

4th Quarter and FY2014 Results

2015. 2. 12 | Investor Relations

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Also, this document contains the unaudited pro-forma combined financial information of the Daum Communications and the Kakao Corp., for the pre-merger periods, solely for the convenience of the investors. Please note that such financial information are not subject to an independent auditor's audit.

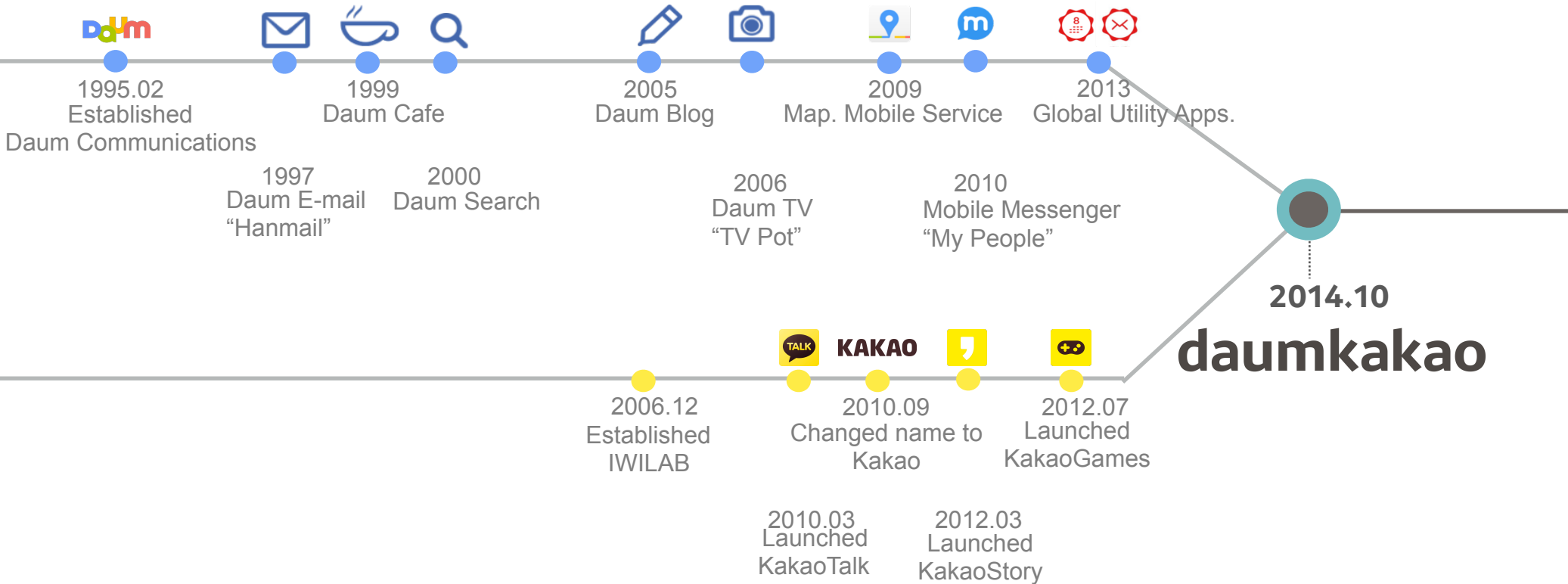
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1. About Daum Kakao
2. KakaoTalk Monthly Active Users (MAUs)
3. Summary Results
4. Revenues
5. Expense
6. Profits
7. Financial Position

Appendix:

- Unaudited Consolidated Financial Statements: Pro-forma
- Unaudited Consolidated Financial Statements: Merger accounting under K-IFRS
- Employees

1. About Daum Kakao: Merger



1. About Daum Kakao: Service Portfolio

Service/Platform	Pre-Merger	Newly Launched/Acquired in 2H'14	1Q'15
Communication & Community	KakaoTalk, KakaoStory, KakaoGroup, Daum Cafe, My People	• YellowID	• Kid's Note ¹⁾ • Zap ²⁾
Search & Recommendation	Daum Search(Web/App), Daum Finance, Daum Maps, Daum Realty	• Seoul Bus ³⁾	• SubwayNavigation ⁴⁾
Game	KakaoGame, Daum Game	• Black Desert ⁵⁾	
Commerce	Gift Shop, KakaoStyle, Brand Stores, Shopping How	• KakaoPick	
Media & Contents	Media Daum, TV Pot, Story Ball, Kids Zzang, Daum Webtoon, KakaoMusic, KakaoPage	• KakaoTopic	
Payment	My One Wallet, Shopping One, Shopping Mileage	• KakaoPay ⁶⁾ • BankWalletKakao ⁷⁾	
Miscellaneous	Buzz Launcher, KakaoHome		• K-Venture Group ⁸⁾ • KakaoTaxi ⁹⁾

1) Wholly acquired Kid's Note, the maker of a childcare app for kindergartens and daycares to communicate with parents, in January 2015

2) Launched Zap, a 24-hour photo mobile messenger, in January 2015

3) Acquired SeoulBus app, a bus location app for the Seoul Metropolitan area, in October 2014

4) Acquired Subway Navigation app, a nationwide subway search service app, in January 2015

5) Daum Game launched Black Desert Online on December 24, 2014

6) Introduced in-app mobile payment service KakaoPay in September 2014, which currently has three million subscribers

7) Launched BankWalletKakao, a mobile banking app, partnered with 16 Korean banks in November 2014

