

Q2 2019 Earnings Results

2019. 8. 8 | Investor Relations



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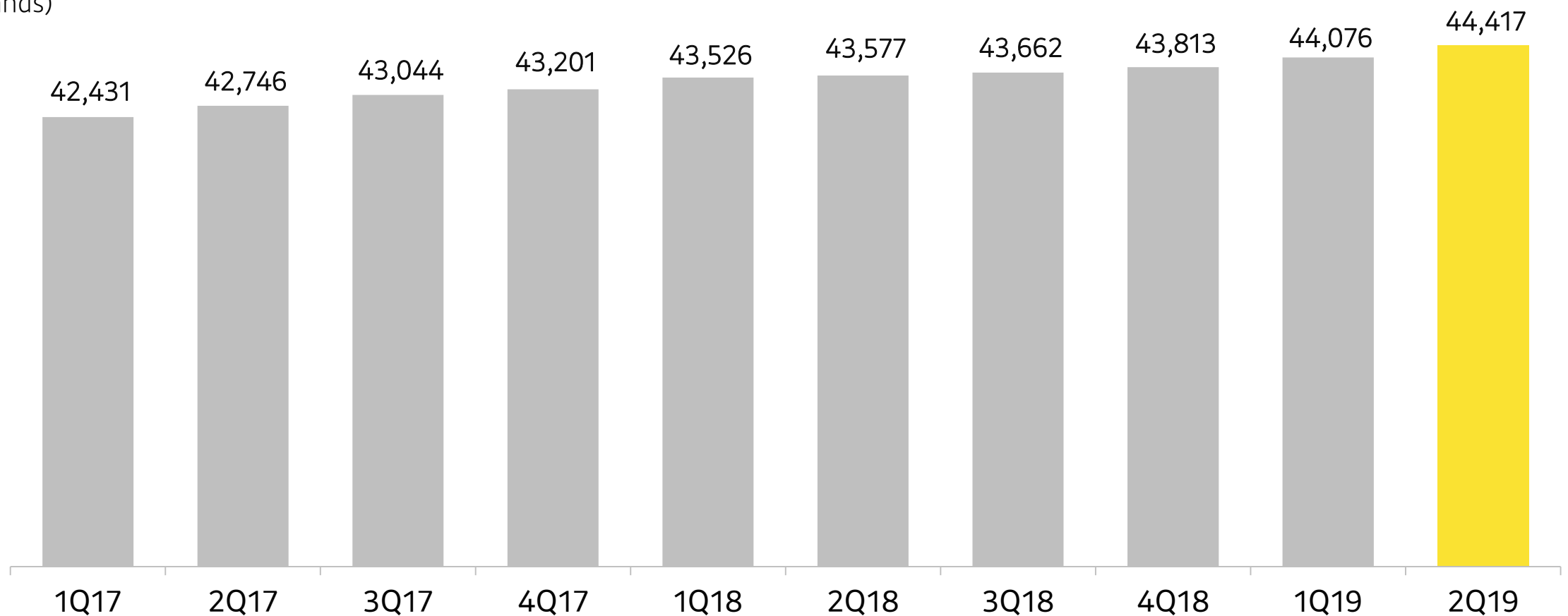
KakaoTalk Monthly Active Users



Monthly Active Users in Korea continue to grow +840K YoY , +341K QoQ

Total Countries serviced: 230+ (Based on Country Codes), in 16 Languages

(in thousands)



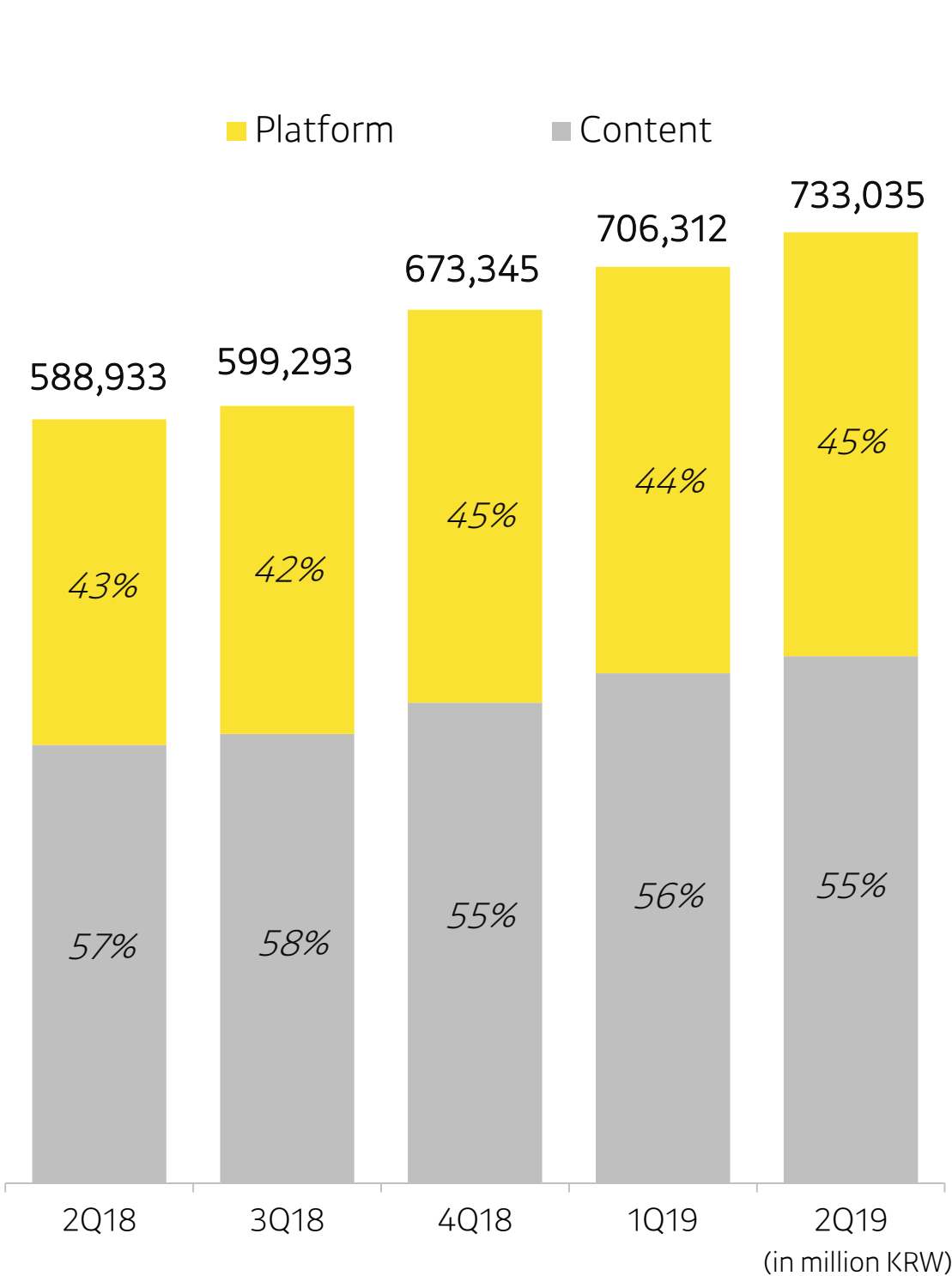
Korea	42,431	42,746	43,044	43,201	43,526	43,577	43,662	43,813	44,076	44,417
Global	49,158	49,468	49,844	49,709	50,348	50,139	50,226	50,220	50,548	50,882

Average of monthly MAUs. Global includes domestic MAUs.

