

IR Presentation

September 2018

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.

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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.

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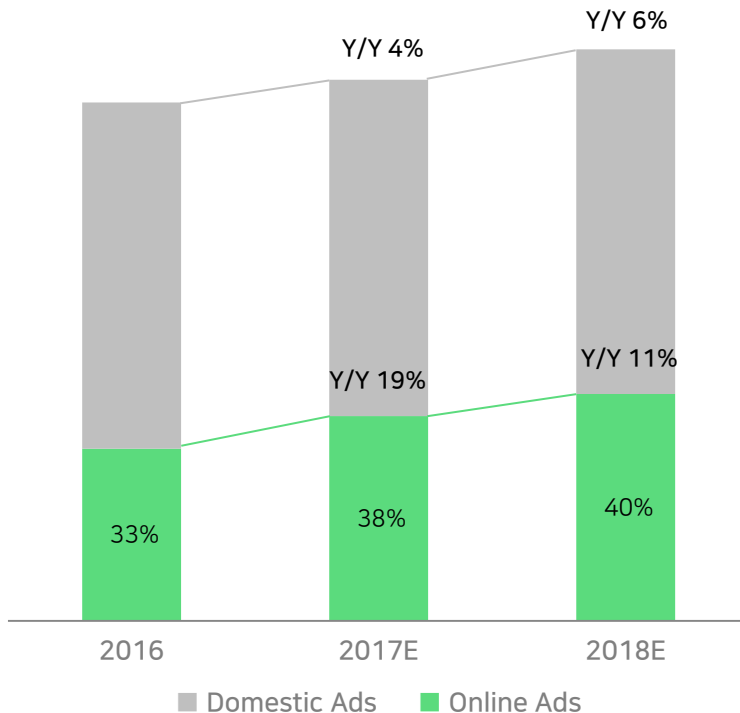
1. Earnings Summary Consolidated

(bn KRW)	2Q17	1Q18	2Q18	Growth	
				Y/Y	Q/Q
Operating Revenue	1,129.6	1,309.1	1,363.6	20.7%	4.2%
Ads	133.8	133.1	148.7	11.1%	11.7%
Business Platform	521.8	592.7	611.6	17.2%	3.2%
IT Platform	49.4	72.5	85.7	73.4%	18.3%
Content Service	25.0	29.6	31.7	27.0%	7.3%
LINE & Other Platforms	399.6	481.2	485.9	21.6%	1.0%
Operating Expenses	844.4	1,052.1	1,113.0	31.8%	5.8%
Operating Income	285.2	257.0	250.6	-12.1%	-2.5%
Operating Margin(%)	25.2%	19.6%	18.4%	-6.9%p	-1.3%p
Net Income	171.4	153.8	281.8	64.4%	83.3%

- 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 Mirae Daewoo, YG, etc. booked under the non-operating revenue.

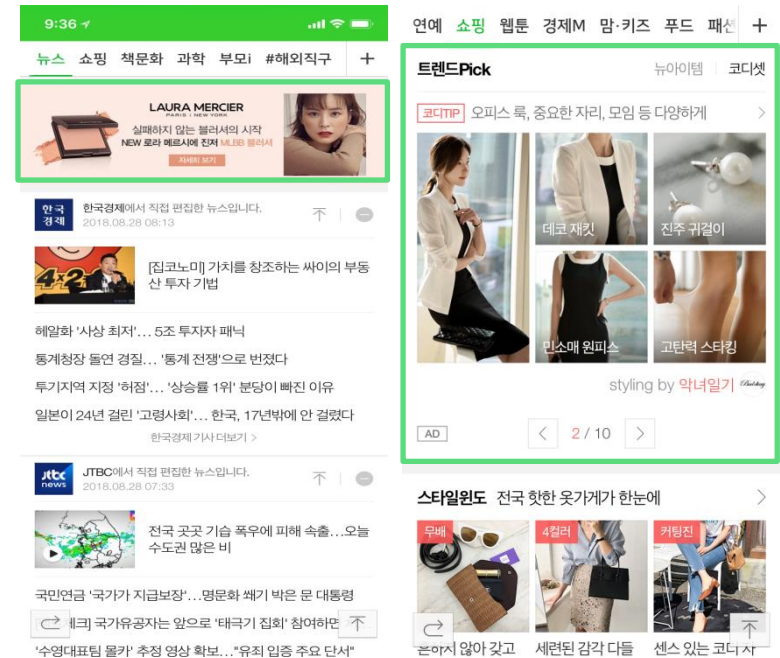
Domestic Ads Market Outlook

- Online ads market to grow 11% Y/Y in 2018
driven by diversified online media and increases in
mobile time spent



