

2nd Quarter 2017 Results

August 10, 2017 Investor Relations



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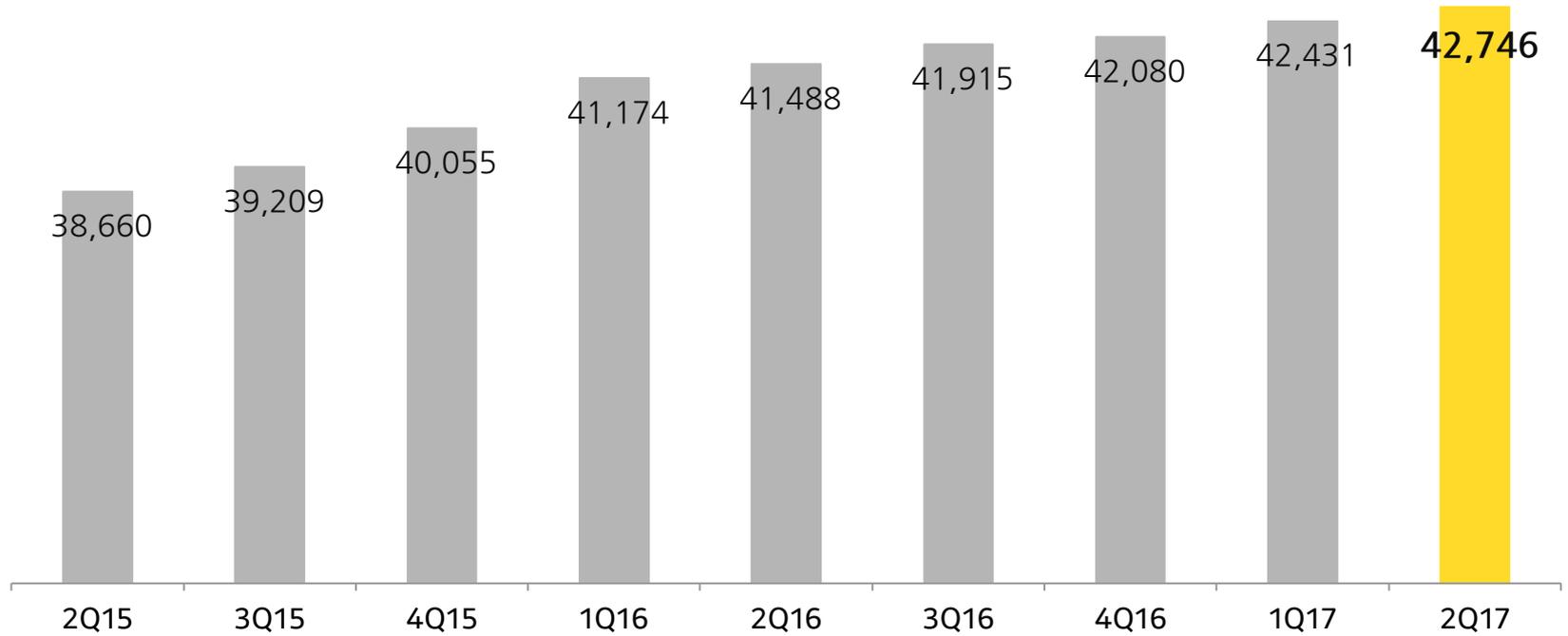
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Kakao Talk Monthly Active Users (MAUs)



Continue to grow our domestic active users +1,258K yoy +315K qoq

Total countries serviced: 230+ (based on country codes), in 16 languages



	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Korea	38,660	39,209	40,055	41,174	41,488	41,915	42,080	42,431	42,746
Global	48,073	48,464	48,321	49,318	49,100	49,189	48,955	49,158	49,468

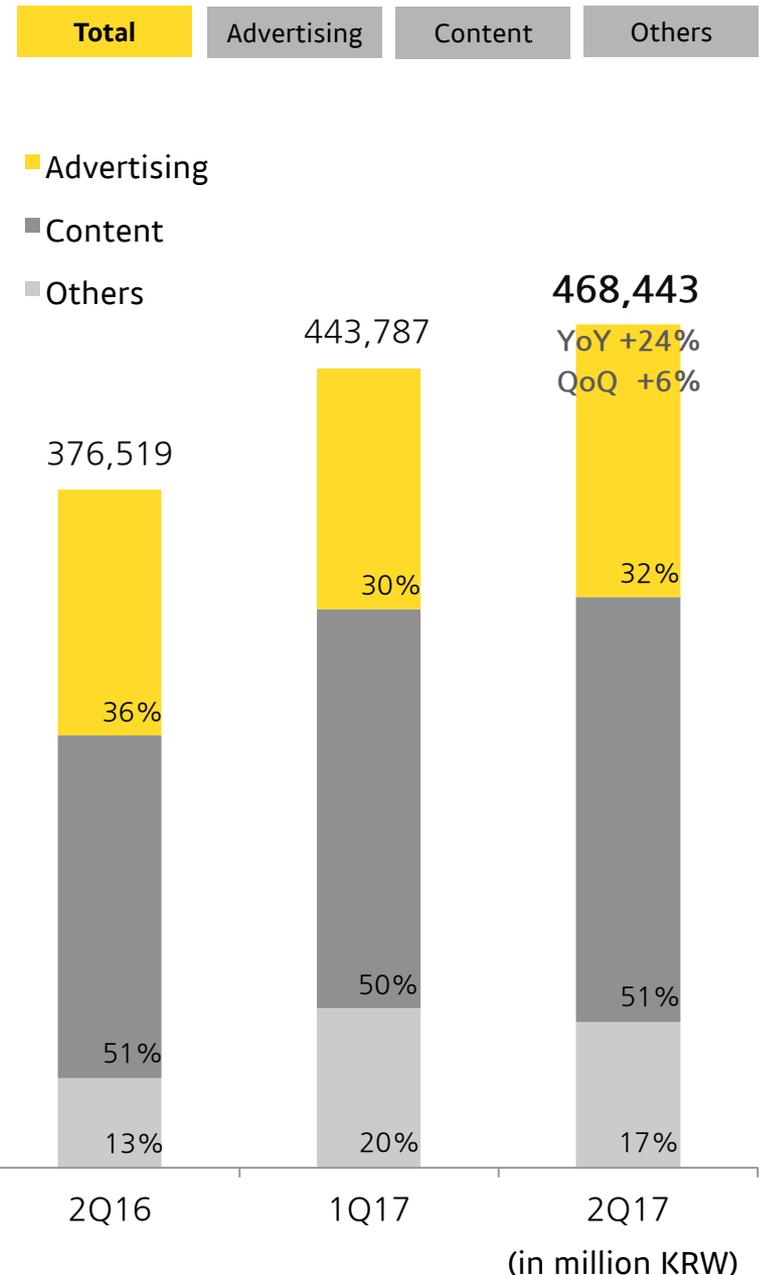
Average of monthly MAUs. Global includes domestic MAUs.