Total Revenue

2Q Total Revenue YoY +24% / QoQ +4%

Platform Business accounts for 45%, Content Business 55%



Revenue Breakdown		
Platform	Talk Biz	KakaoTalk (Plus Friends, #Tab, Talk Store, etc.) Talk Gift Shop, Kakao Makers KakaoTalk Brand/B2C Emoticon New BM in KakaoTalk (Talk Bizboard, Chat Bot, etc.)
	Portal Biz	Daum PC Daum Mobile Other subsidiaries' ad Kakao Story/Style/Page
	New Biz	Mobility, Pay Misc. (Other Subsidiaries)
Content	Game	Mobile PC Kakao VX
	Music	Melon Kakao Music Digital music distribution Ticket
	Paid Content	Kakao Page Daum Webtoon Piccoma
	IP Business and Others	Kakao IX Kakao M (Excluding digital music distribution)

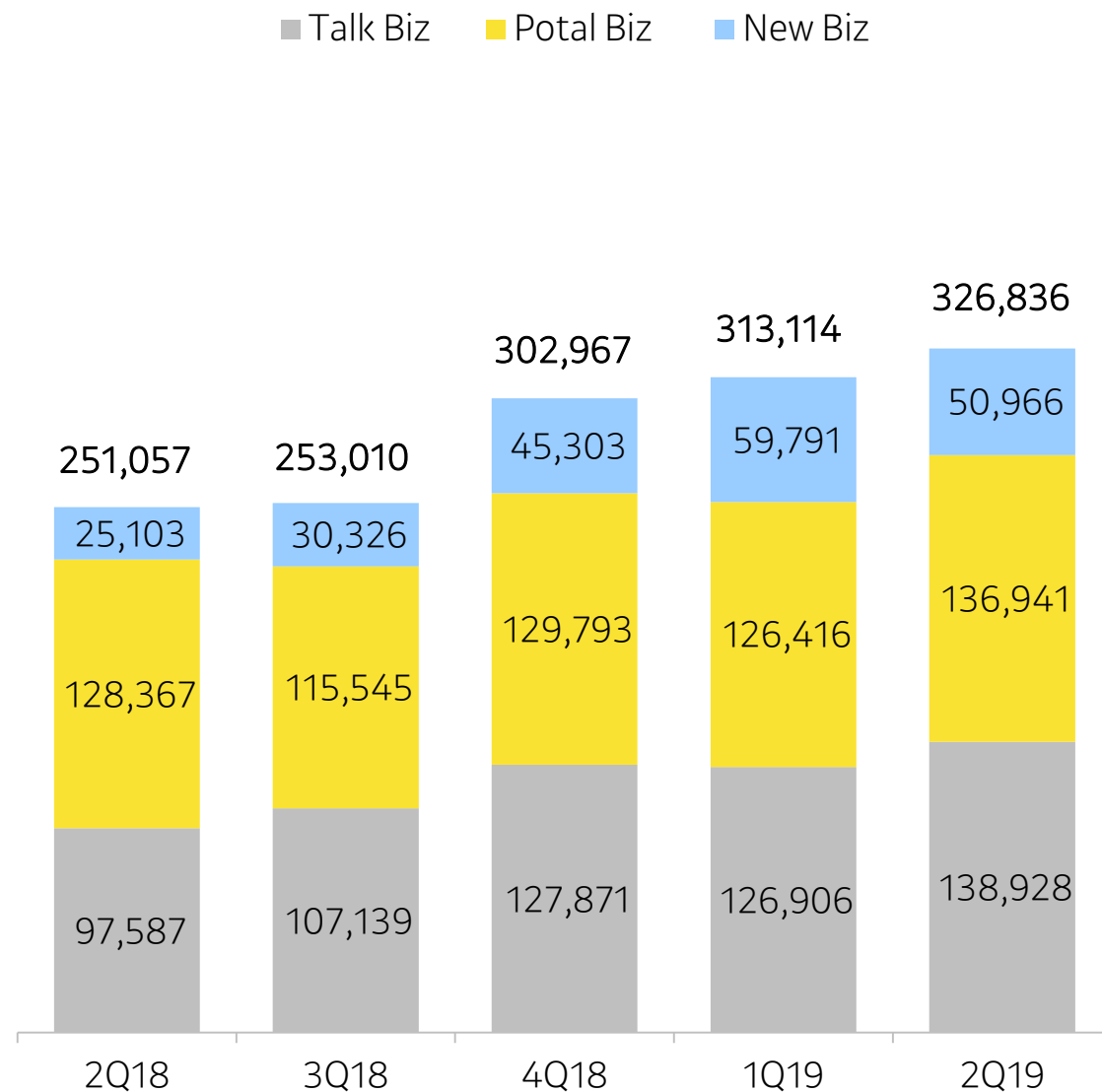
Platform / Content

Platform YoY +30% / QoQ +4%

Content YoY +20% / QoQ +3%

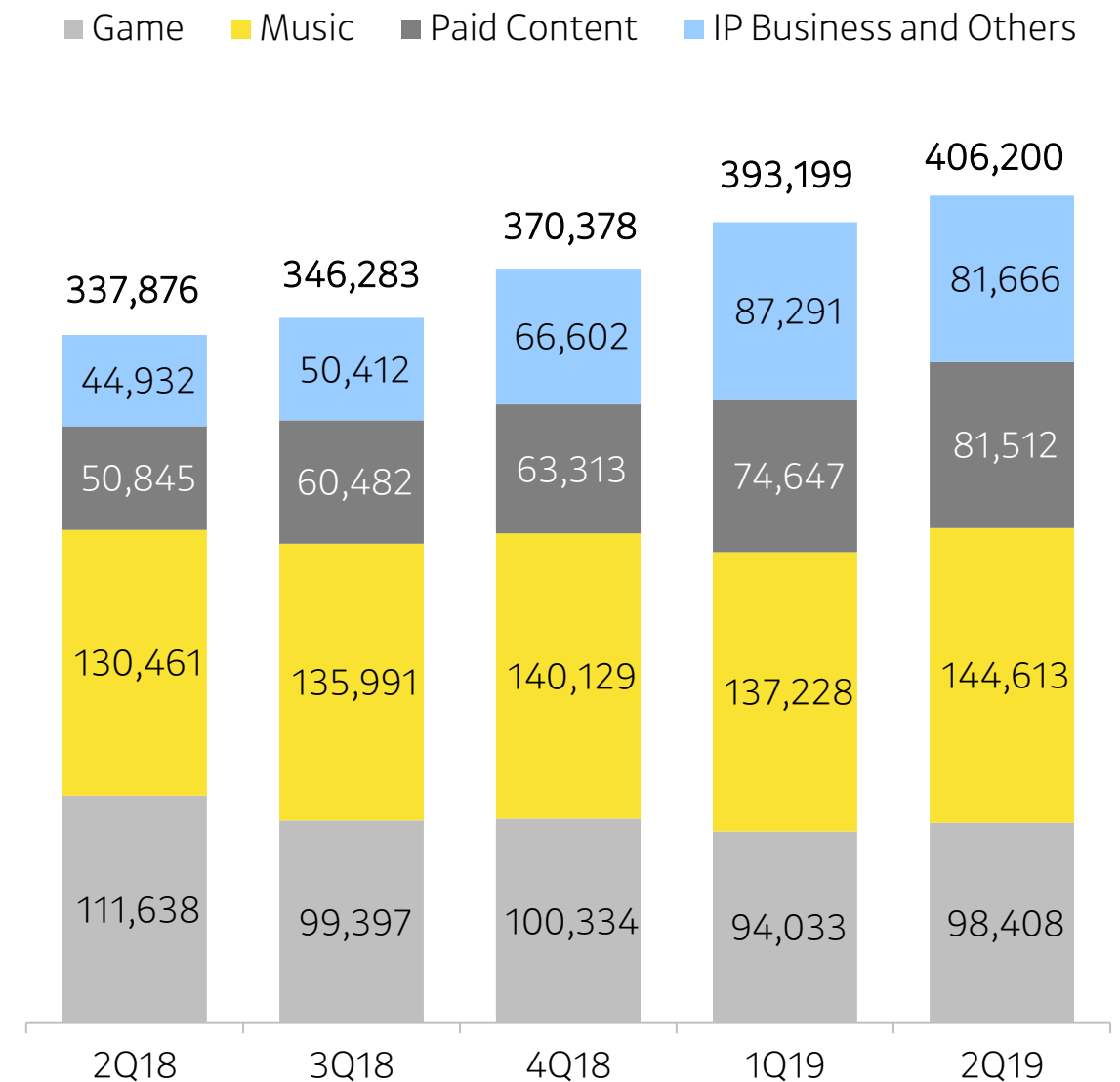
Platform

(in million KRW)



Content

(in million KRW)