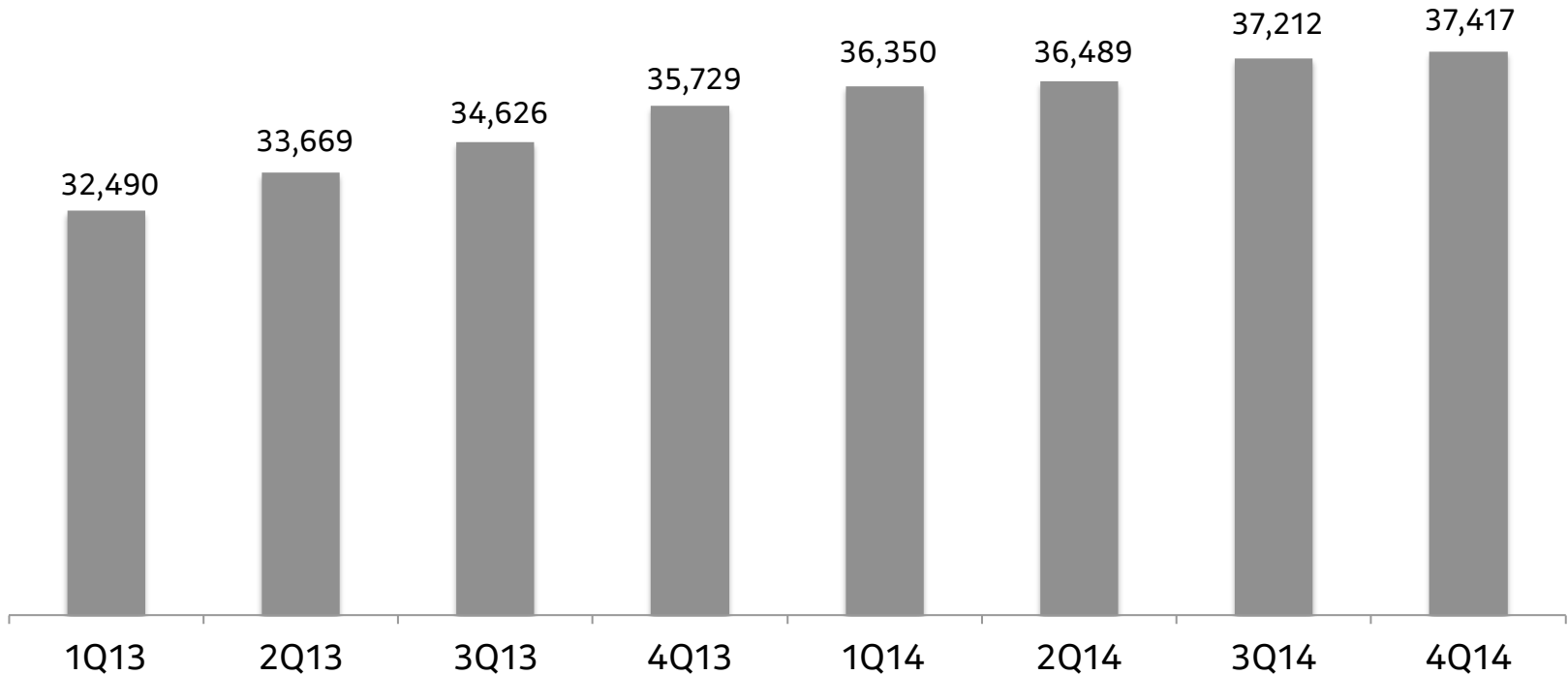
8) Launched K-Venture Group, a firm focused on venture investment, in January 2015

9) Released KakaoTaxi app for drivers in January 2015, targeting full service launch within 1Q15

2. KakaoTalk Monthly Active Users (MAUs)

- Continue to grow our domestic active users. Greater privacy & protection with new Secret Chat mode
- Total countries serviced: 230+ (based on country codes), in 15 languages

(000)



Korea	32,490	33,669	34,626	35,729	36,350	36,489	37,212	37,417
Global	40,096	46,132	48,916	50,619	50,386	48,769	48,411	48,254

❖ Average of monthly MAUs. Global includes domestic MAUs.

