

3Q20 Earnings Results

2020. 11. 5 | Investor Relations



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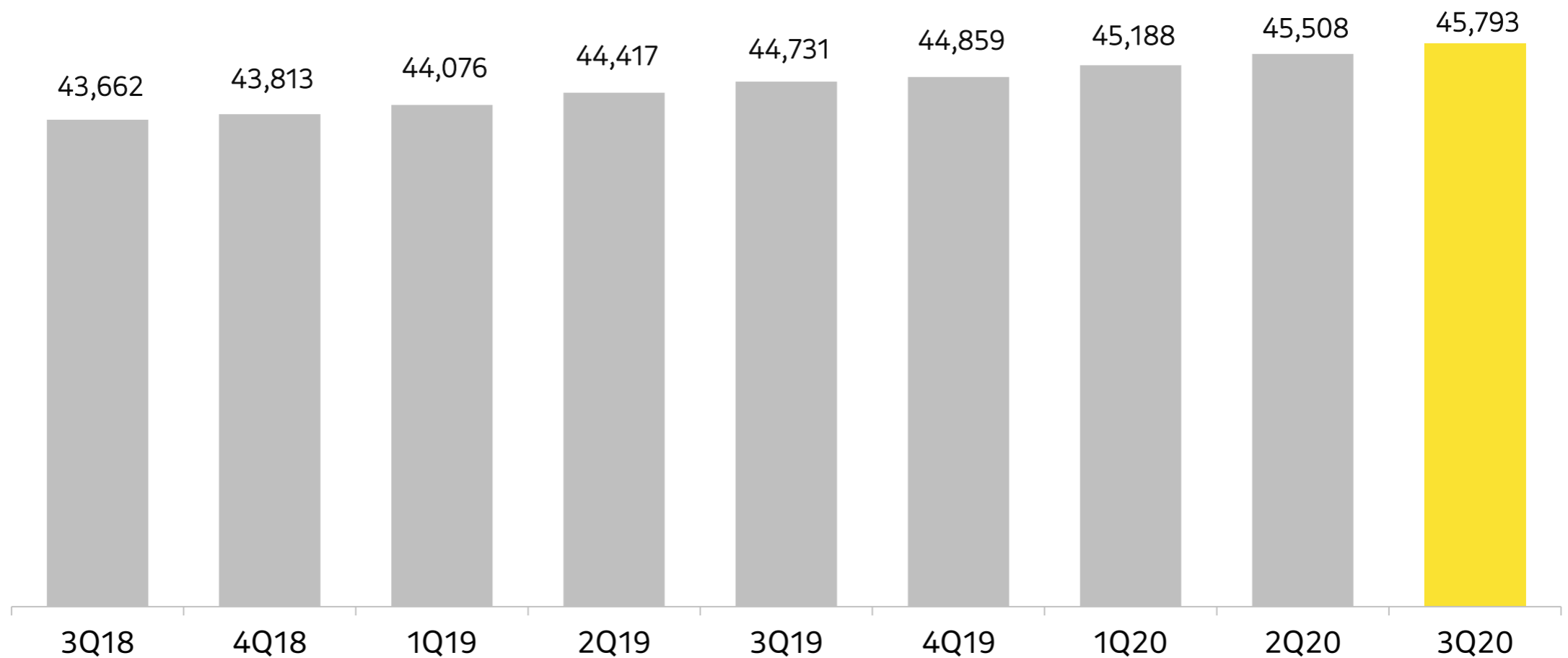
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KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +1,062K YoY, +285K QoQ.

(in thousands)



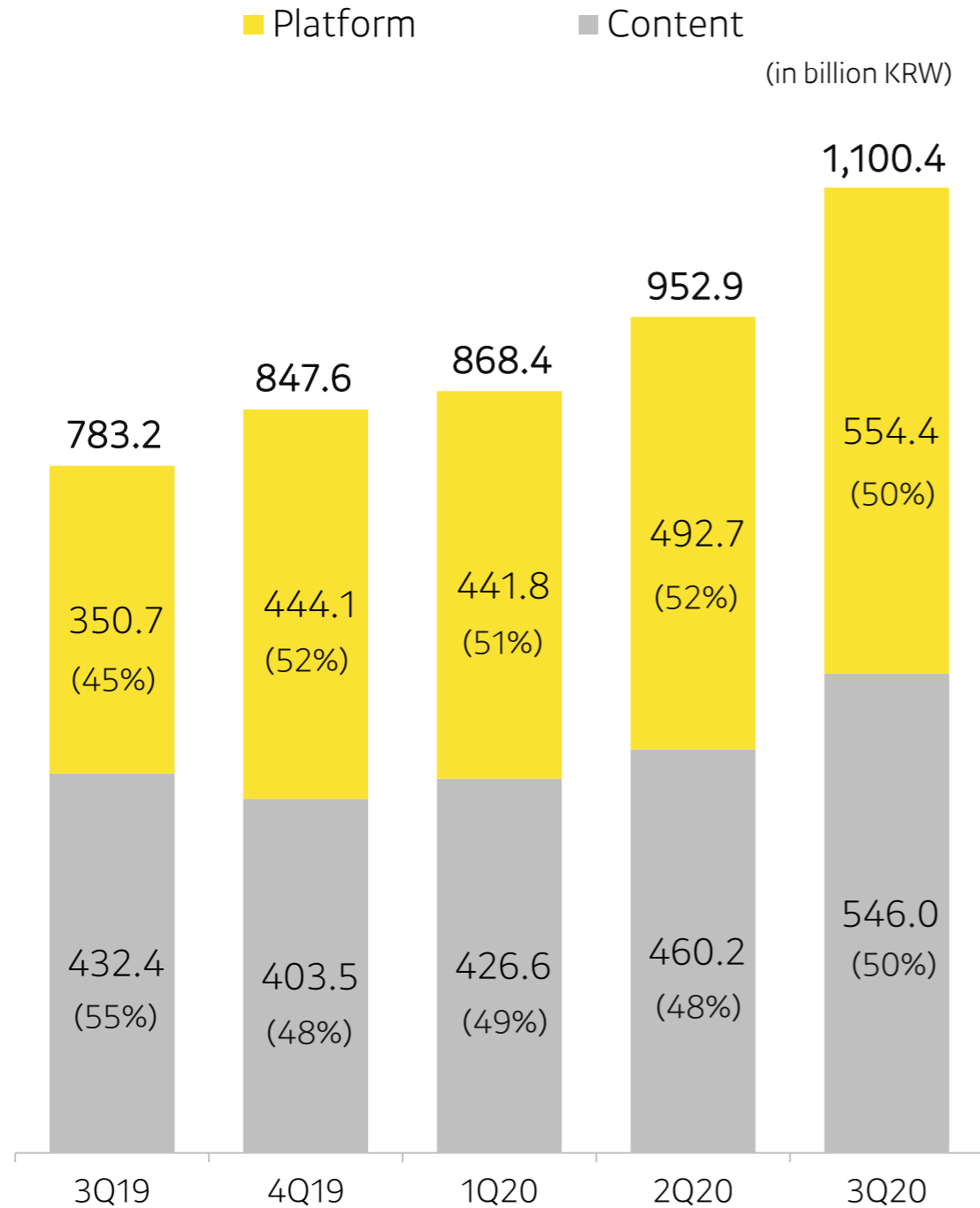
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Korea	43,662	43,813	44,076	44,417	44,731	44,859	45,188	45,508	45,793
Global	50,226	50,220	50,548	50,882	51,374	51,495	51,768	52,133	52,299

Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q3 Revenue YoY +41% / QoQ +15%