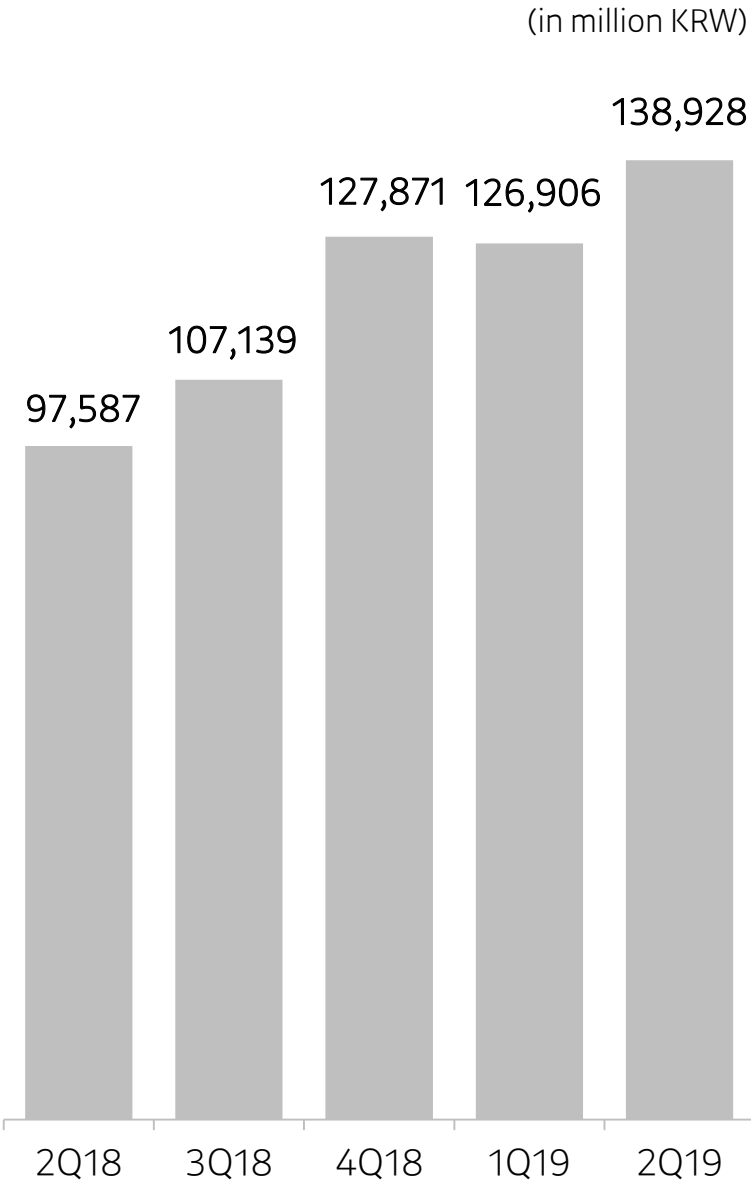
Platform | **Talk Biz** **Portal Biz** **New Biz**

Talk Biz YoY +42% / QoQ +9%

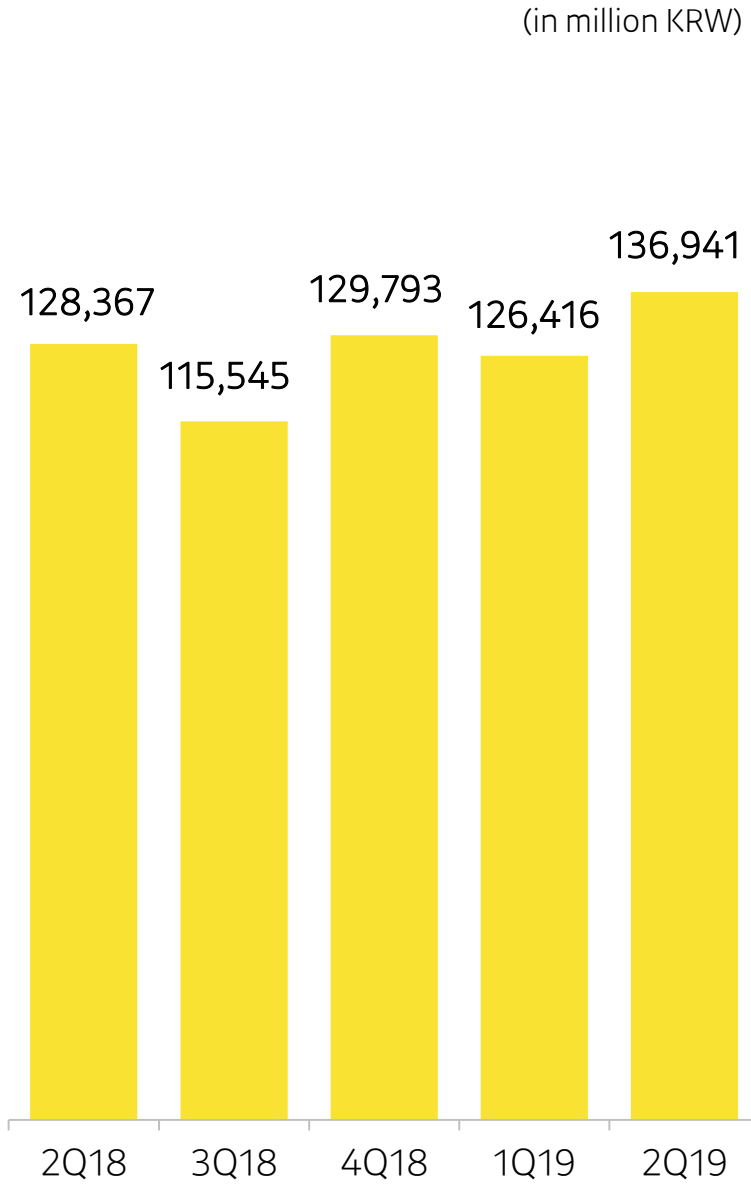
Portal Biz YoY +7% / QoQ +8%

New Biz YoY +103% / QoQ -15% QoQ Decrease due to the exclusion of consolidated subsidiary

