



EARNINGS RELEASE

For the quarter ended June 30, 2014 | 2014. 7. 29

Investor Relations

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- Financial results in this presentation includes consolidated base results and separate base results under K-IFRS standard before the completion of an external audit and, as such, figures may be subject to change after the completion of audit.
- Daum Communications has prepared consolidated financials statements with 16 subsidiaries. Subsidiaries are as follows:

Company Name	% of Daum Owned Shares	% of Daum Subsidiary Owned Shares
Daum Global Holdings	100.0%	-
└ Daum Global Asia	-	100.0%
Daum Service	100.0%	-
└ Daum service CHINA	-	100.0%
└ Daum Service CHINA YanJiao	-	100.0%
Pix View	100.0%	-
Daum Finger Touch	100.0%	-
└ Digital View Operation	-	100.0%
OnNet	86.1%	-
└ OnNet USA	-	86.2%
└ OnNet Europe	-	100.0%
└ OnNet Japan	-	100.0%
Dialoid	100.0%	-
TNK Factory	75.0%	-
Buzzpia	70.4%	-
Daum Games	100.0%	-

2Q14 Actual Review

1. Consolidated Financials (K-IFRS)

Consolidated Financial Statements(K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	132,543	127,067	138,923	11,856	9.3%	6,380	4.8%
Search	65,614	64,682	66,606	1,923	3.0%	991	1.5%
Display	56,963	52,562	63,845	11,282	21.5%	6,882	12.1%
Game	8,621	7,813	7,004	-810	-10.4%	-1,617	-18.8%
Transactions	1,154	1,255	1,350	95	7.6%	197	17.1%
Other Subsidiaries	191	754	118	-635	-84.3%	-72	-37.9%
Operating Expenses	108,684	111,871	122,280	10,409	9.3%	13,597	12.5%
Operating Profit	23,859	15,195	16,643	1,447	9.5%	-7,216	-30.2%
<i>Operating Profit Margin</i>	<i>18.0%</i>	<i>12.0%</i>	<i>12.0%</i>				
EBITDA	33,428	24,988	27,170	2,183	8.7%	-6,258	-18.7%
Net Profit	17,583	8,342	13,599	5,258	63.0%	-3,984	-22.7%

- Search ad increased 1.5% YoY due to the increase of SA network, mobile CPC search, and local search revenue.
- Display ad increased 12.1% YoY due to the special event effect and increase of mobile(Ad@m, TNK, shopping) and network(shopping, DDN) revenue.
- Despite the growth of PC publishing revenue, Game decreased 18.8% YoY due to the decrease in web board game channeling and OnNet revenue.

Consolidated Financial Statements(K-IFRS)

