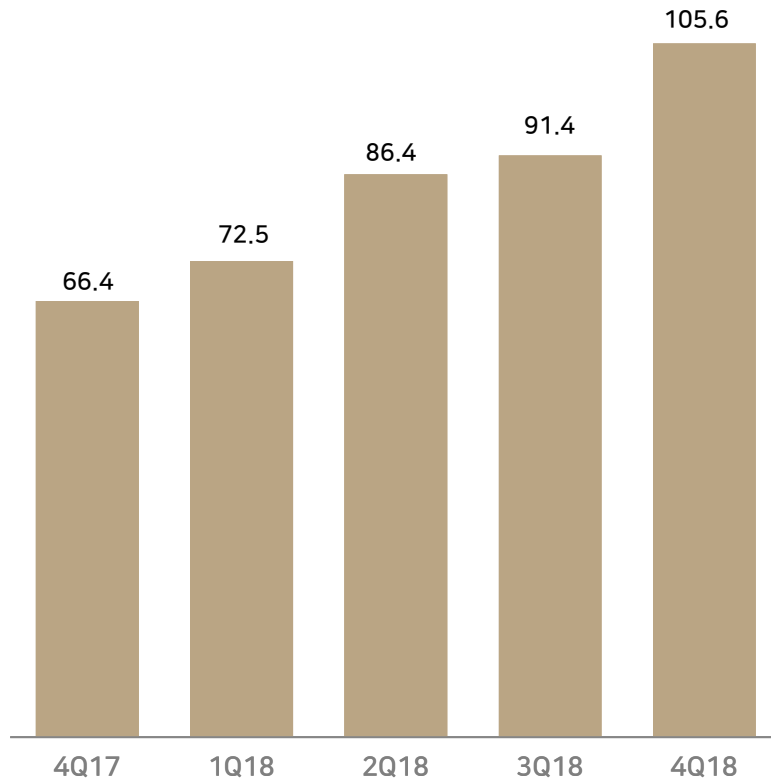
(bn KRW)



YoY 14.4% ↑ / QoQ 7.4% ↑

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

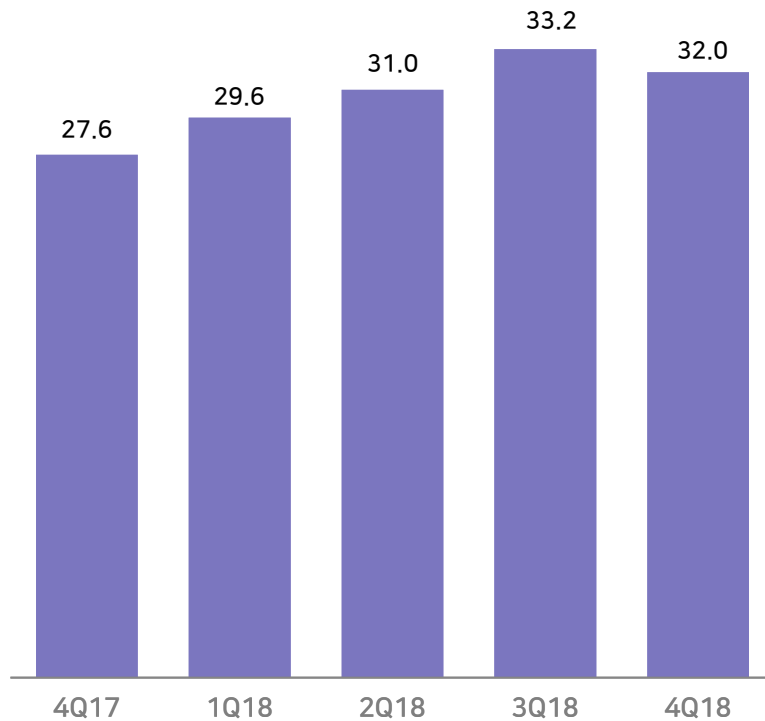
(bn KRW)



