

First Quarter 2015 Earnings Results

April 30, 2015

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All financial information contained in this document is based on consolidated K-IFRS.

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1. Highlights

Operating Revenue **740.6 bn KRW**
(Y/Y +18.3%)

Overseas **33%**

Operating Income
(Margin)

192.0 bn KRW
(25.9%)



Mobile Revenue Proportion

SA **30%**

DA **13%**



LINE MAU / Revenue

MAU **205 mn**

LINE Corp. Revenue **28.1 bn JPY**
(Y/Y +69.5%)

2. Earnings Summary

- **[Operating revenue]** Operating revenue was 740.6 bn KRW, up 18.3% Y/Y and down 0.8% Q/Q
- **[Operating income]** Operating income was 192.0 bn KRW, up 3.0% Y/Y and down 1.0% Q/Q

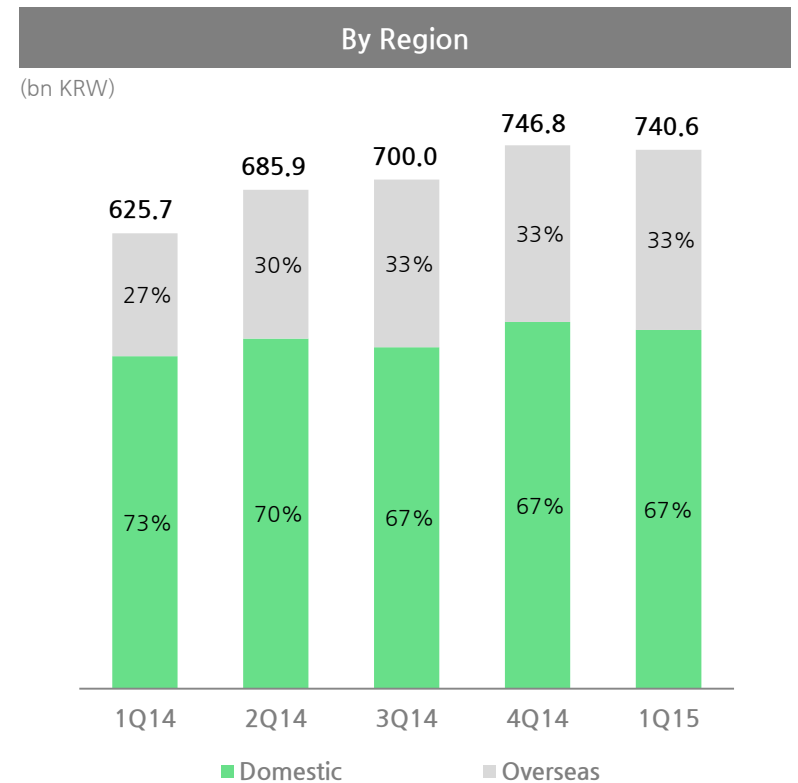
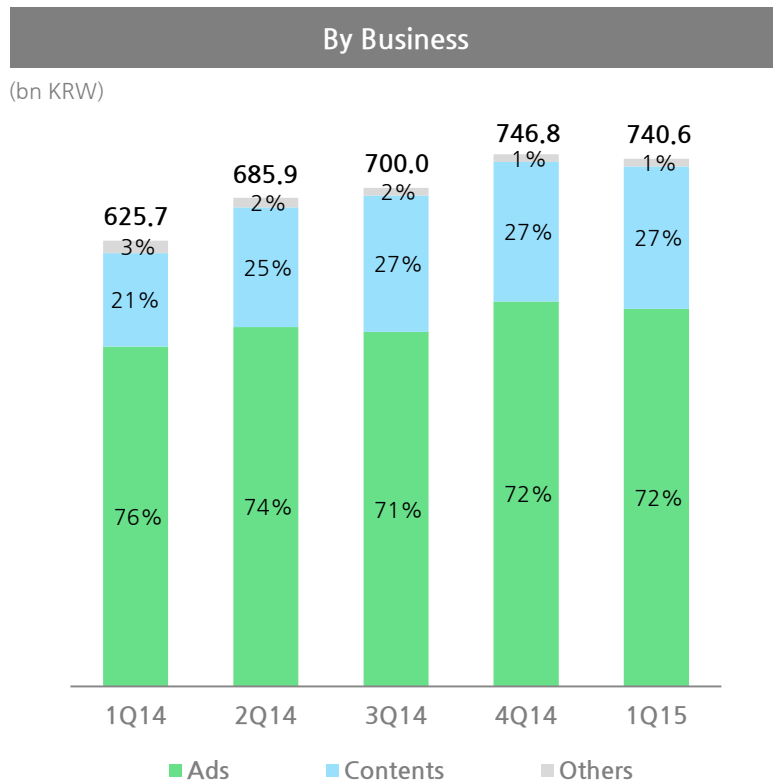
(bn KRW)	1Q15	4Q14	1Q14	Growth	
				Q/Q	Y/Y
Operating revenue	740.6	746.8	625.7	-0.8%	18.3%
Ads	529.9	540.2	476.8	-1.9%	11.1%
Contents	200.0	196.0	131.5	2.1%	52.2%
Other	10.6	10.7	17.4	-0.4%	-39.0%
Operating expenses	548.6	553.0	439.5	-0.8%	24.8%
Operating income	192.0	193.9	186.3	-1.0%	3.0%
<i>Margin(%)</i>	<i>25.9%</i>	<i>26.0%</i>	<i>29.8%</i>	<i>-0.0%p</i>	<i>-3.9%p</i>
Pre-tax income	223.2	198.1	185.8	12.7%	20.2%
Tax	88.7	67.7	59.2	31.0%	49.9%
Net income from continuing operations	134.6	130.4	126.6	3.2%	6.3%
Discontinued operations income	-	-0.7	2.3	n/a	n/a
Net income	134.6	129.7	128.9	3.7%	4.3%

