

IR Presentation

Mar. 2018

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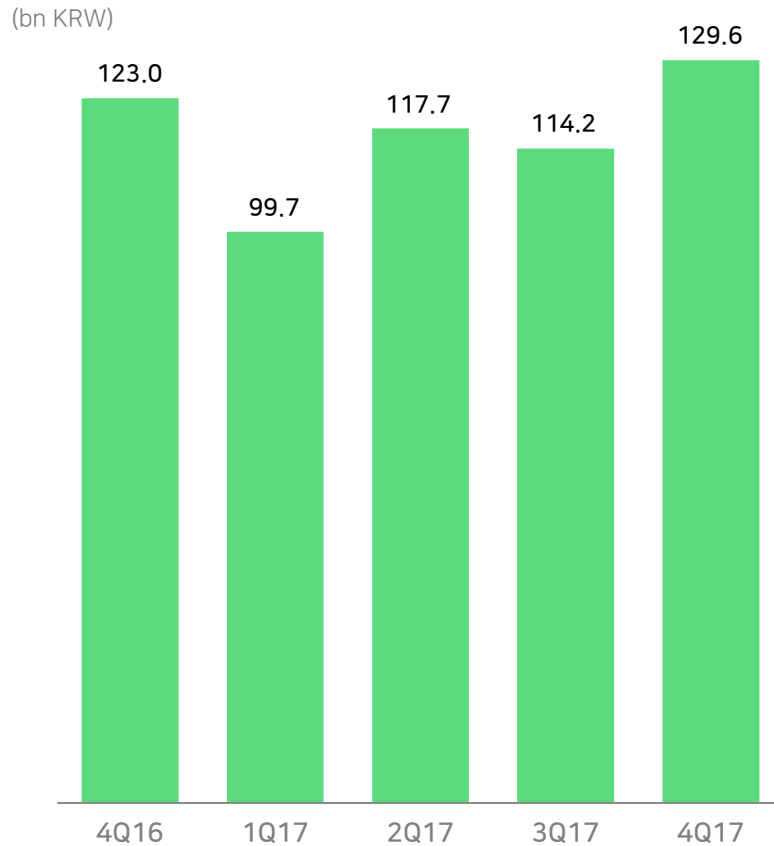
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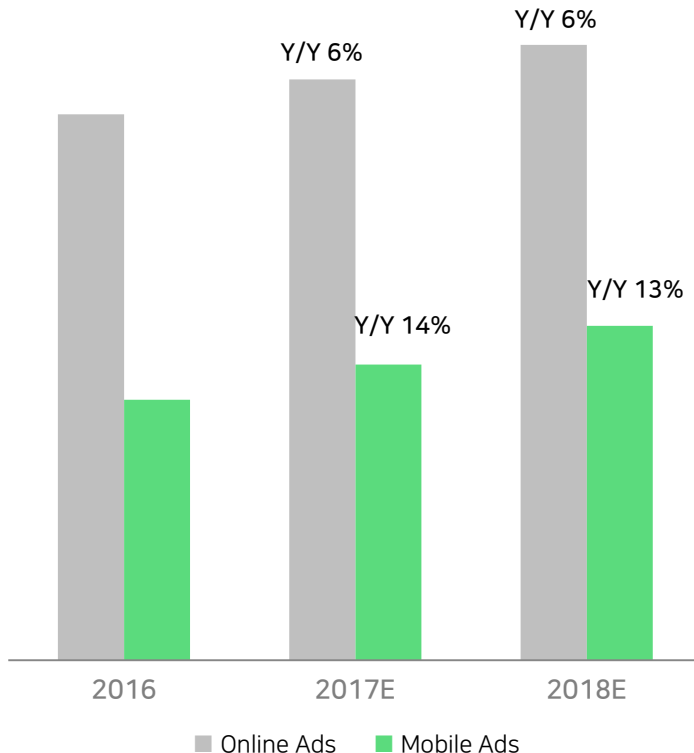


