

NAVER

A Set of Global Challenges

4Q20 & FY2020 Earnings Result

2021.01.28

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Earnings Summary

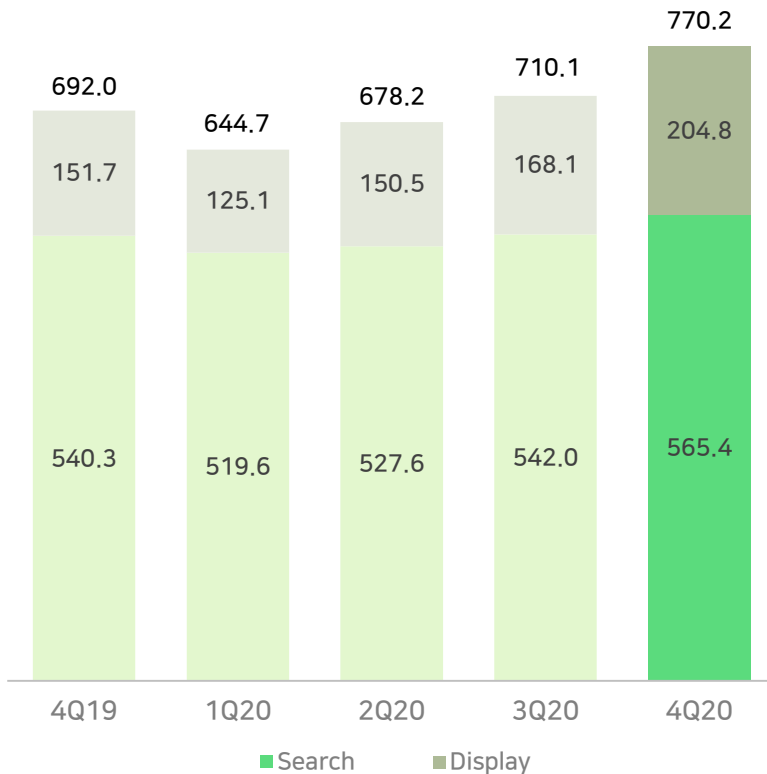
- Operating Revenue increased 28.3% YoY on back of solid growth from overall businesses

(bn KRW)	4Q19	3Q20	4Q20	Y/Y	Q/Q	FY2020	Y/Y
Operating Revenue	1,179.0	1,360.8	1,512.6	28.3%	11.2%	5,304.1	21.8%
Search Platform	692.0	710.1	770.2	11.3%	8.5%	2,803.1	5.6%
Commerce	219.0	285.4	316.8	44.6%	11.0%	1,089.7	37.6%
Fintech	119.9	174.0	201.1	67.8%	15.6%	677.5	66.6%
Contents	93.4	115.0	138.9	48.8%	20.9%	460.2	48.8%
Cloud	54.8	76.3	85.6	56.3%	12.2%	273.7	41.4%
Operating Expenses	903.6	1,069.1	1,188.9	31.6%	11.2%	4,088.8	27.7%
Operating Income	275.4	291.7	323.8	17.6%	11.0%	1,215.3	5.2%
Adjusted EBITDA*	341.5	389.8	419.2	22.8%	7.5%	1,567.2	13.5%
Net Income	196.2	235.3	375.3	91.3%	59.4%	836.2	110.7%

* EBITDA + stock-based compensation

Quarterly Revenue

(bn KRW)



