

IR Presentation

November 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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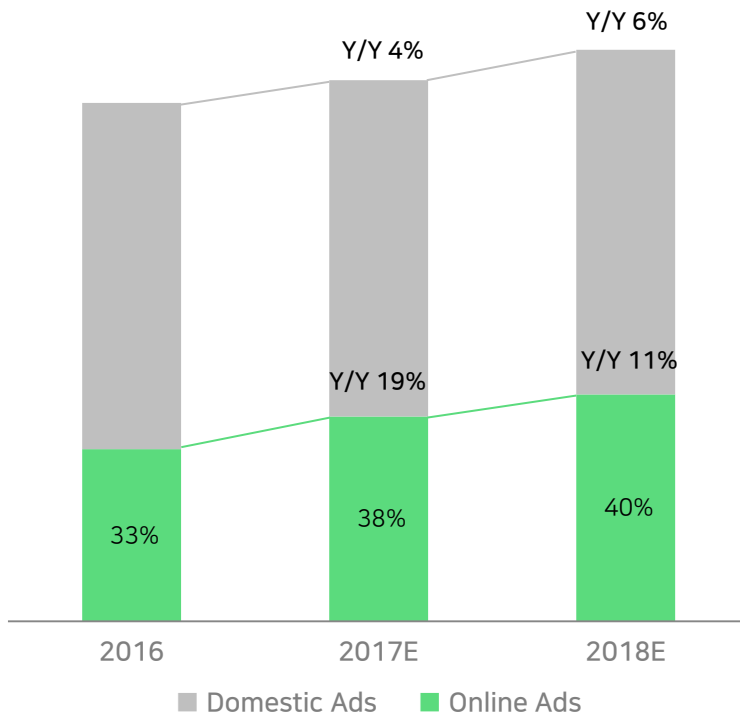
1. Earnings Summary Consolidated

(bn KRW)	3Q17	4Q17	1Q18	2Q18	3Q18	Growth	
						Y/Y	Q/Q
Operating Revenue	1,200.7	1,265.9	1,309.1	1,363.6	1,397.7	16.4%	2.5%
Ads	132.9	150.5	133.1	148.7	136.1	2.5%	-8.4%
Business Platform	549.8	575.6	592.7	611.6	613.0	11.5%	0.2%
IT Platform	58.6	66.4	72.5	85.7	88.5	51.1%	3.3%
Contents Service	27.2	27.6	29.6	31.7	36.1	32.8%	13.7%
LINE & Other Platforms	432.2	445.8	481.2	485.9	524.0	21.2%	7.8%
Operating Expenses	888.6	974.8	1,052.1	1,113.0	1,176.0	32.3%	5.7%
Operating Income	312.1	291.1	257.0	250.6	221.7	-29.0%	-11.5%
Operating Margin(%)	26.0%	23.0%	19.6%	18.4%	15.9%	-10.1%p	-2.5%p
Net Income	215.8	172.0	153.8	281.8	68.4	-68.3%	-75.7%

- One-off factors for the 3Q18 net income decline include base effect of disposition gains from consolidated subsidiaries(LINE Mobile 112.7bn won), decrease in non-operating revenue from reduced financial investments, recognition of loss from investment in associates(LINE Mobile, etc.), and recognition of tax revision for the previous years.