NAVER Ads

- Mobile main page renewal to take place in 2H18
- To focus on ad product enhancements



Ad Efficiency Improvement

- Optimizing ads through ad format customization
- Improving advertisers' ROAS by providing ad performance analytics

Expanded Text Ads

강남호텔

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위치 정보 없음

내위치

토요코인 비즈니스호텔

숙박특화형 비즈니스호텔

모바일 <https://www.toyoko-inn.c...>

서울강남 신구오픈이벤트 ~18.8.5까지

싱글44,000원 공식홈페이지 예약한정

인천광역시 부평구 광장로 지도

광고집행기간 4~12개월

서초E호텔

모바일 <http://www.e-hotel.kr>

호텔식 조식뷔페무료, 홈페이지 예약시 본관 할인 프로모션, 현금쿠폰제공

서울특별시 서초구 반포대로18길 지도

광고집행기간 25~36개월

도심속의 자연 더케이호텔서울

모바일 <http://www.thek-hotel.co...>

서초구 양재동 위치, 특급 호텔, 레스토랑, 뷔페, 컨벤션, 웨딩, 레저

호텔객실 컨벤션센터 웨딩파티 부대시설

서울특별시 서초구 바우외로12길 지도

광고집행기간 37~60개월

Outfits & Matching Items

여자봄코디

코디 상품 결과입니다. 전체 상품 결과보기 →

이미지분석 기술로 추출한 상품입니다. ①

#플라워블라우스

원 206

#20대여성의류 #30대여성

원 9

Shopping Search Ad

- Plan to launch new ad product(Catalog Ad) in October
- # of advertisers continues to grow

Shopping Search Catalog Ad

상품검색

요약정보 판매처

Product Catalog Page

신제품 LG전자 LG퓨리케어 AS281DAS

최저가 1,076,970원

종류

공기청정기

판매처

185

등록일

2017.03.

리뷰

★4.7 / 5 171

속성

2등급

최저가 사라가기

♡

🔍

이벤트 영상

광고

웨딩기획 공기청정기

할인이벤트

18.05.07.~18.07.07.

상세보기 >

Shopping Search Advertisers

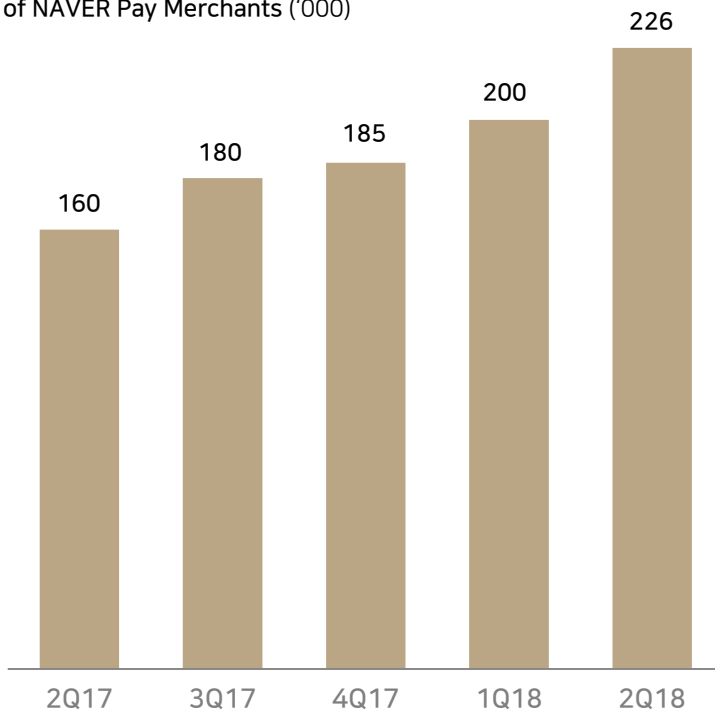
Quarter	Number of Advertisers
2Q17	15K
3Q17	18K
4Q17	21K
1Q18	23K
2Q18	26K