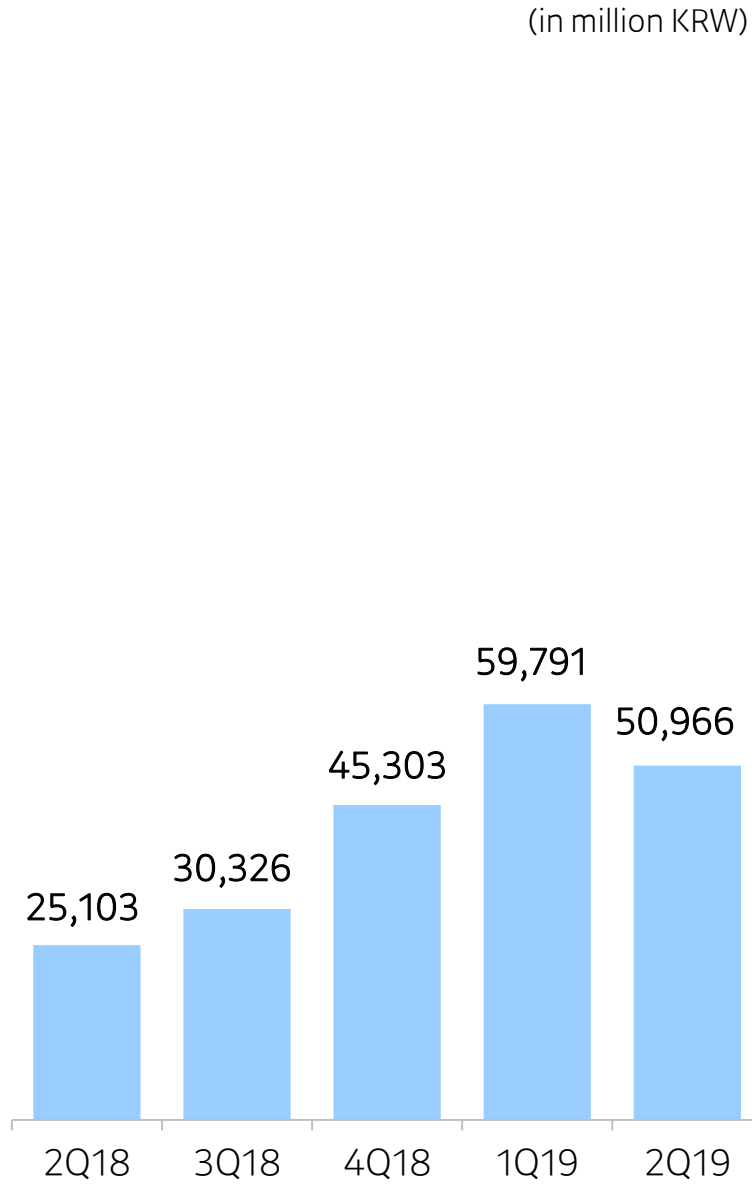
Talk Biz



Portal Biz



New Biz



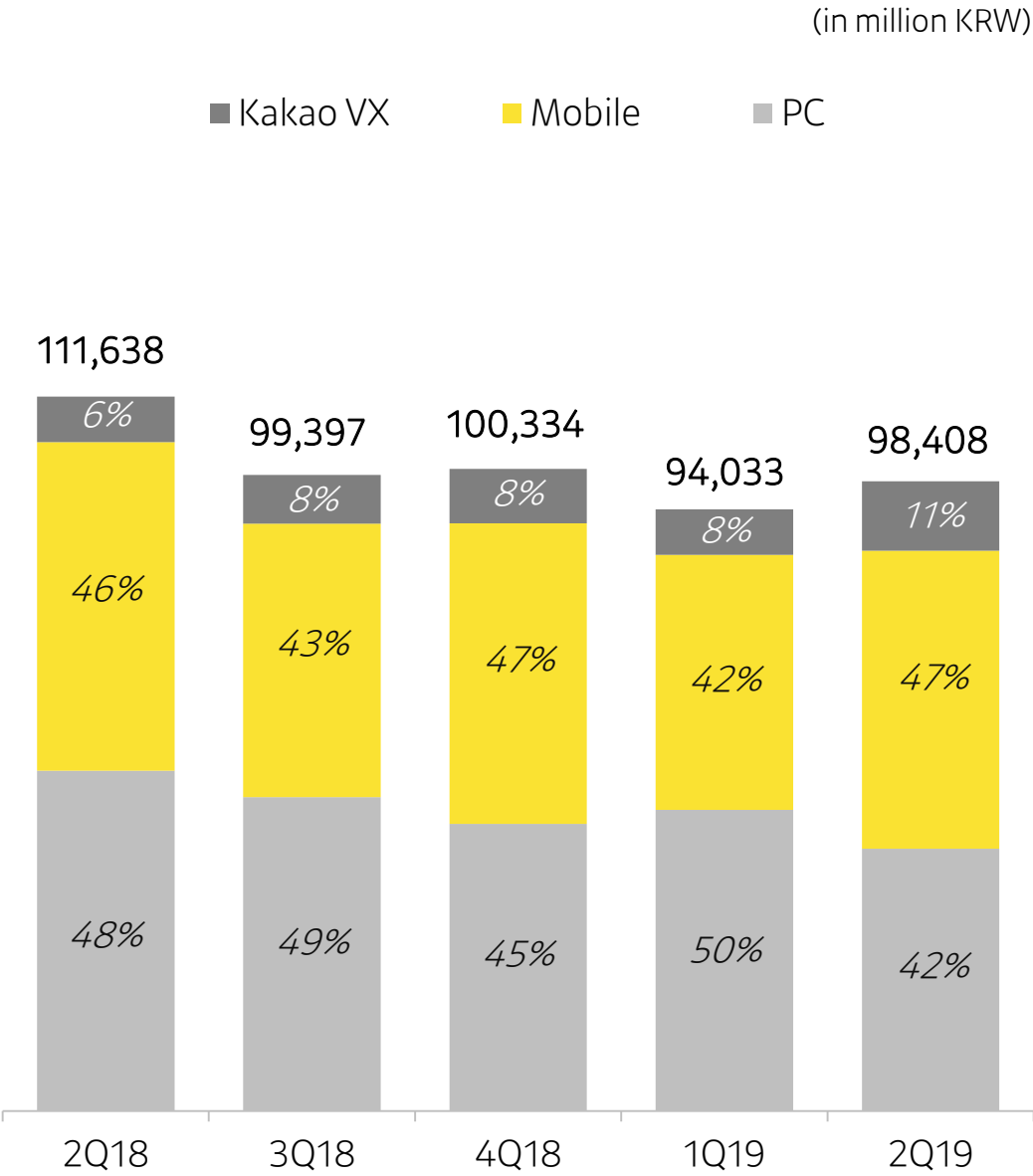
Content | Game Music

Game YoY -12% / QoQ +5%

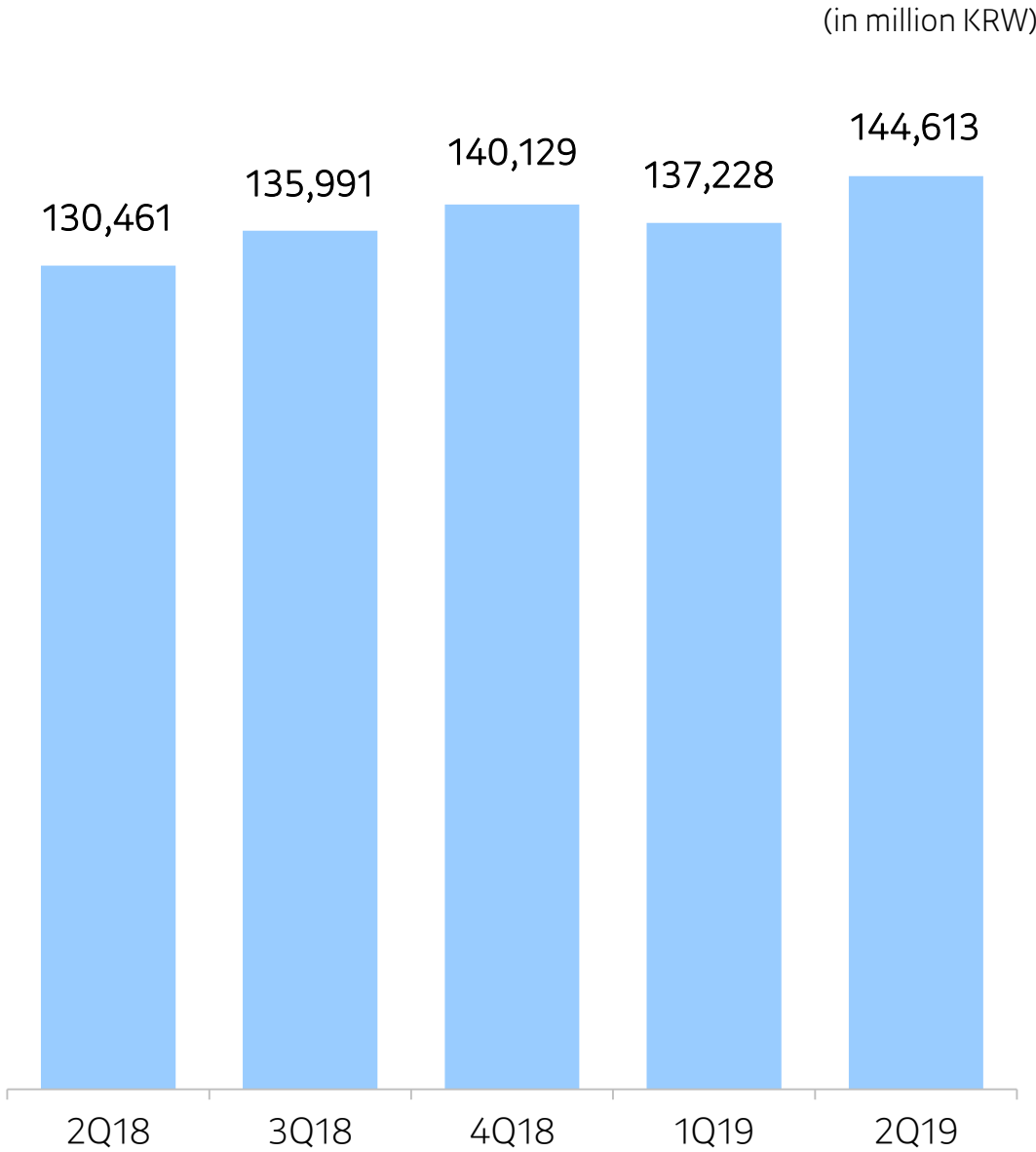
Kakao VX +52% (y) / +52% (q) Mobile -9% (y) / +17% (q) PC -23% (y) / -13% (q)