Mix - Platform 50% : Content 50%



Revenue Breakdown		
Platform	Talk Biz	KakaoTalk Ad (Bizboard, Talk Channel, Emoticon, etc.) Talk Commerce (Talk Gift Shop, Talk Store, Makers, etc.)
	Portal Biz	Daum PC Daum Mobile Kakao Story/Style/Page Other Subsidiaries' Ad
	New Biz	Mobility Pay Misc. (Other Subsidiaries)
Content	Game	Mobile PC Kakao VX
	Music	Melon Digital music distribution Kakao Music Ticket
	Paid Content	Kakao Page Daum Webtoon Piccoma
	IP Business and Others	Kakao Friends Kakao M (Excluding digital music distribution)

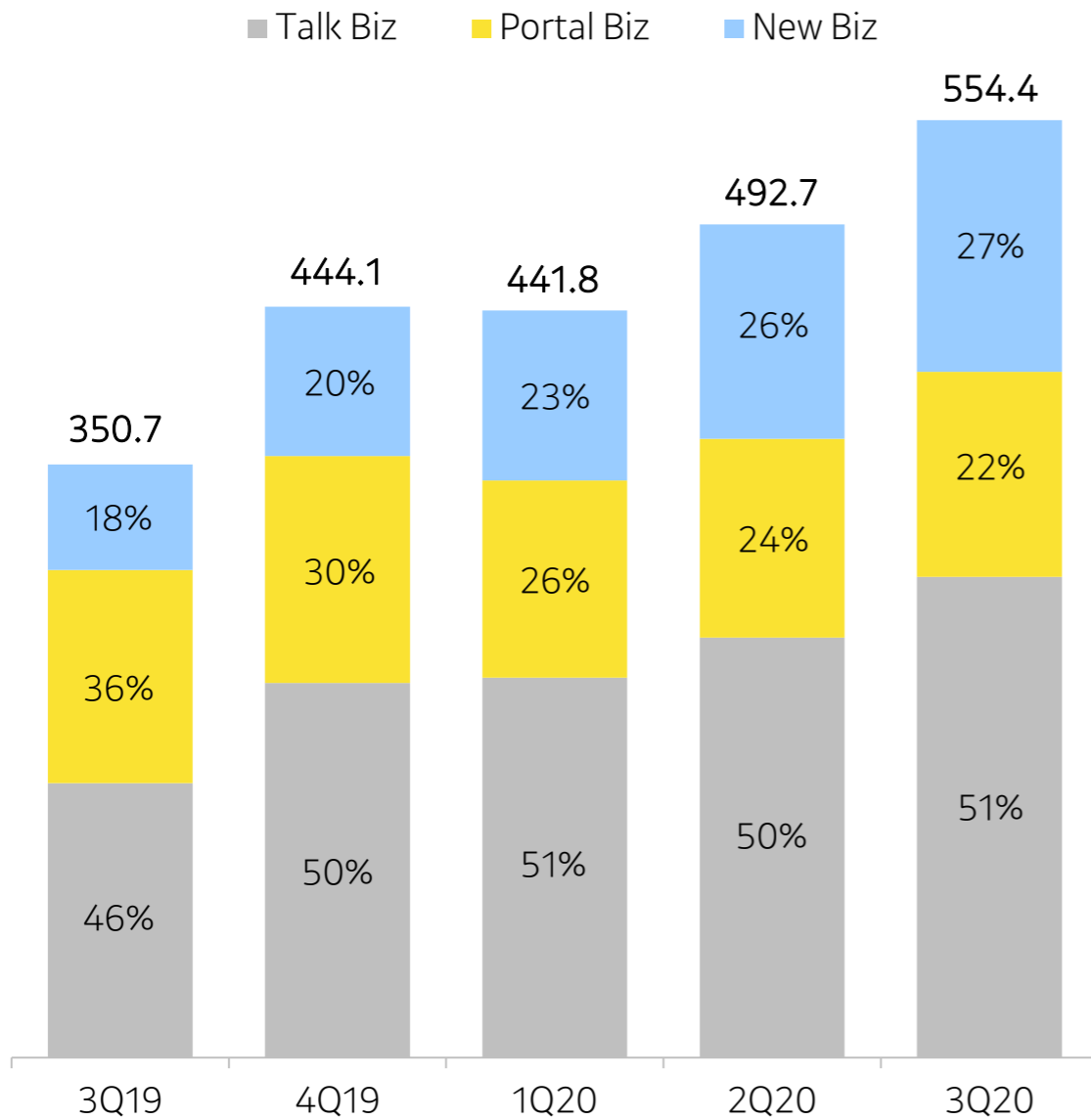
Platform / Content

Platform YoY +58% / QoQ +13%

Content YoY +26% / QoQ +19%

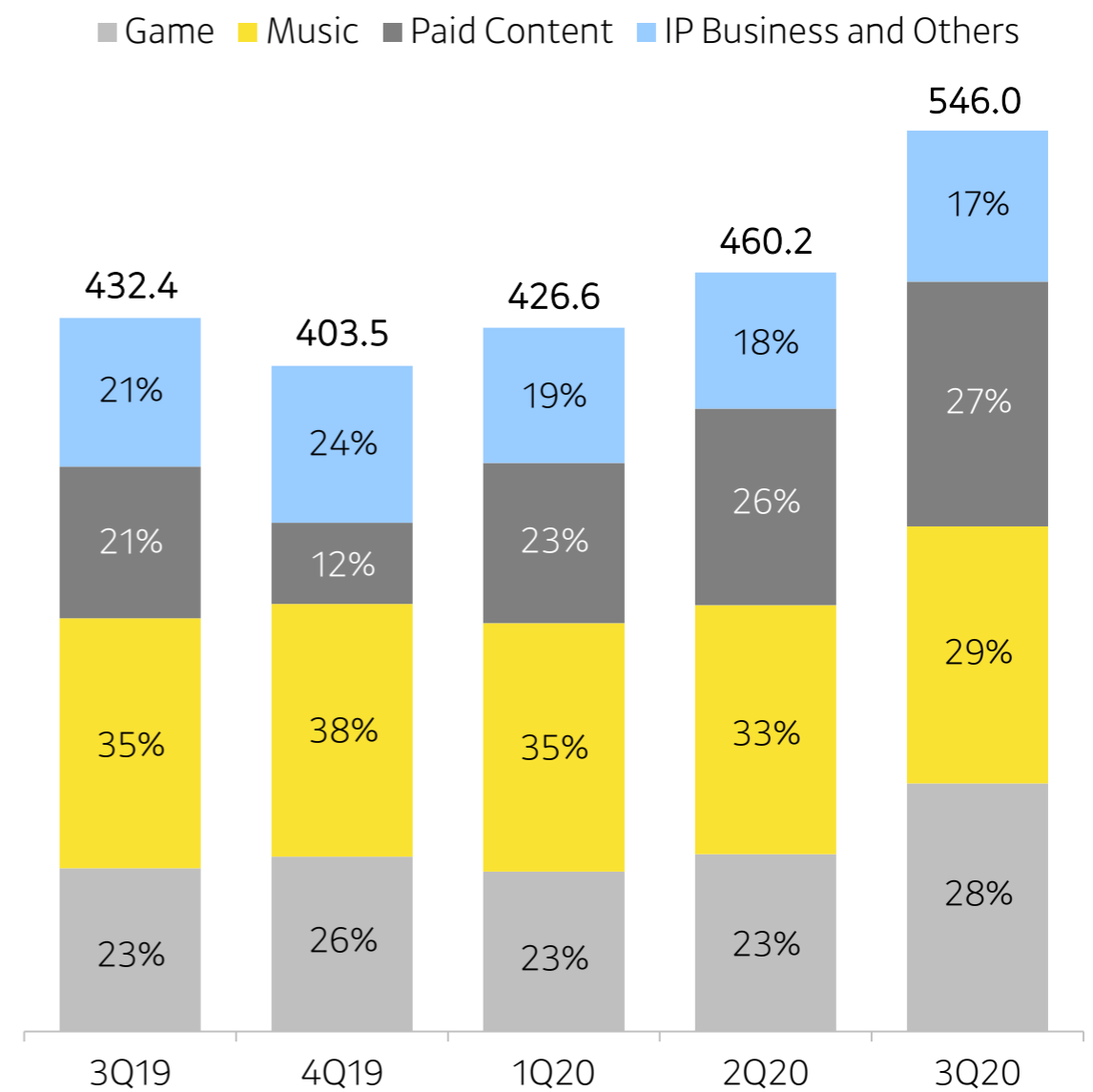
Platform

(in billion KRW)



