

IR Presentation

Feb. 2018

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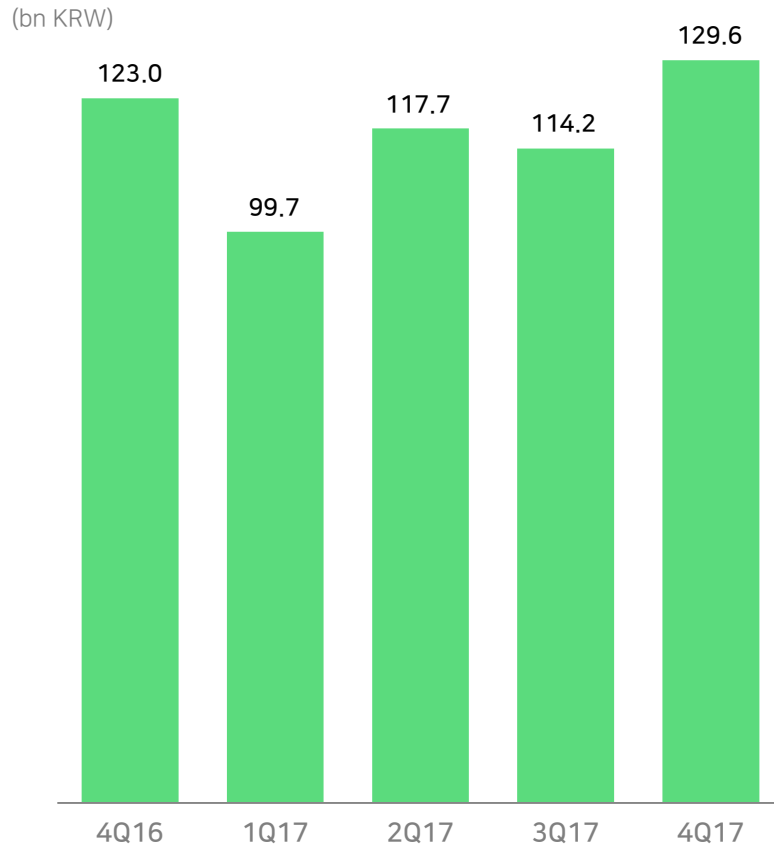
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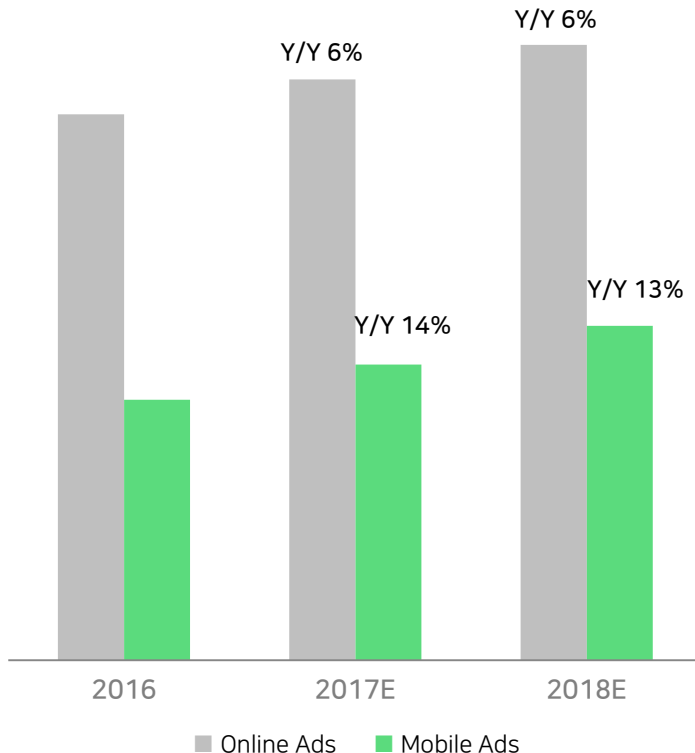