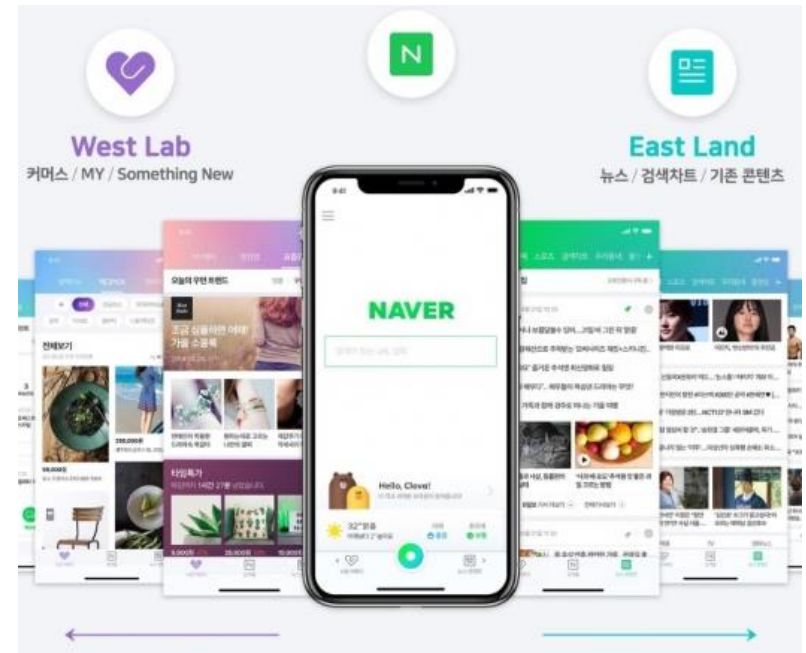
Domestic Ads Market Outlook

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



NAVER App Renewal

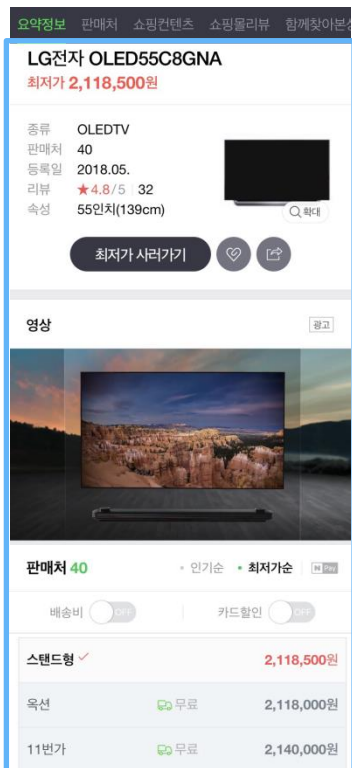
- Testing to renew NAVER App by 1Q19
- To focus on enhancing ad product & platform and to develop new ad products



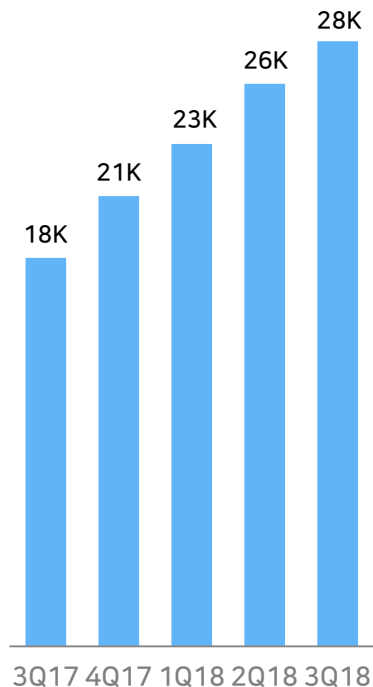
Shopping Search Ad

- Expanded categories to include consumer electronics for shopping search ad with 'Catalog Ad'