Content

(in billion KRW)



Platform | Talk Biz Portal Biz New Biz

Talk Biz YoY +75% / QoQ +14%

Portal Biz YoY -4% / QoQ +3%

New Biz YoY +139% / QoQ +17%

Robust growth thanks to expansion of ecosystem of Bizboard and Commerce based on Kakao Talk

Gradual recovery despite impact from second wave of COVID-19

Continued rapid growth with Pay's expansion of payment and financial service, and Mobility's premium taxi demand increase

Talk Biz

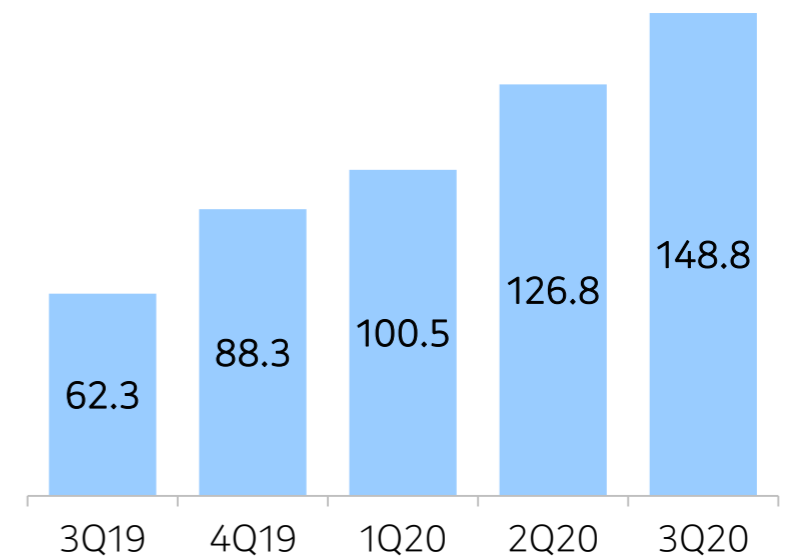
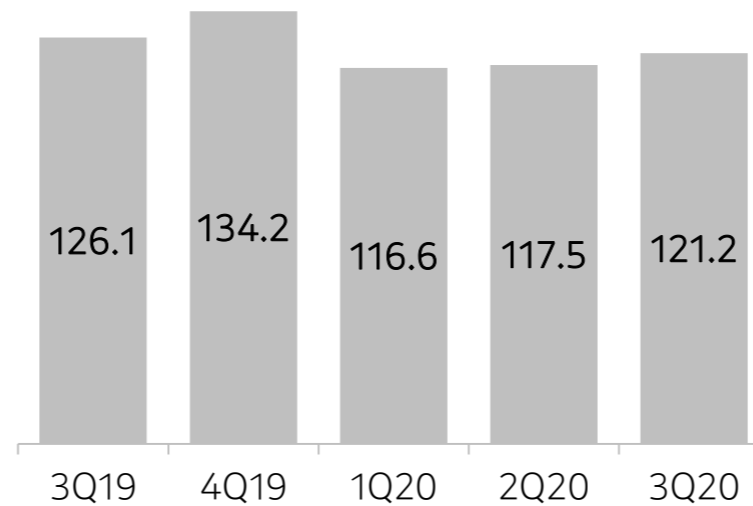
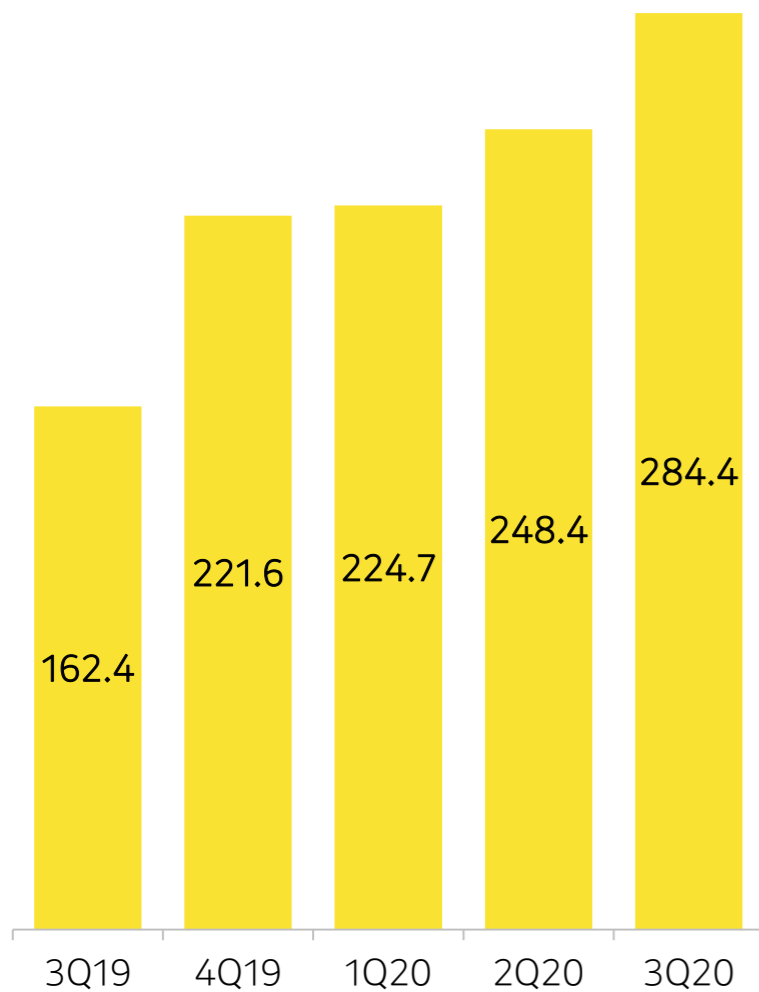
(in billion KRW)

Portal Biz

(in billion KRW)

New Biz

(in billion KRW)



Content | Game Music

Game YoY +52% / QoQ +40%

↳ Mobile +98%(y)/+92%(q), PC +13%(y)/-4%(q), Kakao VX +8%(y)/ +5%(q)