※ About 56.0 bn KRW in LINE revenue was deferred regarding stickers, free coin, theme, play, game items, etc., in 1Q15

※ Stock-based compensation(SBC) in 1Q15 was 21.1bn KRW, and ex-SBC operating income was 213.1bn KRW with the margin of 28.8%

3. Revenue Proportion

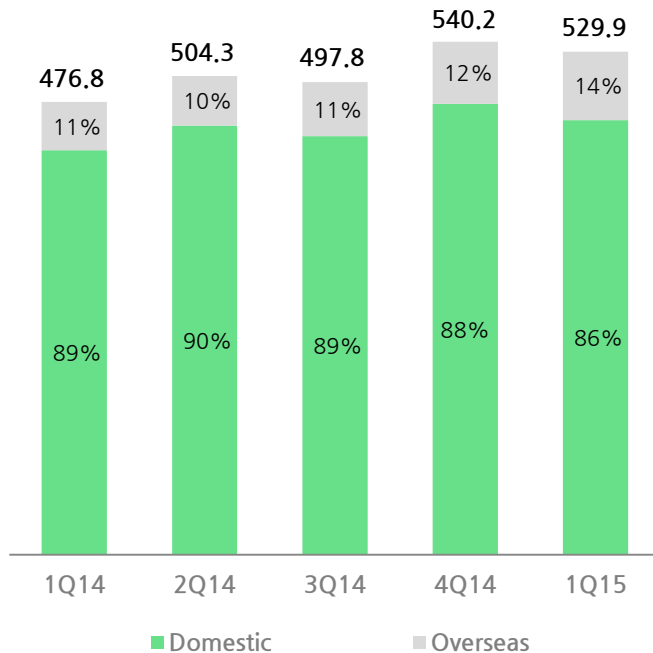
- **[By business]** Ads was 529.9 bn KRW with 72%, and contents was 200.0 bn KRW with 27%
- **[By Region]** Domestic was 493.3 bn KRW with 67%, and overseas was 247.3 bn KRW with 33%