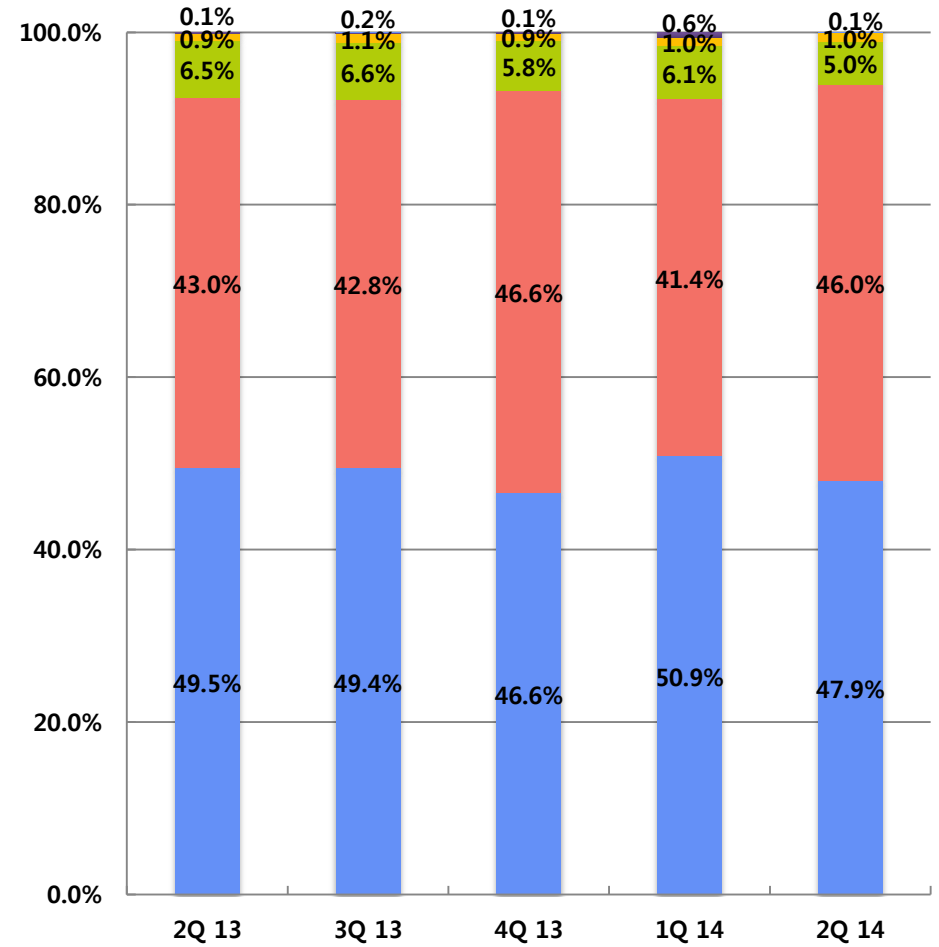


(Unit: KRW million, %)

Quarterly Revenue Trend



% of Revenue



■ Search Ads
 ■ Display Ads
 ■ Game
 ■ Transactions
 ■ Other Subsidiaries

Summary of Operating Expenses

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Operating Expenses	108,684	111,871	122,280	10,409	9.3%	13,597	12.5%
Labor cost	24,053	27,076	27,727	651	2.4%	3,674	15.3%
Fringe benefits	5,495	5,881	7,016	1,135	19.3%	1,521	27.7%
Depreciation	5,977	6,591	7,344	753	11.4%	1,367	22.9%
Rental fees	2,098	2,215	2,083	-131	-5.9%	-15	-0.7%
Commission	29,116	33,746	36,523	2,778	8.2%	7,408	25.4%
Advertising	8,110	2,748	3,567	818	29.8%	-4,544	-56.0%
Bad debt expenses	90	-1,074	-23	1,051	-	-113	-
Amortization	3,592	3,201	3,184	-18	-0.6%	-409	-11.4%
Outsourcing fees	5,315	6,861	8,080	1,219	17.8%	2,765	52.0%
Ad Agency fees	21,193	20,135	23,016	2,881	14.3%	1,824	8.6%
Event fees	470	259	334	75	28.8%	-136	-28.9%