Shopping Search Catalog Ad



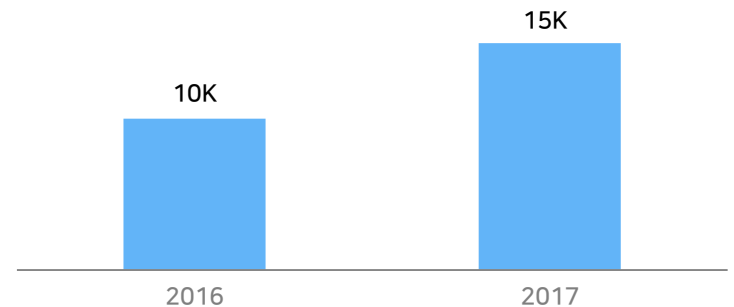
Shopping Search Advertisers



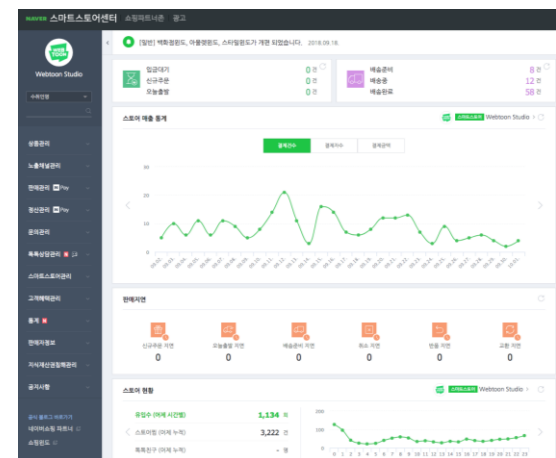
Efforts for Our Partners

- Offering various programs (e.g. Project Flower, D-Commerce, Start Zero, Quick Escrow, etc.)
- Providing data insight to SMEs with Biz Advisor (e.g. Analysis on sales, marketing, user behaviors, etc.)

of New Business Sprung from Project Flower



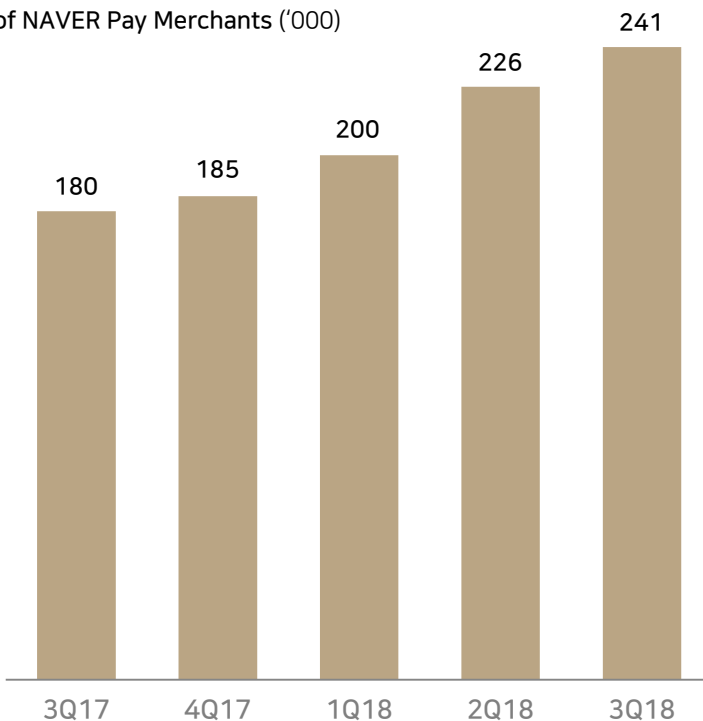
Biz Advisor



NAVER Pay

- To expand usage via merchant acquisition in various categories including reservations

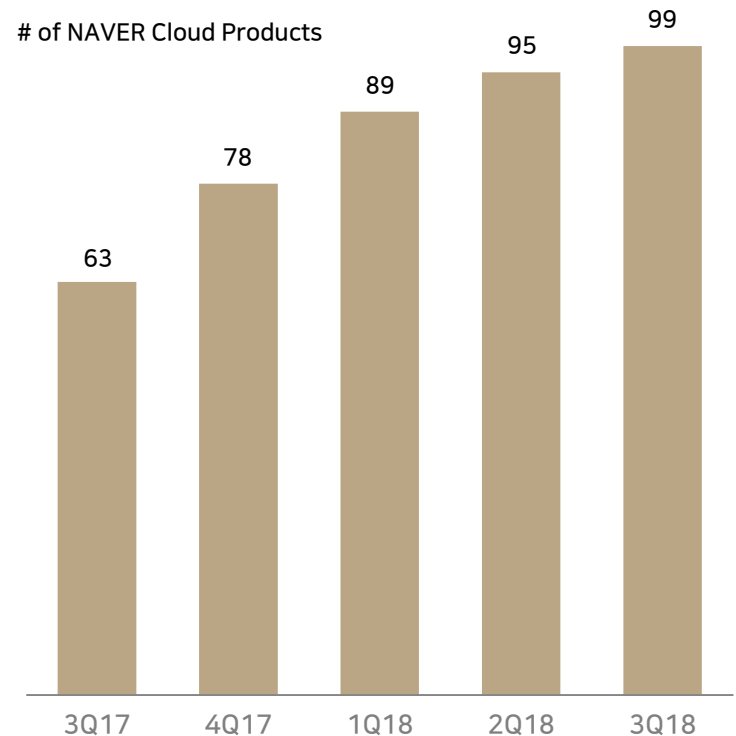
of NAVER Pay Merchants ('000)