4Q20 YoY 11.3% ↑ / QoQ 8.5% ↑

2020 YoY 5.6% ↑

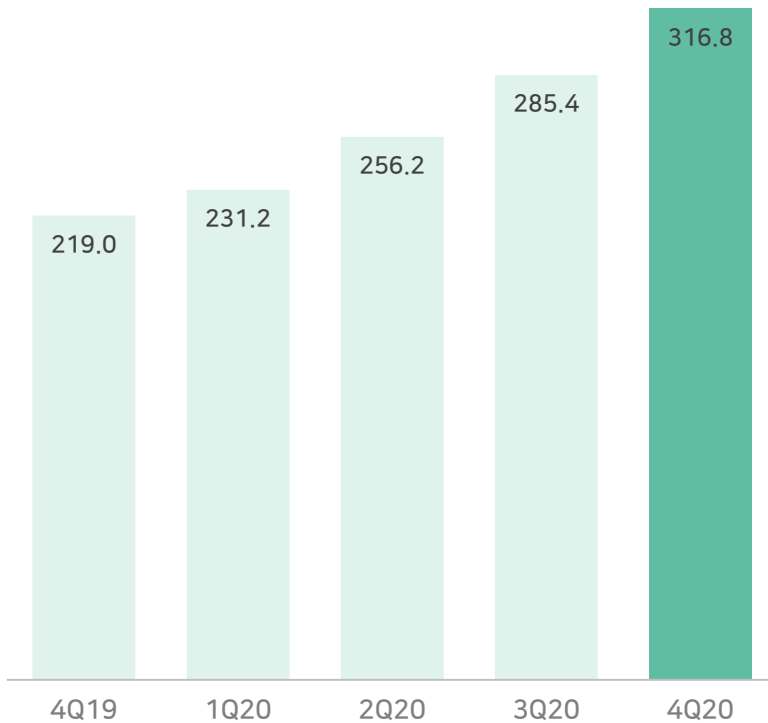
(Search) YoY 4.7% ↑ / QoQ 4.3% ↑

(Display) YoY 35.0% ↑ / QoQ 21.8% ↑

- Despite the re-proliferation of COVID-19, as Display showed solid growth, revenue grew 11.3% YoY
- Display revenue was up 35% YoY with the expansion of performance ads & impression guaranteed ads

Quarterly Revenue

(bn KRW)



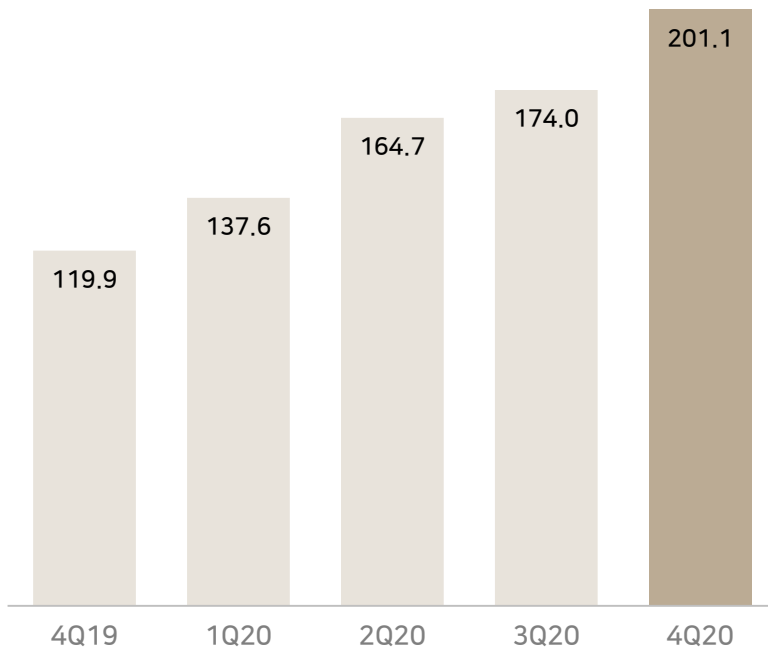
4Q20 YoY 44.6% ↑ / QoQ 11.0% ↑

2020 YoY 37.6% ↑

- Smartstore GMV rose 76% YoY on back of digital transformation & growth of SMEs
- Number of Smartstores reached 410K through various SME supports including Zero Start Fee, education for Shopping LIVE, free broadcasting infra support were implemented

Quarterly Revenue

(bn KRW)