4

NAVER Pay

- Expanding usage through merchant acquisition
- Tapping into offline payment with NAVER Reservations

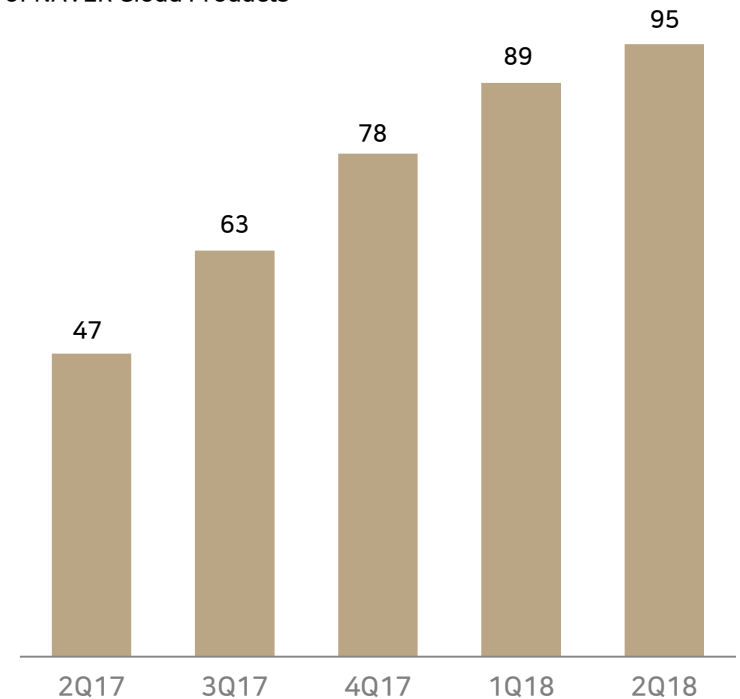
of NAVER Pay Merchants ('000)



NAVER Cloud Platform

- Offering 95 cloud products in 14 categories
- To provide customized products catering to specific industries

of NAVER Cloud Products



Webtoon

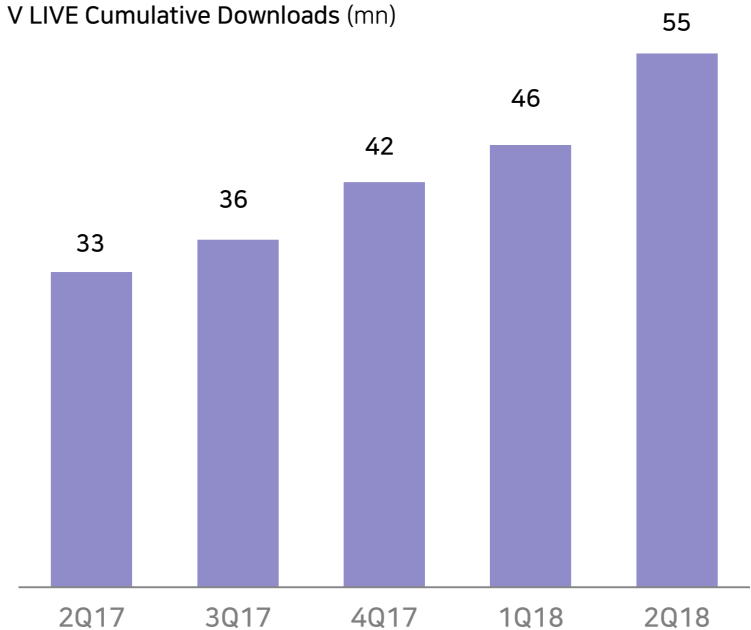
- Global MAU: 50mn (Domestic 22mn, Oversea 28mn)
- To expand business by strengthening ties between derivative works(game, movie, etc.) and original IP