(in thousand)

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Revenue Categories

A D V E R T I S I N G	Portals	Daum PC Daum Mobile
	Messenger	Talk Plus Friends Talk PC Brand Emoticon Notification Talk Friend Talk Talk Reward Talk Hairshop Talk Order Talk Mart
	SNS	Kakao Story
	Shopping	Kakao Style
	Video	Kakao TV
C O N T E N T	Game	Kakao Game Kakao Games
	Music	Melon Kakao Music
	Webtoon • Web novel	PodoTree Kakao Page Daum Webtoon
	Emoticon	Talk B2C Emoticon
O T H E R S	Commerce	Talk Gift Shop Kakao Friends Makers with Kakao Kakao Farmer
	Mobility	Kakao Taxi • Black Kakao Driver
	Fintech	Kakao Pay
	Misc.	Loen (production, etc.)

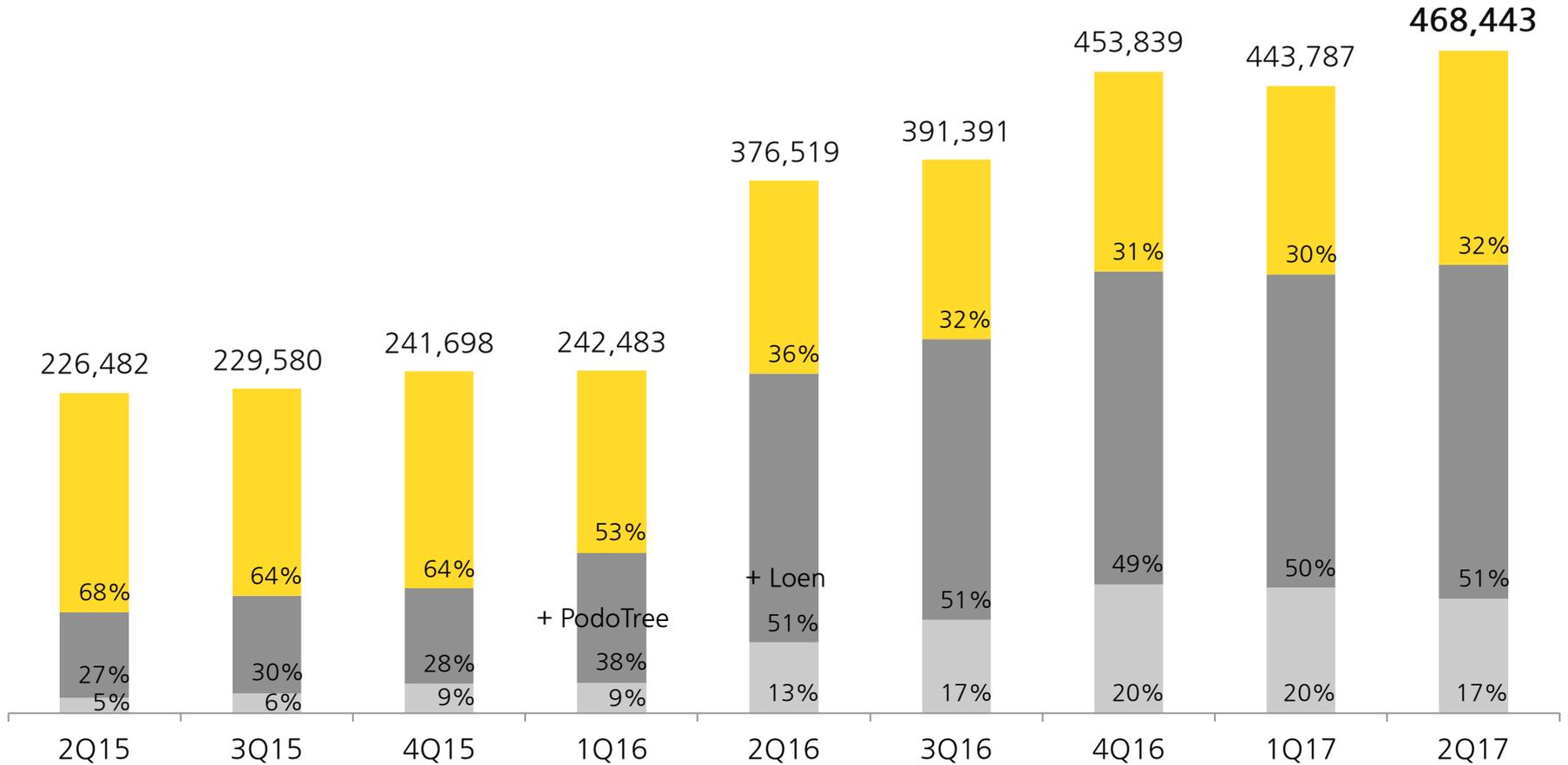


Total Revenue

Total Advertising Content Others

2 Q Total revenue +24% yoy +6% qoq Advertising +11%y +14%q Content +24%y +7%q Others +62%y -9%q

Advertising Content Others

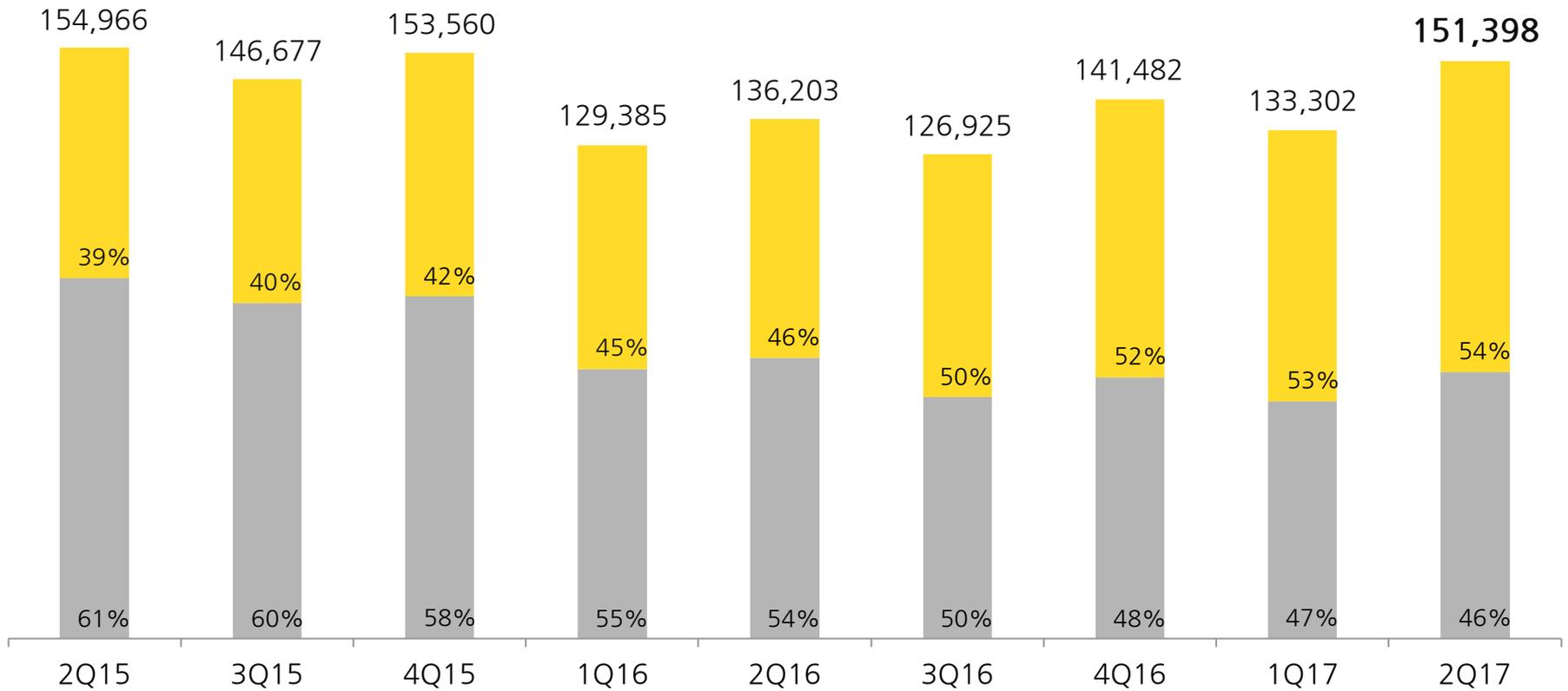


(in million KRW)

Advertising

2Q Total advertising +11% yoy +14% qoq Mobile ads +30%y +15%q PC ads -5%y +12%q

Mobile ads PC ads



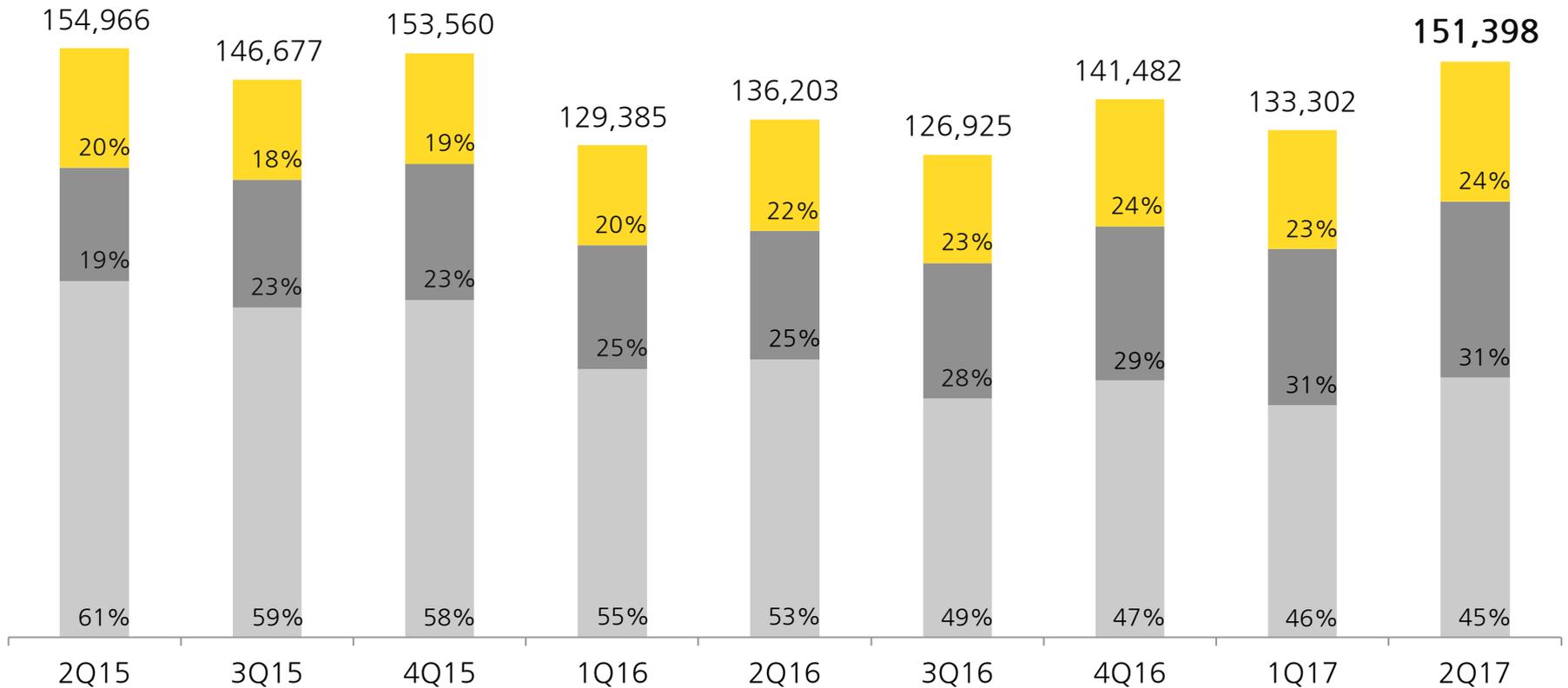
(in million KRW)