YoY 5.4% ↑ / QoQ 13.5% ↑

- Limited YoY growth due to high base effect from last year and long Chuseok holiday in 4Q17
- Increased QoQ with positive seasonality effect

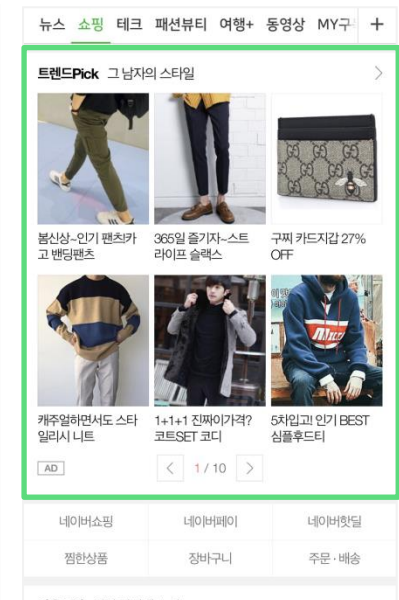
Domestic Ads Market Outlook

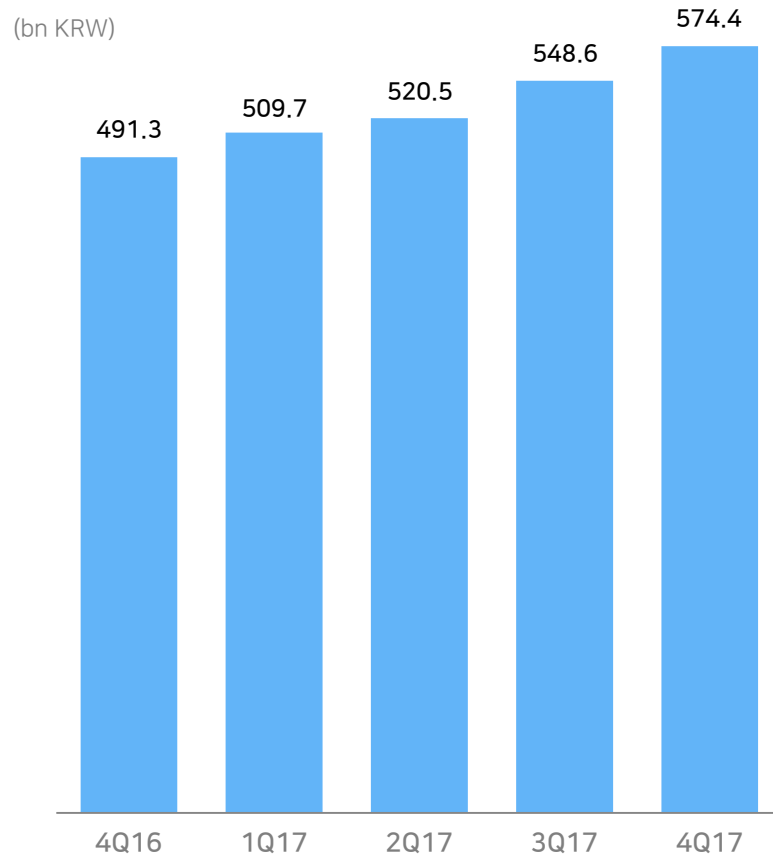
- Domestic online ads market grew 6.4% Y/Y in 2017
- Expect online ads to continue its growth in 2018, driven by mobile ads



Product Enhancements

- Focused on improving ad efficiency
- Launching new products and strengthening ad platform competitiveness