V LIVE(Live streaming app)

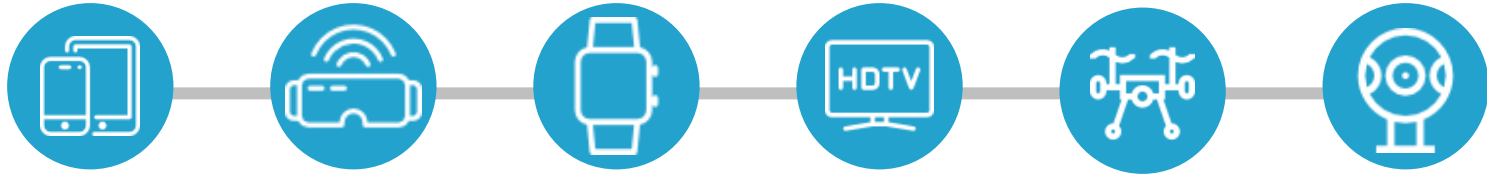
- Global MAU: 25mn (JP, TH, TW, VN, etc.)
- Aim to become global entertainment platform by enhancing service and expanding content

V LIVE Cumulative Downloads (mn)



2. New Initiatives

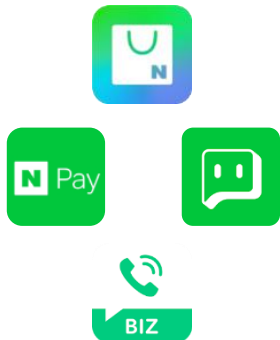
Tech & Platform



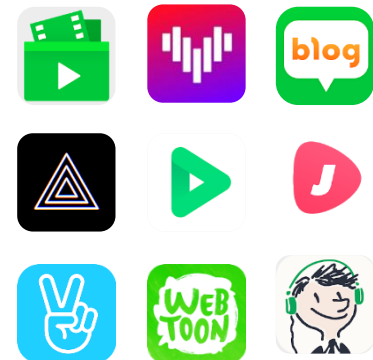
SMART DEVICES



Shopping



Video



SEARCH PORTAL

Search

- Machine Learning: Research on deep learning using big data
- NLP: Developing natural language processing & dialogue system
- Comprehensive Search: Developing modeling & web document collecting system

Recommendation

- AiRS: Search & recommendation modeling for documents
- AiRSPACE: Location based recommendation modeling for place & travel
- AiTEMS: Search & recommendation modeling for digital content (shopping, music, books, etc.)