Music YoY +11% / QoQ +5%

Game



Music



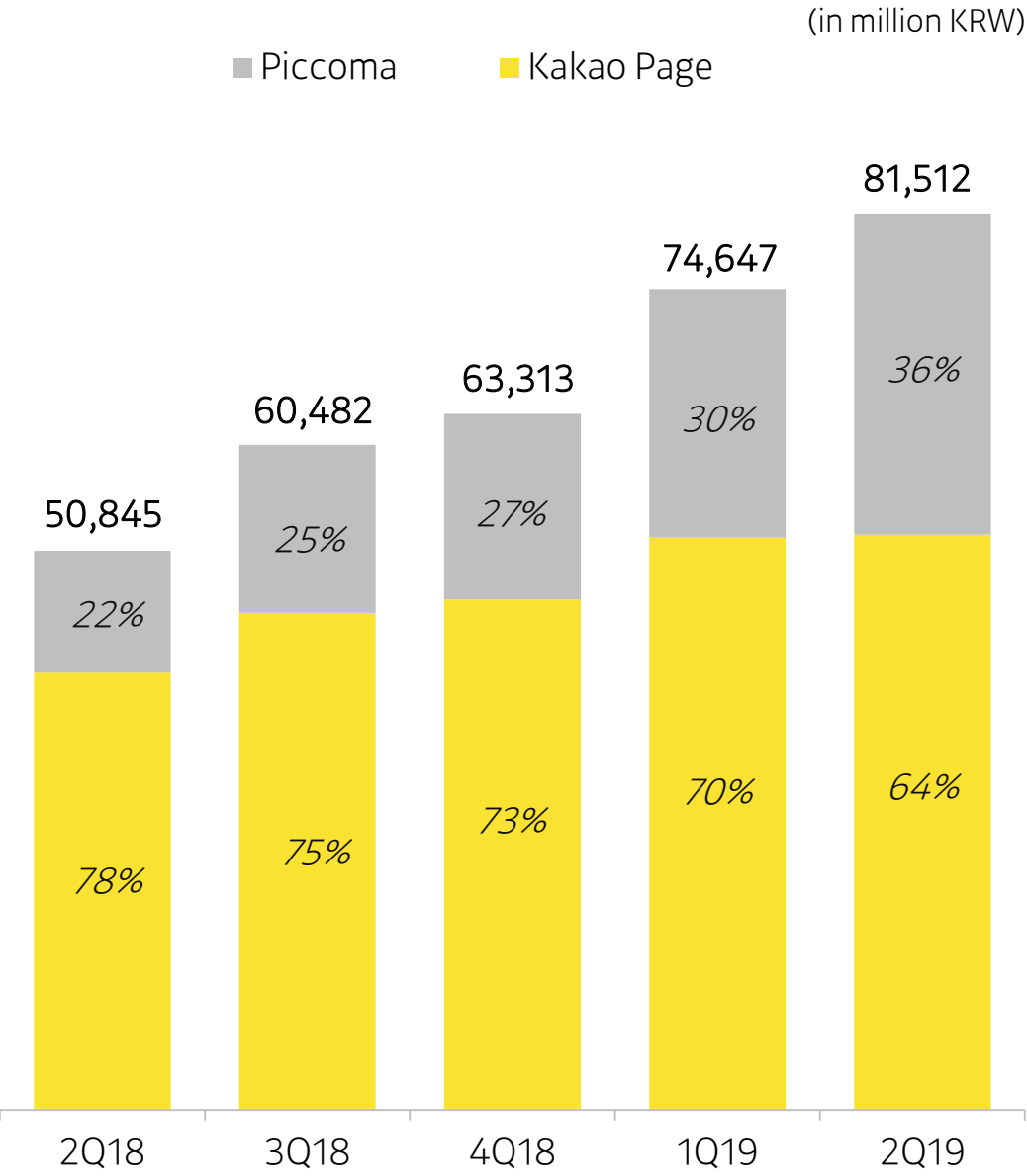
Content | Paid Content IP Business and Others

Paid Content YoY +60% / QoQ +9%

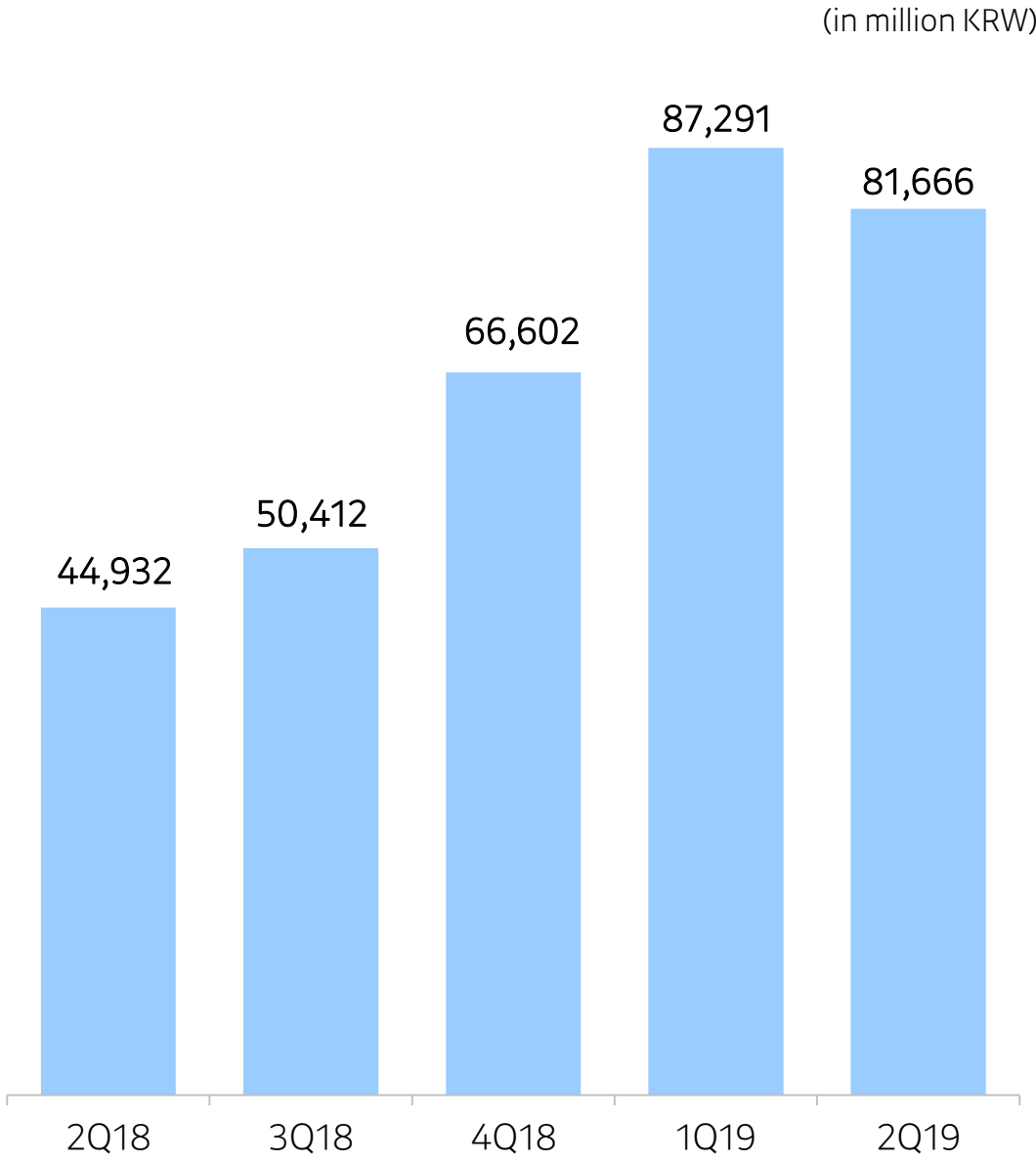
Piccoma +165% (y) / +29% (q) Kakao Page +31% (y) / +0.5% (q)

IP Business and Others YoY +82% / QoQ -6%

Paid Content



IP Business and Others



Earnings Summary

(in million KRW)