YoY 16.9% ↑ / QoQ 4.7% ↑

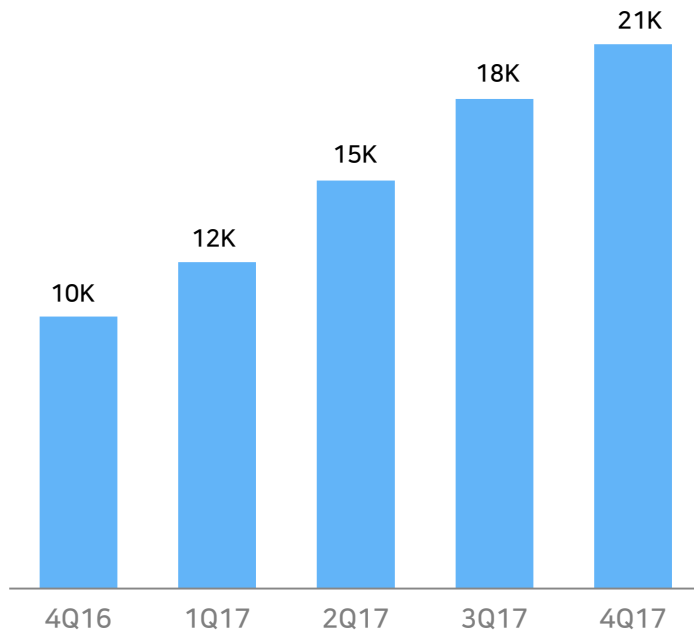
- Growth thanks to product enhancements and Shopping Search Ad
- Making efforts to enhance services by introducing features such as image search & AI system recommendation for products

Shopping Search

- # of shopping search advertiser continues to grow
- To focus on service & product enhancements

Product Enhancements

- Optimizing ads by providing more options
(e.g. Expanded text ads, Brand ad size adjustments)



Expanded Text Ads

A screenshot of an Expanded Text Ad for '일본여행' (Japan Travel). The ad includes a title, a URL, and a description. It also features a list of products and their prices, and a call-to-action button.

일본여행
파워링크
일본여행 모바일예약센터
m.modetour4u.com
실속있는 일본여행 찾으세요? 정직한 가격혜택UP, 가족단체기입 모바일특가!

| | |
|-----------|------------|
| 동남아 초저가특가 | 379,000원부터 |
| 갯 히트상품 | 769,000원부터 |
| 거울 일본온천 | 499,000원부터 |

일본여행의 바이블 웹투어!
m.webtour.com
헤즈러온 혜택! KB국민카드 10만원 할인+페이코 1만원 할인+면세점 기프트카드

일본여행, 에어비앤비
일본여행도 우리집처럼
www.airbnb.co.kr
일본여행 AIRBNB, 우리집같은 일본여행+명소인근+다양한 가격대

75개 파워링크 더보기 →

Brand Ad

A screenshot of a Brand Ad for 'hera' cosmetics. The ad features a large image of a woman's face and a list of products. It also includes a call-to-action button.

hera
통합 이미지 어학사전 쇼핑 동영상 지 ***
연관 그리스신화 헤라, 헤라뿔, 제우스 아내, hera 광고음악, hera 쿠션, 헤라, 헤라, hera 광고, 그리스어로, 하늘의 여왕, hera

헤라
www.hera.com

메이크업 · 스킨케어 · 뷰티트렌드 · 헤라 부띠끄
Exceptional Beauty from SEOUL, 헤라 스킨케어, 메이크업, 프래그런스 소개