3.1 Revenue - Ads

- **[Revenue]** Ads revenue was up 11.1% Y/Y with strong mobile contribution, but down 1.9% Q/Q due to seasonality, recording 529.9 bn KRW
- **[By Region]** Domestic was 86%, and overseas was 14%

(bn KRW)



[Domestic]

- **SA:** PPC Y/Y +4%, Clicks Y/Y +5%, mobile revenue contribution 30%
- **DA:** Revenue Y/Y +3%, mobile revenue contribution 13%

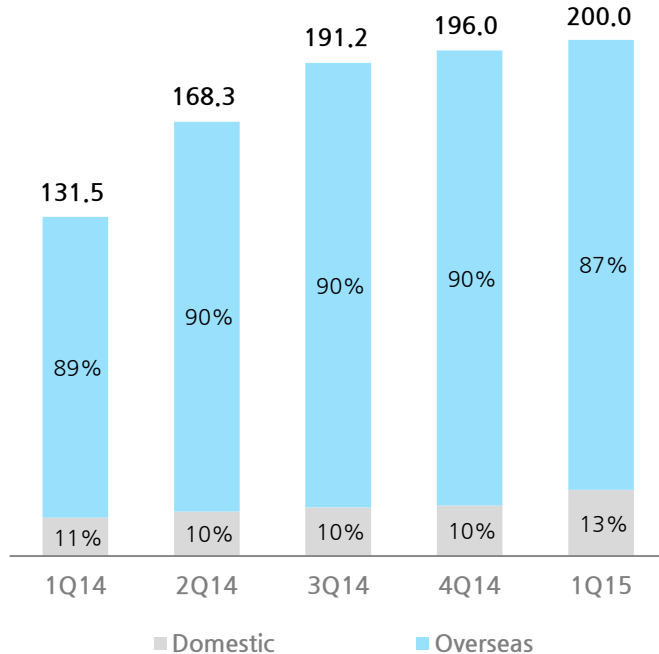
[Overseas]

- # of LINE official accounts: 230 (Japan, Taiwan, Thai, Indonesia)
- # of LINE sponsored stickers: 115 (Japan, Taiwan, Thai, Indonesia)
- Free coin available in 9 countries / # of LINE@ accounts: 370k+
- Solid growth from Matome and Livedoor in Japan

3.2 Revenue - Contents

- **[Revenue]** Contents revenue was up +52.2% Y/Y and +2.1% Q/Q, recording 200.0 bn KRW
- **[By Region]** Domestic was 13%, and overseas was 87%

(bn KRW)



[Overseas]

- # of LINE games: 47 (24 of which being multi-language supported)
- # of LINE sticker sets: 75,000+
- Solid growth from LINE character goods and LINE PLAY

[Domestic]

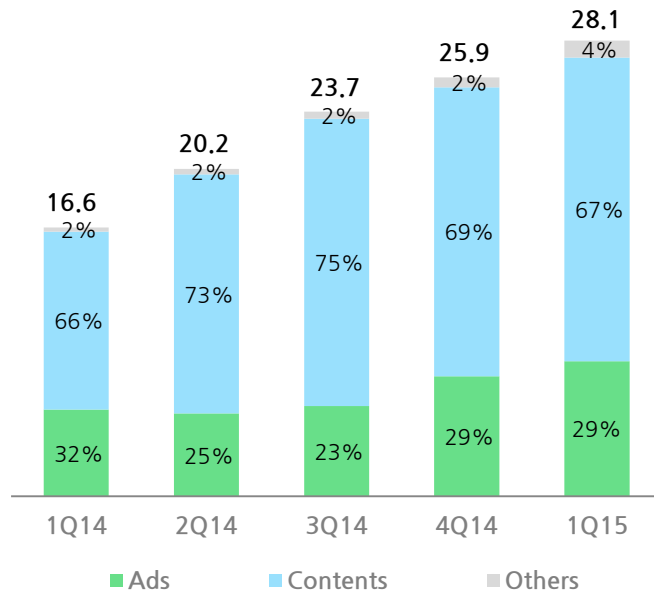
- Revenue from 'Raven' reflected in March
- Solid growth from Webtoon, Naver Appstore, Music service, etc.