	2Q18	1Q19	2Q19	Chg.	
				YoY	QoQ
Total Revenue	588,933	706,312	733,035	24%	4%
Platform	251,057	313,114	326,836	30%	4%
Talk Biz	97,587	126,906	138,928	42%	9%
Portal Biz	128,367	126,416	136,941	7%	8%
New Biz	25,103	59,791	50,966	103%	-15%
Content	337,876	393,199	406,200	20%	3%
Game	111,638	94,033	98,408	-12%	5%
Music	130,461	137,228	144,613	11%	5%
Paid Content	50,845	74,647	81,512	60%	9%
IP Business and Others	44,932	87,291	81,666	82%	-6%
Operating Expenses	561,343	678,649	692,577	23%	2%
Operating Profit	27,590	27,663	40,459	47%	46%
Margin (%)	4.7%	3.9%	5.5%	+0.8%p	+1.6%p
Net Profit	22,494	17,564	30,992	38%	76%
Controlling Interests	18,366	27,512	38,775	111%	41%
Non-controlling Interests	4,128	-9,948	-7,782	-	-

Operating Expenses

(in million KRW)

	2Q18	1Q19	2Q19	Chg.	
				YoY	QoQ
Operating Expenses	561,343	678,649	692,577	23%	2%
Labor Cost	125,921	160,127	159,044	26%	-1%
Cost of Revenue	260,802	330,644	341,883	31%	3%
Outsourcing / Infrastructure	73,743	89,930	84,424	14%	-6%
Marketing Expense	46,062	32,947	39,937	-13%	21%
Depreciation and Amortization Cost	33,943	50,142	53,360	57%	6%
Misc.	20,872	14,859	13,928	-33%	-6%

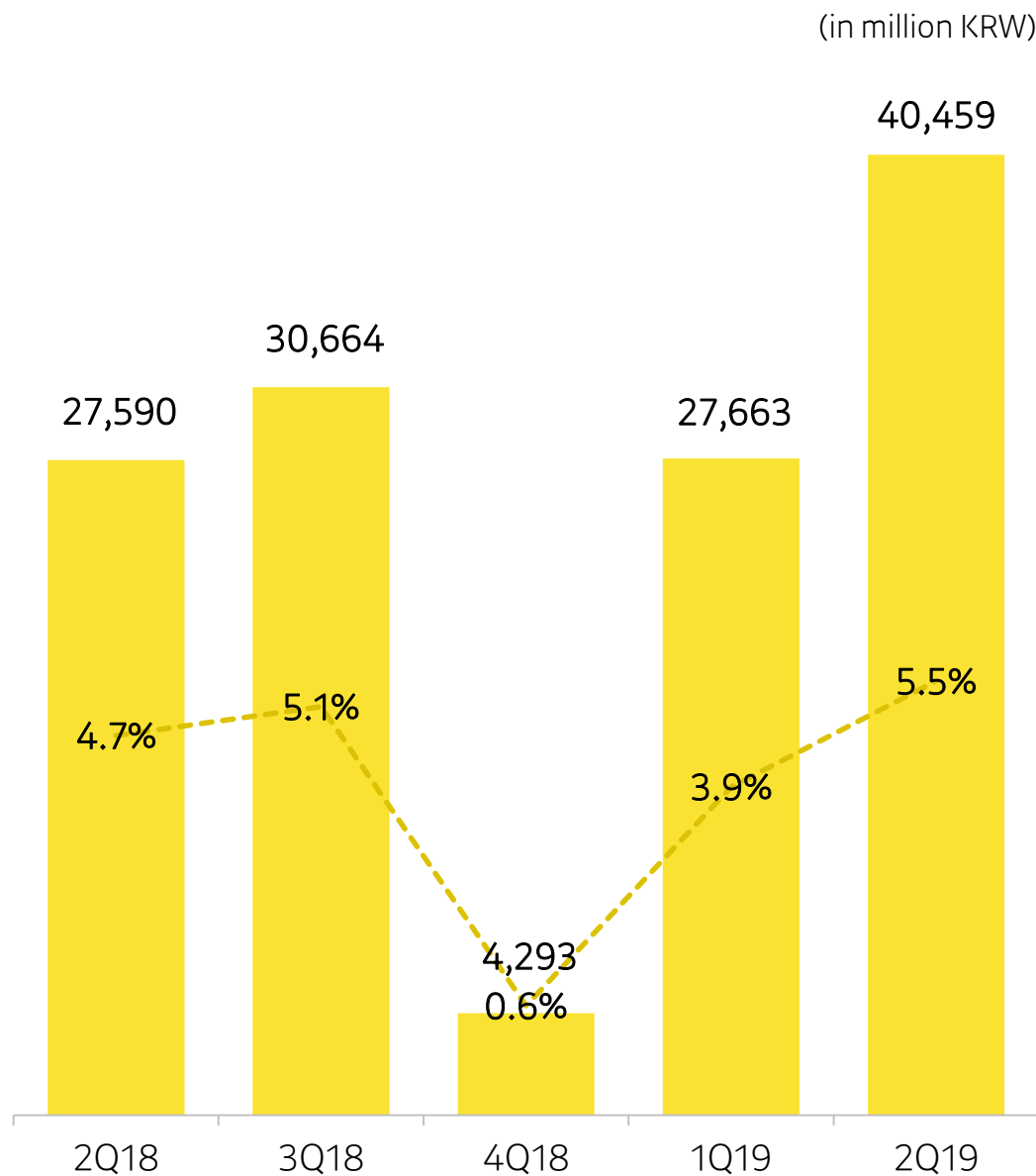
Profits

2Q Operating Profit YoY +47% / QoQ +W46%

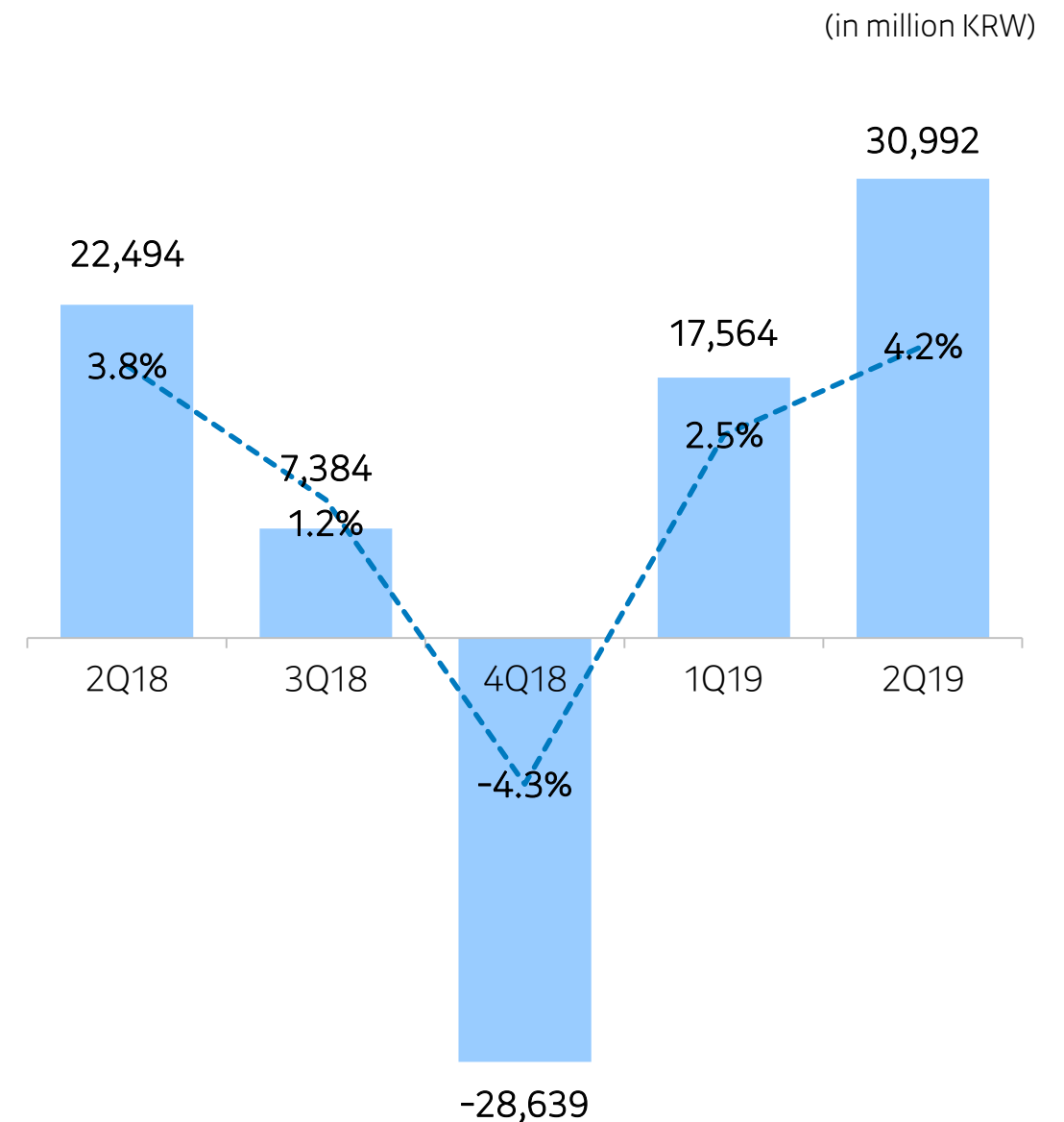
Operating Profit from Existing Businesses excluding New Businesses(Mobility, Tech-fin, Global Expansion, Artificial Intelligence and Blockchain) KRW87.5bn