* Marketing cost: Advertising + Event fees

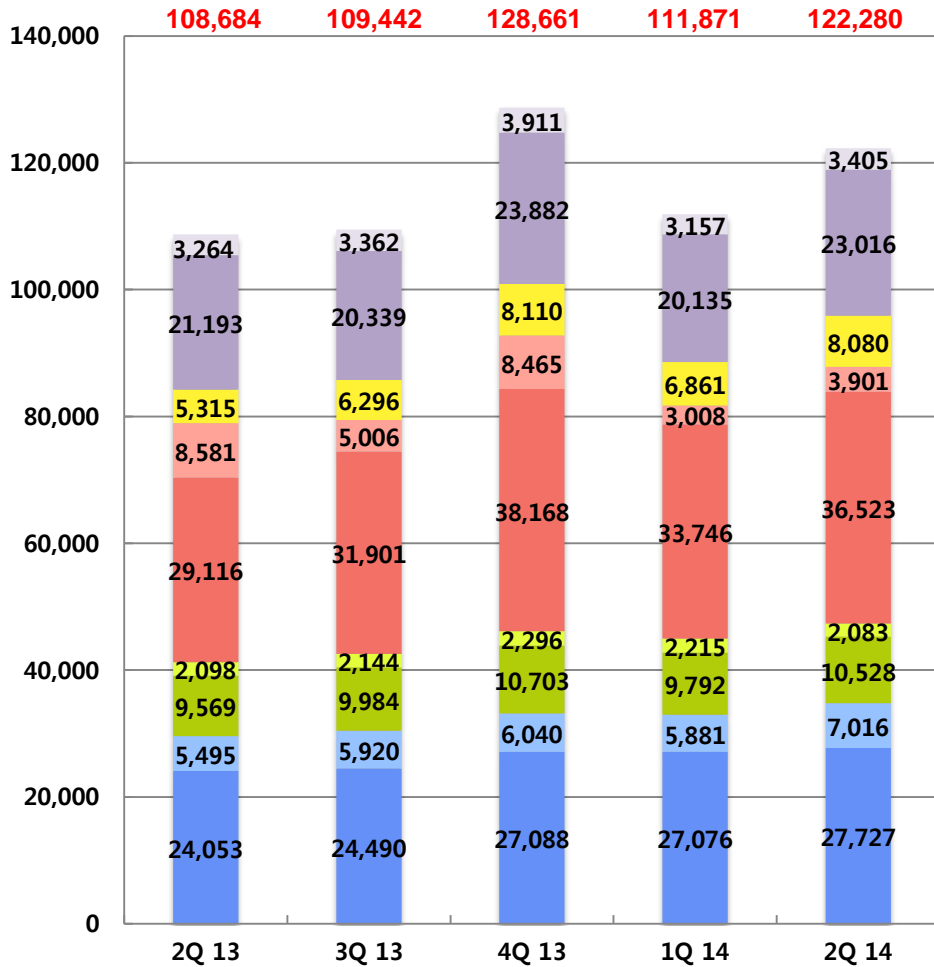
- Commission increased 2.8bn KRW QoQ from rising TAC in line with the increase of network sales and cost for the outsourced services.
- Marketing cost increased 0.9bn KRW QoQ due to the game promotion for Black Desert, PlanetSide 2, and etc.
- Outsourcing fees increased 1.2bn KRW QoQ due to increase in sports content sourcing fee including Brazil World Cup broadcasting rights, and etc.
- Ad Agency fees increased 2.9bn KRW QoQ due to the rising variable expenses from the top-line growth of the ad sales with high seasonality effect.

Consolidated Financial Statements(K-IFRS)