Voice

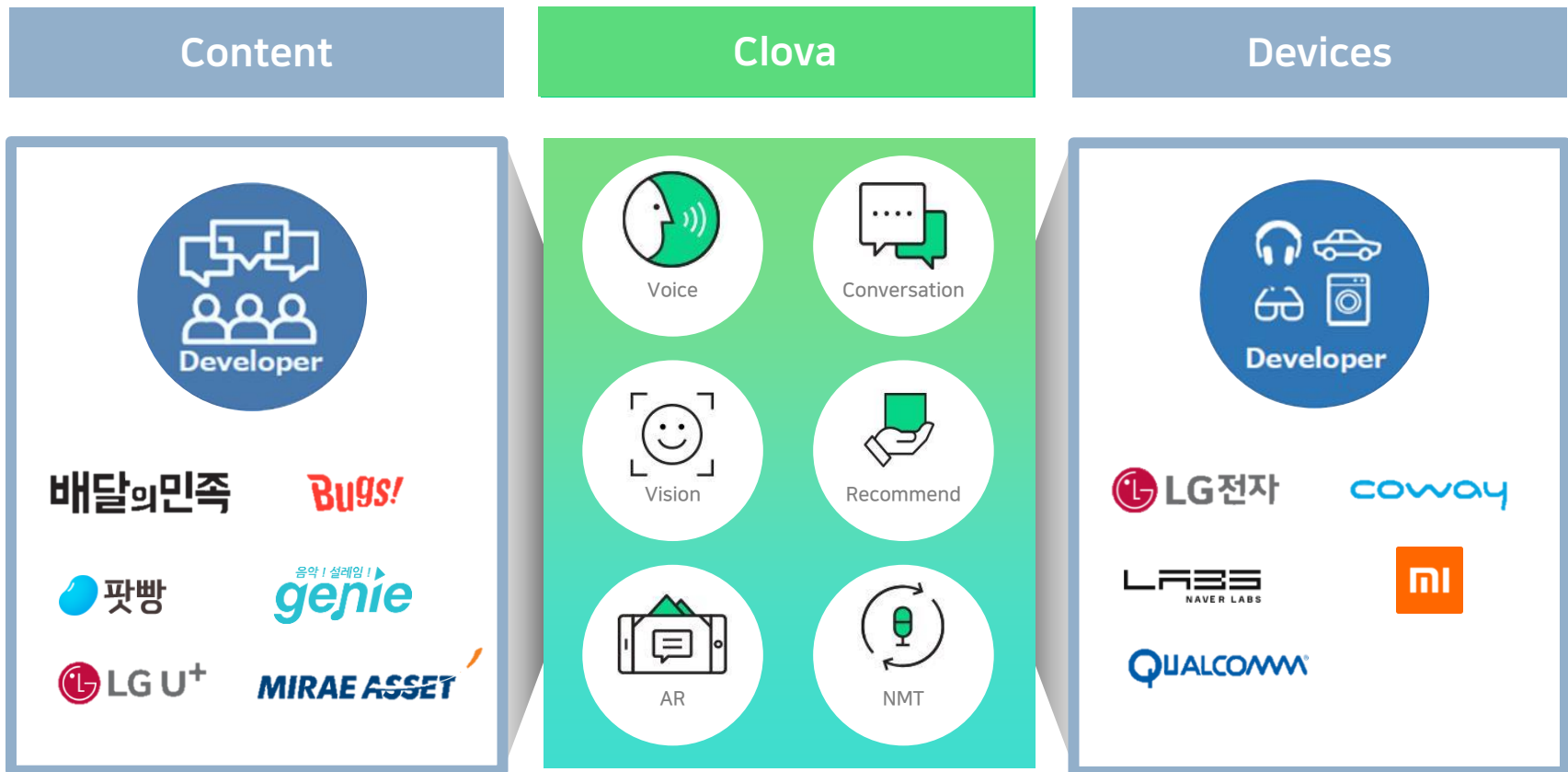
- Voice Recognition/Synthesis: Voice Activation quality, characters' voice synthesis
- Speaker Recognition: Identifying the person from characteristics of voice
- Video Analysis: Automation of subtitle production for video

Vision

- Smart Lens: Developed technology to process visual Information
- OCR: Detection/recognition of typed, handwritten or printed text in image
- Product Recognition: Visual search modeling for products search (Shopping Lenz)
- Face: Recognition and verification of faces

2.1. Platform Expansion Clova Ecosystem

- Expanding Clova's ecosystem through offering "Clova Extension Kit" to 3rd party developers to implement voice enabled services and "Clova Interface Connect" for manufacturer and IoT companies



2.2. Data Build-up Shopping Content

- Making efforts to create a virtuous cycle connecting users' search to purchase by providing convenient features (e.g. SmartStore and NAVER Pay, etc.)



USER LOCK-IN

Shopping DB

Merchant platform improvement

Curation & Search

Utilizing visual search, recommendation, etc.

