

IR Presentation

September 2019

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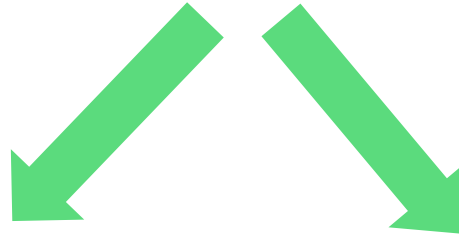
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"A Set of Global Challenges"

Search

Commerce



Contents

NAVER
Webtoon



SNOW



B2B

NCP (Cloud)



Works Mobile



Tech

Search&Clova



NAVER Labs



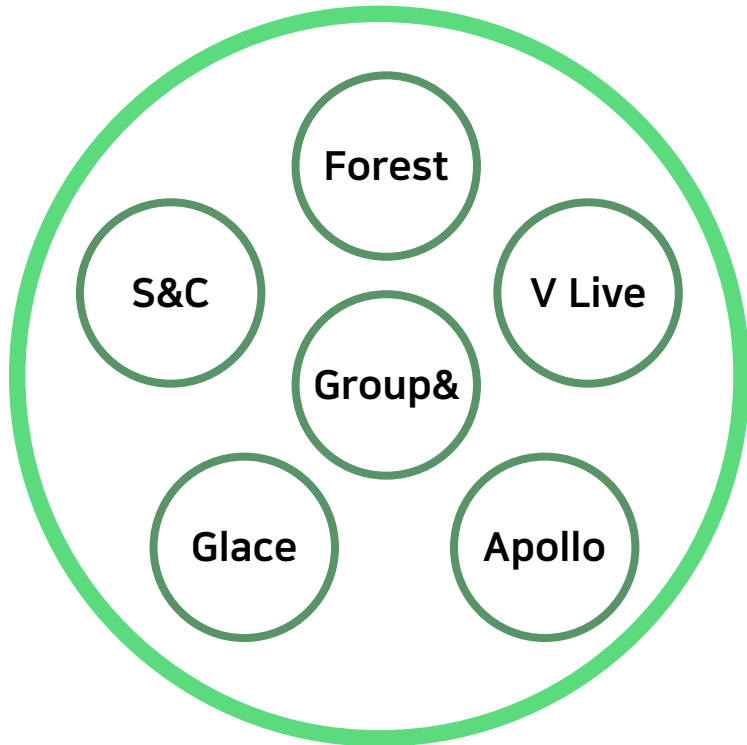
NEW

Finance

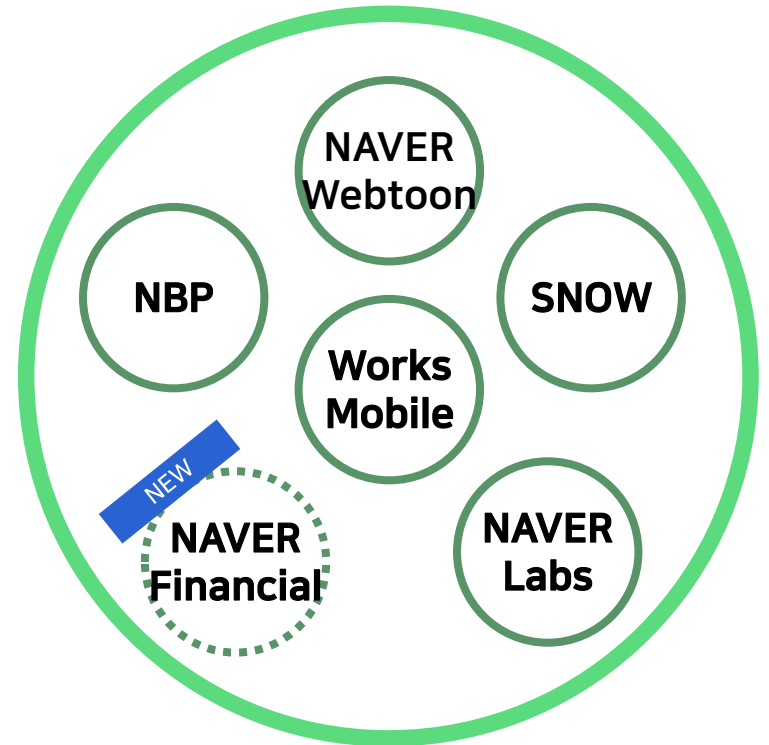
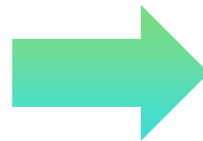
NAVER
Financial