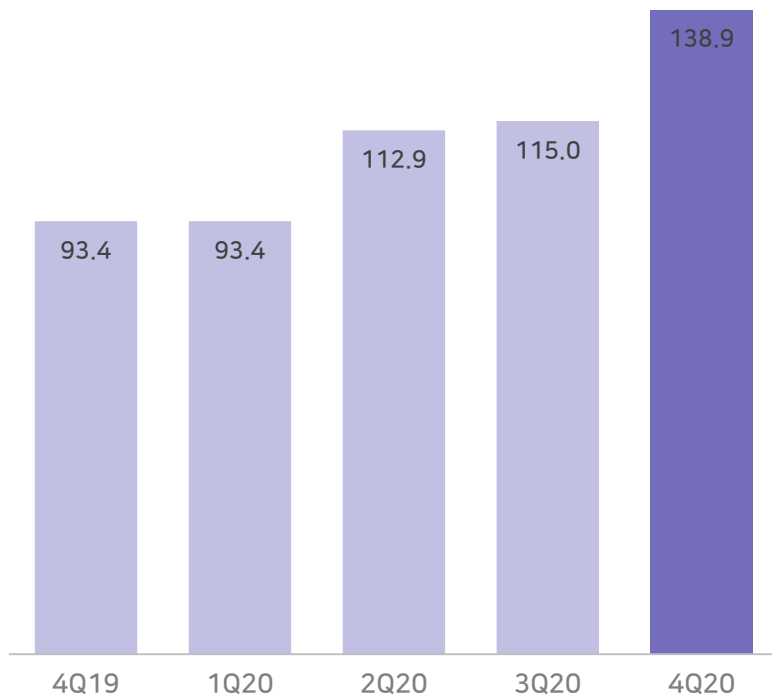
4Q20 YoY 67.8% ↑ / QoQ 15.6% ↑

2020 YoY 66.6% ↑

- NAVER Pay GMV rose 68% YoY to 7.8 trillion KRW with growth from Smartstore and addition of outside partners including KTX, KT, Lotte DFS, and more
- Supporting SME's operation by launching the 'Fastest Settlement Service' which provide settlement the day after delivery
- Fintech for thin-filers and SMEs in full swing with the launch of 'Smartstore Business Loan'

Quarterly Revenue

(bn KRW)



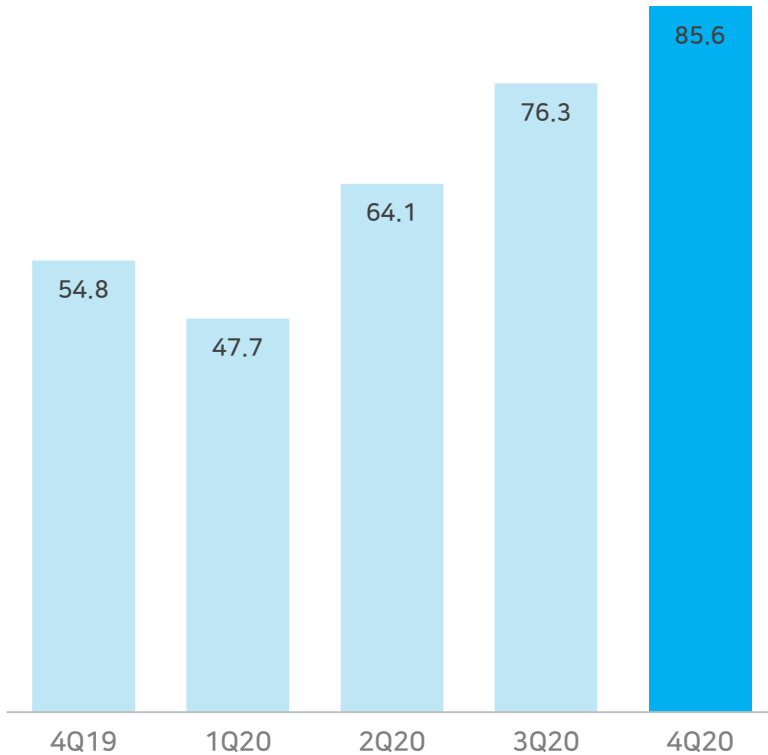
4Q20 YoY 48.8% ↑ / QoQ 20.9% ↑

2020 YoY 48.8% ↑

- Global Webtoon MAU marks 72 million and Annual GMV recorded 820 billion KRW exceeding internal target
- To evolve into a dominant No.1 Global Webtoon & Webnovel platform with the acquisition of Wattpad
- Following the investment in YG, SM Ent., strengthening cooperation with Big Hit to target Global Entertainment market

Quarterly Revenue

(bn KRW)



4Q20 YoY 56.3% ↑ / QoQ 12.2% ↑

2020 YoY 41.4% ↑

- Backed by continued demand for Cloud services, Cloud platform revenue increased 163% YoY
- Secured leadership in public & education sector by winning National remote education infrastructure and being selected as the main cloud business for National smart city business
- Growth of paid IDs for Line Works accelerated due to the nationwide TVC in Japan