Net Profit YoY +38% / QoQ +76%

Operating Profit(Ratio)



Net Profit(Ratio)



CapEx / Employees

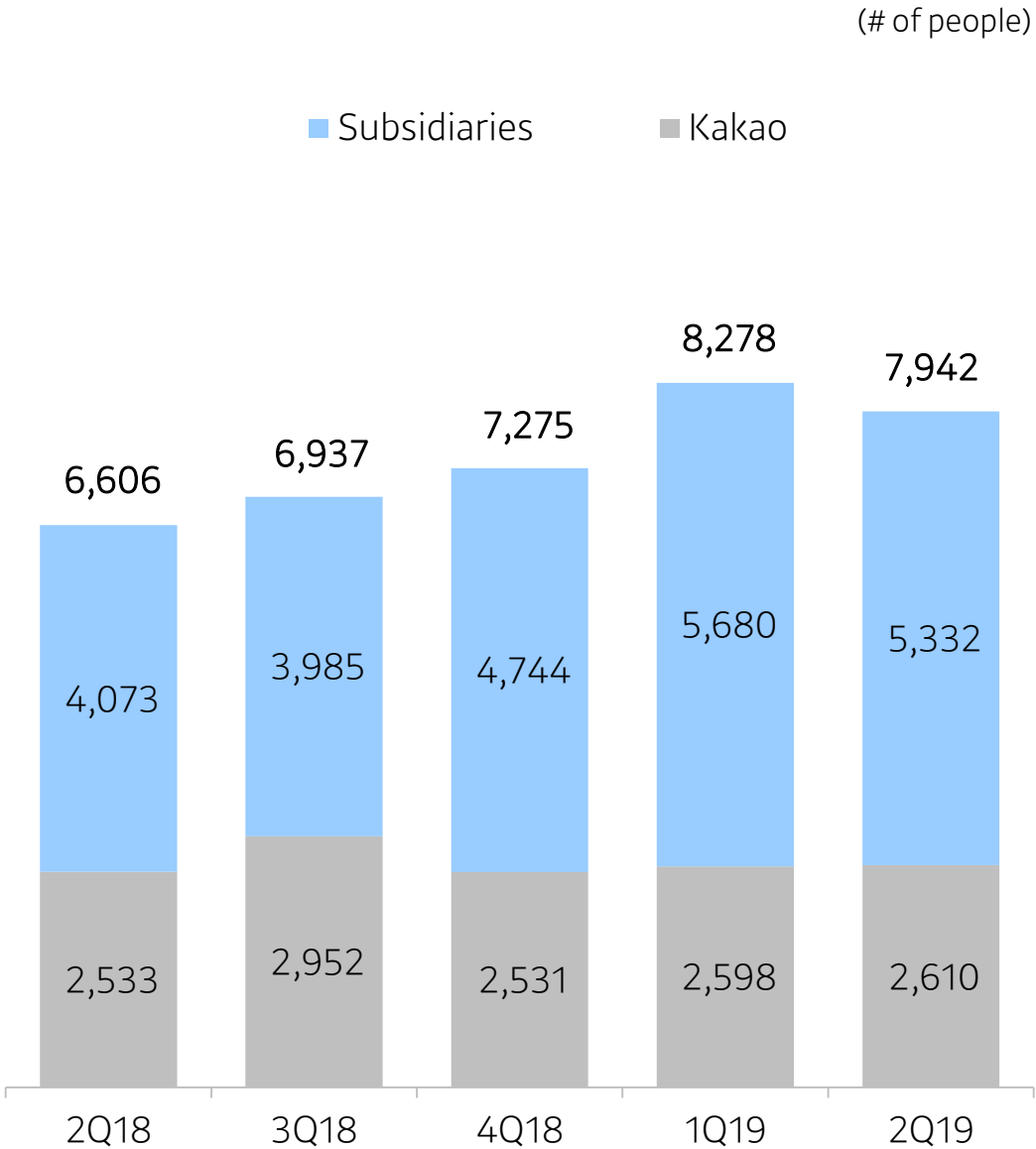
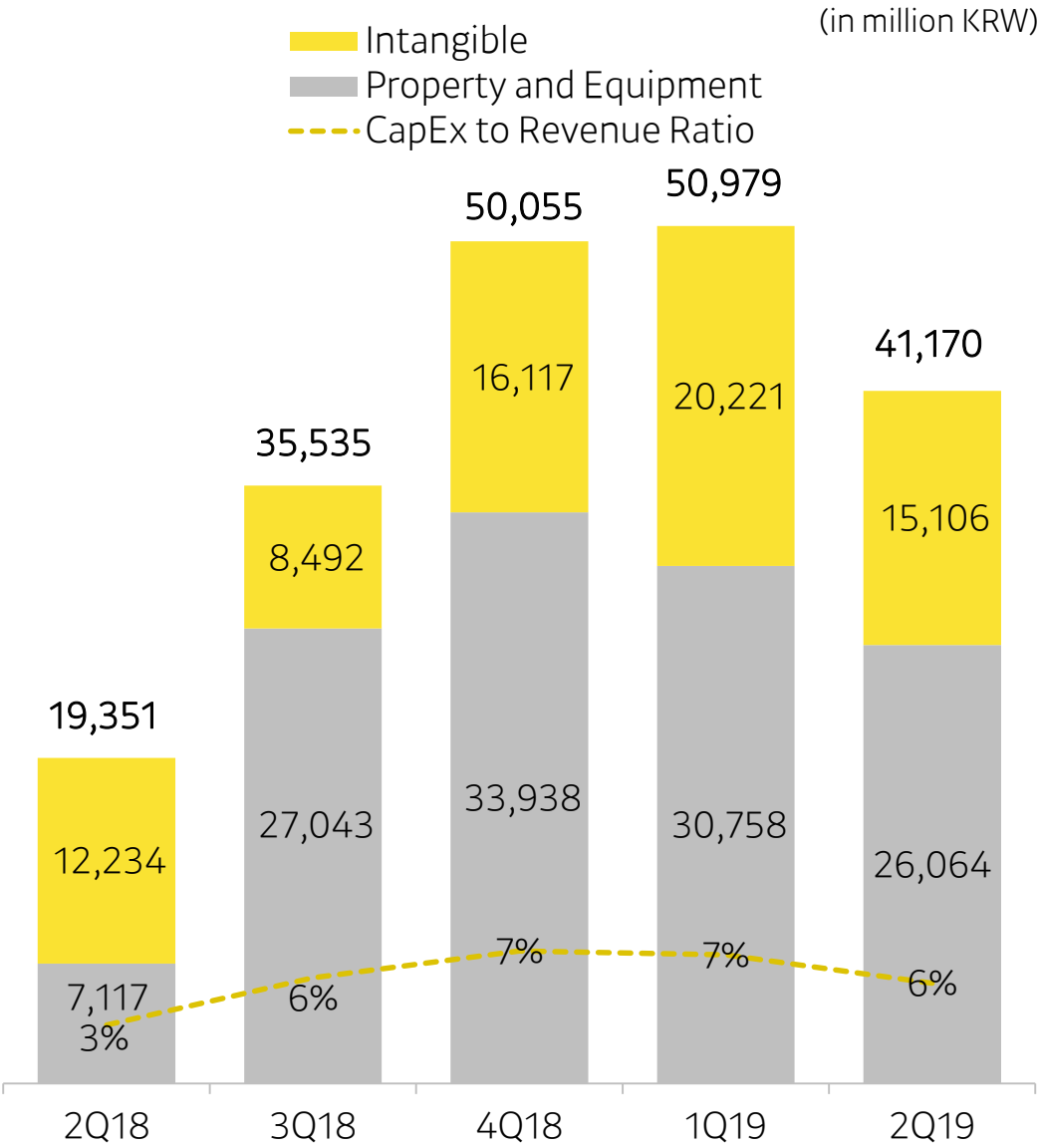
CapEx 2Q CapEx to Revenue Ratio 6% / YoY +113%