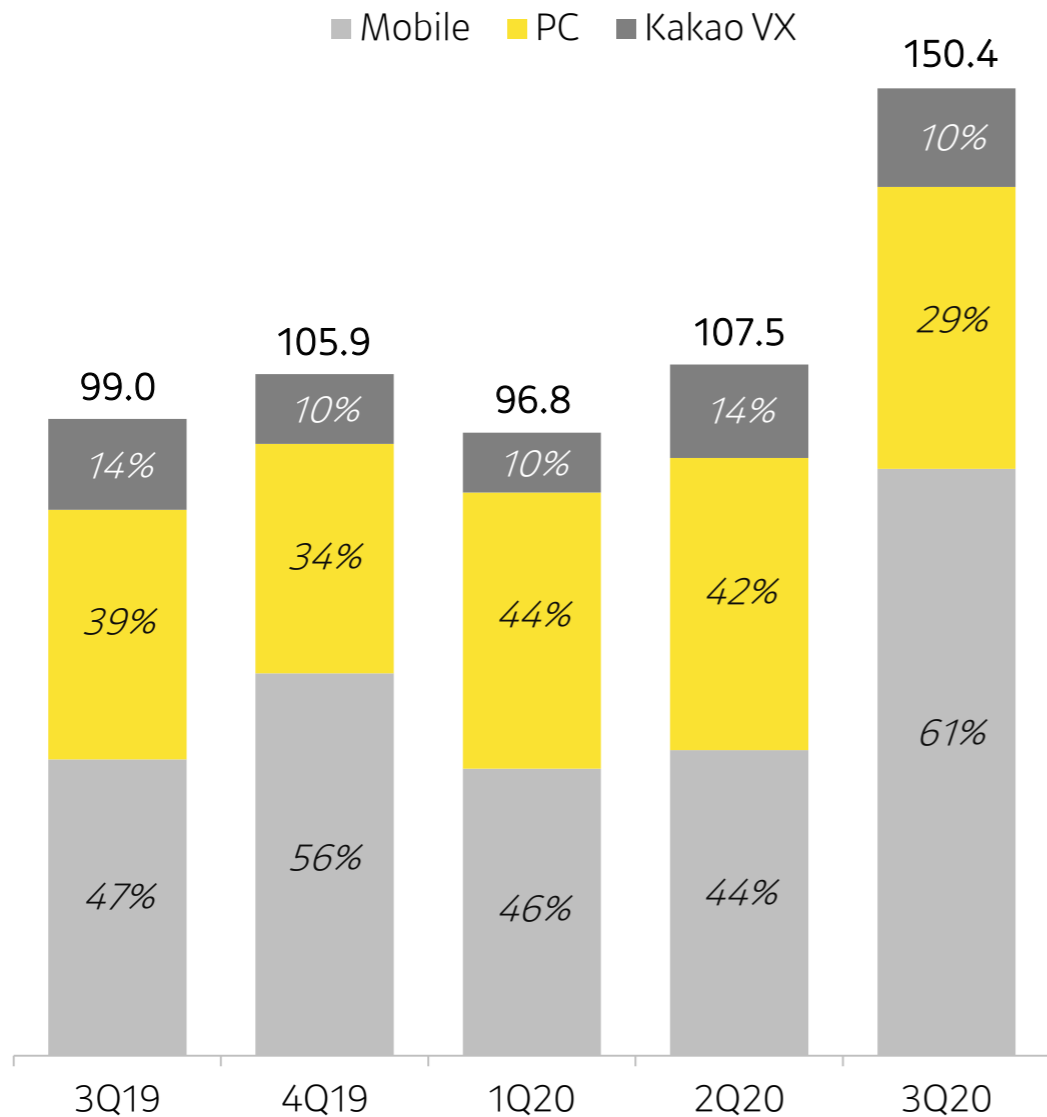
High revenue growth thanks to successful launch of new mobile game 'Guardian Tales'

Music YoY +3% / QoQ +3%

Resilient growth from Melon's effective marketing and Kakao M's digital music distribution sales

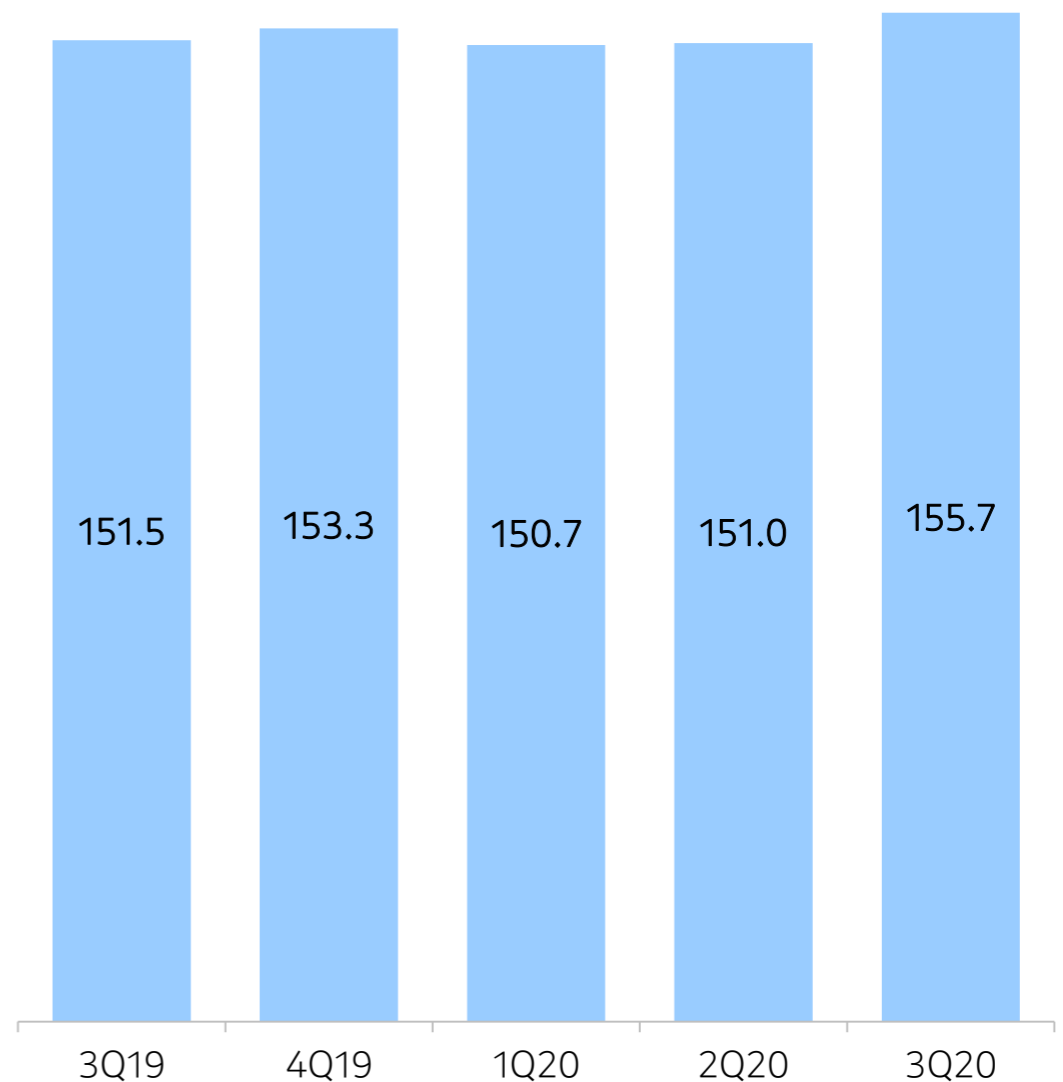
Game

(in billion KRW)



Music

(in billion KRW)



Content | Paid Content IP Business and Others

Paid Content YoY +61% / QoQ +25%

↳ Kakao Page +30% (y) / +8% (q), Piccoma +118% (y) / +49% (q)