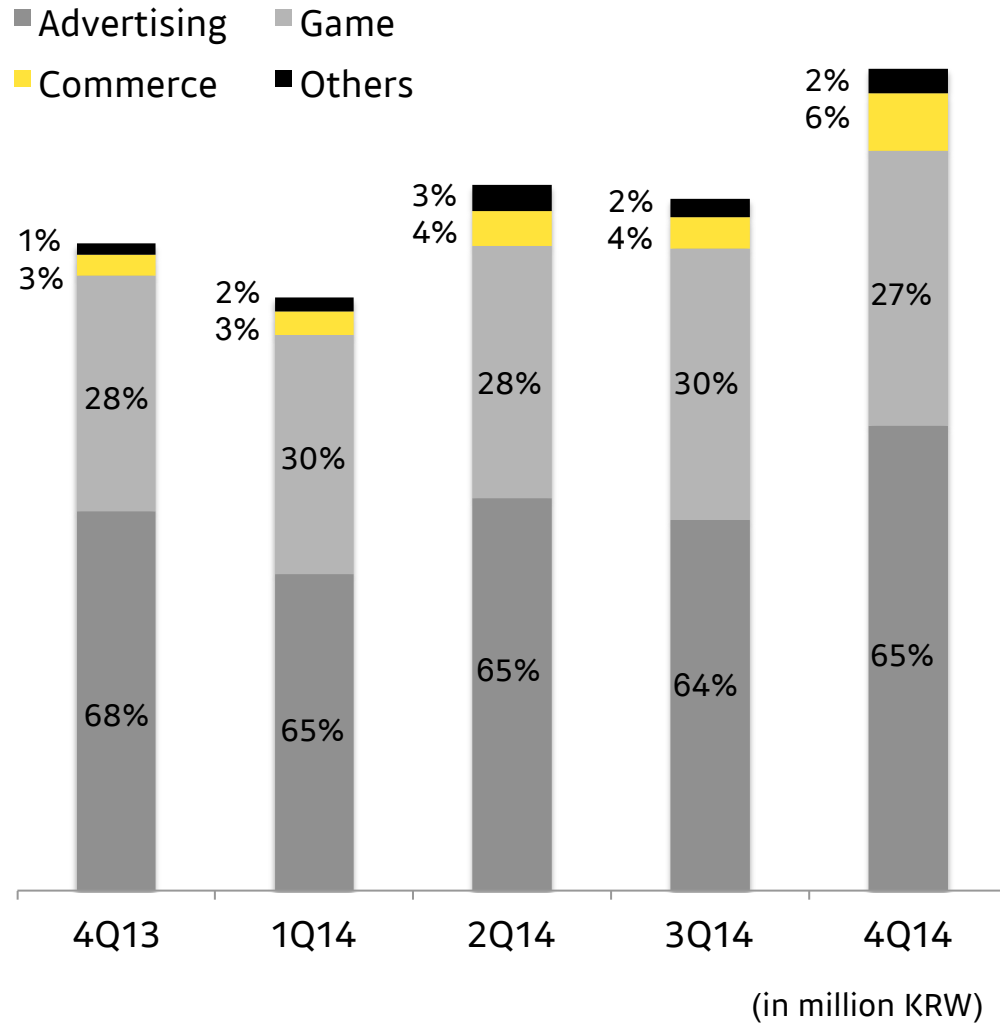
3. Summary Results

- Total revenue in Q4 was 254 billion Won. Mobile revenue accounts for 53%, up 3%p QoQ
- Total revenue in FY2014 was 898.4 billion Won. Mobile revenue accounts for 49%, up 11%p YoY

(in million KRW)

	4Q14	3Q14	4Q13	QoQ	YoY	FY2014	FY2013	YoY
Total Revenue	254,017	221,803	210,646	15%	21%	898,357	741,635	21%
Advertising	165,363	141,915	144,268	17%	15%	583,409	519,908	12%
Game	68,280	67,464	58,328	1%	17%	257,592	194,233	33%
Commerce	14,284	7,756	5,275	84%	171%	36,664	17,137	114%
Others	6,090	4,668	2,776	31%	119%	20,692	10,357	100%
Operating Exp.	188,276	191,044	172,175	-1%	9%	689,135	593,996	16%
Operating Inc.	65,740	30,759	38,471	114%	71%	209,222	147,638	42%
<i>% of Revenue</i>	<i>26%</i>	<i>14%</i>	<i>18%</i>	<i>12%p</i>	<i>8%p</i>	<i>23%</i>	<i>20%</i>	<i>3%p</i>
EBIT	64,364	3,730	30,466	1625%	111%	180,133	144,426	25%
Net Income/Loss	50,580	-6,316	37,189	n/a	36%	140,303	127,508	10%
EBITDA	82,029	44,013	51,136	86%	60%	263,366	193,987	36%

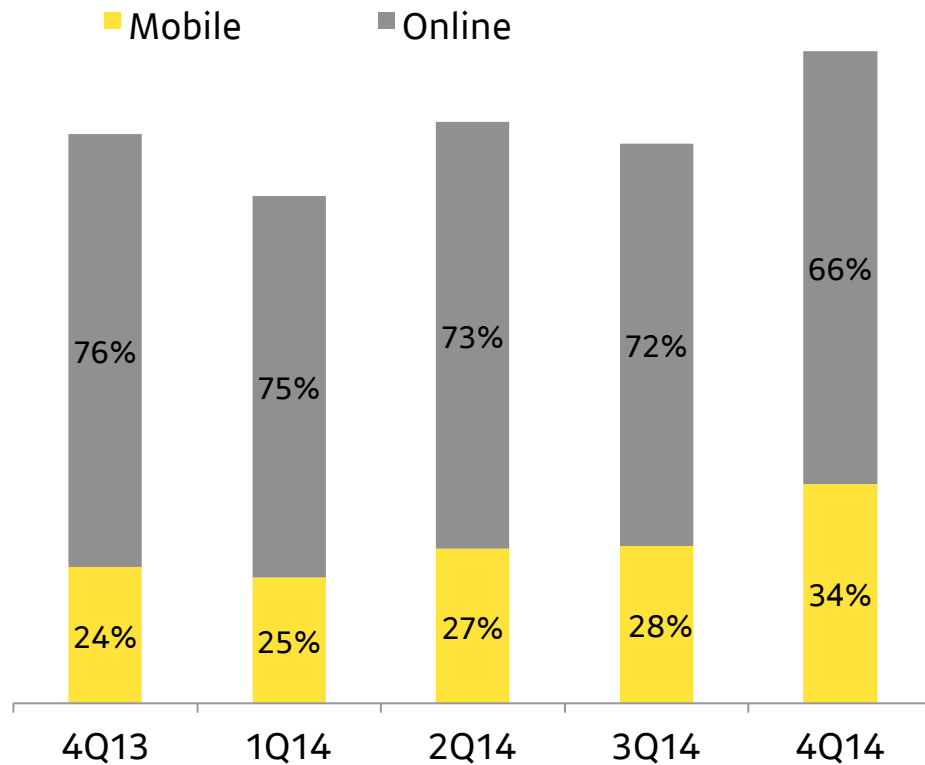
4. Revenue Breakdown



	(in million KRW)				
Total	210,646	197,365	225,172	221,803	254,017

Advertising	Daum online•mobile ad. PlusFriend(KakaoTalk) YellowID(KakaoTalk) Brand Emoticon(KakaoTalk) KakaoStory ad. KakaoTalk PC version ad.
Game	KakaoGame(KakaoTalk) Daum Game
Commerce	GiftShop(KakaoTalk) KakaoStyle KakaoPick Brand product/stores
Others	B2C Emoticon(KakaoTalk) KakaoMusic KakaoPage KakaoPay(KakaoTalk) BankWalletKakao