Advertising- Daum, Kakao Platforms

Total Advertising Content Others

2Q Kakao ads +28% yoy +18% qoq Daum-mobile +37%y +13%q Daum-PC -7%y +12%q

■ Kakao ads ■ Daum-Mobile ■ Daum-PC

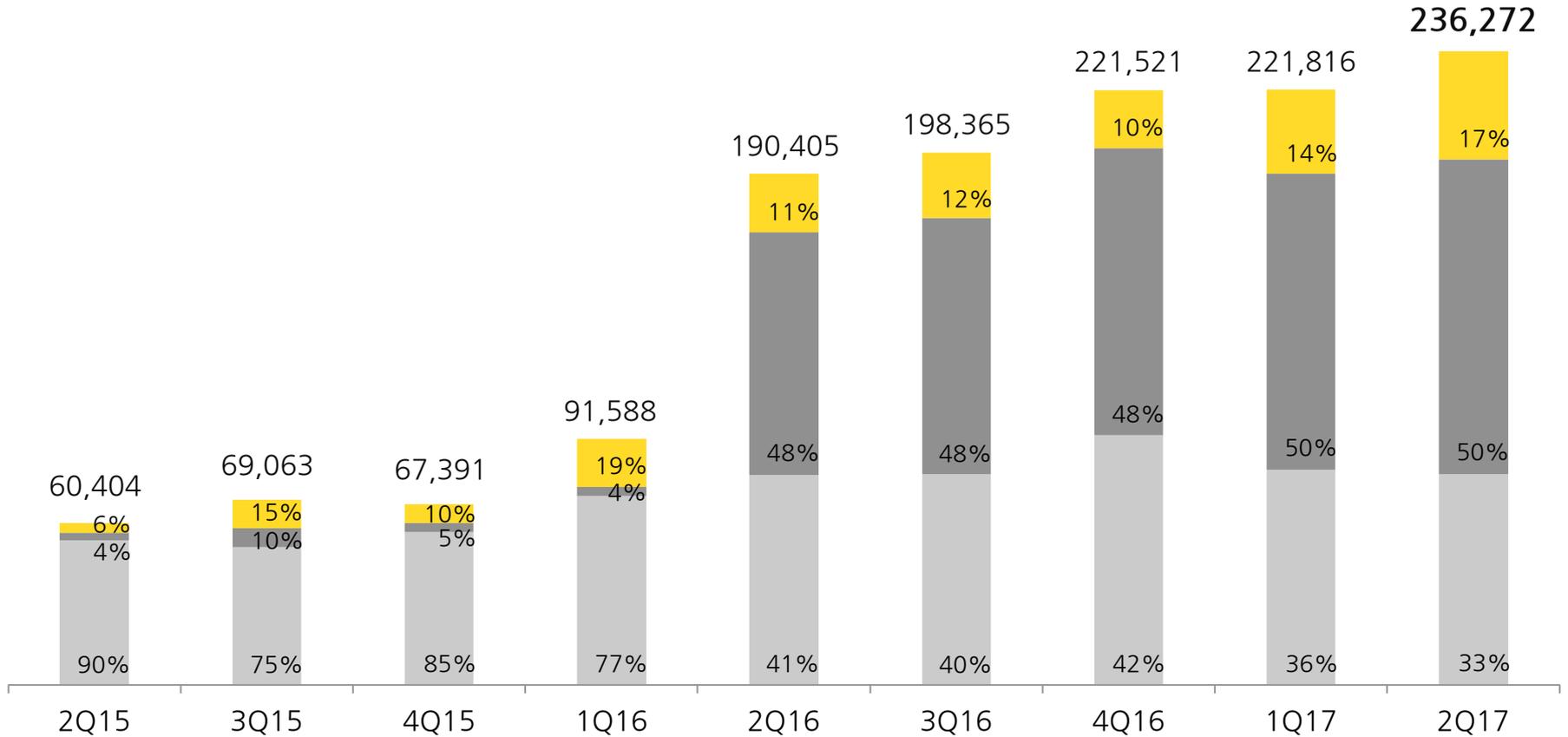


(in million KRW)

Content

2Q Total content +24% yoy +7% qoq **Others** +88%y +30%q **Music** +29%y +6%q **Game** +0.5%y -2%q

■ Others- web novel, webtoon & emoticon ■ Music ■ Game

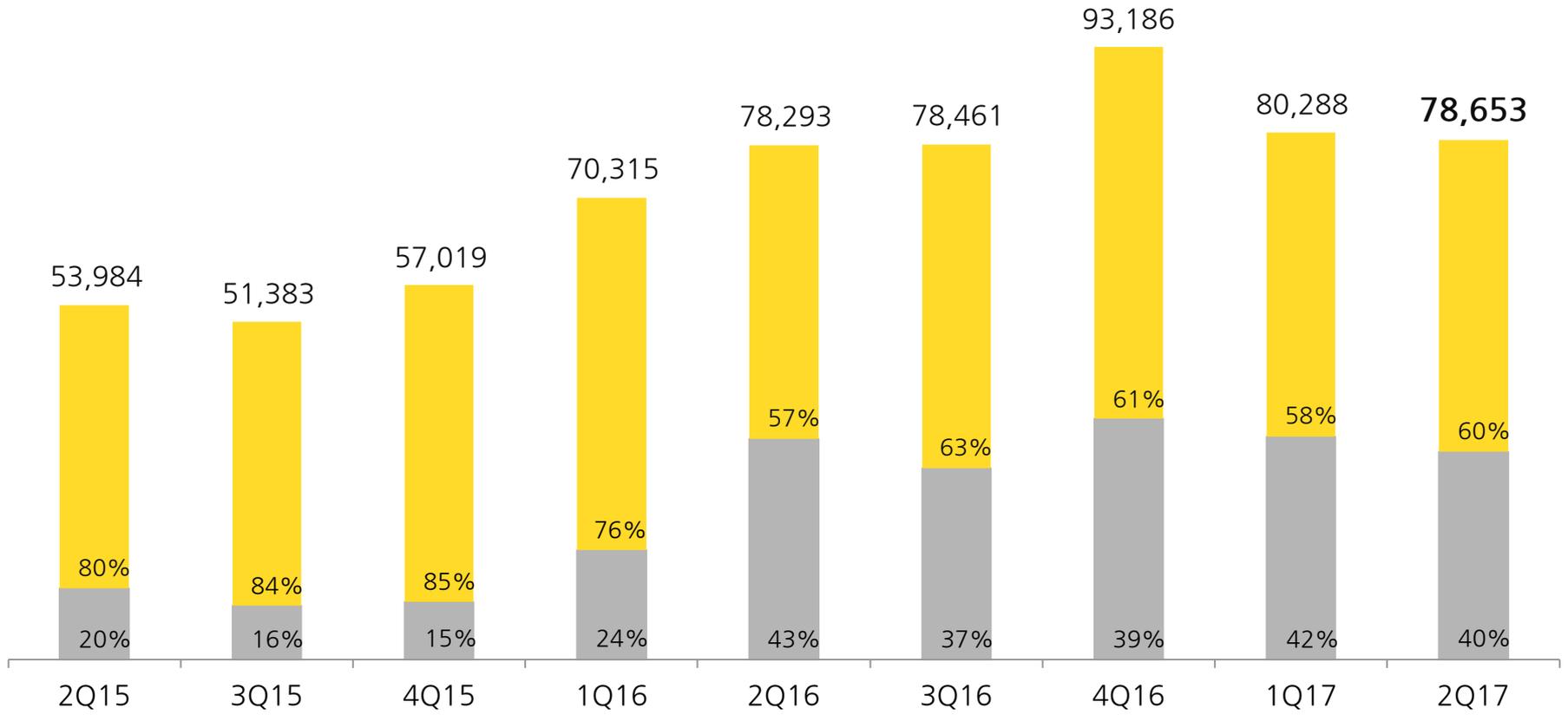


(in million KRW)