Operating Expenses/Income

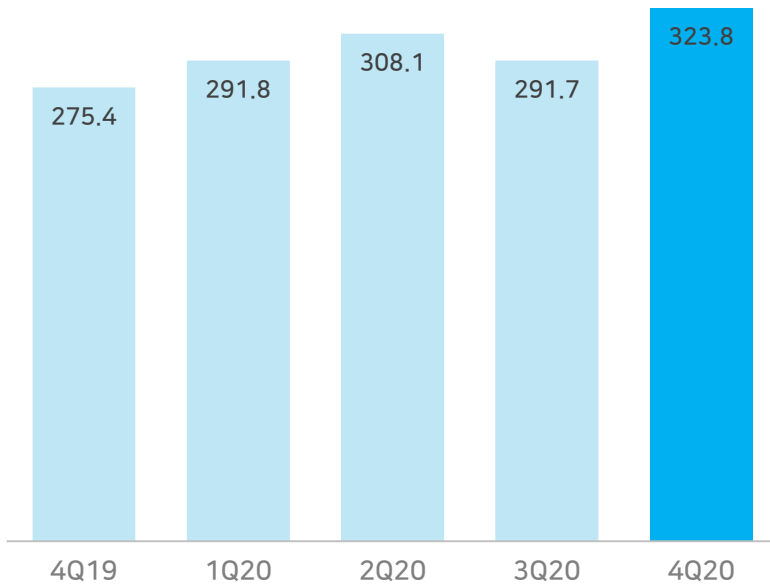
- Additional Pay reward points were booked with the growth of NAVER Plus Membership and Global Webtoon marketing expenses increased
- More valuation gains of financial assets led the Net income to increase 91.3% YoY

(bn KRW)	4Q19	3Q20	4Q20	Y/Y	Q/Q	FY2020	Y/Y
Operating Expenses	903.6	1,069.1	1,188.9	31.6%	11.2%	4,088.8	27.7%
Development & Operations	291.1	311.7	312.4	7.3%	0.2%	1,196.6	16.3%
Partner	392.2	457.0	534.9	36.4%	17.1%	1,796.6	29.0%
Infrastructure	117.3	144.8	157.9	34.6%	9.1%	549.8	30.5%
Marketing	103.0	155.6	183.7	78.3%	18.0%	545.9	52.5%
Operating Income	275.4	291.7	323.8	17.6%	11.0%	1,215.3	5.2%
Pre-tax Income	445.9	361.6	550.4	23.4%	52.2%	1,621.4	16.5%
Tax	183.1	117.6	154.4	-15.7%	31.3%	489.2	4.0%
Net Income from Continuing Operations	262.8	244.0	396.0	50.7%	62.3%	1,132.2	23.0%
Net Income	196.2	235.3	375.3	91.3%	59.4%	836.2	110.7%