YoY 5.4% ↑ / QoQ 13.5% ↑

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

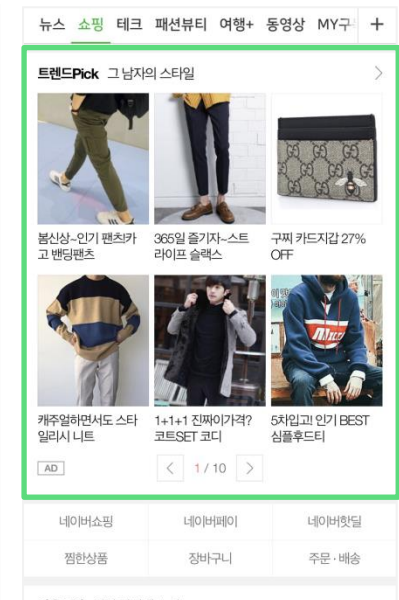
Domestic Ads Market Outlook

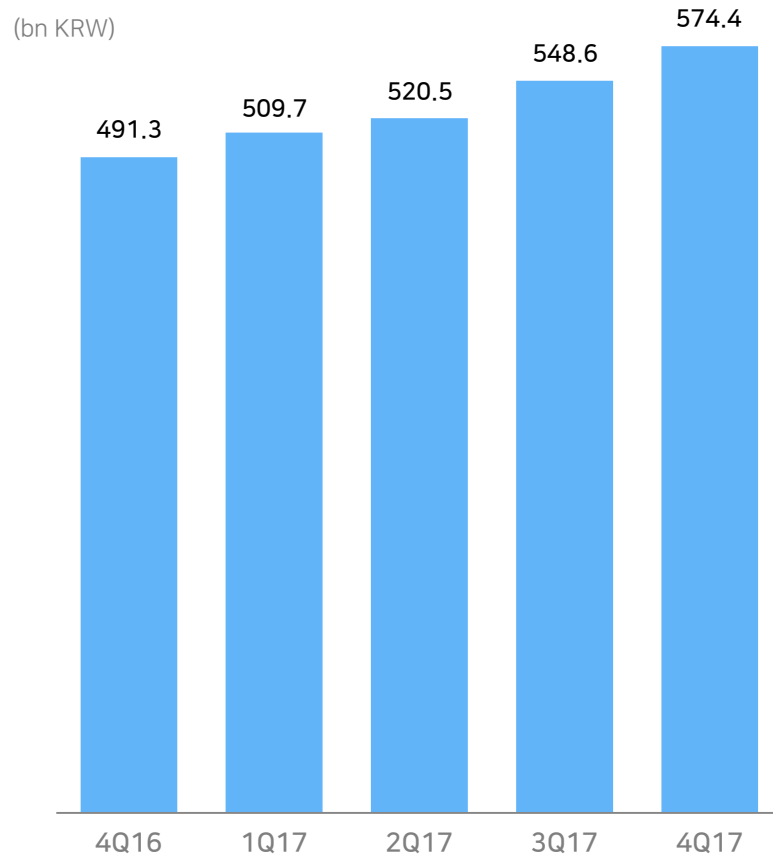
- Domestic online ads market grew 6.4% Y/Y in 2017
- Expect online ads to continue its growth in 2018, driven by mobile ads



Product Enhancements

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





YoY 16.9% ↑ / QoQ 4.7% ↑

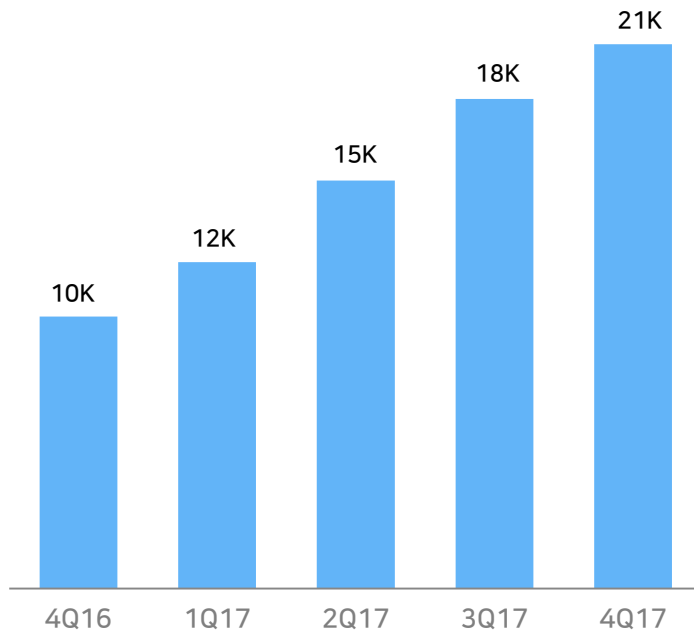
- Growth thanks to product enhancements and Shopping Search Ad
- Making efforts to enhance services by introducing features such as image search & AI system recommendation for products

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) on Naver. The ad includes a title, a link to 'm.modetour4u.com', and a description. Below the text, there is a table of products and prices, and a call to action to call the advertiser.