Content- Game

2Q Total game +0.5% yoy -2% qoq **Mobile game +6%y +2%q** **PC game -6%y -7%q**

■ Mobile game ■ PC game

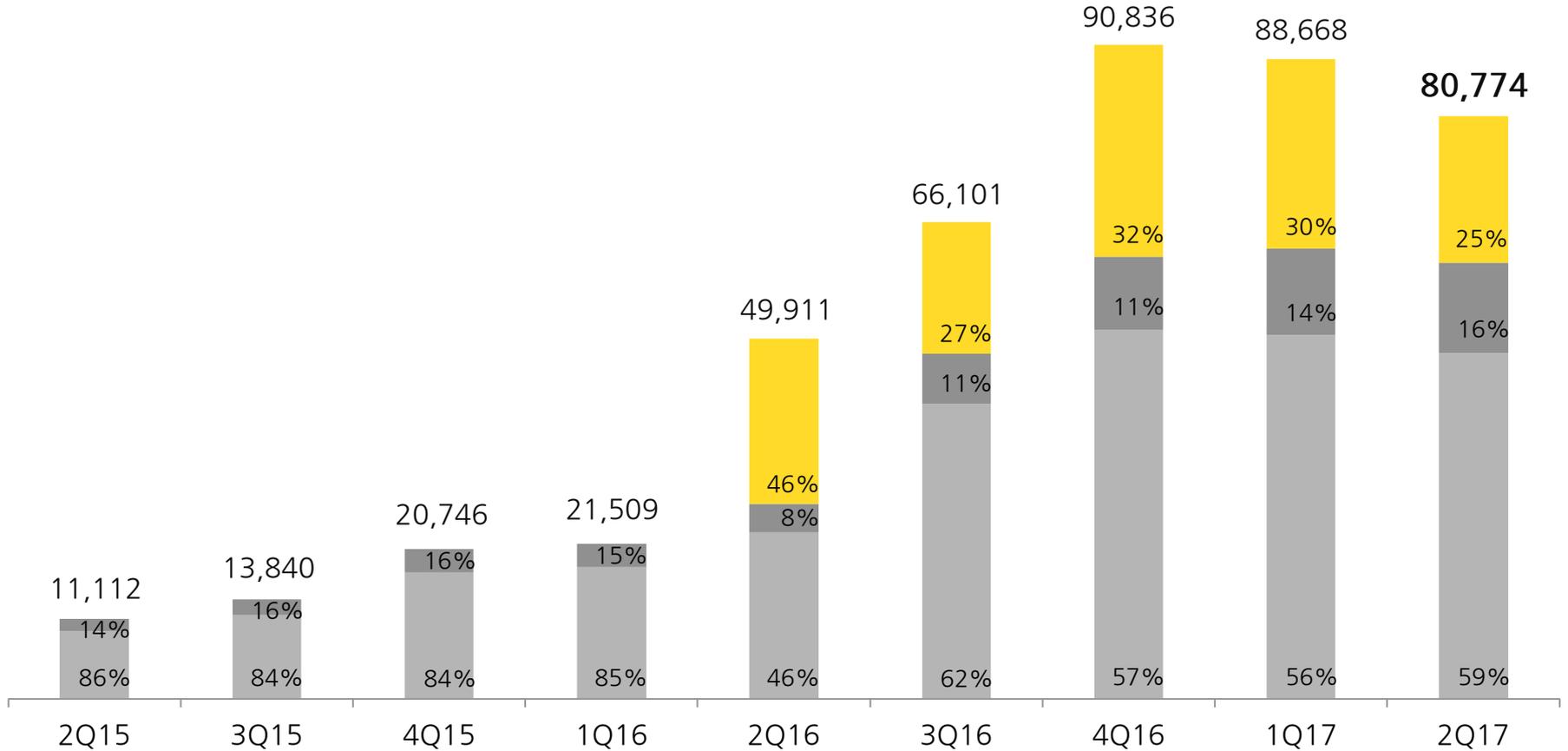


(in million KRW)

Others

2Q Total others +62% yoy -9% qoq **Loen-other** -11%y -23%q **Miscellaneous** +213%y +5%q **Commerce** +108%y -5%q

Loen-other Miscellaneous Commerce



(in million KRW)

Summary Results

	2Q17	1Q17	QoQ	2Q16	YoY
Total Revenue	468,443	443,787	6%	376,519	24%
Advertising	151,398	133,302	14%	136,203	11%
Content	236,272	221,816	7%	190,405	24%
Others	80,774	88,668	-9%	49,911	62%
Operating Expenses	423,804	405,453	5%	349,900	21%
Operating Income	44,638	38,333	16%	26,619	68%
Operating Margin	9.5%	8.6%	0.9%p	7.1%	2.4%p
EBITDA	75,910	69,922	9%	57,797	31%
Finance Income	4,585	4,737	-3%	9,081	-50%
Finance Expenses	3,540	9,895	-64%	9,351	-62%
Other, Net	-9,663	-14,931	-35%	-5,210	85%
Income before Tax	36,020	18,244	97%	21,139	70%
Income Tax	23,518	-36,241	n/a	7,900	198%
Net Income	12,503	54,486	-77%	13,239	-6%

(in million KRW)