Operating Income, Adjusted EBITDA

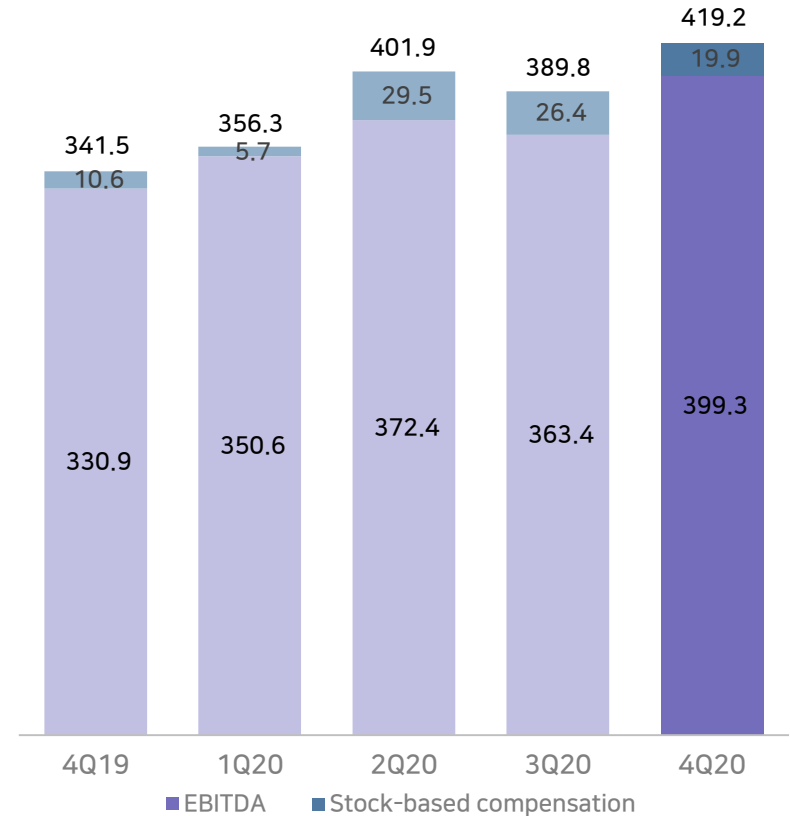
Operating Income

(bn KRW)



Adjusted EBITDA

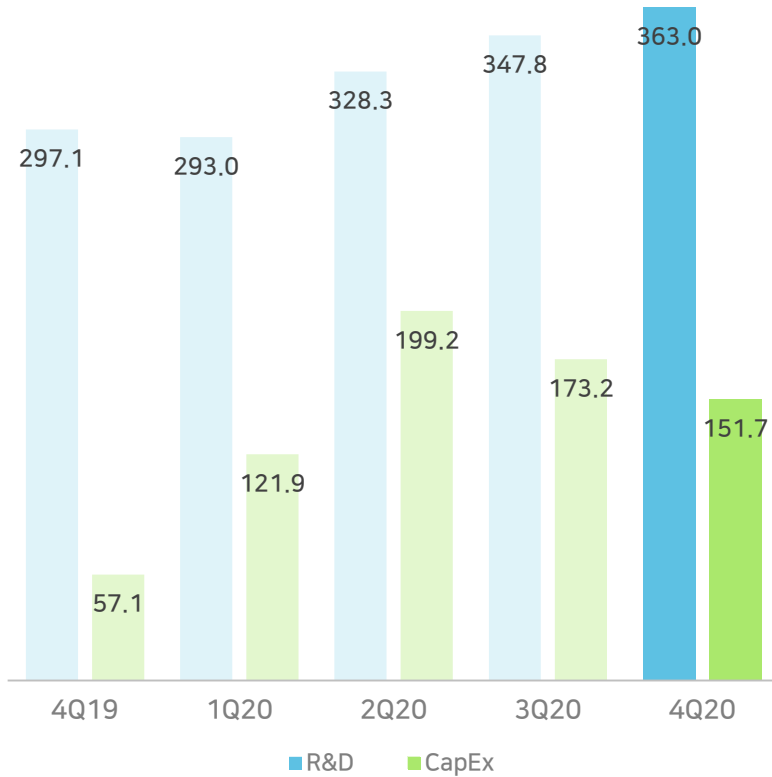
(bn KRW)



R&D/CapEx, Net Income

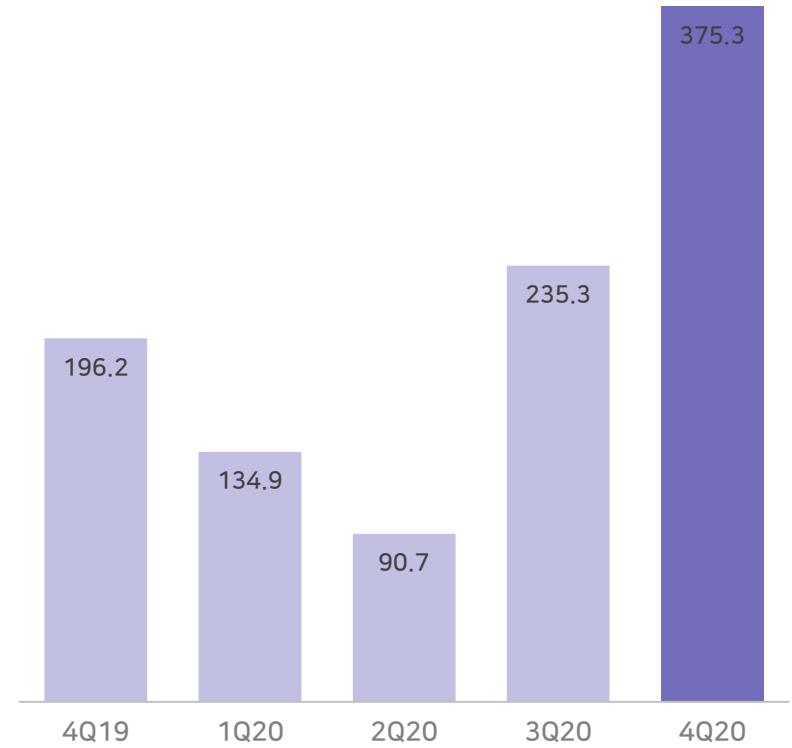
R&D/CapEx

(bn KRW)