Product	Price
동남아 최저가 특가	379,000원부터
팝 히트상품	769,000원부터
거울 일본온천	499,000원부터

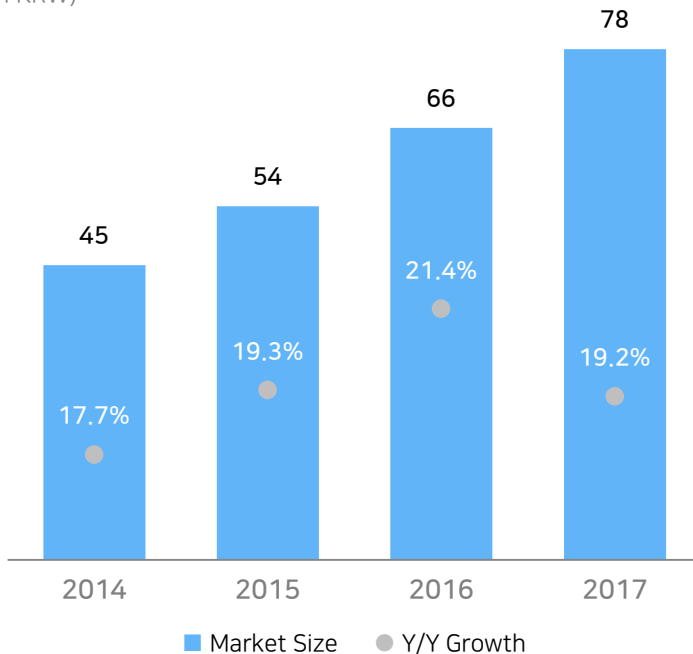
Brand Ad

A screenshot of a Brand Ad for 'hera' cosmetics on Naver. The ad features a large image of a woman's face and a list of products including '메이크업', '스킨케어', and '뷰티트렌드'. The ad also includes a link to 'www.hera.com' and a description of the brand's exceptional beauty from Seoul.

Domestic E-Commerce Market Trend

- E-Commerce market continuously growing on the back of mobile shopping growth
- NAVER is growing in mobile and through Smart Store for SMEs

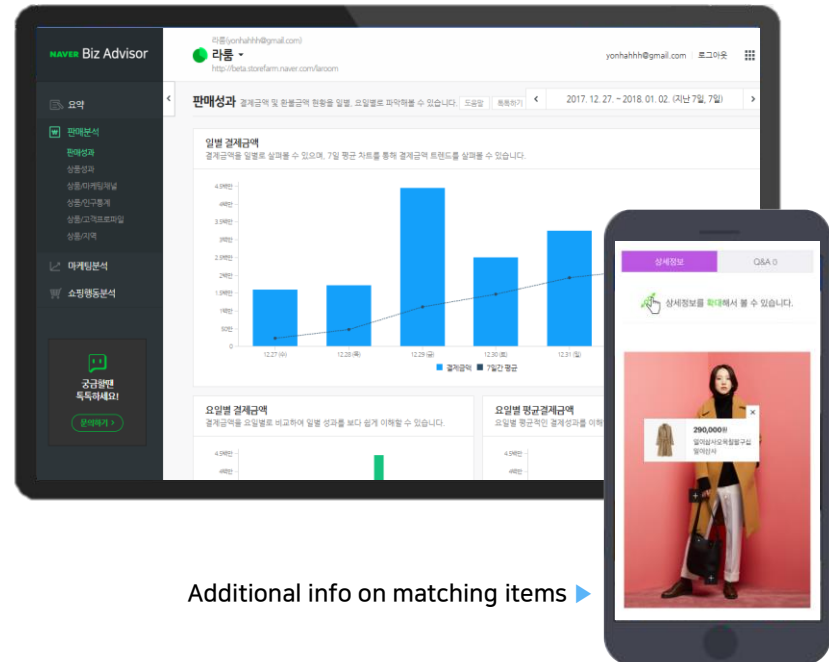
(trn KRW)