4. LINE

- **[LINE Corp. Revenue]** LINE Corp.'s consolidated revenue was up +69.5% Y/Y, +8.7% Q/Q, recording 28.1 bn JPY
- **[LINE MAU]** LINE MAU was up +8.1% Q/Q to record 205 mn

LINE Corp. revenue by business

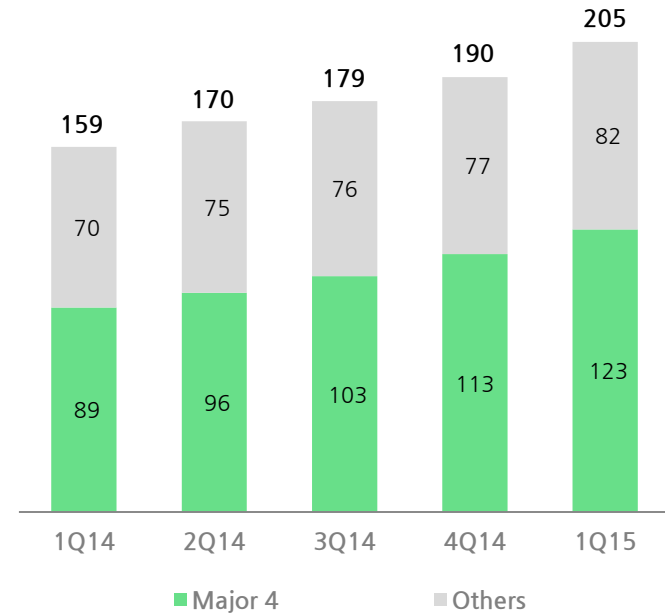
(bn JPY)



※ Based on IFRS, and consolidated subsidiaries are 12 including LINE Corp., LINE+, LINE Business Partners, etc.

LINE MAU

(mn)