NAVER Cloud Platform

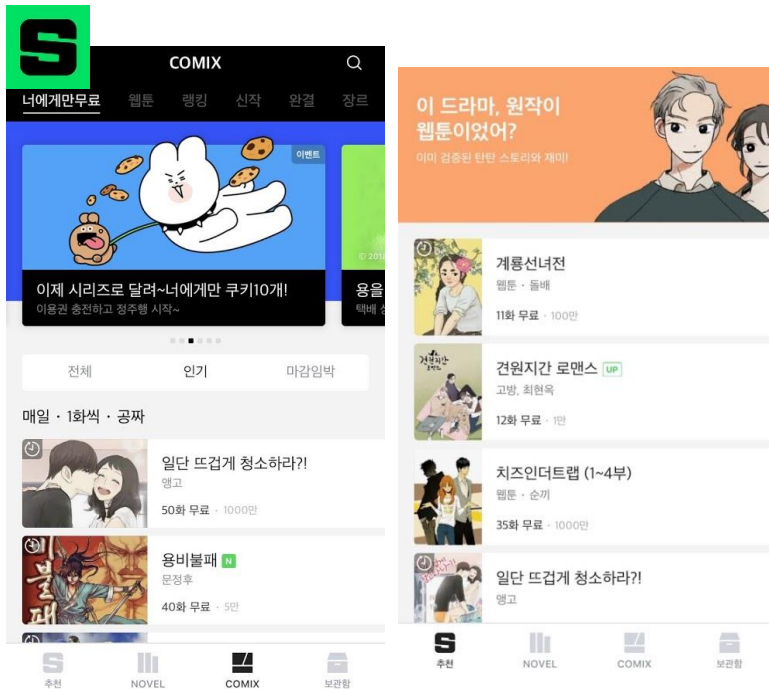
- To provide technically advanced products
- Focused on building references from various industries

of NAVER Cloud Products



Webtoon

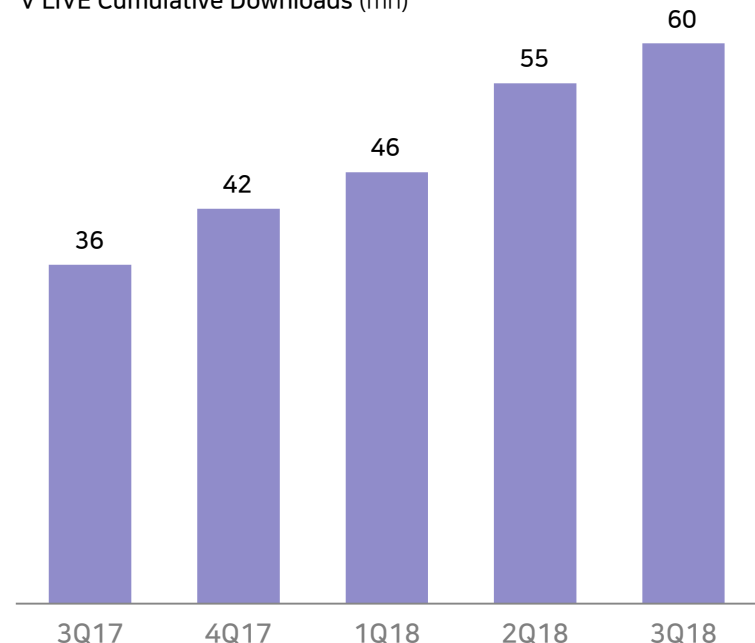
- Global MAU: 50mn (Domestic 22mn, Oversea 28mn)
- Launched 'Series' to provide 60,000+ webtoon & web novel content with AI recommendation function