CIC



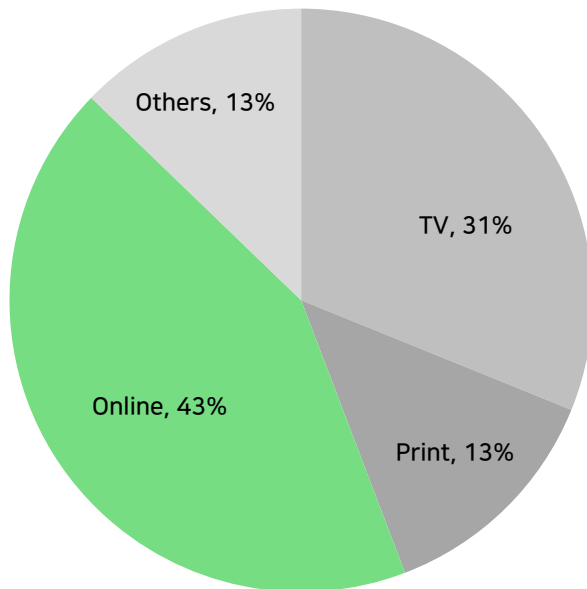
Independent Subsidiaries



Online Ads Market in 2019

- Online ads market estimated to grow 10% Y/Y
- 2019 online ad proportion to reach 43% with mobile ad accounting for 29%

Korean Ad Market Breakdown

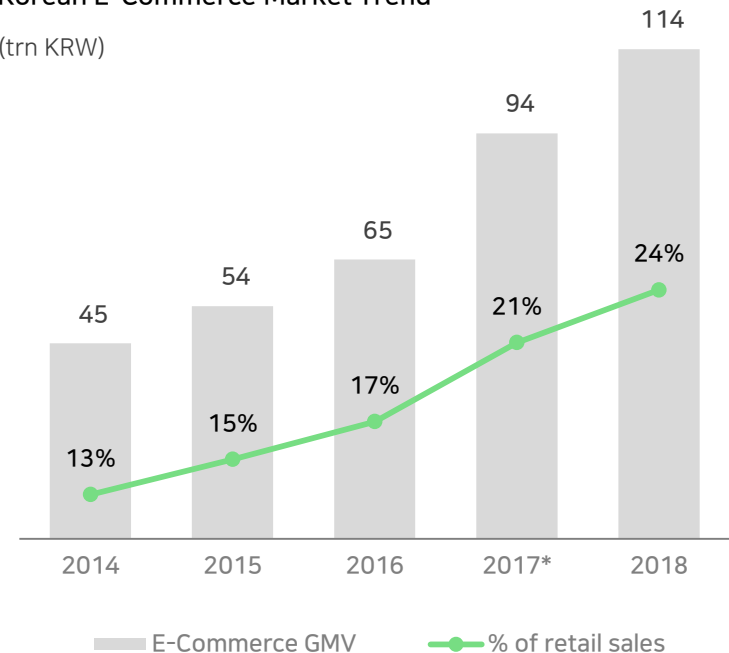


E-Commerce Market Trend

- E-Commerce market grew 20% in 2018, driven by mobile commerce

Korean E-Commerce Market Trend

(trn KRW)



* As KOSTAT reflected SME shopping mall transactions that had not been included before, 2017 GMV increased significantly