Payment

User convenience

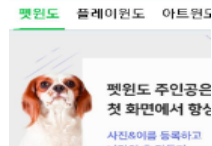
User Benefit

Led to repurchasing

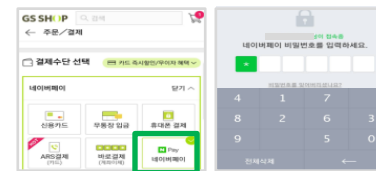
SmartStore



Shopping Window



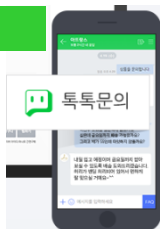
NAVER Pay



NAVER Pay Point



Chatbot



AiTEMS

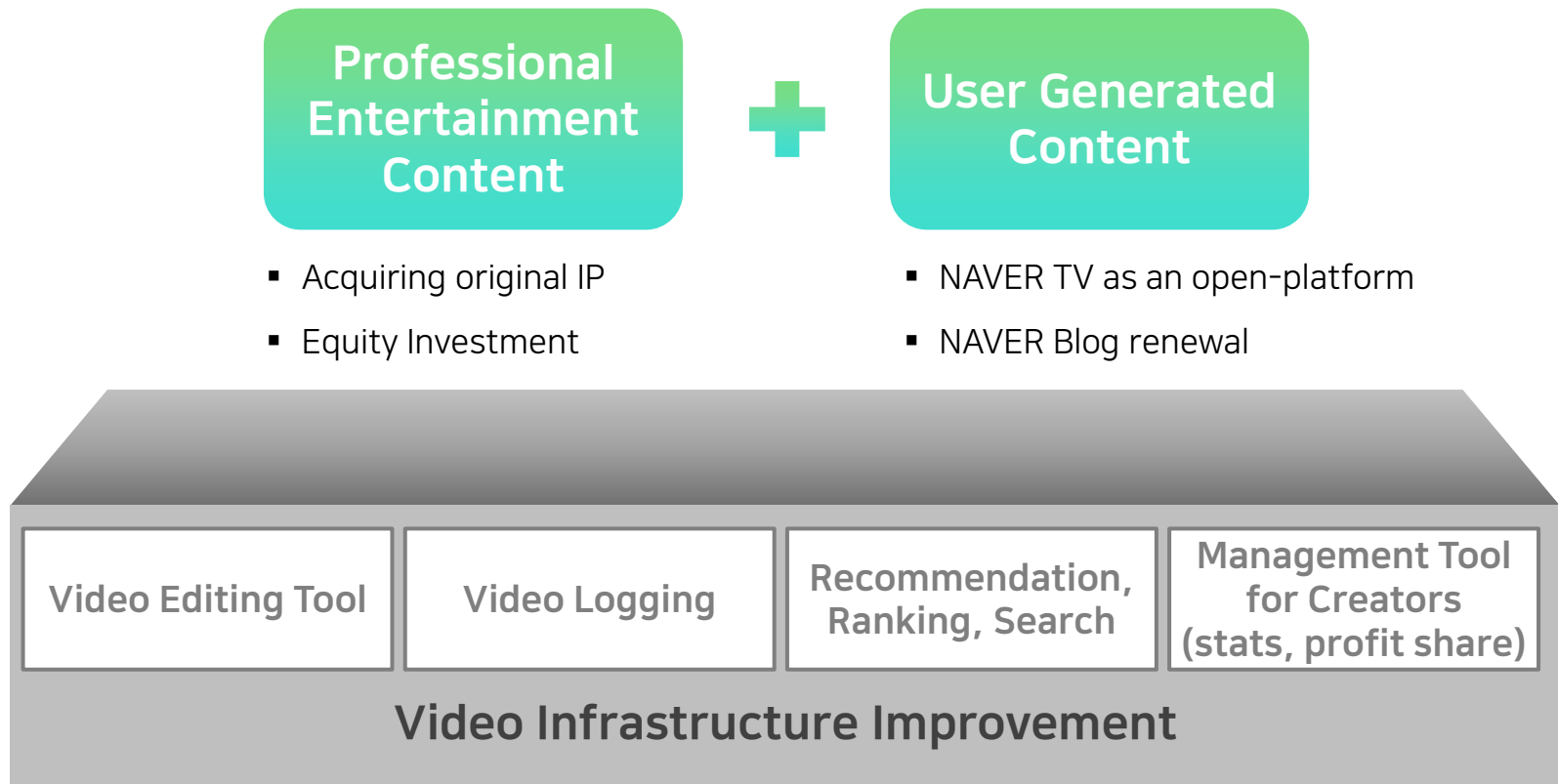


Shopping Lens



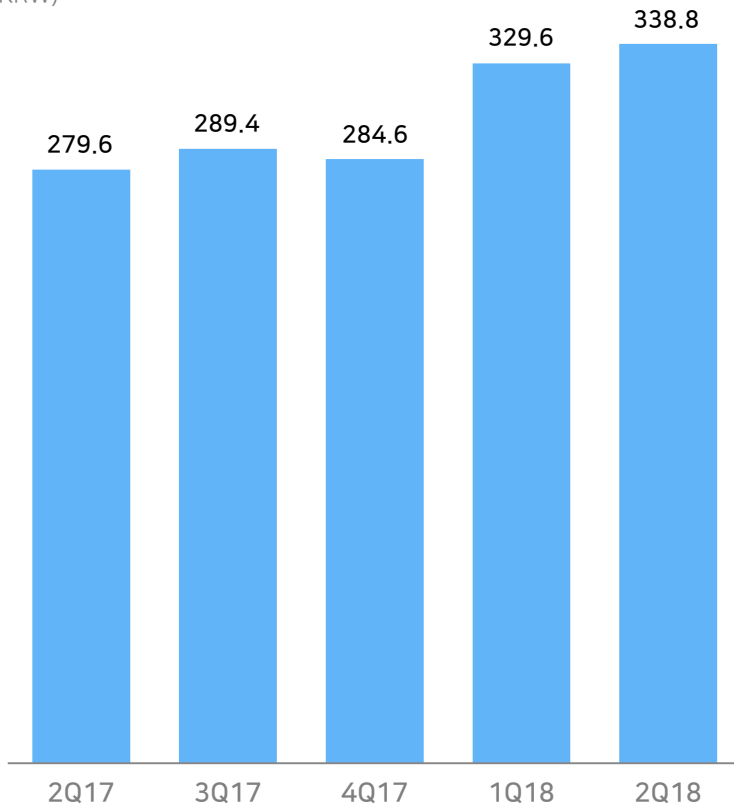
2.2. Data Build-up **Video Content**

- Enhancing professional content's competency by strengthening ties with entertainment services
- To reinforce the flow of users content creation and distribution by focusing on open platform