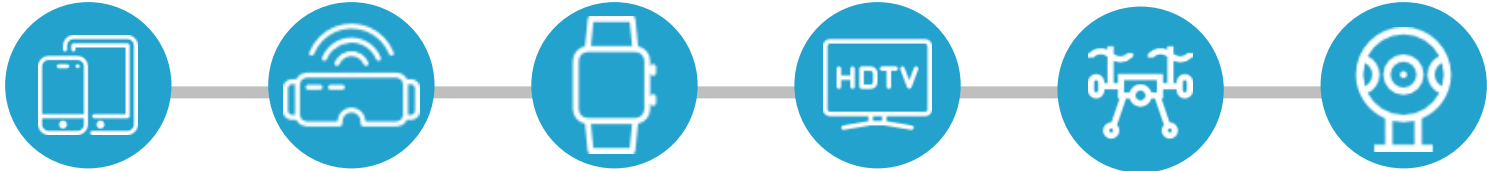
V LIVE(Live video streaming app)

- Global MAU: 25mn (JP, TH, TW, VN, etc.)
- Continue to focus on becoming a global entertainment platform by sourcing original content & discovering new markets (e.g. Vietnam V Heartbeat)

V LIVE Cumulative Downloads (mn)



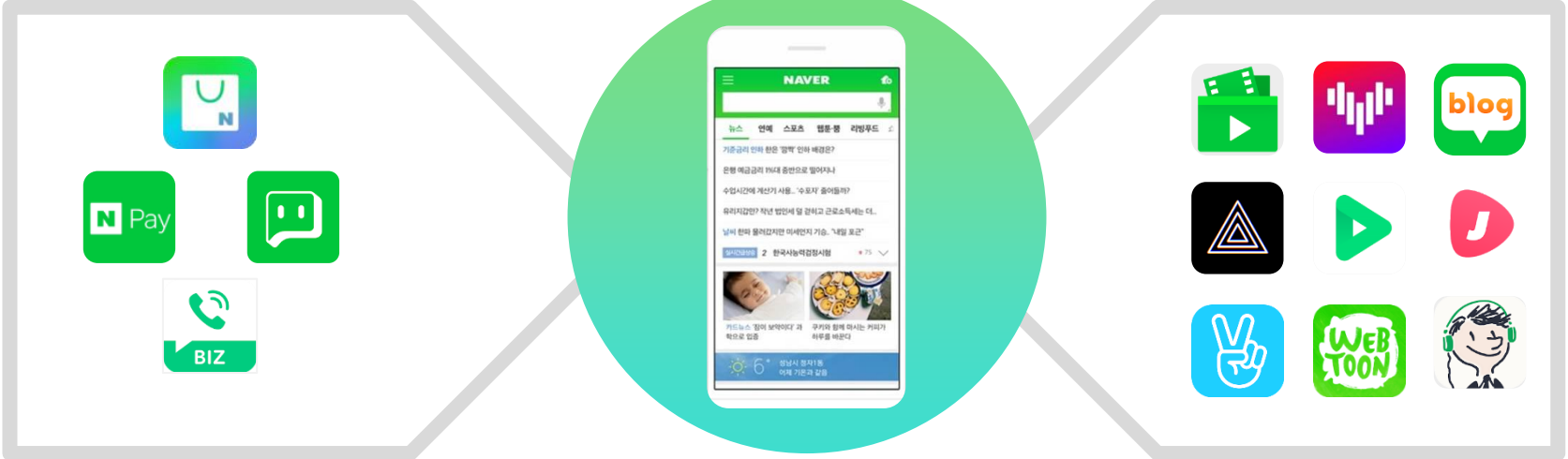
Tech & Platform



SMART DEVICES

Shopping

Content



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