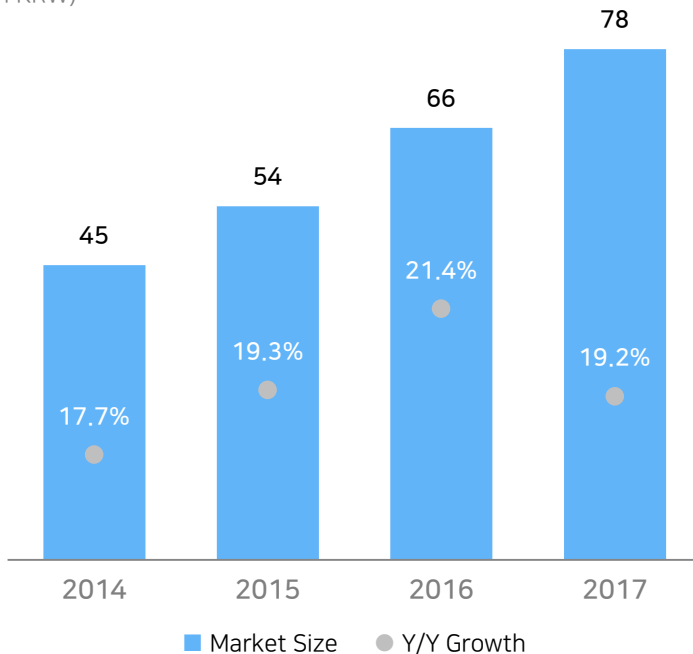
HERA
Killing me Softly
루즈홀릭 크림
루즈홀릭 크림
로지사틴 크림
루즈홀릭 크림
블랙 쿠션
채널 인스타그램 페이스북 유튜브

2.2. Platform Enhancements

Domestic E-Commerce Market Outlook

- E-Commerce market continuously growing on the back of mobile shopping growth
- NAVER Shopping also growing nicely with SMEs

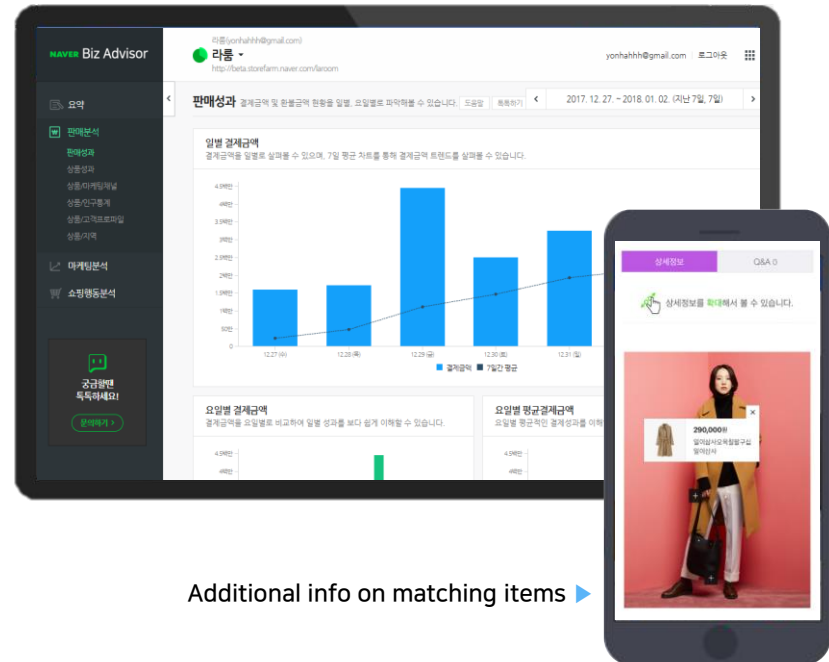
(trn KRW)