YoY 59.0% ↑ / QoQ 15.5% ↑

- NAVER Pay continues to grow with increases In shopping GMV & Pay merchants
- Cloud secured SKT, PUBG as new clients in 4Q18 and doubled revenue YoY
- LINE Works' # of paid IDs & clients doubled YoY

(bn KRW)



YoY 15.8% ↑ / QoQ 3.7% ↓

- NAVER Webtoon's MAU marked #1 in Korea, US, Japan, and South East Asia
- V LIVE's cumulative downloads at 64 million
Aim to become a global entertainment platform

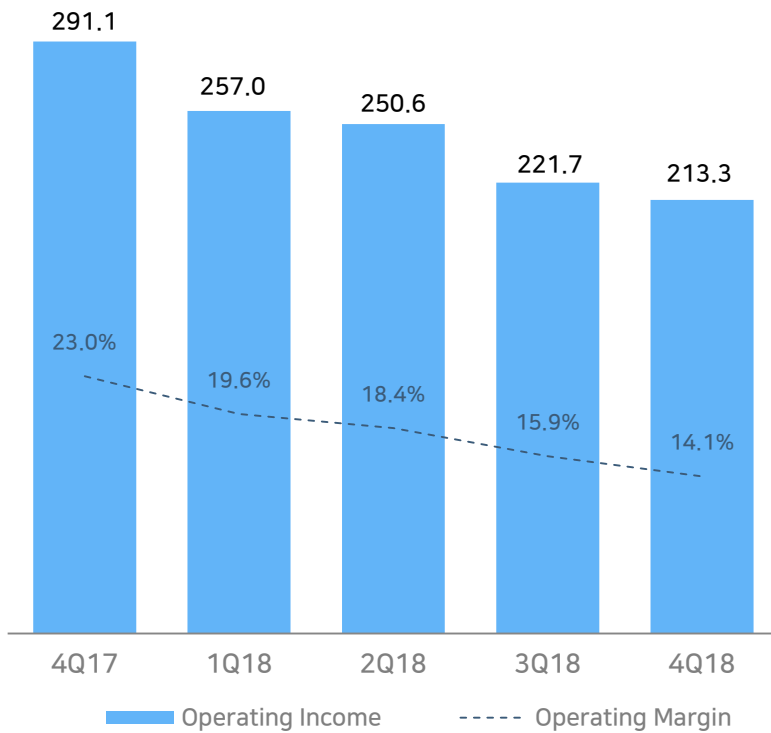
Operating Expenses (Consolidated)

(bn KRW)	4Q17	3Q18	4Q18	Growth		FY18	Growth
				Y/Y	Q/Q		Y/Y
Operating Expenses	974.8	1,176.0	1,303.3	33.7%	10.8%	4,644.4	32.7%
Platform Development & Operations	146.6	193.1	192.0	30.9%	-0.6%	758.5	25.2%
Agency & Partner Commission	248.5	254.7	278.2	11.9%	9.2%	1,035.4	20.8%
Infrastructure	61.7	67.3	72.9	18.2%	8.3%	264.3	17.5%
Marketing	67.0	82.8	99.5	48.4%	20.1%	338.3	39.5%
LINE & Other Platforms	450.9	578.1	660.8	46.5%	14.3%	2,247.9	43.3%

Income (Consolidated)