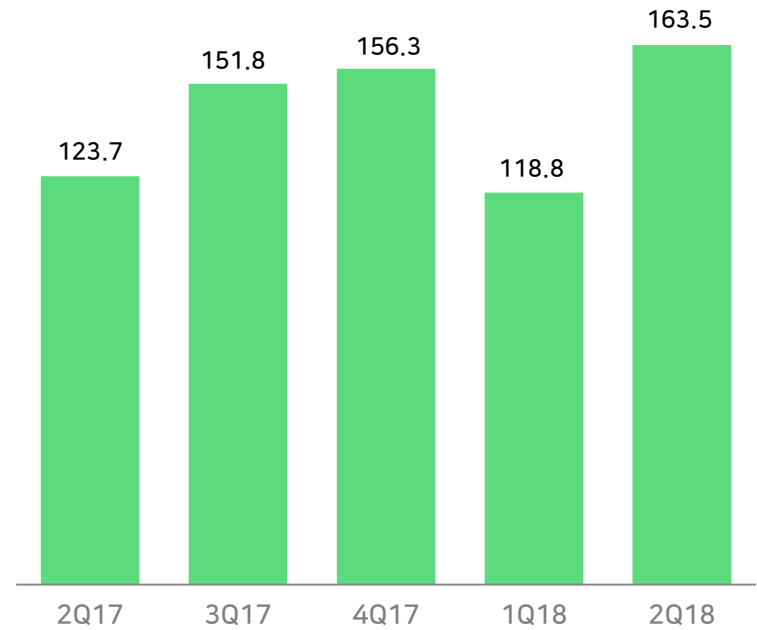
R&D

(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	106,717
Net Income from Continuing Operations	171,463	215,840	172,004	152,982	281,666
Discontinued Operations Income	-43	-41	3	769	92
Net Income	171,420	215,798	172,007	153,752	281,758
Controlling Interests	173,147	214,057	180,193	165,223	264,218
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	84,345
Net Income from Continuing Operations	211,652	220,678	204,073	212,287	254,334

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