2. Business Updates Ads

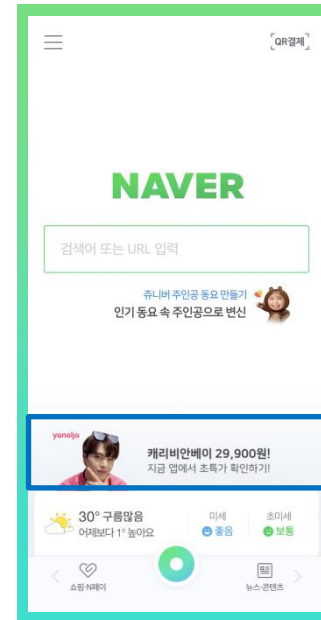
Introduction of New NAVER

- 78% of the users using the new NAVER, while the usage of 'Green Dot' is increasing



Product Enhancements

- Ad impression increased following the renewal, attracting more eye balls
- To introduce new features, tabs(e.g. video), and various new ad products



'Special DA' on main page



'Branding DA' on news tab

Product Enhancements

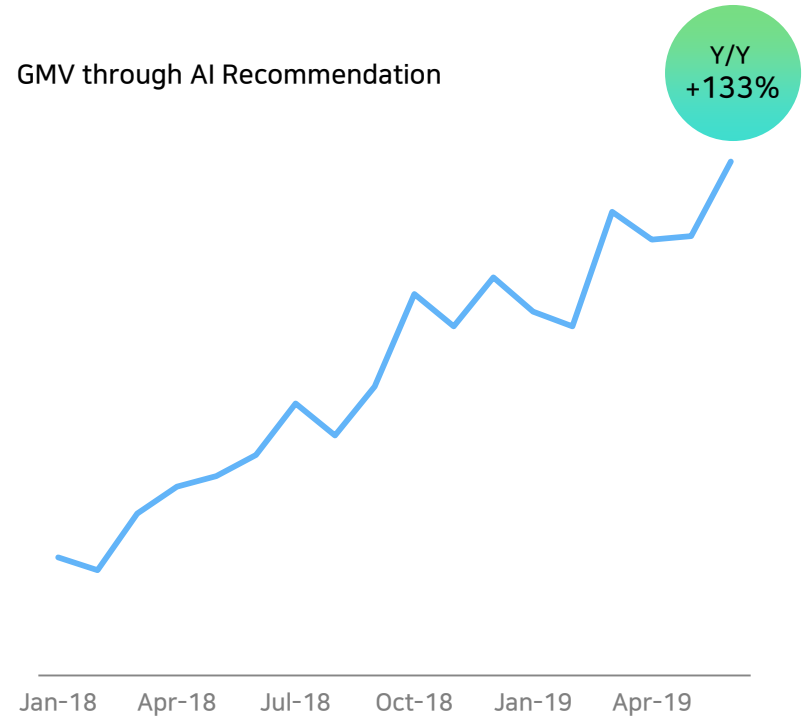
- Improving user satisfaction by optimal location of mobile ads using machine learning
- Headed by mobile, allowing more room to convey the message to users such as images, price, etc on PC



Enhancements with AI Recommendation

- Continuing to build on the connection between users and sellers through the use of AI & Data
- Seeing a nice GMV growth through AI-based product recommendation