Smart Store

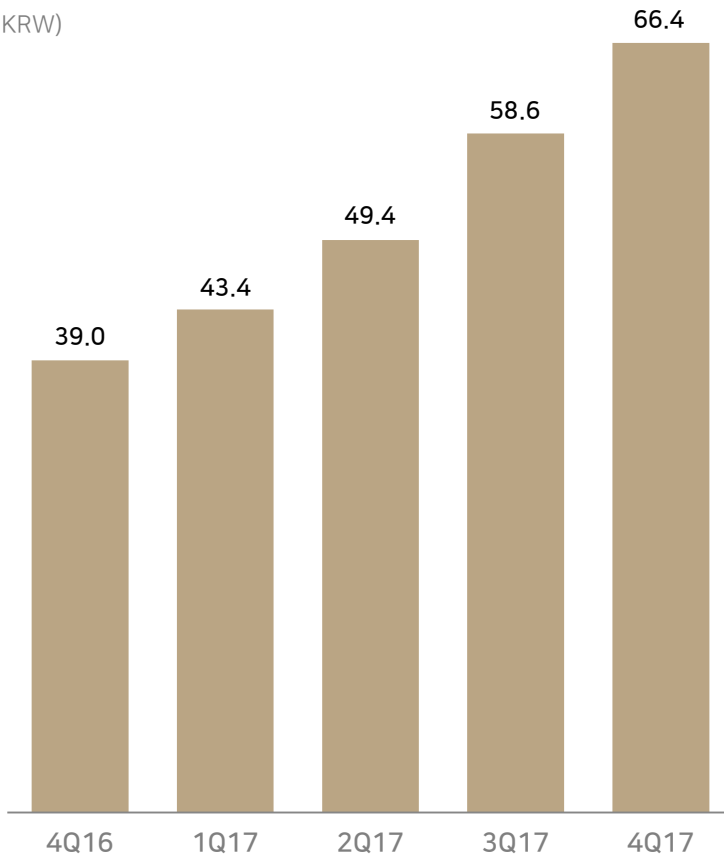
- Rebranding Store Farm platform as Smart Store, introducing additional features
- Providing Support for SMEs by utilizing big data and AI

Enhanced platform management tool for SMEs



3. IT Platform NAVER Pay, IT Services, Cloud, WORKS etc.

(bn KRW)



YoY 70.2% ↑ / QoQ 13.3% ↑

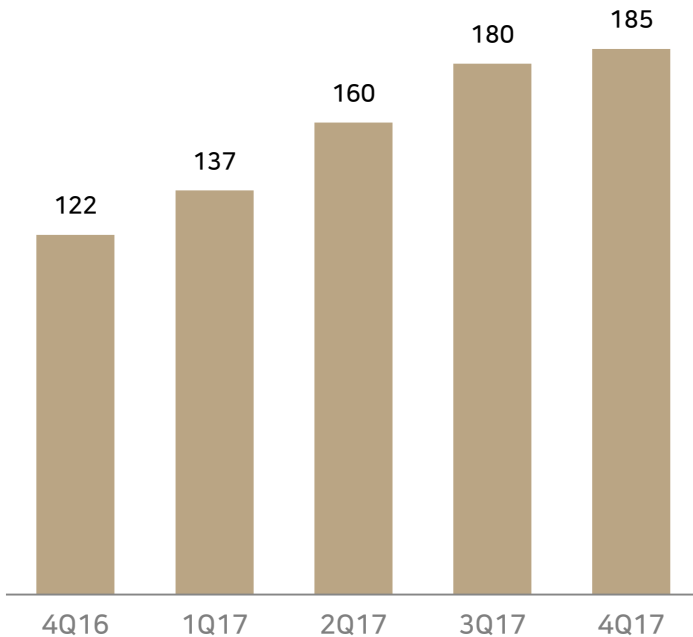
- NAVER Pay continues to grow on back of increases in number of Pay users & merchants
- Offering 78 cloud products as of 4Q17, plan to add around 60 products in 2018

3.1. IT Platform Products

NAVER Pay

- Enhancing offline payment via NAVER reservations
- Expanding usage through merchant acquisition