Smart Store

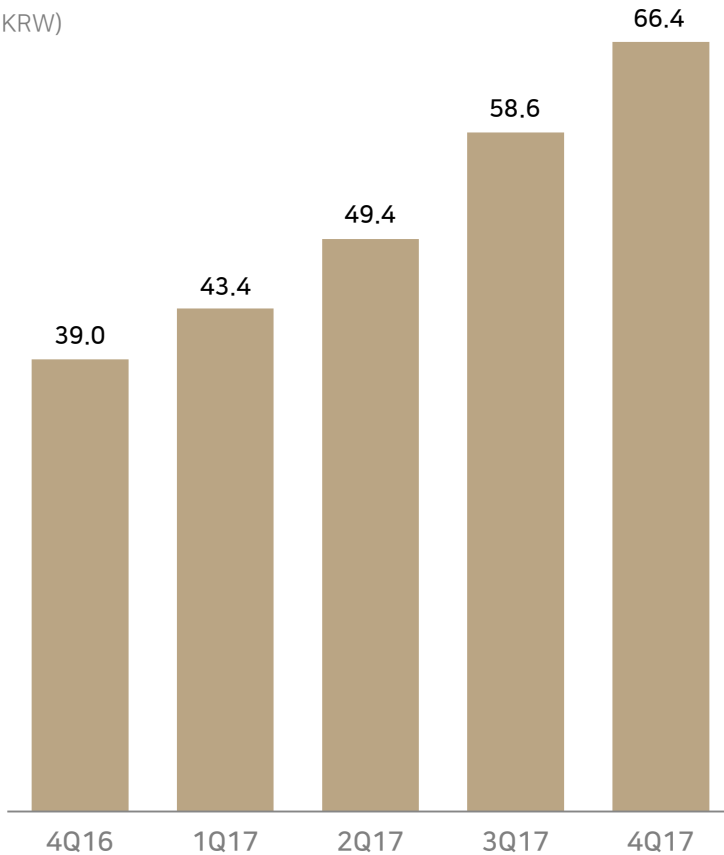
- Rebranding Store Farm platform as Smart Store, introducing additional features
- Providing Support for SMEs by utilizing big data and AI

Enhanced platform management tool for SMEs



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

(bn KRW)



YoY 70.2% ↑ / QoQ 13.3% ↑

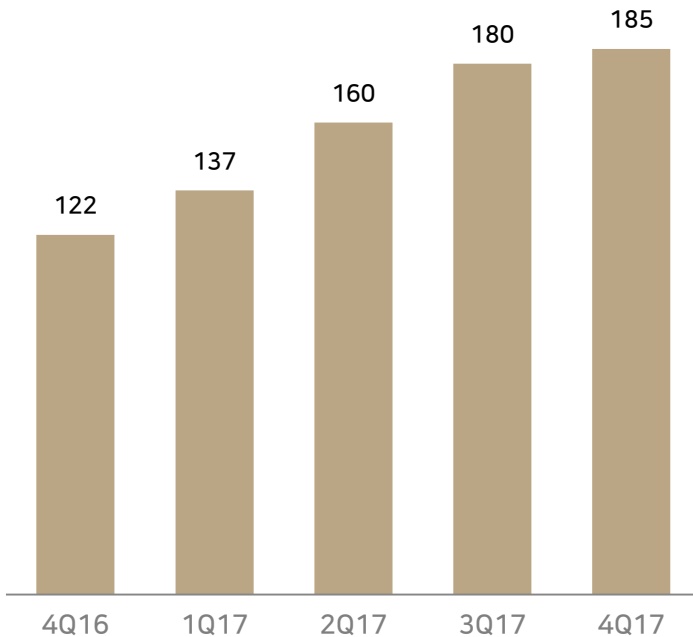
- NAVER Pay continues to grow on back of increases in number of Pay users & merchants
- Offering 78 cloud products as of 4Q17, plan to add around 60 products in 2018