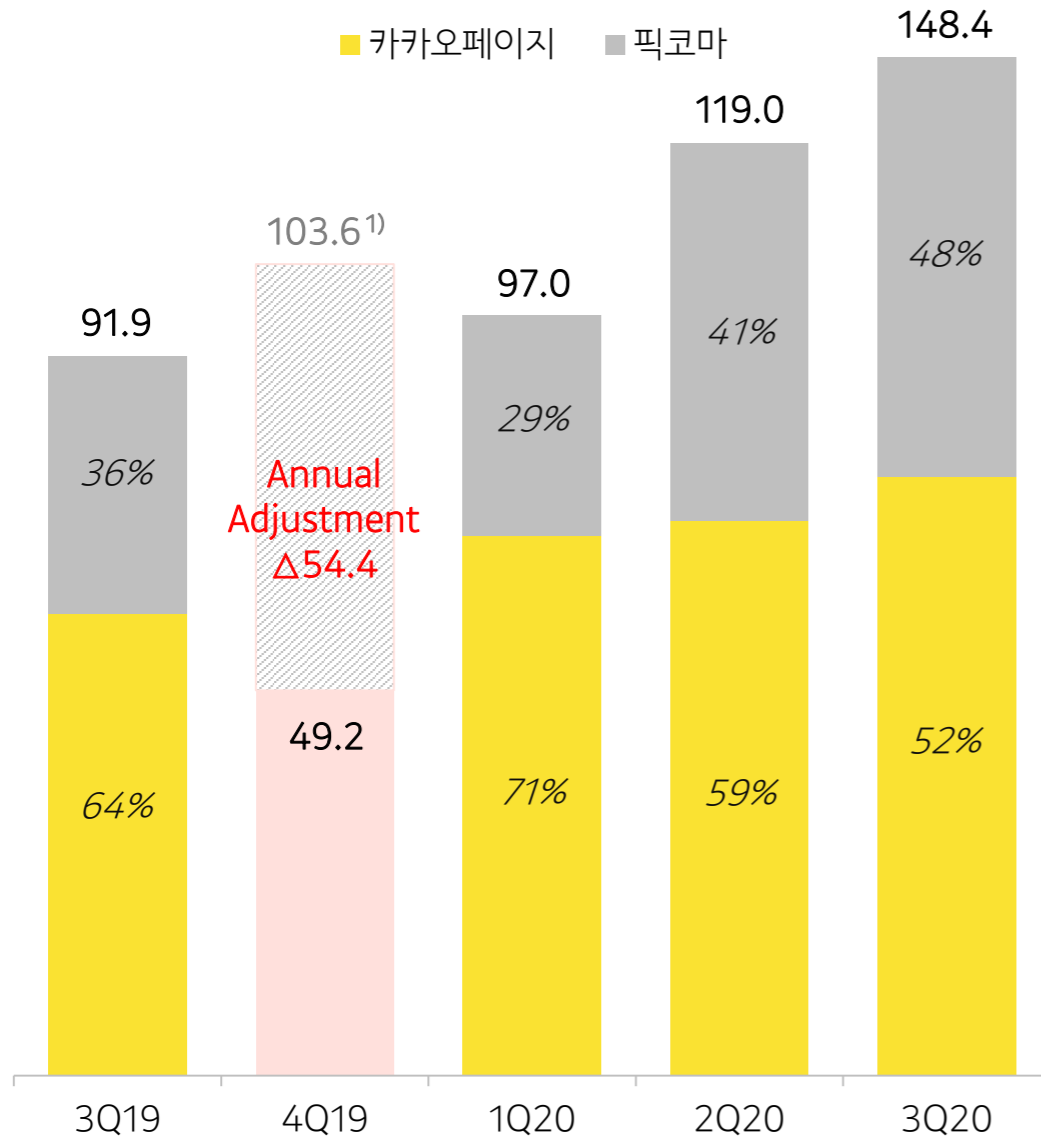
IP Business and Others YoY +2% / QoQ +11%

Sharp growth continued thanks to robust GMV increase of Piccoma and Page's IP business expansion

Revenue increase with Kakao M's solid album sales growth and recovery of entertainment agency business

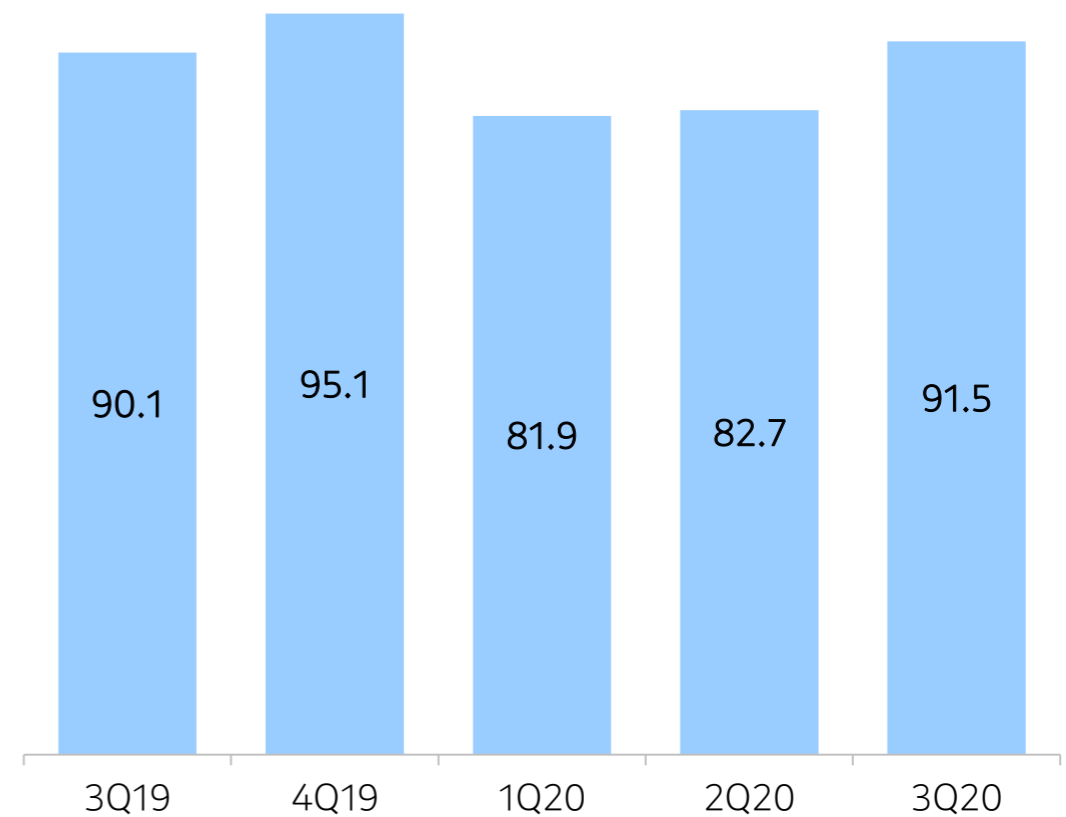
Paid Content

(in billion KRW)



IP Business and Others

(in billion KRW)



1) Due to Kakao Japan's change in an accounting from 4Q19, the total annual adjustment for FY2019 (W54.4bn) were reflected into Piccoma's 4Q19 revenue.

Earnings Summary

(in billion KRW)

	3Q19	2Q20	3Q20	Change	
				YoY	QoQ
Total Revenue	783.2	952.8	1,100.4	41%	15%
Platform	350.7	492.7	554.4	58%	13%
Talk Biz	162.4	248.4	284.4	75%	14%
Portal Biz	126.1	117.5	121.2	-4%	3%
New Biz	62.3	126.8	148.8	139%	17%
Content	432.4	460.2	546.0	26%	19%
Game	99.0	107.5	150.4	52%	40%
Music	151.5	151.0	155.7	3%	3%
Paid Content	91.9	119.0	148.4	61%	25%
IP Business and Others	90.1	82.7	91.5	2%	11%
Operating Expenses	724.1	855.1	980.2	35%	15%
Operating Profit	59.1	97.8	120.2	103%	23%
<i>Margin (%)</i>	7.5%	10.3%	10.9%	3.4%pt	0.6%pt
Net Profit	51.5	145.2	143.7	179%	-1%
Controlling Interests	55.7	139.8	127.5	129%	-9%
Non-controlling Interests	-4.3	5.5	16.2	-	197%

Operating Expenses

(in billion KRW)

	3Q19	2Q20	3Q20	Change	
				YoY	QoQ
Operating Expenses	724.1	855.1	980.2	35%	15%
Labor Cost	177.4	216.5	239.3	35%	11%
Cost of Revenue	355.0	409.5	463.7	31%	13%
Outsourcing / Infrastructure	79.1	106.6	113.9	44%	7%
Marketing Expense	36.8	38.5	76.3	107%	98%
Depreciation and Amortization Cost	60.7	61.6	66.8	10%	8%
Misc.	15.0	22.3	20.3	36%	-9%