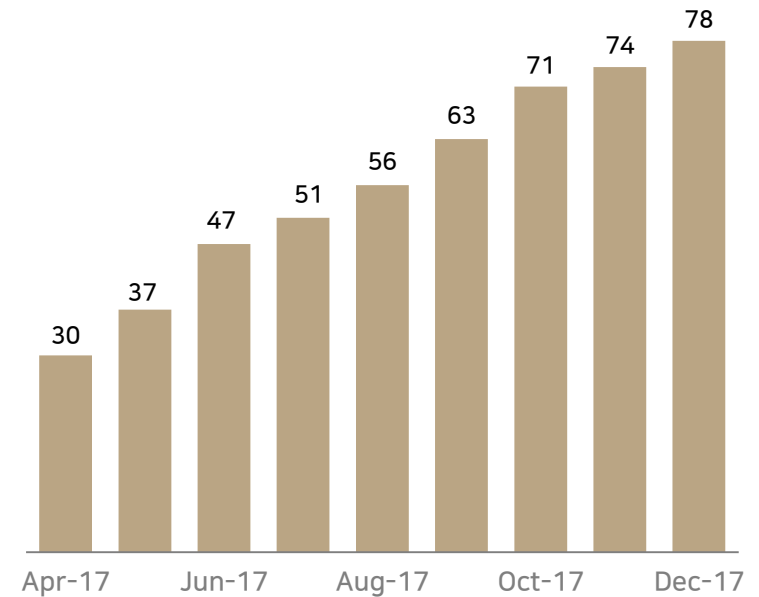
of NAVER Pay Merchants ('000)



NAVER Cloud Platform

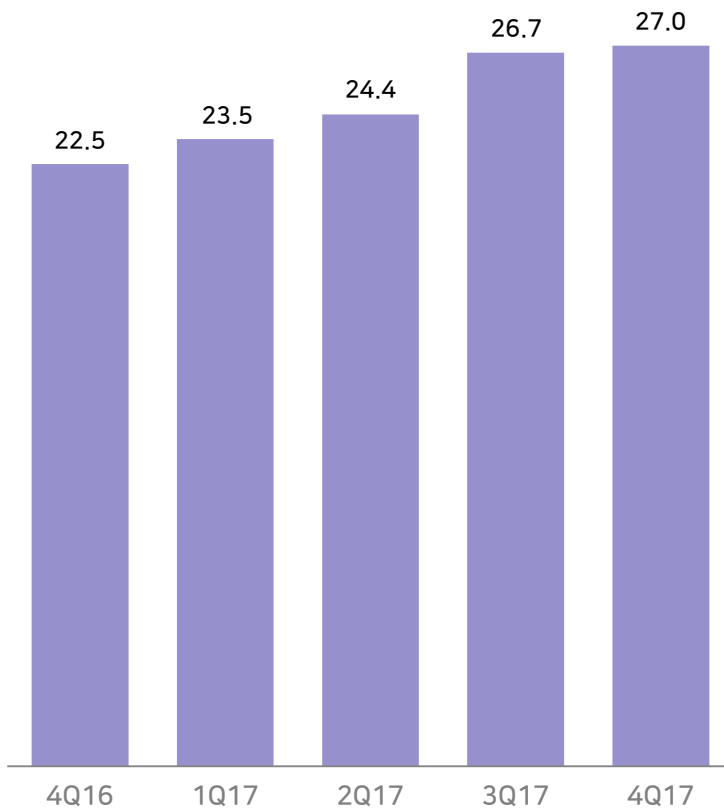
- Offering 78 cloud products under 13 categories
- To expand product coverage & enhance service quality

of NAVER Cloud Products



4. Contents Service Music, Webtoon, V LIVE etc.

(bn KRW)