GMV through AI Recommendation

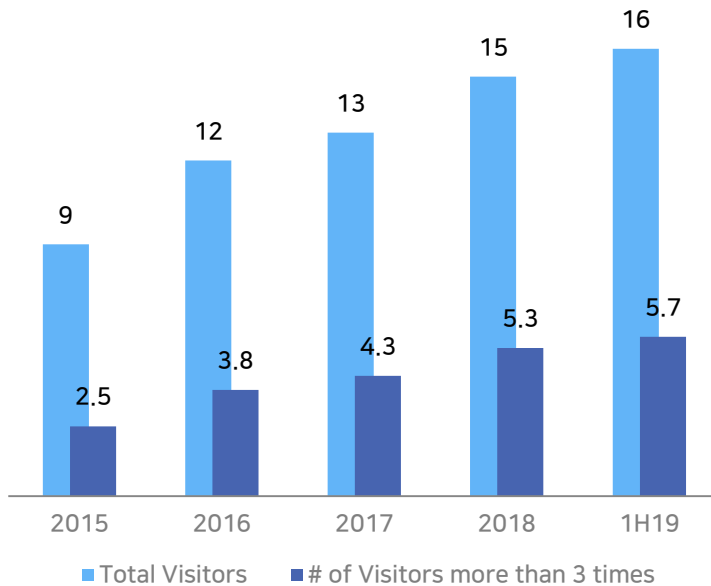


Solid E-commerce Business

- NAVER Shopping GMV to grow 20%+ Y/Y in 2019
- Continuous increase in # of NAVER Shopping users

NAVER Shopping User Trend(MAU)

(mn)



Data Commerce

- Launched Delivery Simulator based on statistic data
- Improved users' shopping experience

배송정보

배송비 2,500원
30,000원 이상 구매시 무료

배송기간 내일 10/1(화) 도착 예상 95% ?

오늘출발 상품
오후 11:30까지 결제 시 오늘 바로 발송됩니다.
(일부 옵션에 한함)

내일 10/1(화) 도착 확률 95% ^

경기도 성남시 불정로 6 기준

10/1(화)까지 도착 확률	95%
10/2(수)까지 도착 확률	98%
10/3(목)까지 도착 확률	100%

배송시뮬레이터 | 빅데이터 분석을 통한 배송일 예측 시스템

Probabilities of arrival by next day

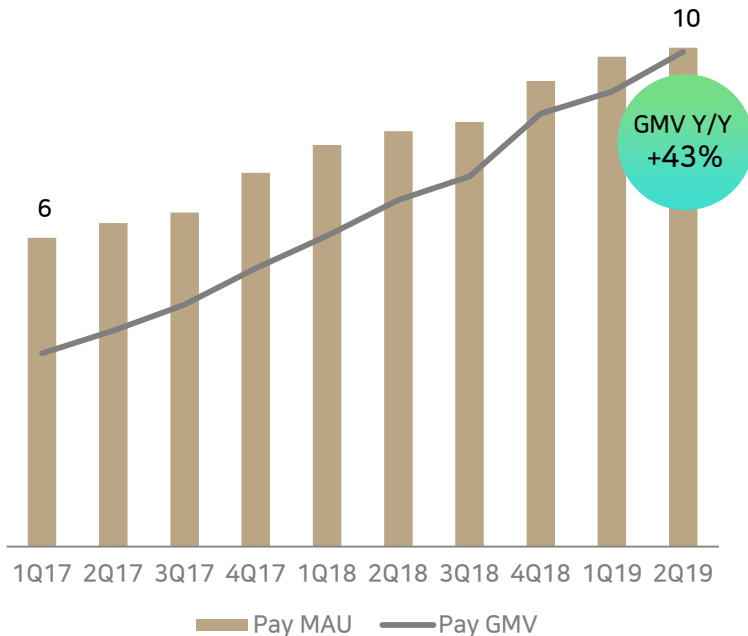
Probabilities of arrival by dates

NAVER Pay

- Steady Pay GMV growth on back of increases in # of NAVER Pay merchants and users
- To expand into various financial services after spin-off

NAVER Pay MAU & GMV Trend

(mn)



NAVER Cloud Platform

- Building references from major domestic clients & signing meaningful contracts in public & healthcare sector
- To open cloud zone in financial district specialized for the financial industry