Profits

Operating Profit YoY +103% / QoQ +23%

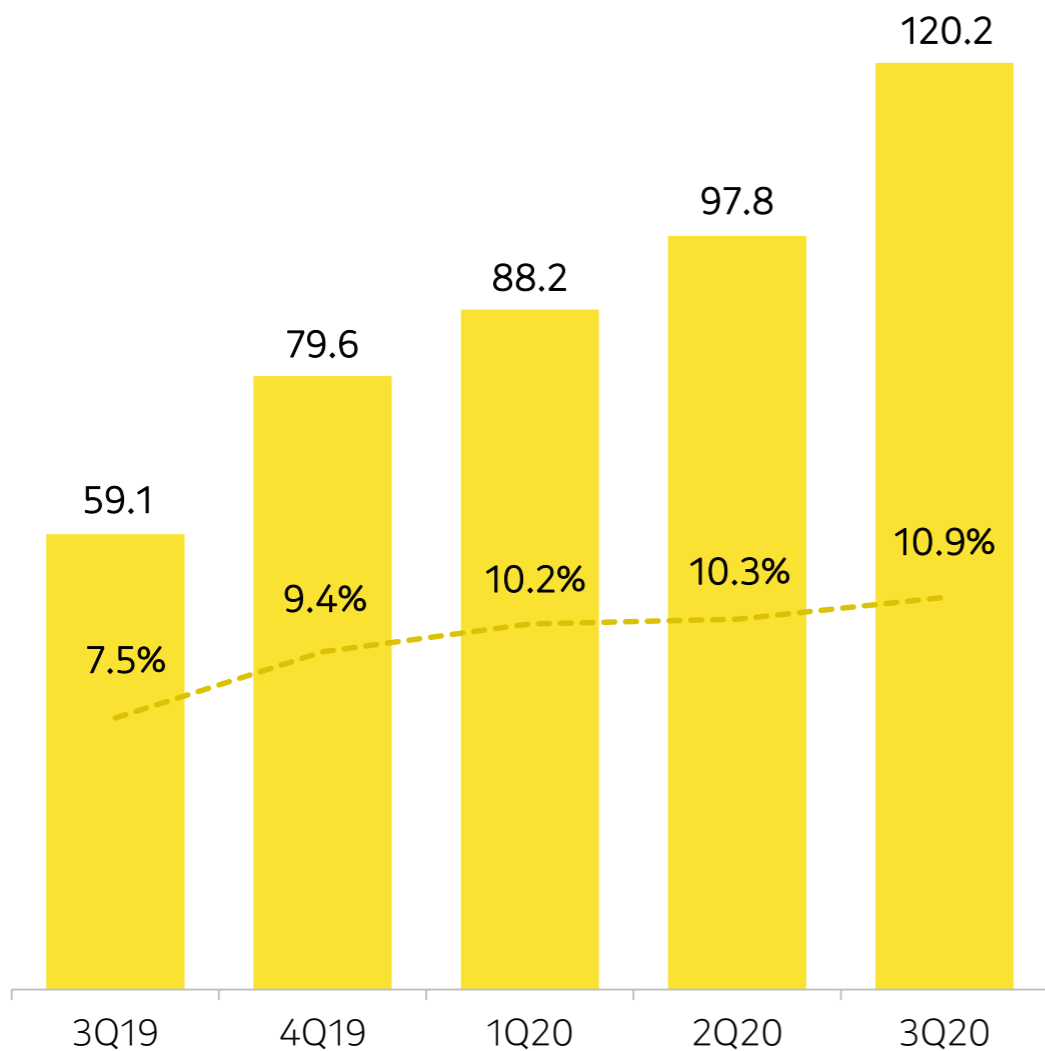
Net Profit YoY +179% / QoQ -1%

7 consecutive record breaking quarters and first quarter to surpass KRW 100 bn of OP led by solid growth across the board and meaningful turn-around of New Biz

Sharp increase thanks to OP improvement along with divestiture of stake in invested companies

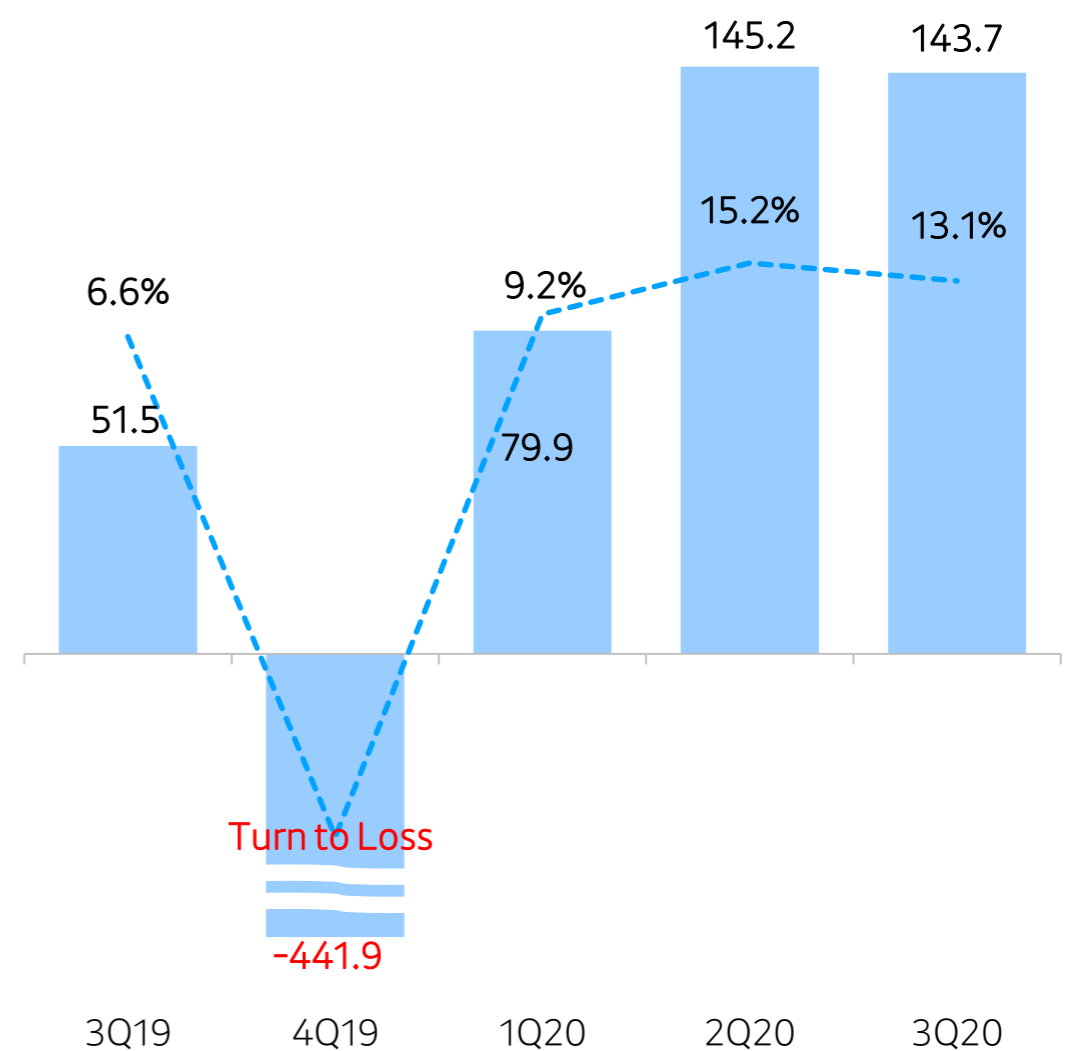
Operating Profit(M)

(in billion KRW)



Net Profit(M)

(in billion KRW)