4. Revenue: Advertising platforms



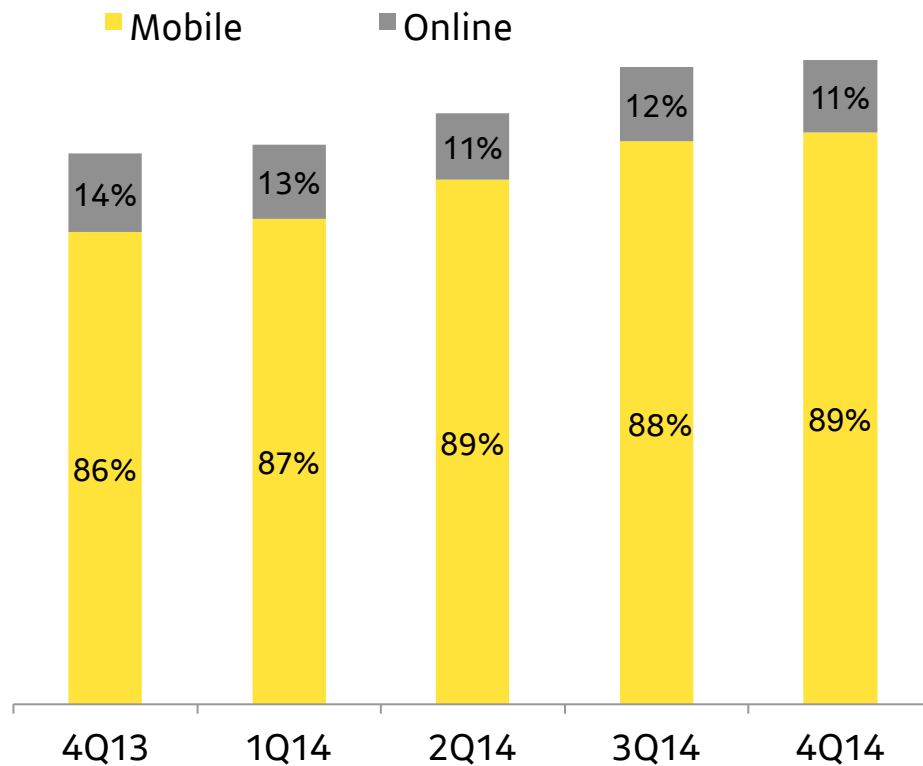
(in million KRW)

Total	144,268	128,688	147,443	141,915	165,363
Online	109,594	96,728	108,424	101,928	109,747
Mobile	34,674	31,960	39,019	39,987	55,616

Total Ad. YoY 15% up, QoQ 17% up

- Online flat YoY, QoQ 8% up
- Mobile YoY 60% up, QoQ 39% up

- Online advertising platforms:
Seasonal factors attributed to QoQ revenue growth
- Mobile advertising platforms:
Strong performance from Daum's Ad@m and KakaoStory lead to robust revenue growth
- Continued growth in KakaoTalk advertising including PlusFriend, Brand Emoticon, and PC-version banner ad.



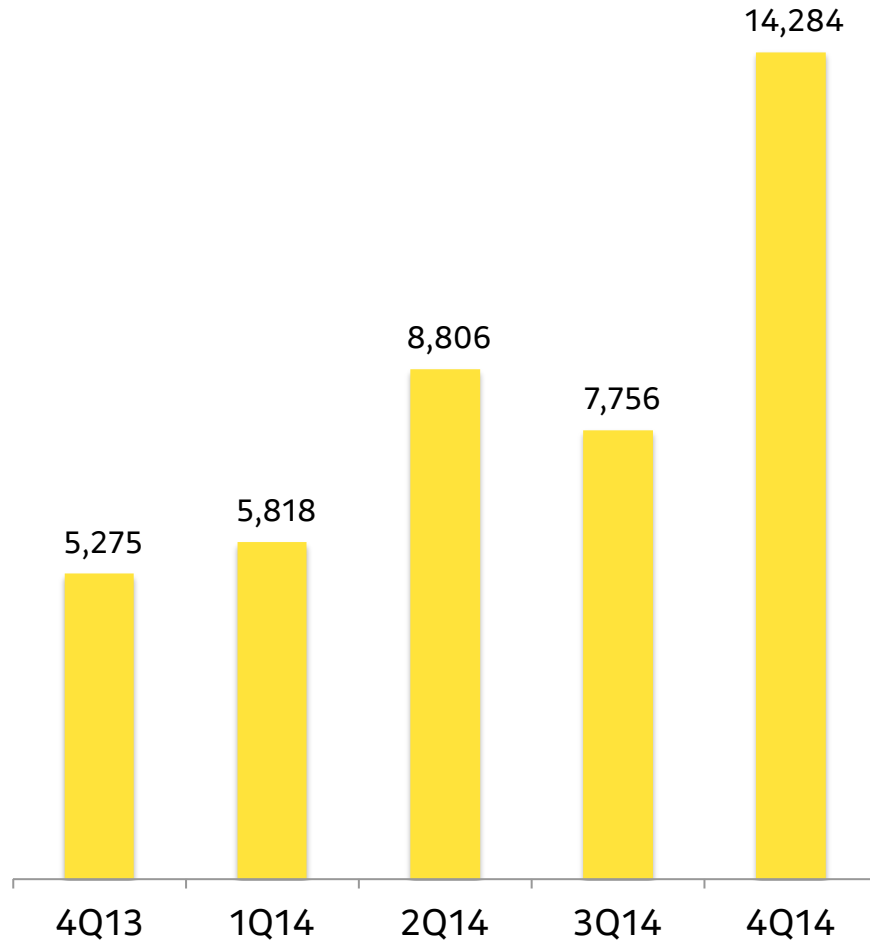
(in million KRW)