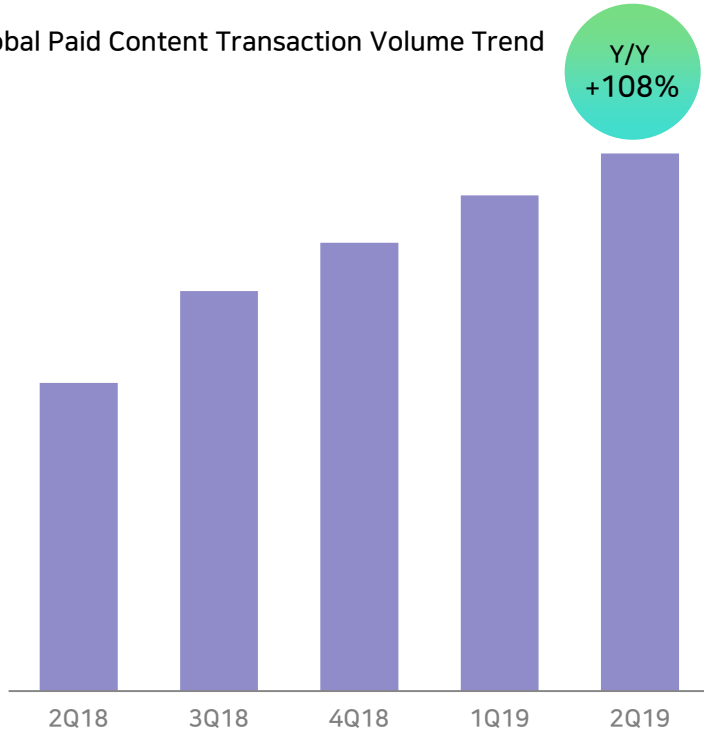


2. Business Updates Content

Webtoon

- Global MAU : 58mn+ (Korea 22mn+, Overseas 36mn+)
- Paid content transaction volume continues to grow with the addition of new creators & monetization methods

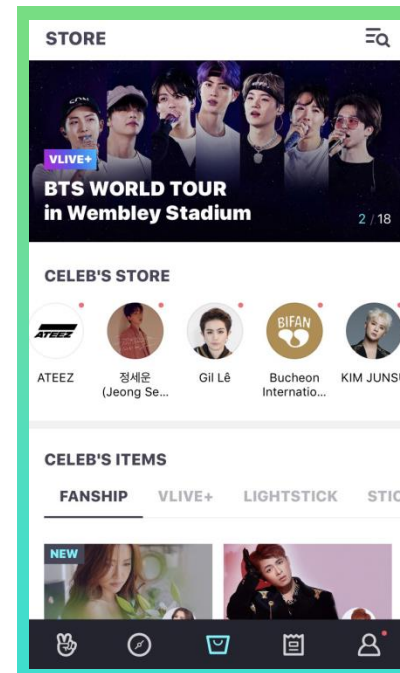
Global Paid Content Transaction Volume Trend



V Live

- 44 V Fanship (paid membership) as of 2Q19, evolving into a global fan management platform
- Proving technology by live broadcasting worldwide BTS Wembley concert and fan meeting concert in Seoul