※ Major 4 includes Japan, Taiwan, Thailand, and Indonesia

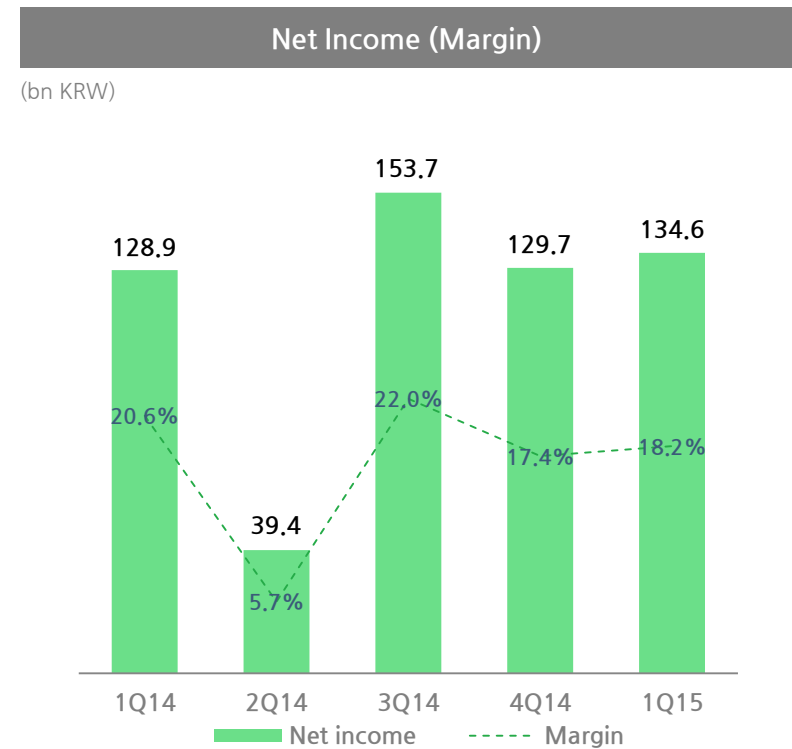
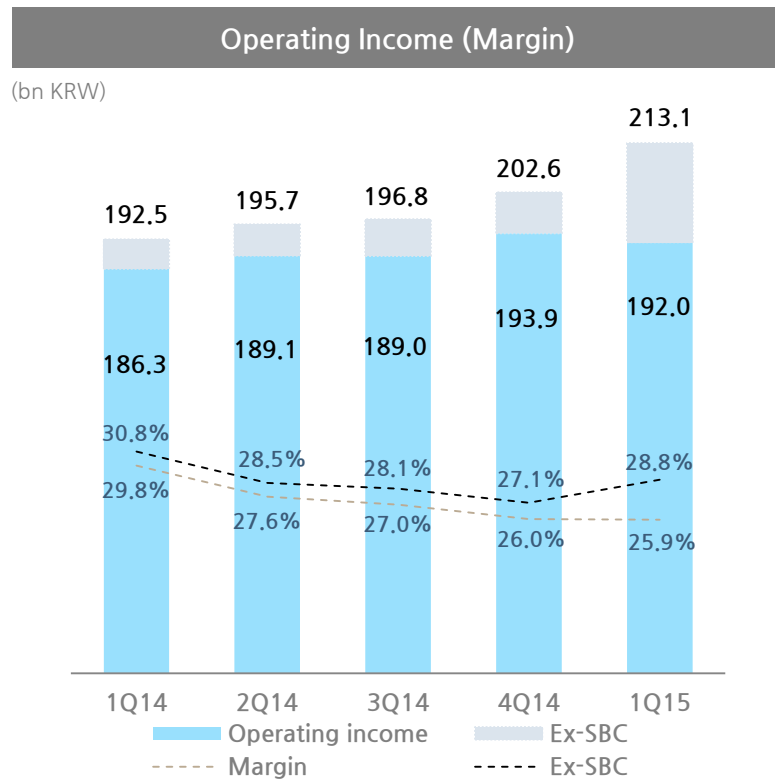
5. Operating Expense

- **[Labor]** Labor increased 25.7% Y/Y, recording 163.2 bn KRW with new hires and SBC for LINE group
- **[Commission]** Commission increased 15.4% Y/Y, recording 197.6 bn KRW with increases in sales
- **[Marketing]** Marketing increased 64.7% Y/Y, recording 67.5 bn KRW with various marketing activities

(bn KRW)	1Q15	4Q14	1Q14	Growth	
				Q/Q	Y/Y
Operating expenses	548.6	553.0	439.5	-0.8%	24.8%
Labor	163.2	140.6	129.8	16.0%	25.7%
Commission	197.6	208.5	171.2	-5.2%	15.4%
Marketing	67.5	78.0	41.0	-13.4%	64.7%
Depreciation	37.5	37.1	32.3	1.2%	16.3%
Telecommunication	24.6	26.9	24.6	-8.5%	0.1%
Employee benefit	18.5	17.8	15.5	3.8%	19.3%
Other	39.7	44.1	25.1	-10.0%	57.9%

6. Incomes

- **[Operating income (margin)]** Operating income recorded 192.0 bn KRW with margin of 25.9%
- **[Net income (margin)]** Net income recorded 134.6 bn KRW with margin of 18.2%



※ 2Q14 net income decreased substantially with the recognition of impairment loss on available-for-sale financial assets for selling stake in NHNE for 123.0bn KRW