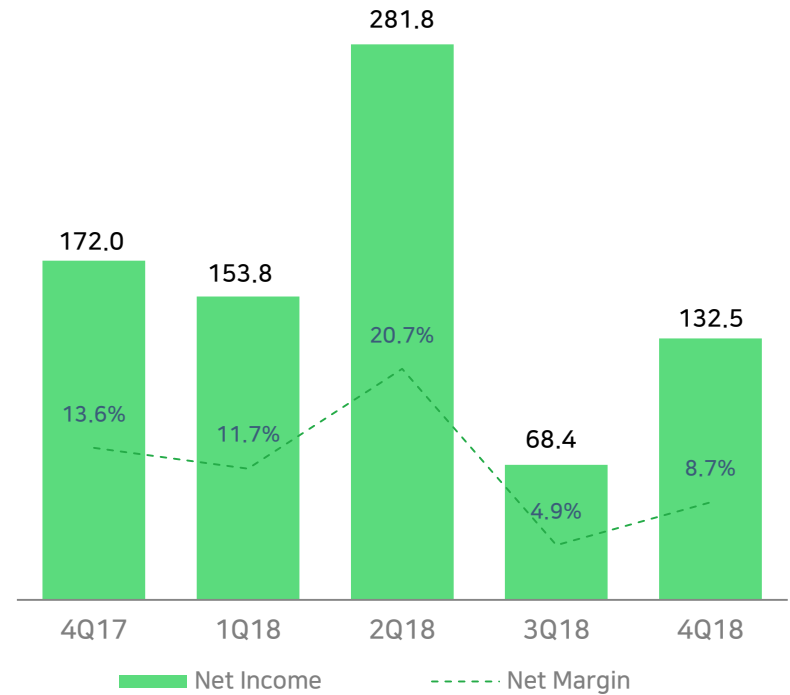
Operating Income

(bn KRW)



Net Income

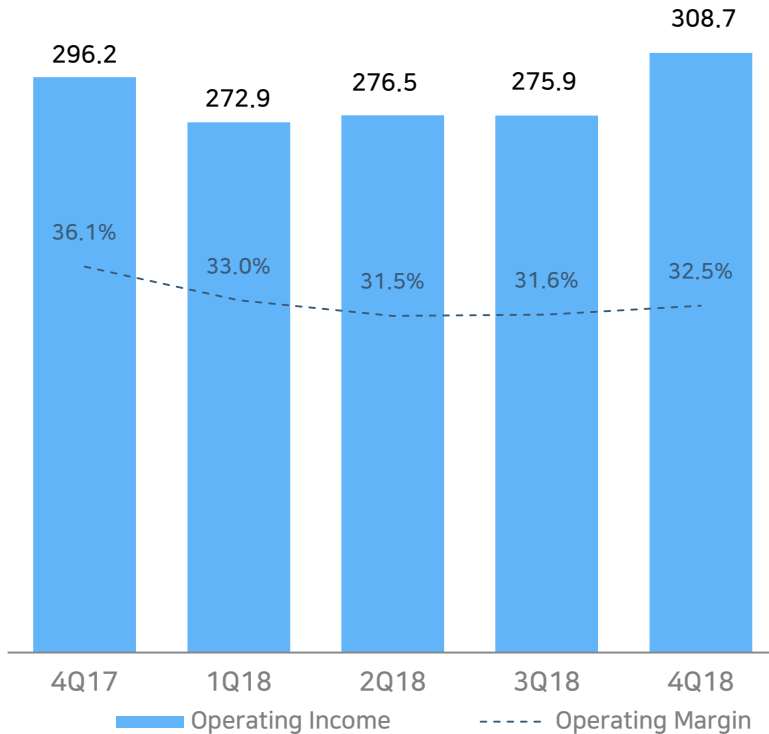
(bn KRW)



Operating Income by Segments (Consolidated)

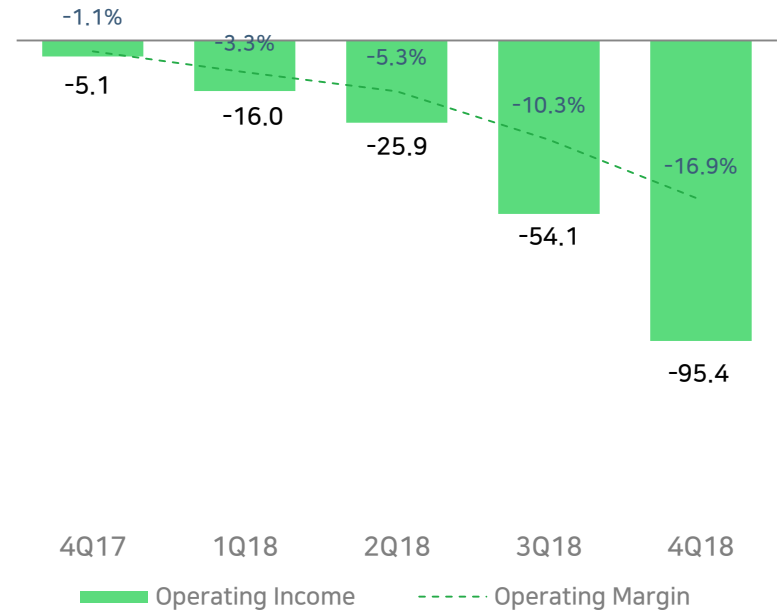
Operating Income (NAVER Segments)