Total	58,328	59,273	62,574	67,464	68,280
Online	8,290	7,813	7,003	7,845	7,701
Mobile	50,038	51,460	55,571	59,619	60,579

Game YoY 17% up, QoQ 1% up

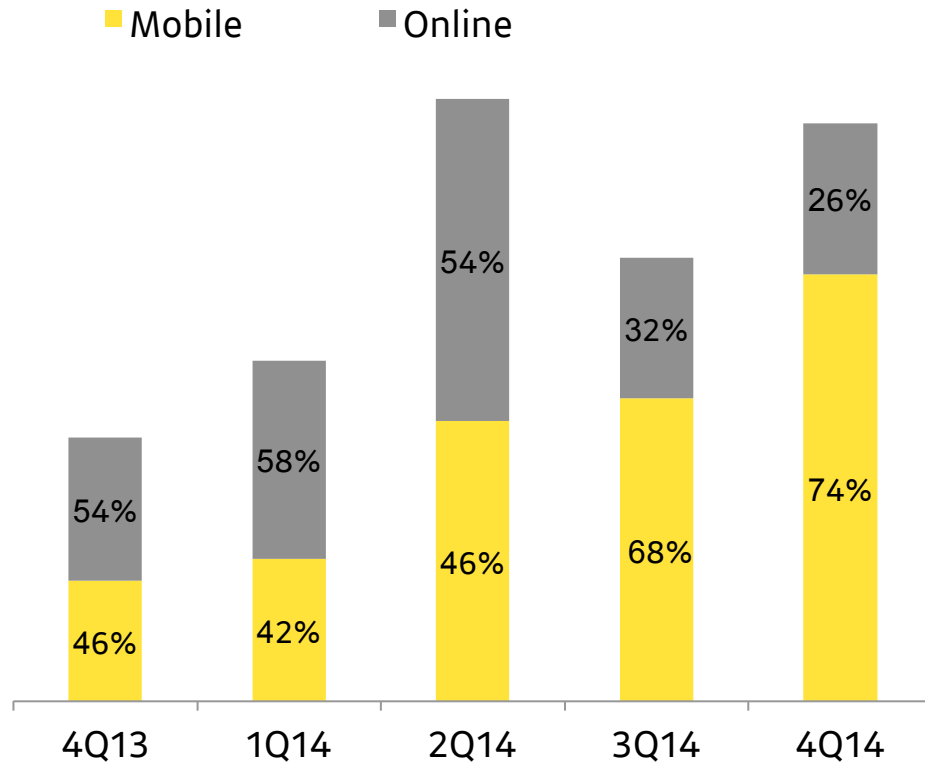
- Online YoY **7%** down, QoQ **2%** down
 - Mobile YoY **21%** up, QoQ **2%** up
- Continued growth of KakaoGame
 - Increase in action mobile games
 - 400 publishers/developers partners
 - Total 630 'for Kakao' games
 - 30-40 new 'for Kakao' games every month
 - Daum Game launched Black Desert Online on December 24, 2014
 - Enter mobile game publishing business in China
 - Daum Kakao will provide marketing support, Software Development Kit for simultaneous multi-platform releases, etc.
 - First games are planned to publish within 1H15 on the main local app stores

(in million KRW)



Commerce YoY 171% up, QoQ 84% up

- Seasonal factors and an increased product line up in KakaoTalk's mobile GiftShop attributed to a robust revenue growth
 - Christmas and November 11th 'Pepero Day'
 - KakaoStyle provides fashion platforms for 160 vendors
- Opened Kakao Character Shops at department stores in major cities including Seoul, Busan, Daegu, Gwangju



(in million KRW)

Total	2,776	3,586	6,349	4,668	6,090
Online	1,507	2,081	3,397	1,475	1,591
Mobile	1,269	1,505	2,952	3,193	4,499

Others YoY 119% up, QoQ 31% up

- Others is comprised of mobile contents platforms(B2C Emoticon, KakaoMusic, KakaoPage), mobile payment services(KakaoPay), mobile banking application(BankWalletKakao) and miscellaneous online/offline services
- Noticeable growth in mobile contents revenue including B2C Emoticon and KakaoMusic
- KakaoPage, the most downloaded eBook app in Korea, has strengthened competitiveness by providing more contents and payment options for users

5. Expense

- Operating expenses in Q4 was 188.3 billion Won, slightly down QoQ due to the merger effect in Q3'14
- Operating expenses in FY2014 was 689.1 billion Won, up 16% YoY (vs. YoY 21% up in FY2014 Revenue)

(in million KRW)

	4Q14	3Q14	4Q13	QoQ	YoY	FY2014	FY2013	YoY
OP Expenses	188,276	191,044	172,175	-1%	9%	689,135	593,996	16%
Labor costs ¹⁾	47,838	64,834	44,568	-27%	7%	195,751	143,974	36%
Fringe benefits	8,782	9,460	7,237	-7%	21%	35,275	27,327	29%
Depreciation	10,596	9,975	8,302	6%	28%	38,653	30,943	25%
Rental fees	3,729	3,589	3,175	4%	18%	13,998	11,243	25%
Commissions ²⁾	55,859	49,532	43,806	13%	28%	189,831	145,526	30%
Advertising	9,116	11,314	21,399	-19%	-57%	40,122	83,475	-52%
Bad Debt Exp.	650	-15	518	n/a	25%	-462	865	n/a
Amortization ³⁾	5,692	3,279	4,362	74%	31%	15,491	15,405	1%
Outsourcing fees	7,111	7,826	8,110	-9%	-12%	29,879	25,775	16%
Ad agency fees ⁴⁾	30,154	25,360	24,899	19%	21%	103,394	87,987	18%
Event fees	1,833	307	1,029	497%	78%	2,830	2,579	10%
Others	6,915	5,582	4,769	24%	45%	24,373	18,896	29%