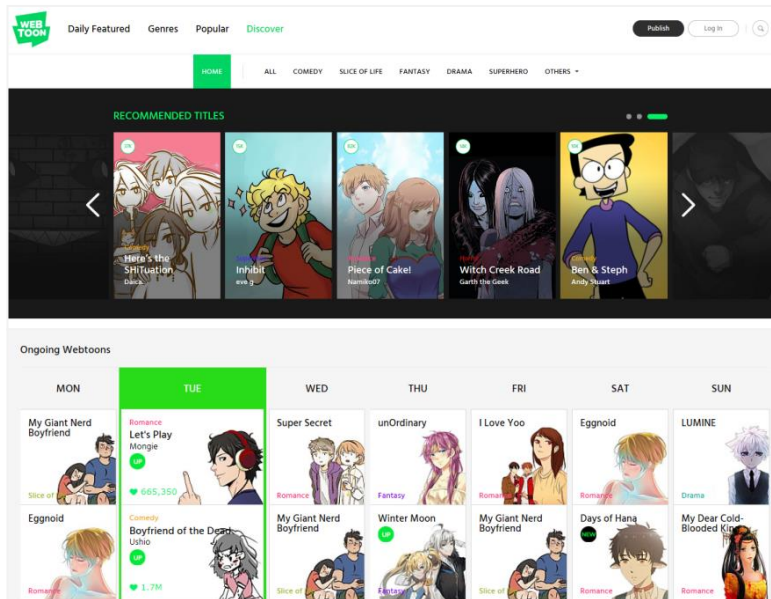


YoY 19.7% ↑ / QoQ 1.0% ↑

- Interactive Webtoon 'Encountered' exceeds 50 million views,
North America Webtoon MAU marks 4 million
- V LIVE's cumulative downloads at 42million
(Over 80% from overseas)

Webtoon

- North America Webtoon MAU : 4 million
- To source new competitive contents and expand the utilization of existing contents (game, movie, etc.)

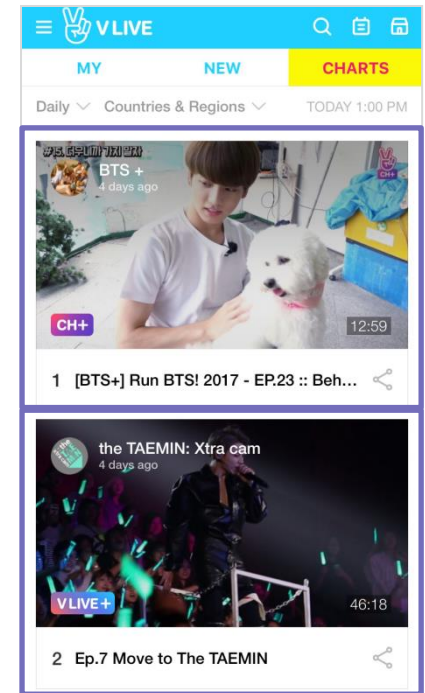


V LIVE(Live Broadcasting App)

- Global MAU: 20+ million (JP, TH, TW, VN, etc.)
- Expanding contents(e.g. Live & Original contents)

Channel + (Subscription)

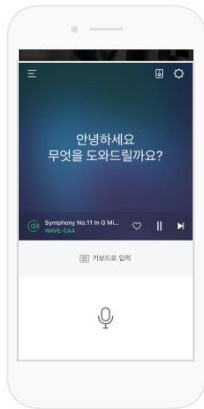
Launching new V Live+ products (Paid Contents)



Expanding voice based AI Platform

- Clova : AI Assistant App
- Smart Speakers : WAVE and FRIENDS
- Launched IVI platform AWAY for the aftermarket users