(bn KRW)



Operating Income (LINE and Other Segments)

(bn KRW)

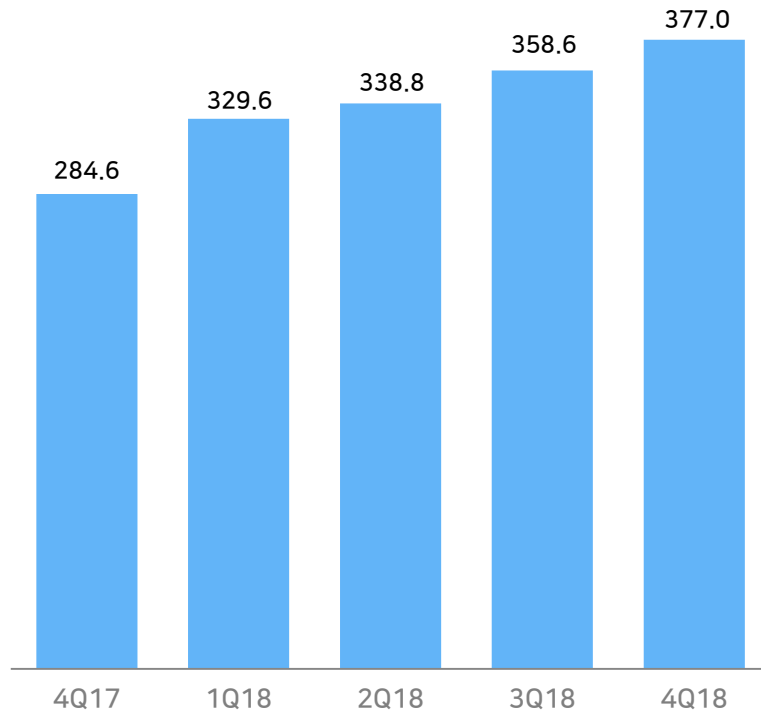


*Note: Segments are a split of consolidated earnings based on K-IFRS, separating key business of NAVER with others, thus the figures may differ from the numbers reported by LINE

Investments (Consolidated)

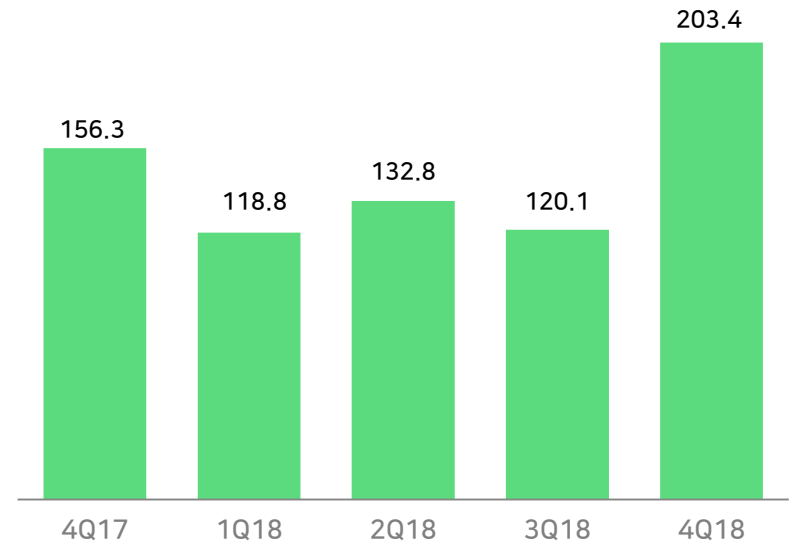
R&D

(bn KRW)