1) Labor costs decreased 27% QoQ due to one-off merger-related expense recognized in the previous quarter

2) Commission increased 13% QoQ due to increase in TAC for Ad@m & DDN, and revenue share to the Black Desert Online developer

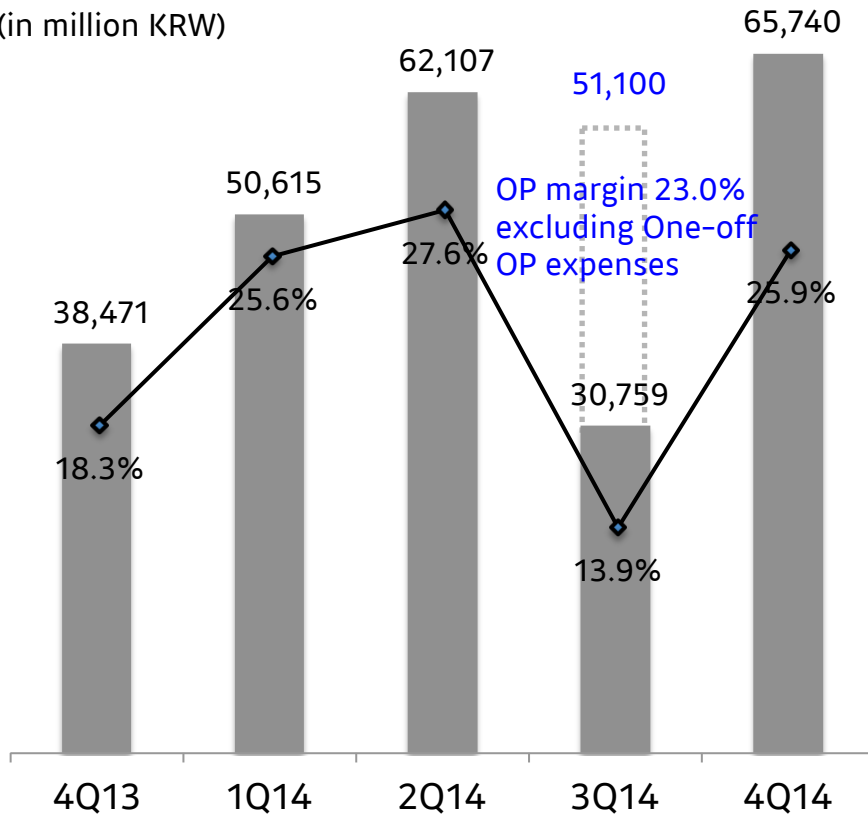
3) Amortization increased 74% QoQ due to increase in the merger-related intangibles

4) Ad agency fees increased 19% QoQ due to the incline of related revenue caused by high seasonality

Operating Profits

- Q4 65.7 billion Won, YoY 71% up, QoQ 114% up
- FY2014 209.2 billion Won, YoY 42% up

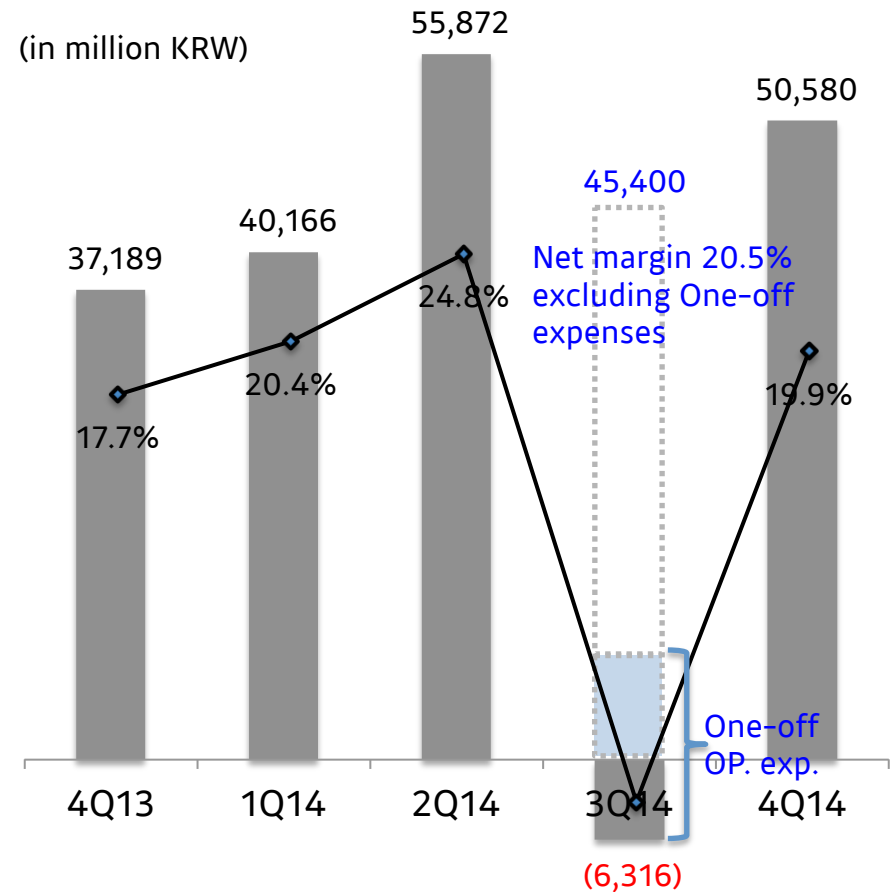
(in million KRW)