3.1. IT Platform Products

NAVER Pay

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

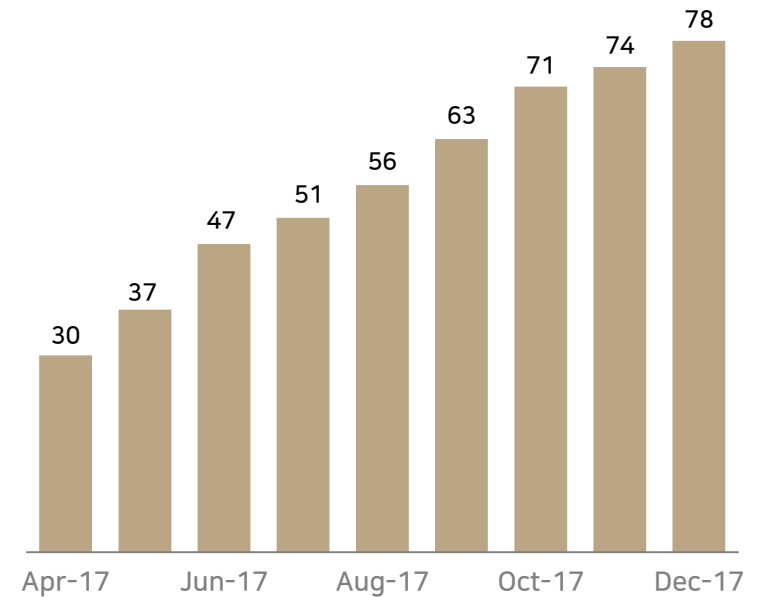
of NAVER Pay Merchants ('000)



NAVER Cloud Platform

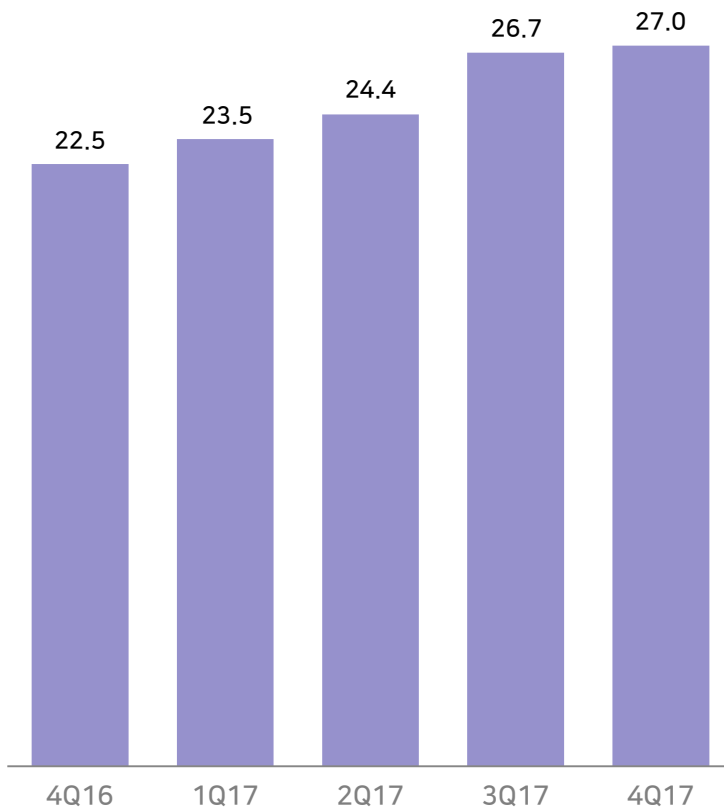
- Offering 78 cloud products under 13 categories
- To expand product coverage & enhance service quality

of NAVER Cloud Products



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

(bn KRW)