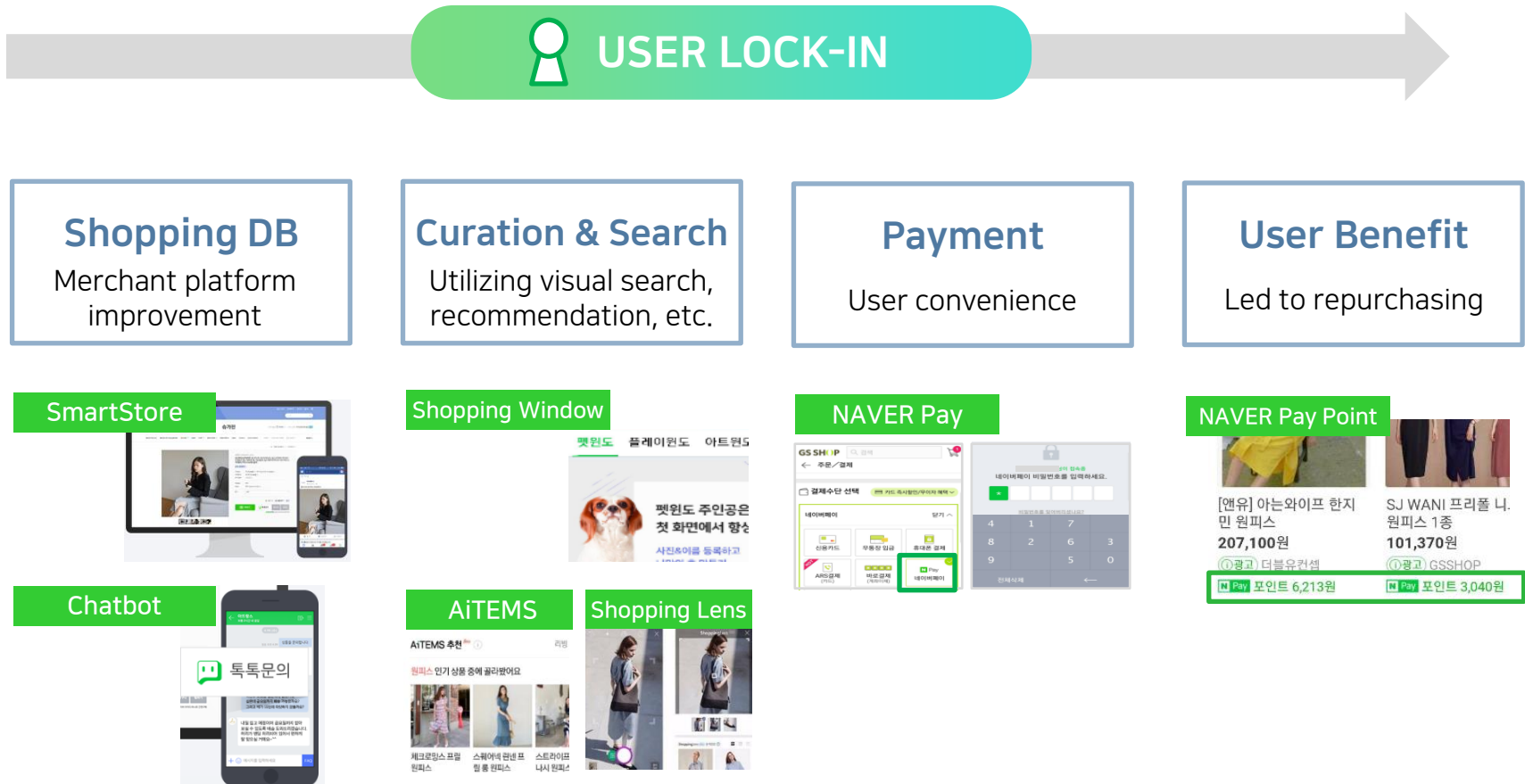
- Voice Recognition/Synthesis: Voice Activation quality, characters' voice synthesis
- Speaker Recognition: Identifying the person from characteristics of voice
- Video Analysis: Automation of subtitle production for video

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 Lens)
- Face: Recognition and verification of faces

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.)