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Operating Expenses

	2Q17	1Q17	QoQ	2Q16	YoY
OP Expenses	423,804	405,453	5%	349,900	21%
Labor costs	88,064	84,808	4%	75,734	16%
Fringe benefits	12,991	13,436	-3%	16,001	-19%
Depreciation	14,919	14,816	1%	14,460	3%
Rental fees	8,886	8,749	2%	7,408	20%
Commissions	178,765	160,388	11%	142,980	25%
Advertising	21,929	24,959	-12%	15,967	37%
Bad Debt Exp.	45	141	-68%	-1,332	n/a
Amortization	16,352	16,773	-3%	16,718	-2%
Content fees	28,321	24,923	14%	19,655	44%
Ad agency fees	23,974	19,051	26%	20,937	15%
Event fees	327	110	197%	374	-13%
Others	29,229	37,299	-22%	20,999	39%

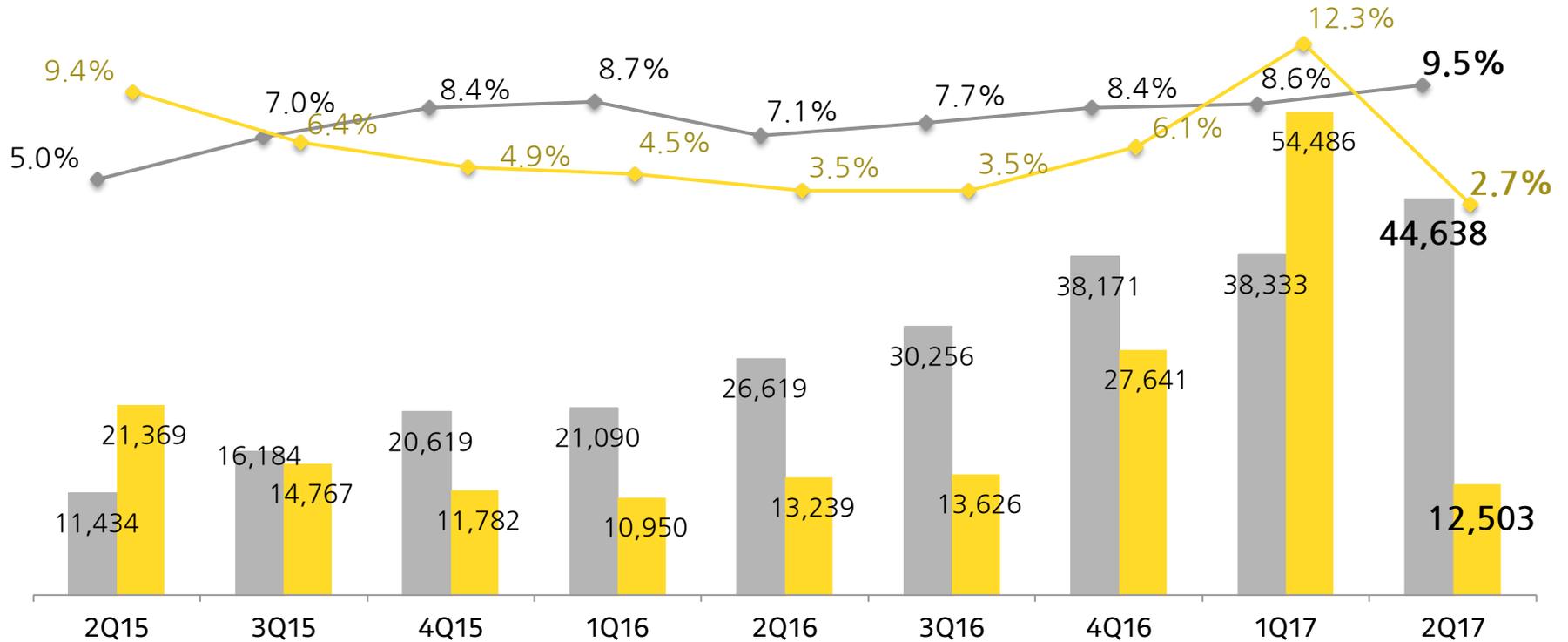
(in million KRW)

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Profits

2Q Operating income +68% yoy +16% qoq **Net income** -6% yoy -77% qoq

■ Operating income ■ Net income ◆ Operating margin ◆ Net margin

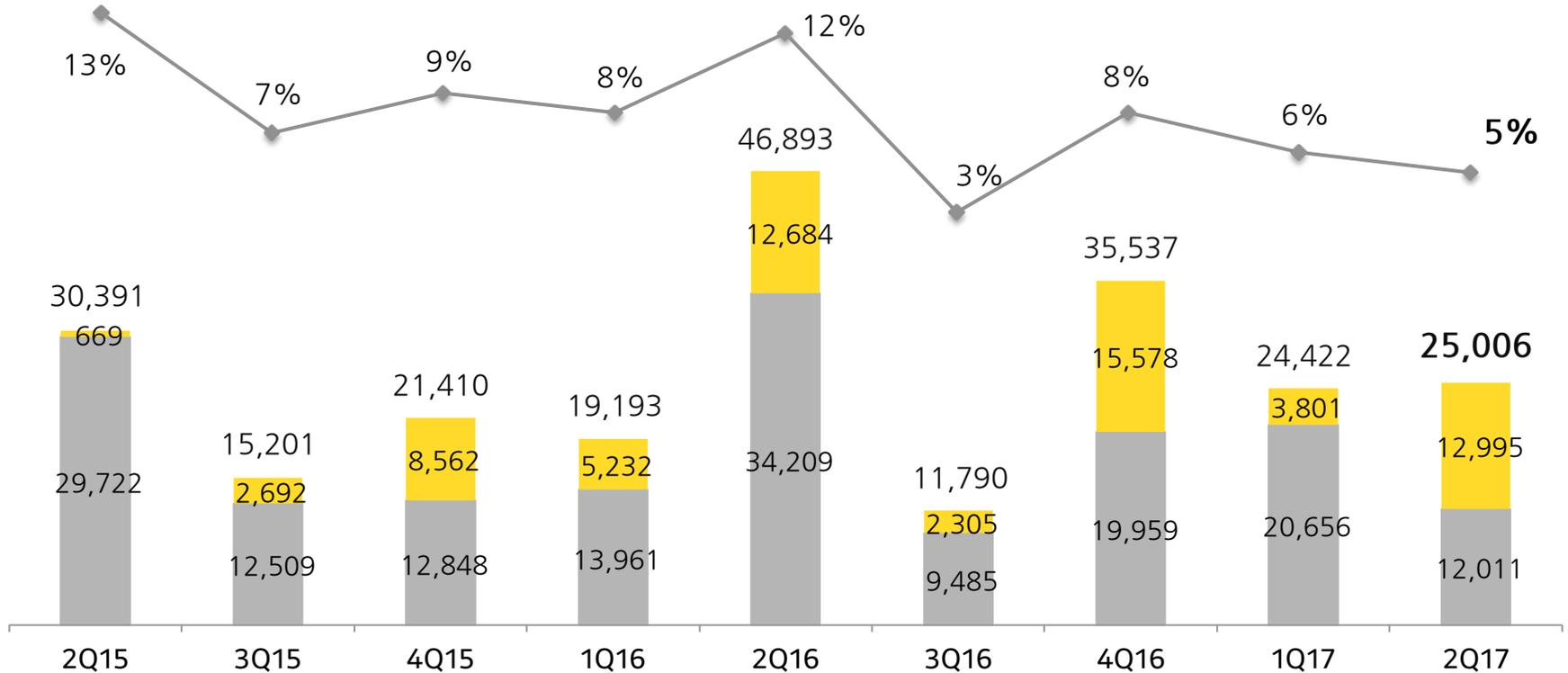


(in million KRW)