Net Profits

- Q4 50.6 billion Won, YoY 36% up
- FY2014 140.3 billion Won, YoY 10% up

(in million KRW)



7. Financial Position

- FYE2014 total assets reflects merger related goodwill of 1,419.5 billion and intangibles of 242.8 billion Won
- FY2014 CapEx was 67.1 billion Won, consists of tangibles 41.0 billion, intangibles 11.9 billion, and Jeju headquarter & subsidiaries related 14.2 billion Won

(in million KRW)

	2014.12.31	As of 2014.10.01	Pre-merger Daum As of 2014.9.30	Pre-merger Kakao As of 2014.9.30
Total assets	2,779,469	2,638,510	640,923	365,553
Cash & cash equivalents	451,228	414,971	187,299	224,323
Tangibles	196,894	191,137	140,072	22,515
Intangibles ¹⁾	269,462	264,442	58,440	1,702
Goodwill	1,424,691	1,420,045	19,234	487
Total liabilities	308,861	267,729	119,746	86,697
Current	227,004	179,423	99,114	80,238
Non-current ²⁾	81,857	88,306	20,632	6,459
Total equity	2,470,608	2,370,781	521,177	278,857
Capital stock	29,121	28,332	6,831	13,822
Capital surplus	2,258,974	2,246,535	182,498	122,218

1) Merger-related intangible assets subject to amortization amounted to approximately 100 billion Won

2) Increased mainly due to the deferred corporate income tax liabilities of 52.4 billion Won and employee related liabilities of 20.3 billion Won

Appendix

Daum Kakao Consolidated Statements of Income

(in million KRW)	4Q13	1Q14	2Q14	3Q14	4Q14
Sales Revenues	210,646	197,365	225,172	221,803	254,017
Advertising Platform	144,268	128,688	147,443	141,915	165,363
Game Platform	58,328	59,273	62,574	67,464	68,280
Commerce Platform	5,275	5,818	8,806	7,756	14,284
Others	2,776	3,586	6,349	4,668	6,090
Operating Expenses	172,175	146,749	163,065	191,044	188,276
Labor costs	44,568	40,396	42,683	64,834	47,838
Fringe benefits	7,237	7,276	9,757	9,460	8,782
Depreciation	8,302	8,544	9,537	9,975	10,596
Rental fees	3,175	3,116	3,564	3,589	3,729
Commissions	43,806	40,489	43,951	49,532	55,859
Advertising	21,399	10,817	8,875	11,314	9,116
Bad debt expenses	518	-1,074	-23	-15	650
Amortization	4,362	3,264	3,256	3,279	5,692
Outsourcing fees	8,110	6,861	8,080	7,826	7,111
Ad Agency fees	24,899	21,221	26,659	25,360	30,154
Event fees	1,029	279	410	307	1,833
Others	4,769	5,560	6,316	5,582	6,915
Operating Profit	38,471	50,615	62,107	30,759	65,740
Operating Profit Margin	18.3%	25.6%	27.6%	13.9%	25.9%
Other Revenues	322	171	1,165	168	371
Other Expenses	8,825	5,391	1,376	29,785	5,569
Financial Income	3,080	3,705	6,239	3,619	4,506
Financial Expenses	769	419	1,672	-29	245
Equity-method Income	-1,814	-1,549	-1,558	-1,060	-441
Gains on Equity method investments	-456	-	-	-	119
losses on Equity method investments	1,357	1,549	1,558	1,060	560
Profit before Income Tax Expenses	30,466	47,134	64,905	3,730	64,364
Income Tax Expenses	-9,751	6,968	9,033	-1,744	13,783
Net Profit from Continued Operations	40,217	40,166	55,872	5,474	50,580
Net Profit from Discontinued Operations	-3,028	-	-	-11,790	-
Net Profit	37,189	40,166	55,872	-6,316	50,580
Net Profit of Controlling Interests	37,171	40,813	56,051	-5,127	50,826
Net Profit of Non-controlling Interests	18	-648	-179	-1,189	-245

Daum Kakao Consolidated Statements of Financial Position

(in million KRW)	As of Oct.1,2014	As of Dec.31,2014
Current Assets	686,059	800,898
Cash and Cash Equivalents	414,971	451,228
Short-term Financial Instruments	115,378	184,548
Accounts Receivable	109,392	109,364
Other Current Financial Assets	23,537	25,646
Other Current Assets	14,392	21,073
Others	8,388	9,040
Non-Current Assets	1,952,452	1,978,571
Long-term Available for Sales	20,950	25,258
Equity Method Investments	17,763	18,763
Tangible Assets	191,137	196,894
Intangible Assets	1,684,488	1,694,153
Other Non-current Financial Assets	34,705	33,702
Other Non-current Assets	3,409	9,801
Total Assets	2,638,510	2,779,469
Liabilities	179,423	227,004
Trade Payables and Non-trade Payables	91,985	108,766
Accrued Expenses	11,181	5,092
Advances from Customers	29,862	34,488
Income Taxes Payable	12,400	20,907
Other Current Liabilities	33,995	57,751
Non-Current Liabilities	88,306	81,857
Non-Current Trade Payables and Non-trade Payables	7,898	2,496
Deferred Income Tax Liabilities	43,589	52,365
Other Non-Current Liabilities	36,818	26,996
Total Liabilities	267,729	308,861
Paid-in Capital	28,332	29,121
Capital Surplus	2,246,535	2,258,974
Capital Adjustments	-48,491	-23,507
Accumulated Other Comprehensive Income	-3,018	7,897
Retained Earnings	138,764	189,590
Non-controlling Interests	8,659	8,534
Total Equity	2,370,781	2,470,608
Total Liabilities & Equity	2,638,510	2,779,469

* Statements of income for the 4Q13~3Q14 and the financial position as of Oct. 1, 2014 are prepared solely for the convenience of investors, that are not subject to an independent auditor's audit.