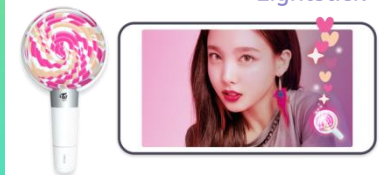
Diversified Business Models



V Fanship



Lightstick



Stickers



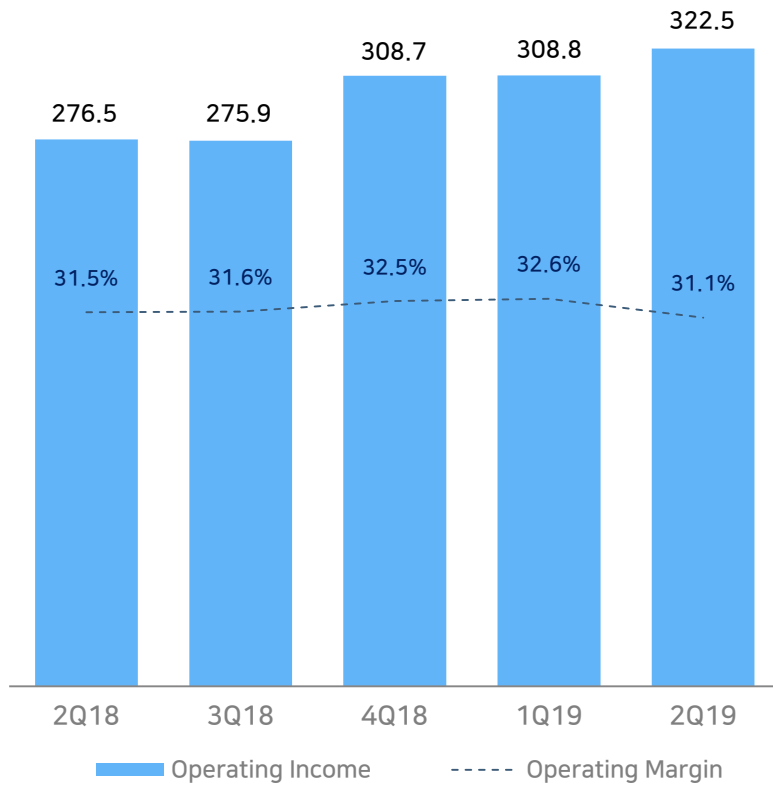
3. Financials: Earnings Summary

(bn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19	Growth	
						Y/Y	Q/Q
Operating Revenue	1,363.6	1,397.7	1,516.5	1,510.9	1,630.3	19.6%	7.9%
Ads	148.7	136.1	155.1	142.2	166.6	12.0%	17.1%
Business Platform	611.6	613.0	658.5	669.3	715.9	17.1%	7.0%
IT Platform	86.4	91.4	105.6	99.2	105.9	22.6%	6.8%
Contents Service	31.0	33.2	32.0	35.0	50.1	61.4%	43.0%
LINE & Other Platforms	485.9	524.0	565.3	565.1	591.8	21.8%	4.7%
Operating Expenses	1,113.0	1,176.0	1,303.3	1,304.6	1,501.9	34.9%	15.1%
Platform Development & Operations	192.8	195.9	195.1	218.4	234.6	21.7%	7.4%
Agency & Partner Commission	262.2	254.7	278.2	277.0	298.2	13.7%	7.7%
Infrastructure	61.3	64.5	69.7	75.8	80.4	31.2%	6.1%
Marketing	84.9	82.8	99.5	65.8	102.9	21.1%	56.3%
LINE & Other Platforms	511.9	578.1	660.8	667.6	785.9	53.5%	17.7%
Operating Income	250.6	221.7	213.3	206.2	128.3	-48.8%	-37.8%
Operating Margin(%)	18.4%	15.9%	14.1%	13.7%	7.9%	-10.5%p	-5.8%p
Net Income	281.8	68.4	124.0	87.6	27.8	-90.1%	-68.3%

3. Financials: Operating Income by Segments

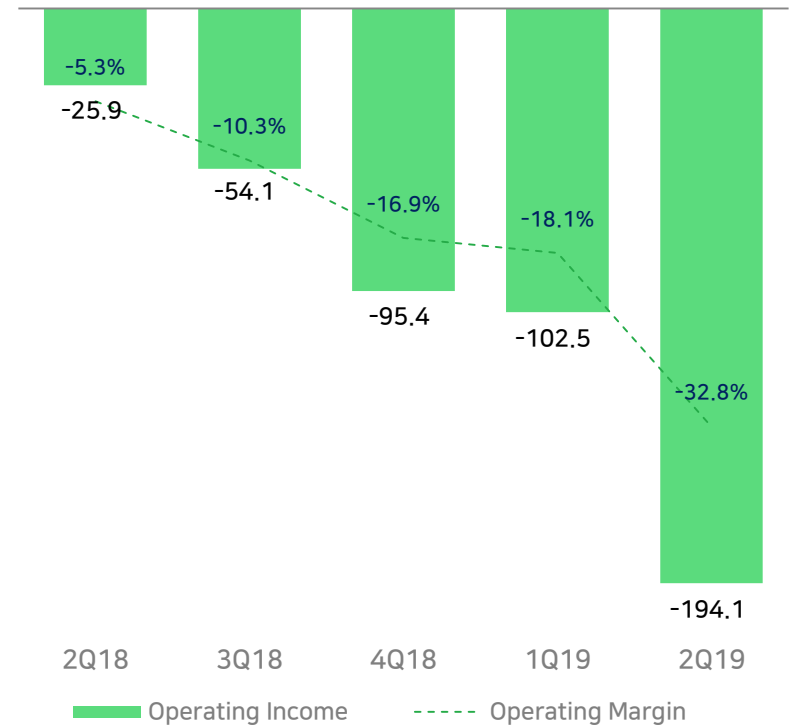
Operating Income (NAVER Segments)