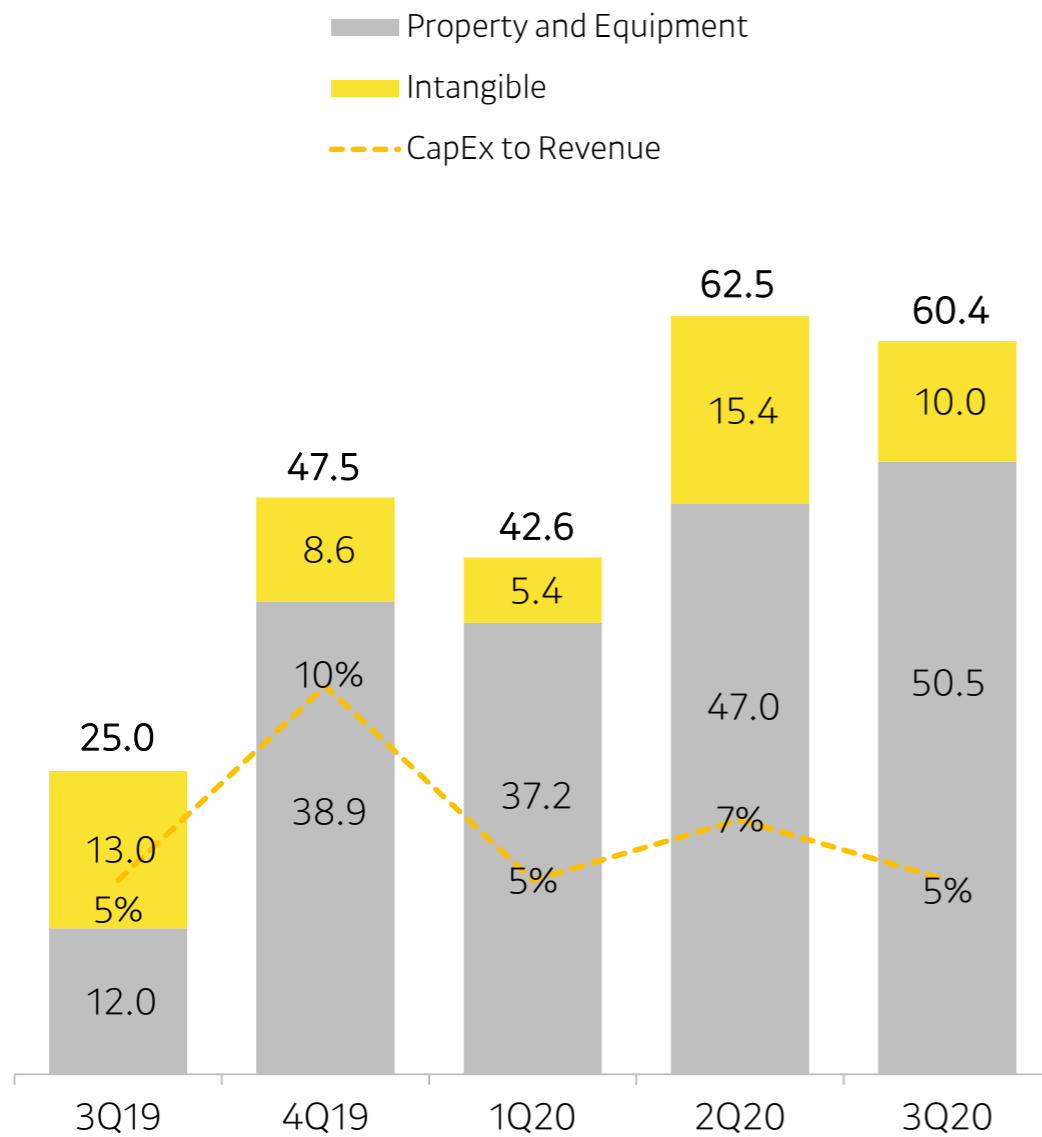
CapEx / Employees

CapEx YoY +142% / QoQ 31%

Employees YoY +1,667 / QoQ +477

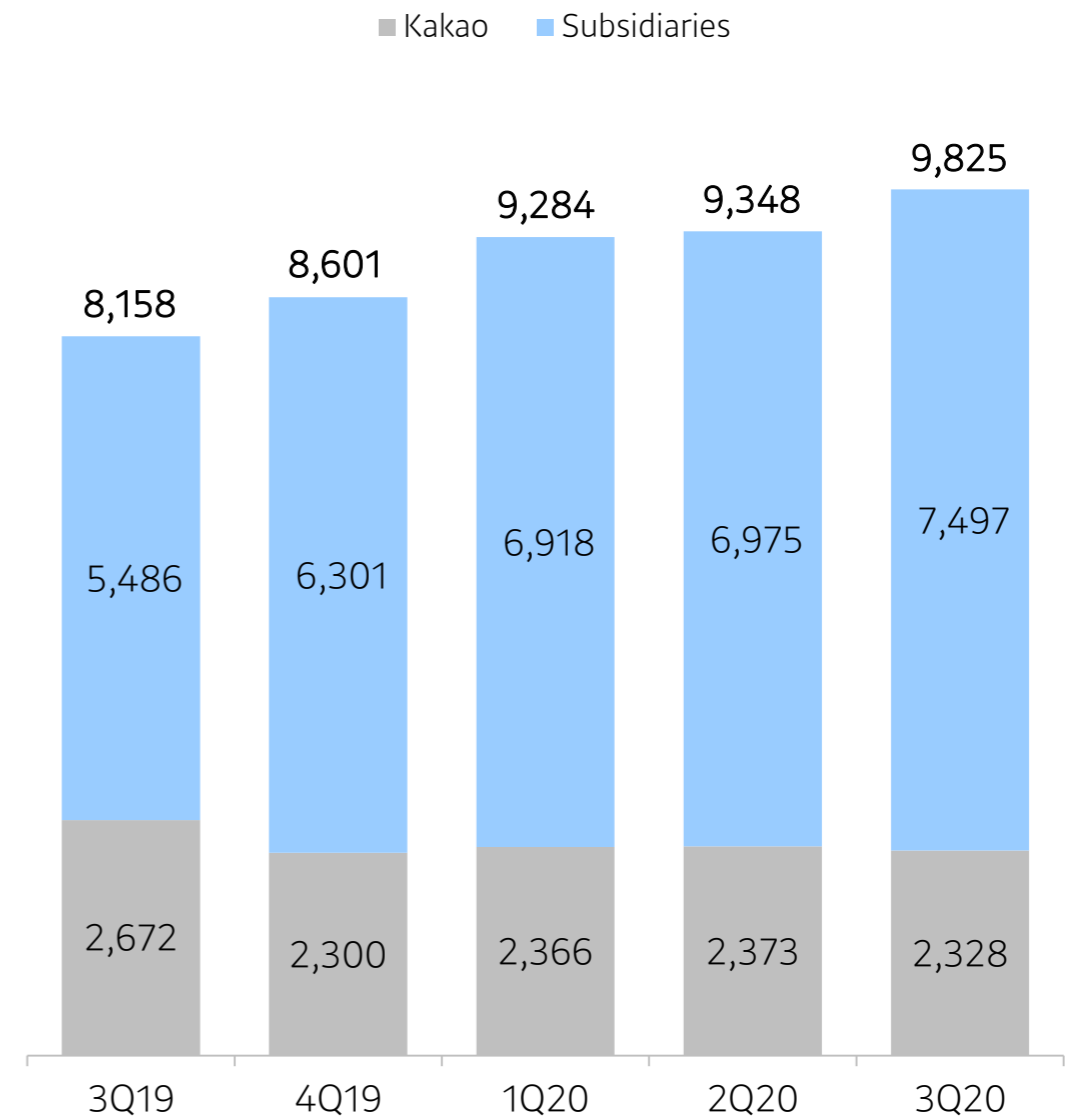
CapEx

(in billion KRW)



Employees

(# of people)