Daum Kakao Consolidated Statements of Income

(in million KRW)	4Q13	1Q14	2Q14	3Q14	4Q14
Sales Revenues	66,936	70,298	86,249	88,265	254,017
Advertising Platform	10,290	11,443	16,993	17,651	165,363
Game Platform	50,038	51,460	55,571	59,619	68,280
Commerce Platform	5,275	5,818	8,806	7,756	14,284
Others	1,333	1,577	4,880	3,238	6,090
Operating Expenses	43,514	34,878	40,785	58,136	188,276
Labor costs	17,480	13,319	14,956	29,154	47,838
Fringe benefits	1,198	1,395	2,741	2,335	8,782
Depreciation	1,909	1,953	2,193	2,407	10,596
Rental fees	879	902	1,480	1,415	3,729
Commissions	4,912	6,132	6,695	9,785	55,859
Advertising	13,844	8,068	5,308	6,395	9,116
Bad debt expenses	269	-	-	-	650
Amortization	53	63	72	80	5,692
Outsourcing fees	-	-	-	-	7,111
Ad Agency fees	1,018	1,086	3,643	3,551	30,154
Event fees	119	20	76	144	1,833
Others	1,834	1,941	3,620	2,870	6,915
Operating Profit	23,422	35,420	45,465	30,129	65,740
Operating Profit Margin	35.0%	25.6%	27.6%	13.9%	25.9%
Other Revenues	-73	43	899	79	371
Other Expenses	2,653	107	-6	6,270	5,569
Financial Income	892	899	1,134	1,174	4,506
Financial Expenses	84	124	193	174	245
Equity-method Income	-1,517	-705	-691	-707	-441
Gains on Equity method investments	-456	-	-	-	119
losses on Equity method investments	1,061	705	691	707	560
Profit before Income Tax Expenses	19,987	35,426	46,619	24,232	64,364
Income Tax Expenses	-11,631	3,602	4,346	251	13,783
Net Profit from Continued Operations	31,618	31,824	42,273	23,982	50,580
Net Profit from Discontinued Operations					
Net Profit	31,618	31,824	42,273	23,982	50,580
Net Profit of Controlling Interests	31,618	31,824	42,337	24,029	50,826
Net Profit of Non-controlling Interests	-	-	-64	-48	-245

Daum Kakao Consolidated Statements of Financial Position

(in million KRW)	FYE2013	FYE2014
Current Assets	180,504	800,898
Cash and Cash Equivalents	23,417	451,228
Short-term Financial Instruments	105,039	184,548
Accounts Receivable	44,636	109,364
Other Current Financial Assets	4,953	26,674
Other Current Assets	2,459	25,646
Others	-	3,439
Non-Current Assets	36,696	1,978,571
Long-term Available for Sales	-	25,258
Equity Method Investments	10,484	18,763
Tangible Assets	20,316	196,894
Intangible Assets	1,370	1,694,153
Other Non-current Financial Assets	1,211	33,702
Other Non-current Assets	3,315	9,801
Total Assets	217,200	2,779,469
Liabilities	35,872	227,004
Trade Payables and Non-trade Payables	21,419	113,858
Accrued Expenses	-	5,092
Advances from Customers	-	34,488
Income Taxes Payable	-	20,907
Other Current Liabilities	14,453	90,875
Non-Current Liabilities	4,072	81,857
Non-Current Trade Payables and Non-trade Payables	3,406	2,496
Deferred Income Tax Liabilities	-	52,365
Other Non-Current Liabilities	665	26,996
Total Liabilities	39,944	308,861
Paid-in Capital	20,997	29,121
Capital Surplus	112,347	2,258,974
Capital Adjustments	6,257	-23,507
Accumulated Other Comprehensive Income	-2,917	7,897
Retained Earnings	40,573	189,590
Non-controlling Interests	-	8,534
Total Equity	177,257	2,470,608
Total Liabilities & Equity	217,200	2,779,469

* Based on the merger accounting treatment under K-IFRS, financial statements of the Kakao Corp. are official financial statement of Daum Kakao for the pre-merger periods>

(in person)

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Daum Kakao	1,826	1,941	2,000	2,053	2,162	2,272	2,250	2,262
L Daum	1,474	1,497	1,516	1,539	1,589	1,593	1,525	
L Kakao	352	444	484	514	573	679	725	
Daum Kakao Subsidiaries	861	886	940	968	1,059	1,089	1,217	1,269
Consolidated total	2,687	2,827	2,940	3,021	3,221	3,361	3,467	3,531

- Above number of employees include full-time and part-time employees only
- Subsidiaries: Beijing Kakao Co., Buzzpia Co., Ltd., Daum Finger Touch Co., Ltd., Daum Game Co., Ltd., Daum Global Holdings Corp., Daum Kakao Singapore, Daum Service China Co., Ltd., Daum Service China YanJiao Co., Ltd., Daum Service Corp., Dialod Corp., Digital View Operation Co., Ltd., Kakao Japan Corp., Kakao Lab Corp., Kakao Singapore Pte. Ltd., Kids Note Inc., Lotiple Inc., OnNet Co., Ltd., OnNet Europe GmbH., OnNet Inc., OnNet USA Inc., ImageOn Corp., Sunnyloft Corp., Thinkreals Corp., TNK Factory Co., Ltd., Ultra Caption Corp., Ltd., Ultra Interactive, Inc., (In alphabetical order – 27 total)



<http://www.daumkakao.com/ir/earnings>