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

**Professional
Entertainment
Content**

- Acquiring original IP
- Equity Investment



**User Generated
Content**

- NAVER TV as an open-platform
- NAVER Blog renewal

Video Editing Tool

Video Logging

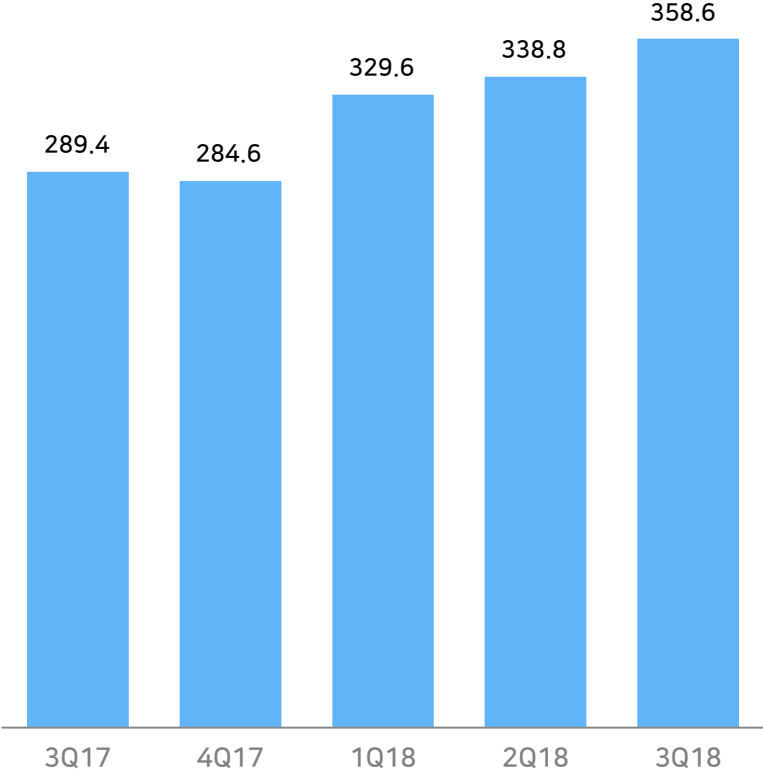
Recommendation,
Ranking, Search

Management Tool
for Creators
(stats, profit share)

Video Infrastructure Improvement

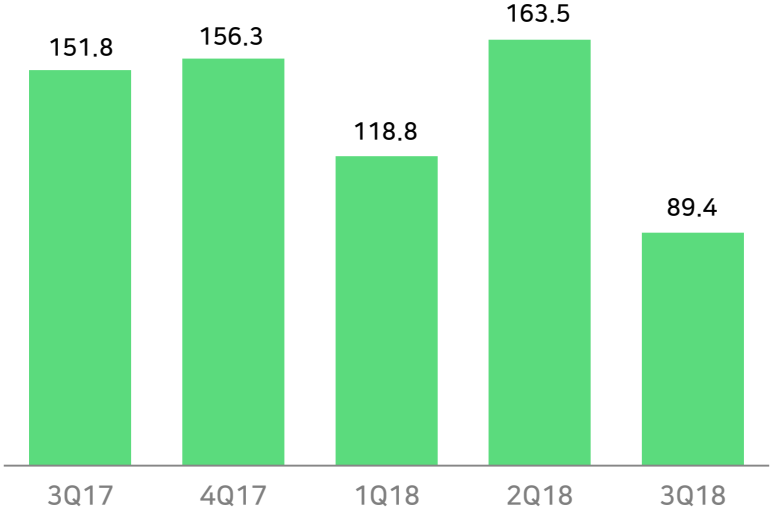
R&D

(bn KRW)