7. Appendix - Consolidated Financial Statements

Comprehensive Income Statement

(mn KRW)	1Q14	2Q14	3Q14	4Q14	1Q15
Operating revenue	625,750	685,884	700,004	746,841	740,562
Ads	476,848	504,252	497,756	540,210	529,874
Contents	131,466	168,308	191,178	195,954	200,049
Other	17,437	13,324	11,070	10,677	10,639
Operating expenses	439,451	496,819	511,021	552,988	548,606
Labor	129,778	143,653	140,903	140,626	163,175
Commission	171,159	184,854	198,661	208,481	197,561
Marketing	41,009	62,287	64,475	77,986	67,526
Depreciation	32,281	33,612	35,893	37,078	37,534
Telecommunication	24,584	24,311	25,951	26,896	24,615
Employee benefit	15,496	15,800	17,165	17,825	18,494
Other	25,144	32,302	27,973	44,095	39,701
Operating income	186,299	189,065	188,983	193,853	191,956
<i>Margin</i>	<i>29.8%</i>	<i>27.6%</i>	<i>27.0%</i>	<i>26.0%</i>	<i>25.9%</i>
Non operating income	5,110	2,644	1,740	7,793	28,580
Finance income	9,491	10,503	25,869	32,068	19,247
Interest income	4,569	4,886	6,622	6,382	7,250
Other	4,923	5,617	19,247	25,686	11,997
Share of profit of associates	69	330	45	609	181
Non operating expense	5,607	13,503	7,442	25,980	6,612
Finance cost	9,096	121,610	1,609	9,039	9,053
Interest cost	1,694	1,386	1,291	1,355	1,470
Other	7,402	120,224	318	7,684	7,583
Share of loss of associates	499	-8	68	1,182	1,059
Income before income tax	185,767	67,436	207,519	198,122	223,239
Income Tax	59,154	45,863	64,446	67,719	88,684
Net income from continuing operations	126,614	21,573	143,072	130,403	134,555
Net income from discontinued operations	2,335	17,806	10,665	-704	0
Net income	128,949	39,379	153,737	129,699	134,555
Other comprehensive income(loss)	4,194	71,740	16,679	18,162	-10,549
Comprehensive income	133,142	111,119	170,416	147,860	124,007

Statement of Financial Position

(mn KRW)	1Q14	2Q14	3Q14	4Q14	1Q15
Current assets	1,461,719	1,615,493	2,018,757	1,945,784	2,076,627
Cash & cash equivalents	750,251	917,875	1,188,113	1,126,260	1,222,002
Accounts receivable	379,238	389,397	509,019	421,566	406,198
Other	332,231	308,222	321,626	397,957	448,426
Non-current assets	1,413,353	1,445,290	1,343,167	1,448,674	1,491,515
Investment assets	261,423	244,760	176,022	246,773	244,795
Tangible assets	812,122	866,923	872,650	900,957	888,122
Intangible assets	134,244	127,602	127,120	120,758	167,066
Other	205,565	206,005	167,375	180,186	191,533
Total assets	2,875,072	3,060,783	3,361,925	3,394,458	3,568,142
Current liabilities	886,096	810,138	940,038	1,080,709	1,140,568
Accrued payable	205,417	272,188	269,263	314,625	292,057
Advance receipts	93,870	86,567	99,760	103,183	120,193
Accrued income taxes	114,833	144,616	108,000	154,447	116,752
Bonds	5,142	4,950	4,753	4,555	4,555
Other	466,834	301,818	458,262	503,900	607,011
Non-current liabilities	396,161	539,718	532,616	516,331	506,707
Bonds	107,868	107,575	104,897	104,693	101,916
Allowance for severance pay	168,031	173,484	181,539	180,609	189,859
Other	120,261	258,659	246,180	231,029	214,932
Total liabilities	1,282,256	1,349,856	1,472,654	1,597,040	1,647,276
Equity attributable to owners of the parent	1,589,317	1,707,873	1,886,847	1,796,002	1,918,637
Paid-in capital	16,481	16,481	16,481	16,481	16,481
Capital surplus	132,921	132,921	133,102	133,102	133,102
Capital adjustment	-695,888	-689,211	-681,353	-921,065	-899,938
Other comprehensive income	-115,224	-43,484	-26,805	-16,108	-26,656
Retained earnings	2,251,027	2,291,166	2,445,421	2,583,592	2,695,648
Non-controlling interests	3,499	3,054	2,423	1,416	2,229
Total equity	1,592,816	1,710,927	1,889,270	1,797,418	1,920,866