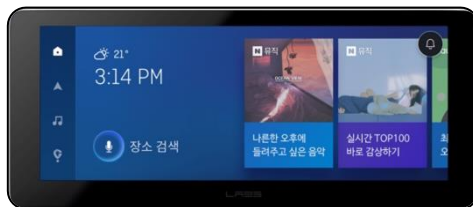
Clova App



FRIENDS

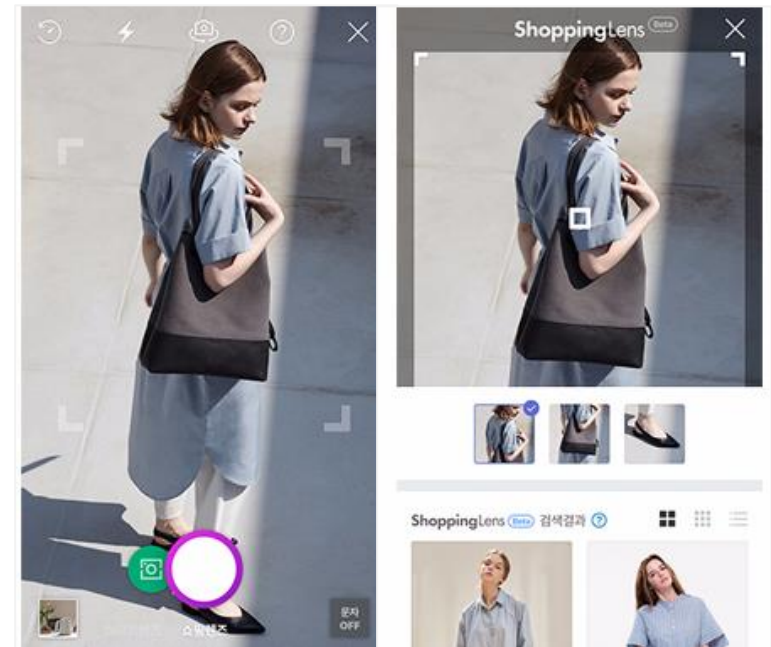


IVI Platform AWAY



Strengthening Image Search

- Focused on enhancing user experience by providing new functions
- Launched Shopping Lens(Product image search) in 4Q17



Appendix. Earnings Summary (Consolidated)

| (bn KRW) | 4Q16 | 3Q17 | 4Q17 | Growth | | FY17 | Growth |
|------------------------|---------|---------|---------|--------|--------|---------|--------|
| | | | | Y/Y | Q/Q | | Y/Y |
| Operating Revenue | 1,085.0 | 1,200.7 | 1,265.9 | 16.7% | 5.4% | 4,678.5 | 16.3% |
| Ads | 123.0 | 114.2 | 129.6 | 5.4% | 13.5% | 461.3 | 15.5% |
| Business Platform | 491.3 | 548.6 | 574.4 | 16.9% | 4.7% | 2,153.0 | 15.4% |
| IT Platform | 39.0 | 58.6 | 66.4 | 70.2% | 13.3% | 217.8 | 80.6% |
| Contents Service | 22.5 | 26.7 | 27.0 | 19.7% | 1.0% | 101.5 | -1.6% |
| LINE & Other Platforms | 409.2 | 452.6 | 468.5 | 14.5% | 3.5% | 1,744.8 | 13.8% |
| Operating Expenses | 794.7 | 888.6 | 974.8 | 22.7% | 9.7% | 3,499.3 | 19.8% |
| Operating Income | 290.3 | 312.1 | 291.1 | 0.3% | -6.7% | 1,179.2 | 7.0% |
| Operating Margin(%) | 26.8% | 26.0% | 23.0% | -3.8%p | -3.0%p | 25.2% | -2.2%p |
| Net Income | 182.8 | 215.8 | 172.0 | -5.9% | -20.3% | 770.1 | 1.5% |

Appendix. Operating Expenses (Consolidated)

| (bn KRW) | 4Q16 | 3Q17 | 4Q17 | Growth | | FY17 | Growth |
|-----------------------------------|-------|-------|-------|--------|-------|---------|--------|
| | | | | Y/Y | Q/Q | | Y/Y |
| Operating Expenses | 794.7 | 888.6 | 974.8 | 22.7% | 9.7% | 3,499.3 | 19.8% |
| Platform Development & Operations | 121.4 | 152.7 | 140.2 | 15.5% | -8.2% | 577.1 | 7.4% |
| Agency & Partner Commission | 184.6 | 212.4 | 244.5 | 32.5% | 15.1% | 844.4 | 27.8% |
| Infrastructure | 49.4 | 57.3 | 60.9 | 23.4% | 6.3% | 222.0 | 18.0% |
| Marketing | 45.1 | 64.3 | 64.8 | 43.5% | 0.7% | 219.9 | 48.2% |
| LINE & Other Platforms | 394.3 | 401.8 | 464.4 | 17.8% | 15.6% | 1,636.0 | 18.0% |