(bn KRW)



Operating Income (LINE and Other Segments)

(bn KRW)

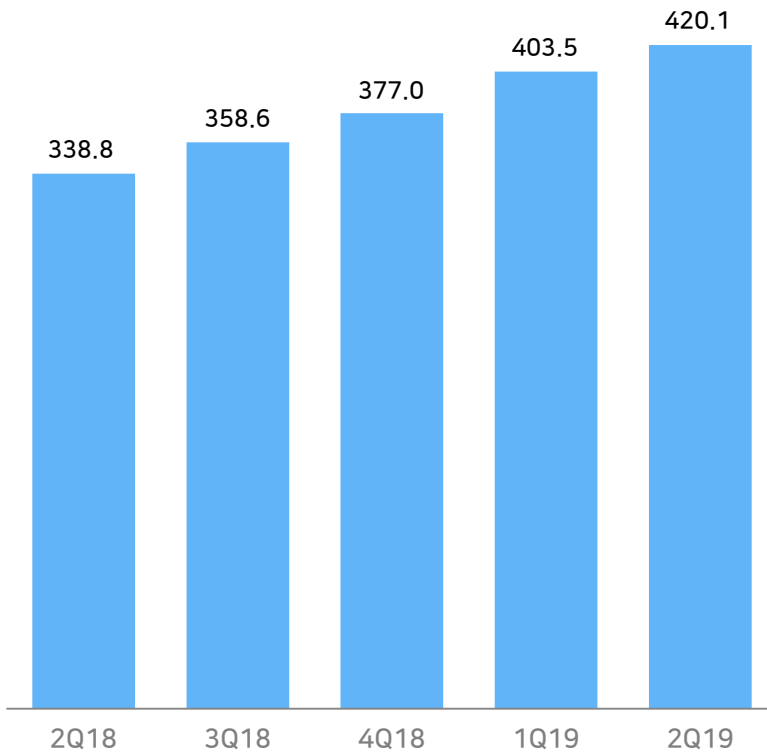


*Note: Segments are a split of consolidated earnings based on K-IFRS, separating key business of NAVER with others, thus the figures may differ from the numbers reported by LINE

3. Financials: Investments

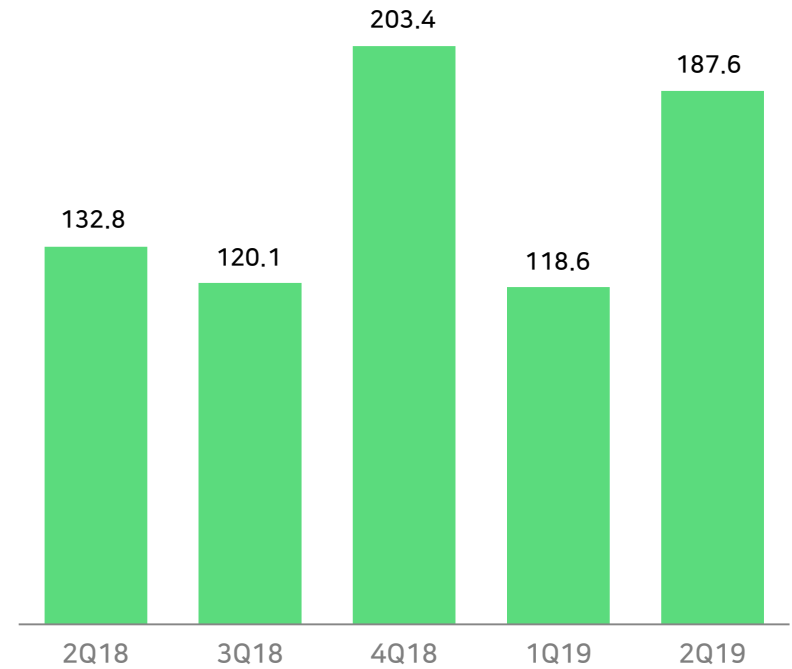
R&D

(bn KRW)