Consolidated Financial Statements Summary

Consolidated Income Statement					
(in billion KRW)	3Q19	4Q19	1Q20	2Q20	3Q20
Total Revenue	783.2	847.6	868.4	952.9	1,100.4
Platform	350.7	444.1	441.8	492.7	554.4
Talk Biz	162.4	221.6	224.7	248.4	284.4
Portal Biz	126.1	134.2	116.6	117.5	121.2
New Biz	62.3	88.3	100.5	126.8	148.8
Content	432.4	403.5	426.6	460.2	546.0
Game	99.0	105.9	96.8	107.5	150.4
Music	151.5	153.3	150.7	151.0	155.7
Paid Content	91.9	49.2	97.0	119.0	148.4
IP Business and Others	90.1	95.1	81.9	82.7	91.5
Operating Expenses	724.1	768.0	780.2	855.1	980.2
Labor Cost	177.4	205.0	198.7	216.5	239.2
Cost of Revenue	355.0	340.4	381.7	409.5	463.7
Outsourcing / Infrastructure	79.1	106.6	92.1	106.6	113.9
Marketing Expense	36.8	41.5	29.9	38.5	76.3
Depreciation and Amortization Cost	60.7	56.4	58.7	61.6	66.8
Misc.	15.0	18.1	19.1	22.3	20.3
Operating Profit	59.1	79.6	88.2	97.8	120.2
<i>Margin (%)</i>	<i>7.5%</i>	<i>9.4%</i>	<i>10.2%</i>	<i>10.3%</i>	<i>10.9%</i>
Other Non-Operating Income	30.1	21.4	21.7	100.7	48.0
Other Non-Operating Expenses	12.2	482.2	9.5	14.6	17.6
Financial Income	30.1	4.2	36.8	21.3	29.2
Financial Expenses	9.4	15.1	15.9	2.0	4.0
Equity-method Income	-8.8	-25.0	5.3	0.8	3.8
Profit before Income Tax	88.8	-417.2	126.6	204.1	179.6
Income Tax	37.4	24.8	46.7	58.9	35.9
Net Profit	51.5	-441.9	79.9	145.2	143.7
Controlling Interests	55.7	-423.0	77.5	139.8	127.5
Non-controlling Interests	-4.3	-18.9	2.4	5.5	16.2
EBITDAR¹⁾	115.8	137.5	147.8	159.1	185.2

1) EBITDAR: Rental expenses are included in lease amortization from Q1 2019 (EBITDA till FY2018)

Consolidated Statement of Financial Position			
(in billion KRW)	2018.12.31	2019.12.31	2020.9.30
Current Assets	2,859.0	2,829.7	4,115.5
Cash and Cash Equivalents	1,247.0	1,918.2	2,101.7
S-T Financial Instruments	924.2	207.8	585.4
Account Receivable	193.7	157.2	187.5
Other Current Financial Assets	207.7	252.5	318.8
Other Current Assets	286.4	294.0	922.1
Non-Current Assets	5,100.6	5,907.6	6,593.2
Investments in Associates and Joint Ventures	305.2	978.9	1,182.6
Tangible Assets	314.8	349.8	387.5
Intangible Assets	3,865.3	3,548.4	3,732.9
Other Non-current Assets	615.3	1,030.4	1,290.2
Finance Assets	-	-	499.7
Total Assets	7,959.5	8,737.3	11,208.5
Current Liabilities	2,039.2	2,433.3	2,667.5
Account Payable and Other payable	460.8	578.6	793.4
Short-term Borrowings	609.5	448.6	195.0
Income Tax Payable	71.0	68.3	84.3
Other Current Liabilities	897.9	1,337.8	1,594.8
Non-Current Liabilities	293.2	563.8	665.2
Non-Current Finance Lease Obligations	0	72.3	166.9
Deferred Income Tax Liabilities	151.2	141.1	186.7
Other Non-Current Liabilities	142.0	350.5	311.6
Finance Assets	-	-	405.9
Total Liabilities	2,332.4	2,997.1	3,738.7
Paid-in Capital	41.7	43.2	44.2
Capital Surplus	4,647.5	5,043.2	5,843.9
Other Accumulated Earnings	1.5	7.2	-19.3
Accumulated Other Comprehensive Income	-7.3	-16.4	18.9
Retained Earnings	453.4	148.2	505.4
Minority Interest	490.3	514.8	1,076.7
Total Equity	5,627.2	5,740.1	7,469.8
Total Liabilities & Equity	7,959.5	8,737.3	11,208.5

Parent Financial Statements Summary

Income Statement					
(in billion KRW)	3Q19	4Q19	1Q20	2Q20	3Q20
Total Revenue	388.5	431.5	406.6	415.1	449.5
Operating Expenses	339.0	365.0	341.2	359.4	377.1
Labor Cost	78.7	85.1	68.7	71.8	81.6
Cost of Revenue	168.2	188.7	191.8	200.2	211.3
Outsourcing / Infrastructure	45.5	43.0	42.7	50.0	43.1
Marketing Expense	5.1	14.3	3.1	4.0	5.0
Depreciation and Amortization Cost	36.9	29.1	30.8	28.5	30.8
Misc.	4.6	4.8	4.2	4.8	5.3
Operating Profit	49.5	66.5	65.4	55.7	72.4
<i>Margin (%)</i>	12.7%	15.4%	16.1%	13.4%	16.1%
Other Non-Operating Income	3.9	4.7	2.0	1.1	21.3
Other Non-Operating Expenses	6.5	440.6	10.1	9.1	5.1
Financial Income	31.6	-2.2	29.5	5.1	2.8
Financial Expenses	2.5	8.9	3.4	2.4	1.5
Profit before Income Tax	76.1	-380.5	83.4	50.4	90.0
Income Tax	9.4	-7.3	27.7	16.3	12.9
Net Profit	66.7	-373.2	55.7	34.1	77.1
EBITDAR ¹⁾	83.0	97.4	97.1	84.4	103.1

Statement of Financial Position			
(in billion KRW)	2018.12.31	2019.12.31	2020. 6.30
Current Assets	1,261.5	1,014.0	1,315.8
Cash and Cash Equivalents	250.9	647.1	464.4
S-T Financial Instruments	601.7	15.6	65.5
Account Receivable	71.3	95.0	89.2
Other Current Assets	337.5	256.3	696.7
Non-Current Assets	4,941.4	5,470.3	5,657.8
Investments in Associates, Subsidiaries and Joint Ventures	1,496.5	2,212.4	2,227.4
Tangible Assets	236.0	248.3	277.0
Intangible Assets	2,875.5	2,458.6	2,453.6
Other Non-current Assets	333.3	551.1	699.9
Total Assets	6,202.8	6,484.4	6,973.6
Current Liabilities	1,250.7	1,371.0	1,206.2
Account Payable and Other payable	404.8	686.7	865.3
Short-term Borrowings	564.9	429.1	78.0
Income Tax Payable	59.2	38.1	45.5
Other Current Liabilities	221.8	217.1	217.4
Non-Current Liabilities	200.8	255.1	239.5
Non-Current Finance Lease Obligations	0	88.6	87.1
Deferred Income Tax Liabilities	126.4	88.0	100.2
Other Non-Current Liabilities	74.4	78.4	52.1
Total Liabilities	1,451.5	1,626.1	1,445.6
Paid-in Capital	41.7	43.2	44.2
Capital Surplus	4,096.2	4,462.3	4,957.2
Other Accumulated Earnings	35.5	41.3	14.8
Accumulated Other Comprehensive Income	-1.6	-2.9	17.8
Retained Earnings	579.4	314.5	493.9
Total Equity	4,751.3	4,858.3	5,527.9
Total Liabilities & Equity	6,202.8	6,484.4	6,973.6

1) EBITDAR: Rental expenses are included in lease amortization from 1Q 2019 (EBITDA till FY2018)

Thank You