Net Income

(bn KRW)



FCF (Consolidated)

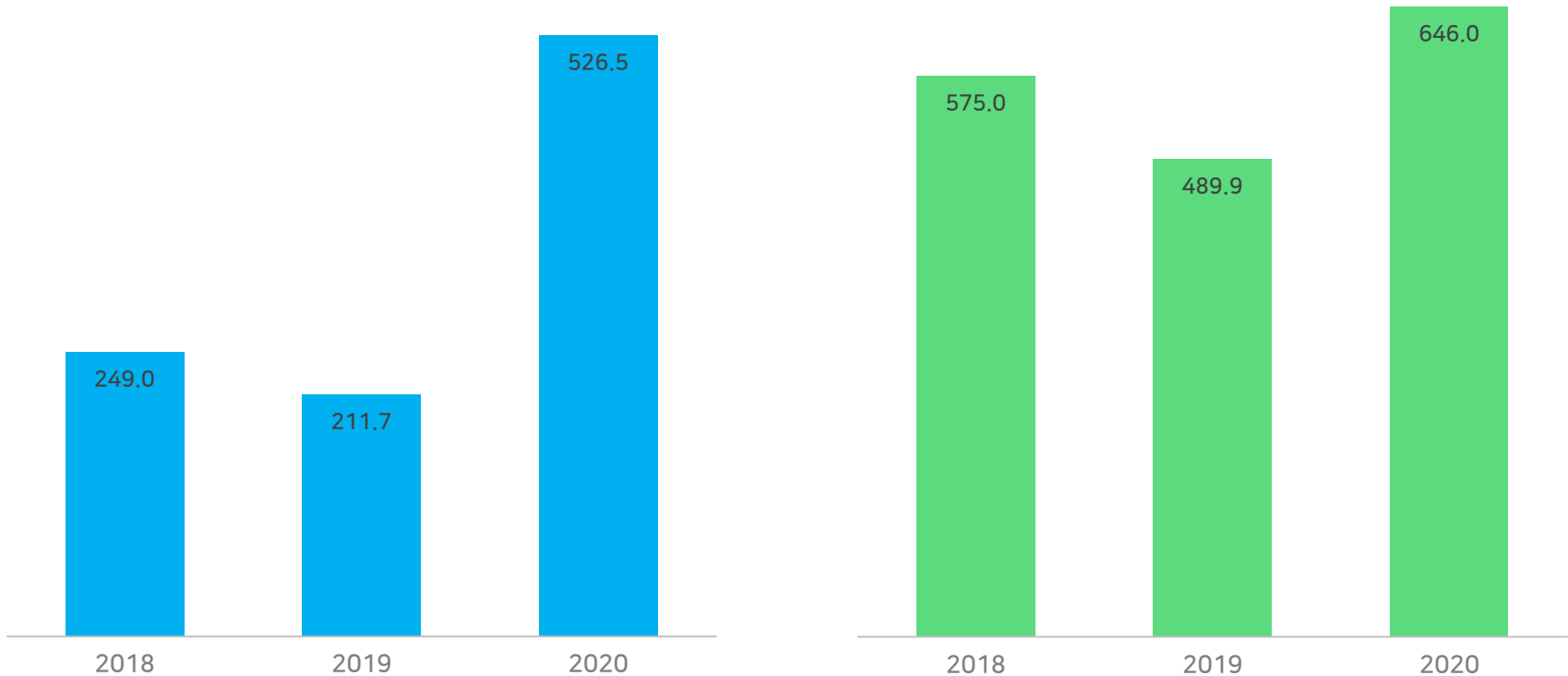
- FCF: Operating Income + Non-cash Items¹⁾ – CapEx²⁾ – Tax³⁾

Free Cash Flow

(bn KRW)

CapEx

(bn KRW)



1) Non-cash Items: Tangible & intangible asset depreciation cost, bad debt expenses, retirement benefit(excluding net payment), SBC, etc.