CapEx

(bn KRW)



Appendix. Summary of Financial Statements

Consolidated Income Statement

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Operating Revenue	1,363,616	1,397,714	1,516,515	1,510,862	1,630,275
Operating Expenses	1,113,033	1,175,995	1,303,264	1,304,617	1,501,940
Operating Income	250,583	221,718	213,250	206,245	128,335
Operating Margin	18.4%	15.9%	14.1%	13.7%	7.9%
Non-operating Revenue	196,351	37,550	228,394	96,911	65,279
Non-operating Expenses	58,551	72,457	160,832	113,364	83,190
Pre-tax Income	388,383	186,812	280,812	189,791	110,423
Tax	106,717	118,416	160,940	98,858	82,896
Net Income from Continuing Operations	281,667	68,395	119,872	90,933	27,527
Discontinued Operations Income	92	-9	4,133	-3,347	230
Net Income	281,759	68,387	124,005	87,586	27,757
Controlling Interests	264,218	98,969	120,402	129,701	79,212
Non-controlling Interests	17,540	-30,583	3,603	-42,115	-51,455

Consolidated Statement of Financial Position

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Current Assets	4,588,635	5,671,009	5,385,570	5,625,304	5,365,624
Non-current Assets	3,940,161	4,243,234	4,495,621	5,282,046	6,070,952
Total Assets	8,528,796	9,914,243	9,881,191	10,907,350	11,436,576
Current Liabilities	2,341,943	2,863,672	2,619,672	3,025,749	3,216,112
Non-current Liabilities	503,469	1,174,594	1,312,379	1,833,101	1,950,889
Total Liabilities	2,845,412	4,038,266	3,932,050	4,858,850	5,167,001
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,523,507	1,557,712	1,540,986	1,545,717	1,584,580
Other Components of Equity	-1,465,796	-1,506,885	-1,546,390	-1,589,605	-1,508,308
Retained Earnings	4,997,849	5,096,818	5,229,203	5,309,898	5,399,329
Non-controlling Interests	611,342	711,850	708,861	766,009	777,493
Total Equity	5,683,384	5,875,977	5,949,141	6,048,500	6,269,575

Income Statement

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Operating Revenue	861,041	855,396	931,968	912,618	1,000,176
Operating Expenses	550,996	540,547	587,068	571,931	651,165
Operating Income	310,045	314,848	344,901	340,687	349,011
Operating Margin	36.0%	36.8%	37.0%	37.3%	34.9%
Non-operating Revenue	78,845	17,463	88,513	69,653	29,669
Non-operating Expenses	50,211	64,841	98,664	55,862	21,504
Pre-tax Income	338,679	267,470	334,749	354,478	357,176
Tax	84,346	79,125	89,293	97,304	78,240
Net Income	254,334	188,346	245,456	257,174	278,935

Statement of Financial Position

(mn KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Current Assets	2,413,356	1,504,452	1,226,981	1,361,198	1,435,183
Non-current Assets	3,148,444	4,621,517	4,701,612	4,997,563	5,173,833
Total Assets	5,561,799	6,125,968	5,928,592	6,358,761	6,609,015
Current Liabilities	1,231,147	1,591,968	1,210,780	1,471,784	1,407,383
Non-current Liabilities	165,595	171,146	160,931	185,936	195,166
Total Liabilities	1,396,742	1,763,115	1,371,711	1,657,720	1,602,549
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	-1,426,493	-1,417,043	-1,477,547	-1,544,621	-1,518,110
Retained Earnings	5,212,663	5,401,009	5,655,541	5,866,774	6,145,689
Total Equity	4,165,058	4,362,853	4,556,882	4,701,041	5,006,466