CapEx

(bn KRW)



Appendix. NAVER Financial Statements Summary

Consolidated Income Statement

(mn KRW)	3Q17	4Q17	1Q18	2Q18	3Q18
Operating Revenue	1,200,676	1,265,914	1,309,060	1,363,616	1,397,714
Operating Expenses	888,592	974,821	1,052,079	1,113,033	1,175,995
Operating Income	312,084	291,093	256,981	250,583	221,718
Operating Margin	26.0%	23.0%	19.6%	18.4%	15.9%
Non-operating Revenue	41,742	43,854	54,657	196,351	37,550
Non-operating Expenses	32,800	72,053	55,972	58,551	72,457
Pre-tax Income	321,026	262,893	255,666	388,383	186,812
Tax	105,186	90,889	102,683	106,717	118,416
Net Income from Continuing Operations	215,840	172,004	152,982	281,666	68,395
Discontinued Operations Income	-41	3	769	92	-9
Net Income	215,798	172,007	153,752	281,758	68,387
Controlling Interests	214,057	180,193	165,223	264,218	98,969
Non-controlling Interests	1,741	-8,186	-11,472	17,540	-30,583

Consolidated Statement of Financial Position

(mn KRW)	3Q17	4Q17	1Q18	2Q18	3Q18
Current Assets	4,381,998	4,784,228	4,699,863	4,588,635	5,671,009
Non-current Assets	3,238,183	3,235,024	3,667,525	3,940,161	4,243,234
Total Assets	7,620,181	8,019,252	8,367,389	8,528,796	9,914,243
Current Liabilities	1,969,679	2,302,730	2,511,730	2,341,943	2,863,672
Non-current Liabilities	506,678	411,335	477,803	503,469	1,174,594
Total Liabilities	2,476,357	2,714,065	2,989,533	2,845,412	4,038,266
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,452,184	1,507,879	1,513,368	1,523,507	1,557,712
Other Components of Equity	-1,266,353	-1,317,532	-1,455,499	-1,465,796	-1,487,422
Retained Earnings	4,370,295	4,555,518	4,733,637	4,997,849	5,164,126
Non-controlling Interests	571,218	542,840	569,869	611,342	711,850
Total Equity	5,143,824	5,305,186	5,377,856	5,683,384	5,875,977

Income Statement

(mn KRW)	3Q17	4Q17	1Q18	2Q18	3Q18
Operating Revenue	746,425	795,845	810,609	861,041	855,395
Operating Expenses	445,766	477,942	516,854	550,996	540,547
Operating Income	300,659	317,903	293,755	310,045	314,848
Operating Margin	40.3%	39.9%	36.2%	36.0%	36.8%
Non-operating Revenue	20,497	40,330	22,465	78,845	17,463
Non-operating Expenses	27,084	62,467	33,649	50,211	64,841
Pre-tax Income	294,072	295,766	282,571	338,679	267,470
Tax	73,394	91,693	70,284	84,345	79,124
Net Income	220,678	204,073	212,287	254,334	188,346

Statement of Financial Position

(mn KRW)	3Q17	4Q17	1Q18	2Q18	3Q18
Current Assets	2,264,783	2,629,856	2,439,077	2,413,356	1,504,452
Non-current Assets	2,726,578	2,712,499	3,045,029	3,148,443	4,621,517
Total Assets	4,991,361	5,342,355	5,484,106	5,561,799	6,125,968
Current Liabilities	1,004,090	1,266,828	1,408,137	1,231,147	1,591,968
Non-current Liabilities	272,780	141,666	148,280	165,595	171,146
Total Liabilities	1,276,871	1,408,494	1,556,417	1,396,742	1,763,115
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	-1,202,549	-1,178,359	-1,409,528	-1,426,493	-1,417,043
Retained Earnings	4,538,152	4,733,332	4,958,329	5,212,663	5,401,009
Total Equity	3,714,491	3,933,861	3,927,689	4,165,058	4,362,853