Employees 2Q Total 7,942 Employees, QoQ -336 People

QoQ Decrease due to the exclusion of consolidated subsidiary

CapEx

Employees



Consolidated Financial Statements Summary

Consolidated Income Statement

(in million KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Total Revenue	588,933	599,293	673,345	706,312	733,035
Platform	251,057	253,010	302,967	313,114	326,836
Talk Biz	97,587	107,139	127,871	126,906	138,928
Portal Biz	128,367	115,545	129,793	126,416	136,941
New Biz	25,103	30,326	45,303	59,791	50,966
Content	337,876	346,283	370,378	393,199	406,200
Game	111,638	99,397	100,334	94,033	98,408
Music	130,461	135,991	140,129	137,228	144,613
Paid Content	50,845	60,482	63,313	74,647	81,512
IP Business and Others	44,932	50,412	66,602	87,291	81,666
Operating Expenses	561,343	568,629	669,052	678,649	692,577
Labor Cost	125,921	130,349	158,323	160,127	159,044
Cost of Revenue	260,802	261,099	306,867	330,644	341,883
Outsourcing / Infrastructure	73,743	84,719	87,804	89,930	84,424
Marketing Expense	46,062	37,187	55,741	32,947	39,937
Depreciation and Amortization Cost	33,943	34,532	38,193	50,142	53,360
Misc.	20,872	20,742	22,124	14,859	13,928
Operating Profit	27,590	30,664	4,293	27,663	40,459
<i>Margin (%)</i>	<i>4.7%</i>	<i>5.1%</i>	<i>0.6%</i>	<i>3.9%</i>	<i>5.5%</i>
Other Non-Operating Income	12,504	27,492	21,676	8,837	13,463
Other Non-Operating Expenses	13,415	24,616	33,536	16,048	10,955
Financial Income	35,388	18,429	44,077	22,801	13,319
Financial Expenses	7,140	6,500	27,918	5,729	13,770
Equity-method Income	2,093	2,769	-20,361	2,988	11,052
Profit before Income Tax	57,021	48,238	-11,769	40,512	53,567
Income Tax	34,527	40,854	16,870	22,948	22,575
Net Profit	22,494	7,384	-28,639	17,564	30,992
Controlling Interests	18,366	16,635	-969	27,512	38,775
Non-controlling Interests	4,128	-9,251	-27,670	-9,948	-7,782
EBITDA	60,607	65,648	40,753	78,113	94,190

Consolidated Statement of Financial Position

(in million KRW)	2018.12.31	2019. 3.31	2019. 6.30
Current Assets	2,858,950	2,772,525	2,647,247
Cash and Cash Equivalents	1,247,013	1,633,397	1,617,254
S-T Financial Instruments	924,215	496,452	380,159
Account Receivable	193,669	104,408	127,484
Other Current Financial Assets	207,656	233,342	240,958
Other Current Assets	286,397	304,926	281,392
Non-Current Assets	5,100,592	5,302,453	5,531,061
Investments in Associates and Joint Ventures	305,188	302,881	352,323
Tangible Assets	314,812	331,638	329,072
Intangible Assets	3,865,265	3,867,635	3,837,592
Other Non-current Assets	615,327	800,299	1,012,073
Total Assets	7,959,542	8,074,978	8,178,308
Current Liabilities	2,039,196	1,969,879	2,036,752
Account Payable and Other payable	460,813	413,977	474,869
Short-term Borrowings	609,480	554,202	501,631
Income Tax Payable	71,040	83,985	51,701
Other Current Liabilities	897,863	917,714	1,008,551
Non-Current Liabilities	293,188	467,147	475,568
Long-term Borrowings	44,995	47,150	64,466
Deferred Income Tax Liabilities	151,228	155,890	149,519
Other Non-Current Liabilities	96,965	264,107	261,583
Total Liabilities	2,332,385	2,437,026	2,512,321
Paid-in Capital	41,744	41,749	41,779
Capital Surplus	4,647,543	4,645,830	4,661,890
Other Accumulated Earnings	1,492	3,854	5,575
Accumulated Other Comprehensive Income	-7,329	-9,313	-4,976
Retained Earnings	453,400	470,860	509,635
Minority Interest	490,307	484,972	452,083
Total Equity	5,627,158	5,637,952	5,665,987
Total Liabilities & Equity	7,959,542	8,074,978	8,178,308

Financial Statements Summary (Kakao only)

Income Statement					
(in million KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Total Revenue	252,523	291,778	385,046	331,522	361,961
Operating Expenses	223,005	255,788	344,574	296,869	316,612
Labor Cost	59,443	63,665	83,431	66,316	66,071
Cost of Revenue	92,106	110,641	164,786	151,260	162,666
Outsourcing / Infrastructure	44,123	47,963	50,438	45,234	47,056
Marketing Expense	3,380	7,140	12,875	2,184	4,844
Depreciation and Amortization Cost	17,478	19,471	25,810	28,277	31,438
Misc.	6,476	6,908	7,234	3,599	4,537
Operating Profit	29,518	35,990	40,472	34,654	45,348
<i>Margin (%)</i>	<i>11.7%</i>	<i>12.3%</i>	<i>10.5%</i>	<i>10.5%</i>	<i>12.5%</i>
Other Non-Operating Income	3,545	2,613	2,359	1,006	1,344
Other Non-Operating Expenses	7,317	3,192	26,873	13,664	12,060
Financial Income	39,812	5,791	16,795	13,638	12,494
Financial Expenses	1,439	6,934	18,552	3,995	4,446
Profit before Income Tax	64,120	34,268	14,201	31,639	42,680
Income Tax	19,806	40,820	15,117	10,435	16,543
Net Profit	44,314	-6,552	-915	21,204	26,137
EBITDA	46,614	56,313	65,396	63,188	76,797

Statement of Financial Position			
(in million KRW)	2018.12.31	2019. 3.31	2019. 6.30
Current Assets	1,261,480	1,269,433	1,047,722
Cash and Cash Equivalents	250,920	666,790	704,126
S-T Financial Instruments	601,712	257,254	15,533
Account Receivable	71,333	64,135	77,196
Other Current Assets	337,515	281,254	250,867
Non-Current Assets	4,941,359	5,053,845	5,238,661
Investments in Associates, Subsidiaries and Joint Ventures	1,496,538	1,485,643	1,474,580
Tangible Assets	236,016	252,342	250,128
Intangible Assets	2,875,510	2,882,313	2,882,375
Other Non-current Assets	333,295	433,548	631,578
Total Assets	6,202,839	6,323,279	6,286,383
Current Liabilities	1,250,706	1,268,220	1,205,494
Account Payable and Other payable	404,760	520,230	539,098
Short-term Borrowings	564,921	516,575	458,234
Income Tax Payable	59,204	67,533	33,754
Other Current Liabilities	221,821	163,881	174,407
Non-Current Liabilities	200,790	289,560	281,695
Long-term Borrowings	39,939	39,946	39,952
Deferred Income Tax Liabilities	126,350	125,046	119,751
Other Non-Current Liabilities	34,501	124,568	121,991
Total Liabilities	1,451,496	1,557,780	1,487,188
Paid-in Capital	41,744	41,749	41,779
Capital Surplus	4,096,216	4,097,226	4,103,033
Other Accumulated Earnings	35,547	37,909	39,630
Accumulated Other Comprehensive Income	-1,606	-1,978	-1,978
Retained Earnings	579,442	590,594	616,731
Total Equity	4,751,343	4,765,499	4,799,195
Total Liabilities & Equity	6,202,839	6,323,279	6,286,383

Thank You