Capital Expenditure

2Q Total CapEx -47% yoy +2% qoq **Intangible assets** +2%y +242%q **Property & equipment** -65%y -42%q

■ Intangible assets ■ Property and equipment ◆ Percentage of revenue

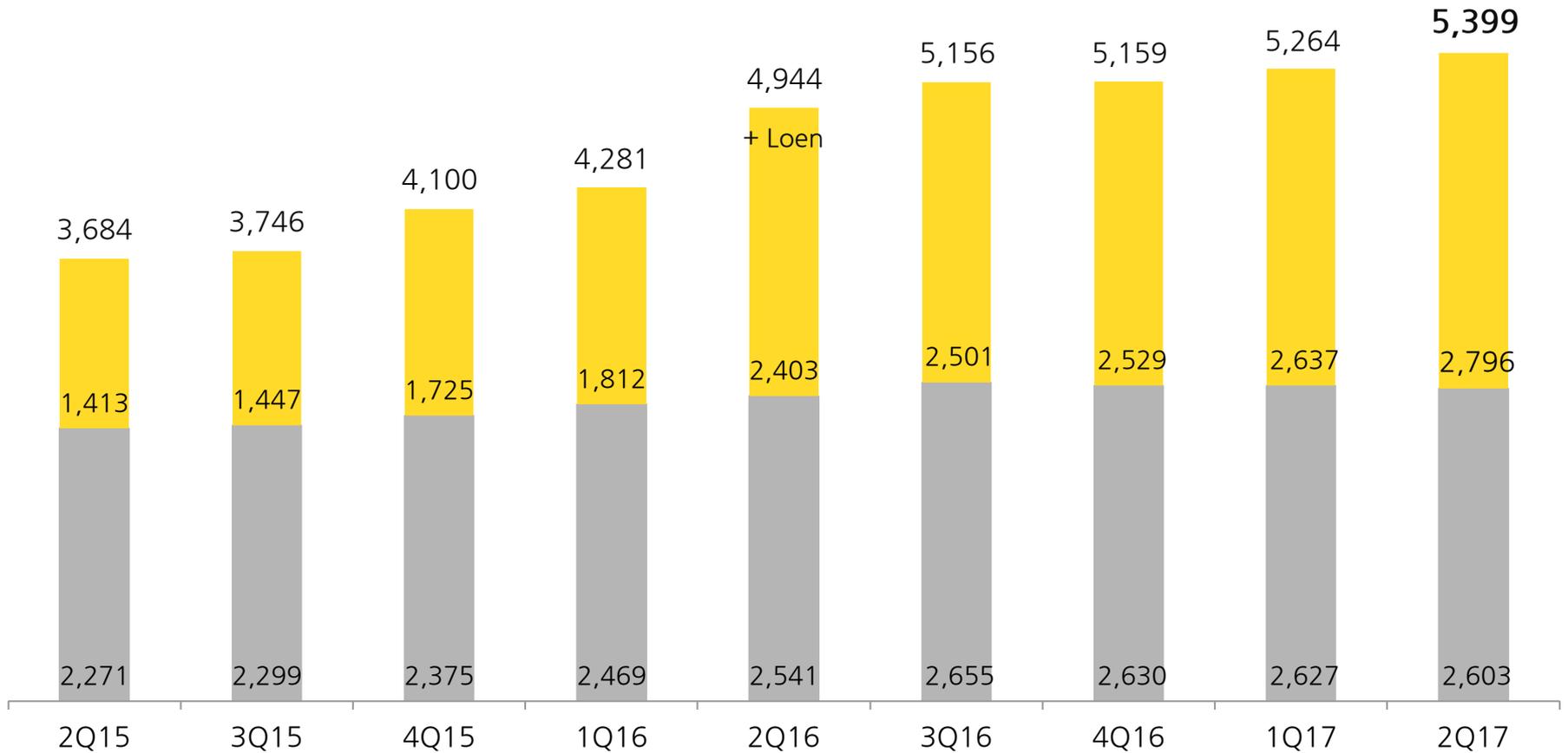


(in million KRW)

Employees

Total 5,399 employees as of 2Q end, QoQ decrease of 24 from Kakao, and 159 increased at subsidiaries

■ Subsidiaries ■ Kakao



(in person)

Consolidated Financial Statements

Consolidated Statements of Income

(in million KRW)	2Q16	3Q16	4Q16	1Q17	2Q17
Revenues	376,519	391,391	453,839	443,787	468,443
Advertising	136,203	126,925	141,482	133,302	151,398
Content	190,405	198,365	221,521	221,816	236,272
Game	78,293	78,461	93,186	80,288	78,653
Music	90,501	95,519	106,940	110,324	117,089
Webtoon/Novel/Emoticon	21,611	24,385	21,395	31,204	40,530
Others	49,911	66,101	90,836	88,668	80,774
Operating Expenses	349,900	361,136	415,668	405,453	423,804
Labor Costs	75,563	75,604	83,776	84,808	88,064
Fringe Benefits	16,001	12,566	15,085	13,436	12,992
Depreciation	14,460	14,317	14,412	14,816	14,919
Rental Fees	7,408	8,059	8,467	8,749	8,886
Commissions	142,980	146,618	161,997	160,388	178,765
Advertising	15,967	23,936	36,141	24,959	21,929
Bad Debt Expenses	-1,332	-1,823	1,182	141	45
Amortization	16,718	15,107	17,273	16,773	16,352
Content Fees	19,655	22,913	19,794	24,923	28,321
Ad Agency Fees	20,937	19,357	22,654	19,051	23,974
Event Fees	374	294	1,002	110	327
Others	21,170	24,187	33,885	37,299	29,229
Operating Profit	26,619	30,256	38,171	38,333	44,638
Other Revenues	2,206	3,744	15,869	2,388	3,784
Other Expenses	5,179	6,329	14,059	14,952	9,878
Financial Income	9,081	2,648	9,187	4,737	4,585
Financial Expenses	9,351	7,106	4,246	9,895	3,540
Equity-method, Net	-2,237	-2,122	-3,511	-2,367	-3,570
Profit before Income Tax Expenses	21,139	21,089	41,412	18,244	36,020
Income Tax Expenses	7,900	7,463	13,771	-36,241	23,518
Net Profit from Continued Oper.	13,239	13,626	27,641	54,486	12,503
Net Profit	13,239	13,626	27,641	54,486	12,503
Net Profit of Controlling Interests	8,834	12,215	23,449	53,715	11,303
Net Profit of Non-controlling Int.	4,405	1,411	4,191	771	1,199