2) CapEx: Tangible & intangible asset acquisition cost

3) Tax(actual payment amount): 2020 estimated tax is 472.5 bn KRW

4) 2018-2019 FCF and CapEx includes LINE under consolidation

Financial Statements Summary

Consolidated Income Statement

(mn KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
Operating Revenue	1,179,019	1,154,694	1,276,042	1,360,779	1,512,630
Operating Expenses	903,615	862,912	967,959	1,069,053	1,188,880
Operating Income	275,404	291,782	308,083	291,727	323,750
Non-operating Revenue	208,559	163,338	80,380	116,510	326,663
Non-operating Expenses	38,076	35,001	99,189	46,655	100,023
Pre-tax Income	445,886	420,119	289,274	361,582	550,390
Tax	183,074	123,489	93,670	117,610	154,416
Net Income from Continuing Operations	262,812	296,630	195,604	243,972	395,974
Net gain/loss from Discontinued Operations	-66,602	-161,755	-104,922	-8,629	-20,721
Net Income	196,210	134,875	90,682	235,343	375,253
Controlling Interests	248,711	184,804	147,263	245,468	415,707
Non-controlling Interests	-52,500	-49,929	-56,581	-10,125	-40,454

Consolidated Statement of Financial Position

(mn KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
Current Assets	5,643,714	6,533,603	7,099,070	10,206,941	10,544,659
Assets held for sale				6,535,890	6,660,253
Non-current Assets	6,655,813	7,232,431	7,593,094	5,245,619	6,457,385
Total Assets	12,299,527	13,766,034	14,692,164	15,452,560	17,002,044
Current Liabilities	3,773,119	4,097,112	4,579,566	7,272,227	7,911,751
Liabilities held for sale				3,730,412	4,675,241
Non-current Liabilities	2,022,482	2,213,686	2,154,746	768,595	844,005
Total Liabilities	5,795,601	6,310,797	6,734,312	8,040,823	8,755,757
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,575,308	2,233,804	2,334,872	1,446,115	1,793,273
Other Components of Equity	-1,498,653	-1,412,146	-1,353,565	-1,236,244	-1,097,230
Retained Earnings	5,712,091	5,802,449	5,944,391	6,233,586	6,645,849
Non-controlling Interests	698,698	814,648	1,015,673	951,800	887,913
Total Equity	6,503,926	7,455,237	7,957,851	7,411,737	8,246,287

Income Statement

(mn KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
Operating Revenue	990,995	917,961	993,667	1,056,140	1,158,862
Operating Expenses	629,554	592,504	631,532	689,285	776,126
Operating Income	361,441	325,456	362,135	366,855	382,735
Non-operating Revenue	88,182	150,046	43,173	92,083	174,225
Non-operating Expenses	40,669	29,119	59,376	44,557	119,180
Pre-tax Income	408,953	446,383	345,931	414,381	437,781
Tax	163,322	119,318	92,153	112,075	135,486
Net Income from Continuing Operations	245,631	327,065	253,779	302,306	302,295
Net gain/loss from Discontinued Operations	-	-	-	-	-
Net Income	245,631	327,065	253,779	302,306	302,295

Statement of Financial Position

(mn KRW)	4Q20	1Q20	2Q20	3Q20	4Q20
Current Assets	880,762	1,044,023	912,221	1,685,606	958,003
Non-current Assets	5,790,825	5,950,738	6,293,486	6,030,476	7,853,353
Total Assets	6,671,587	6,994,762	7,205,707	7,716,082	8,811,356
Current Liabilities	908,933	1,049,880	917,090	1,023,388	1,273,102
Non-current Liabilities	233,108	237,392	242,705	247,564	287,607
Total Liabilities	1,142,040	1,287,272	1,159,795	1,270,952	1,560,709
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	362,406	362,406	362,406	362,406	675,892
Other Components of Equity	-1,548,532	-1,603,207	-1,521,006	-1,424,433	-1,233,773
Retained Earnings	6,699,191	6,931,809	7,188,030	7,490,675	7,792,047
Total Equity	5,529,547	5,707,490	6,045,912	6,445,130	7,250,647