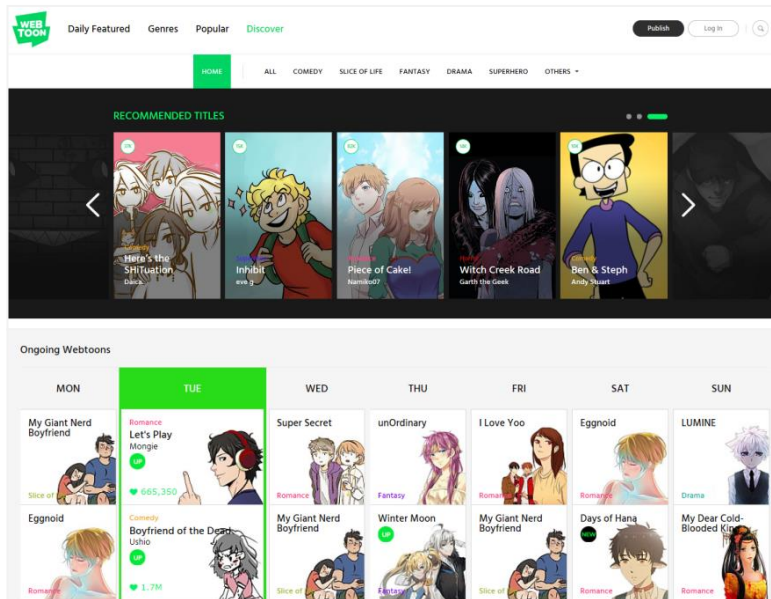


YoY 19.7% ↑ / QoQ 1.0% ↑

- 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.)

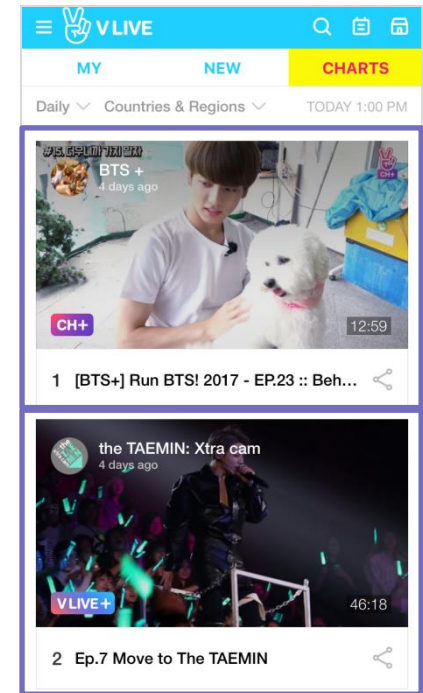


V LIVE(Live Broadcasting App)

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

Channel + (Subscription)

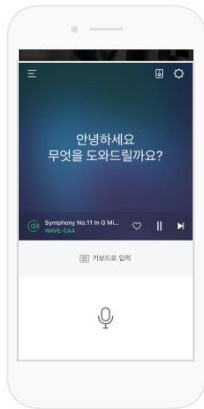
Launching new V Live+ products (Paid Contents)



Expanding voice based AI Platform

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

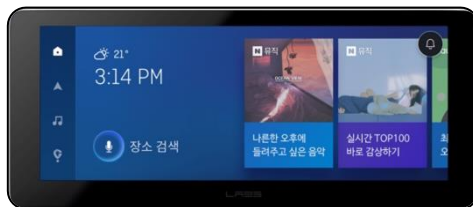
Clova App



FRIENDS

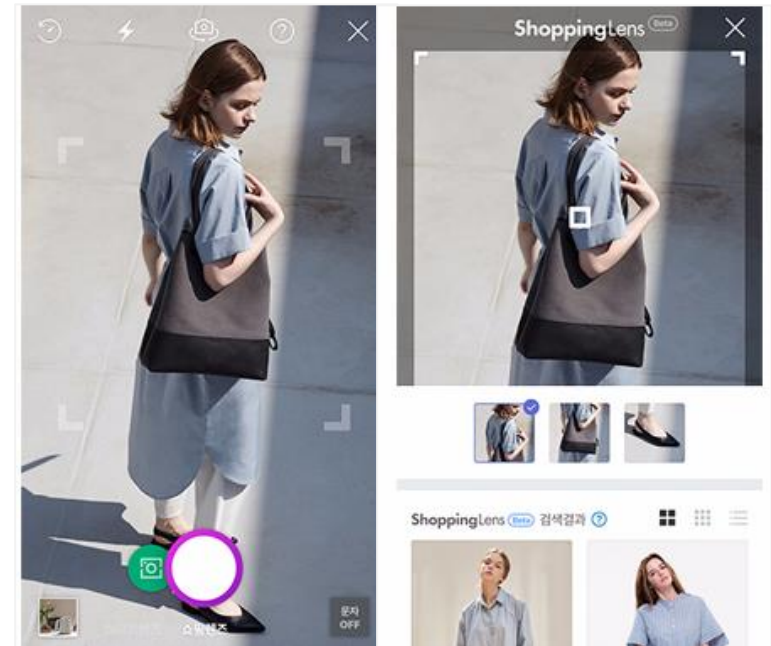


IVI Platform AWAY



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%