Consolidated Statements of Financial Position

(in million KRW)	2015.12.31	2016.12.31	2017.06.30
Current Assets	970,067	1,216,958	1,561,776
Cash and Cash Equivalents	397,177	641,644	744,582
S-T Financial Instruments	373,389	236,748	372,168
Accounts Receivable	88,822	173,853	177,099
Other Current Assets	110,679	164,713	267,927
Non-Current Assets	2,218,411	4,267,159	4,289,978
Equity Method Investments	68,704	117,076	120,928
Tangible Assets	219,052	253,854	267,044
Intangible Assets	1,855,604	3,733,166	3,713,619
Other Non-current Assets	75,051	163,063	188,387
Total Assets	3,188,478	5,484,117	5,851,753
Liabilities	316,078	806,020	874,359
Trade and N-T Payables	89,506	263,130	297,284
Income Taxes Payable	29,448	30,944	40,950
Short-Term Debt	22,055	200,374	152,075
Other Current Liabilities	175,069	311,572	384,050
Non-Current Liabilities	286,925	975,153	986,429
Bonds	199,383	319,255	319,449
Bonds- CB/EB	-	476,122	476,563
Deferred Income Tax Liab.	48,636	142,919	140,117
Other Non-Current Liab.	38,905	36,857	50,300
Total Liabilities	603,003	1,781,173	1,860,788
Paid-in Capital	30,098	33,858	33,941
Capital Surplus	2,274,186	3,105,014	3,235,681
Capital Adjustments	-9,032	-11,232	-9,446
Accum. Other Compre. Inc.	829	920	-1,335
Retained Earnings	256,313	303,952	357,775
Non-controlling Interests	33,081	270,432	374,349
Total Equity	2,585,475	3,702,944	3,990,965
Total Liabilities & Equity	3,188,478	5,484,117	5,851,753

Financial Statements (Kakao Only)

Statements of Income

(in million KRW)	2Q16	3Q16	4Q16	1Q17	2Q17
Revenues	206,774	210,165	241,239	225,889	244,545
Advertising	130,580	120,915	136,054	125,076	143,128
Content	56,644	63,996	72,499	64,333	65,746
Game	42,726	48,570	56,091	46,720	46,522
Music	2,991	3,155	3,369	2,938	2,669
Webtoon/Novel/Emoticon	10,928	12,270	13,040	14,675	16,555
Others	19,550	25,254	32,685	36,479	35,671
Operating Expenses	191,670	199,705	225,767	209,397	216,952
Labor Costs	48,830	49,214	52,044	51,811	50,796
Fringe Benefits	11,693	8,421	10,569	8,414	7,885
Depreciation	12,793	12,491	12,276	12,477	12,344
Rental Fees	2,525	2,396	2,616	2,480	2,308
Commissions	57,520	64,514	72,184	73,040	78,828
Advertising	8,418	13,858	22,248	9,014	8,347
Bad Debt Expenses	116	-320	-216	82	-28
Amortization	5,906	5,708	5,561	5,417	5,277
Content Fees	11,722	13,438	11,646	11,062	12,728
Ad Agency Fees	21,152	19,281	22,562	18,987	23,910
Event Fees	359	242	693	120	299
Others	10,635	10,462	13,556	16,493	14,259
Operating Profit	15,105	10,460	15,472	16,492	27,593
Other Revenues	960	1,780	2,082	1,460	2,445
Other Expenses	6,197	4,203	19,712	3,123	13,814
Financial Income	6,427	517	19,246	35,067	2,037
Financial Expenses	8,510	6,974	4,234	23,399	-1018
Profit before Income Tax Expenses	7,784	1,580	12,853	26,497	19,278
Income Tax Expenses	4,628	-100	2,872	-48,911	10,690
Net Profit from Continued Oper.	3,157	1,680	9,981	75,408	8,588
Net Profit	3,157	1,680	9,981	75,408	8,588

Statements of Financial Position

(in million KRW)	2015.12.31	2016.12.31	2017.06.30
Current Assets	718,533	511,067	519,002
Cash and Cash Equivalents	190,785	279,217	187,675
S-T Financial Instruments	361,809	37,190	118,695
Accounts Receivable	87,162	95,980	80,744
Other Current Assets	78,778	98,679	131,887
Non-Current Assets	2,398,531	4,318,230	4,343,702
Equity Method Investments	474,327	2,337,040	2,368,945
Tangible Assets	210,393	203,866	207,211
Intangible Assets	1,652,605	1,694,581	1,684,701
Other Non-current Assets	61,205	82,743	82,844
Total Assets	3,117,064	4,829,297	4,862,703
Liabilities	265,747	813,859	768,571
Trade and N-T Payables	91,748	174,592	133,333
Income Taxes Payable	24,581	7,168	14,477
Short-Term Debt	-	200,000	150,000
Other Current Liabilities	149,419	432,099	470,761
Non-Current Liabilities	276,435	640,280	642,516
Bonds	199,383	319,255	319,449
Bonds- CB	-	248,928	249,052
Deferred Income Tax Liab.	44,394	43,266	36,392
Other Non-Current Liab.	32,658	28,830	37,624
Total Liabilities	542,182	1,454,139	1,411,087
Paid-in Capital	30,098	33,858	33,941
Capital Surplus	2,291,486	3,057,264	3,058,510
Capital Adjustments	-9,032	-11,232	-9,446
Accum. Other Compre. Inc.	244	5,046	4,400
Retained Earnings	262,086	290,222	364,212
Total Equity	2,574,882	3,375,158	3,451,616
Total Liabilities & Equity	3,117,064	4,829,297	4,862,703

thank you