CapEx

(bn KRW)



Financial Statements Summary

Consolidated Income Statement

(mn KRW)	4Q17	1Q18	2Q18	3Q18	4Q18
Operating Revenue	1,265,914	1,309,060	1,363,616	1,397,714	1,516,515
Operating Expenses	974,821	1,052,079	1,113,033	1,175,996	1,303,265
Operating Income	291,093	256,981	250,583	221,718	213,250
Operating Margin	23.0%	19.6%	18.4%	15.9%	14.1%
Non-operating Revenue	43,854	54,657	196,351	37,550	232,994
Non-operating Expenses	72,054	55,972	58,551	72,456	152,279
Pre-tax Income	262,893	255,666	388,383	186,812	293,965
Tax	90,889	102,683	106,717	118,416	165,562
Net Income from Continuing Operations	172,004	152,983	281,666	68,395	128,403
Discontinued Operations Income	3	769	92	-9	4,133
Net Income	172,007	153,752	281,758	68,387	132,536
Controlling Interests	180,193	165,223	264,218	98,969	130,258
Non-controlling Interests	-8,186	-11,471	17,540	-30,582	2,278

Consolidated Statement of Financial Position

(mn KRW)	4Q17	1Q18	2Q18	3Q18	4Q18
Current Assets	4,784,228	4,699,863	4,588,635	5,671,009	5,371,261
Non-current Assets	3,235,024	3,667,526	3,940,161	4,243,234	4,514,294
Total Assets	8,019,252	8,367,389	8,528,796	9,914,243	9,885,555
Current Liabilities	2,302,730	2,511,730	2,341,943	2,863,672	2,619,672
Non-current Liabilities	411,335	477,803	503,469	1,174,594	1,311,330
Total Liabilities	2,714,065	2,989,533	2,845,412	4,038,266	3,931,002
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,507,879	1,513,368	1,523,507	1,557,712	1,536,877
Other Components of Equity	-1,317,532	-1,455,499	-1,465,796	-1,506,885	-1,544,973
Retained Earnings	4,555,518	4,733,637	4,997,849	5,096,818	5,244,796
Non-controlling Interests	542,840	569,869	611,343	711,851	701,372
Total Equity	5,305,186	5,377,856	5,683,384	5,875,977	5,954,553

Income Statement

(mn KRW)	4Q17	1Q18	2Q18	3Q18	4Q18
Operating Revenue	795,845	810,609	861,041	855,395	931,968
Operating Expenses	477,942	516,854	550,996	540,547	587,067
Operating Income	317,903	293,755	310,045	314,848	344,901
Operating Margin	39.9%	36.2%	36.0%	36.8%	37.0%
Non-operating Revenue	40,330	22,465	78,845	17,463	105,354
Non-operating Expenses	62,467	33,649	50,211	64,841	89,792
Pre-tax Income	295,766	282,571	338,679	267,470	360,463
Tax	91,693	70,284	84,345	79,124	96,332
Net Income	204,073	212,287	254,334	188,346	264,131

Statement of Financial Position

(mn KRW)	4Q17	1Q18	2Q18	3Q18	4Q18
Current Assets	2,629,856	2,439,077	2,413,356	1,504,452	1,226,981
Non-current Assets	2,712,499	3,045,029	3,148,443	4,621,516	4,723,976
Total Assets	5,342,355	5,484,106	5,561,799	6,125,968	5,950,957
Current Liabilities	1,266,828	1,408,137	1,231,147	1,591,968	1,210,780
Non-current Liabilities	141,666	148,280	165,595	171,147	160,931
Total Liabilities	1,408,494	1,556,417	1,396,742	1,763,115	1,371,711
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	-1,178,359	-1,409,528	-1,426,493	-1,417,043	-1,479,593
Retained Earnings	4,733,333	4,958,330	5,212,664	5,401,009	5,679,953
Total Equity	3,933,861	3,927,689	4,165,058	4,362,853	4,579,247