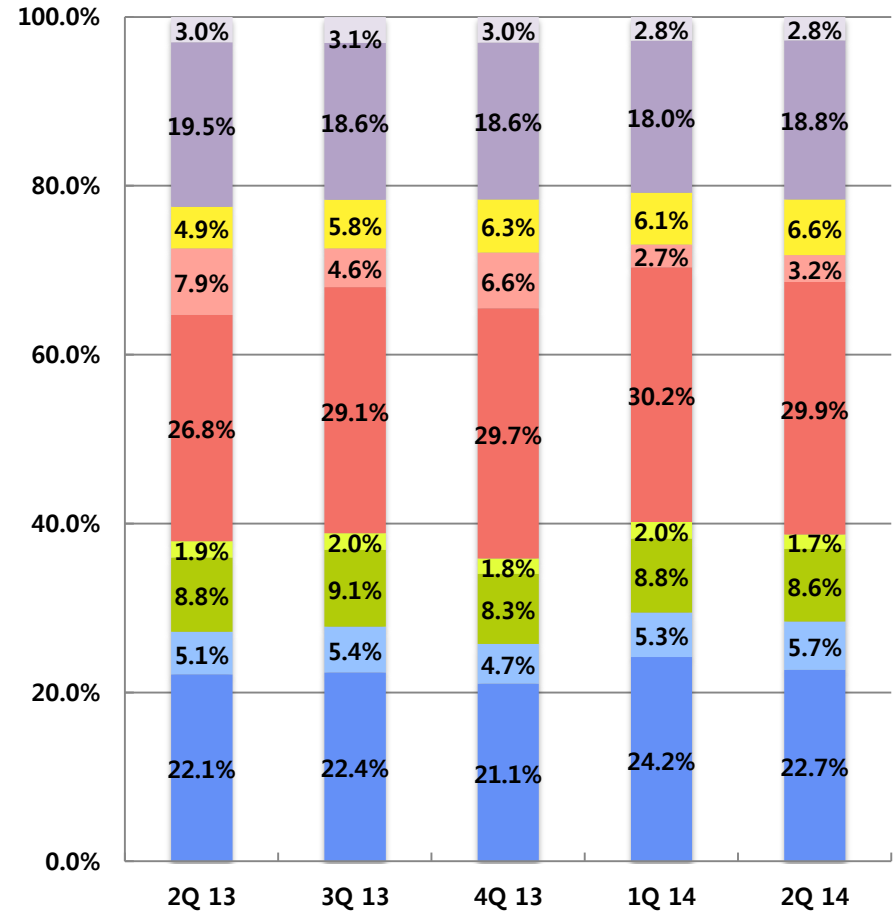


(Unit: KRW million, %)

Quarterly Expenses Trend



% of Expenses



■ Labor costs
 ■ Fringe benefits
 ■ D&A
 ■ Rental fees
 ■ Commissions
 ■ Marketing
 ■ Outsourcing fees
 ■ Ad Agency fees
 ■ Others

Consolidated Financial Statements(K-IFRS)



Other Income and Expenses

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Other Income	474	129	266	137	106.5%	-208	-43.9%
Reversal of allowance for doubtful accounts	10	0	0	0	-	-10	-100.0%
Disposal gains on tangible assets	12	55	27	-28	-50.8%	15	121.2%
Disposal gains on equity method investees	170	0	187	187	-	17	9.7%
Reversal of impairment losses on intangible assets	198	0	0	0	-	-198	-100.0%
Miscellaneous	83	73	52	-22	-29.6%	-31	-37.8%
Other Expenses	2,327	5,283	1,381	-3,902	-73.9%	-946	-40.7%
Disposal losses on tangible assets	2	190	84	-106	-55.6%	82	4329.1%
Impairment losses on intangible assets	23	2,359	-8	-2,367	-	-31	-
Impairment losses on equity method investees	1,527	1,101	0	-1,101	-100%	-1,527	-100.0%
Commissions	0	39	99	60	154%	99	-
Donations	717	185	659	474	256.0%	-57	-8.0%
Miscellaneous	58	1,409	544	-865	-61.4%	486	831.9%

Consolidated Financial Statements(K-IFRS)



Financial Income and Expenses

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Financial Income	3,893	2,805	5,105	2,299	82.0%	1,212	31.1%
Interest income	2,593	2,324	2,111	-213	-9.2%	-482	-18.6%
Dividend income	6	5	0	-5	-100.0%	-6	-100.0%
FX Transaction gains	48	27	54	27	102.5%	6	11.9%
FX Translation gains	1,246	450	-447	-897	-	-1,694	-
Disposal gains on other assets	0	0	3,388	3,388	-	3,388	-
Financial Expenses	3,435	295	1,479	1,185	402.3%	-1,956	-56.9%
Interest expenses	44	49	41	-8	-16.8%	-3	-7.3%
FX Transaction losses	32	41	32	-10	-23.1%	0	-0.3%
FX Translation losses	-6	2	1,337	1,335	65860.8%	1,343	-21829.6%
Valuation losses on derivative instruments	2,348	202	70	-132	-65.5%	-2,278	-97.0%
Transaction losses on derivative instruments	1,018	0	0	0	-	-1,018	-100.0%
Equity-method Income	-290	-844	-867	-23	-	-577	-
Gains on Equity method investments	0	0	0	0	-	0	-
Losses on Equity method investments	290	844	867	23	2.7%	577	198.7%

- Disposal gains on other assets was the result of recognizing the profit on redemption of bond which was included under Neowiz Games BW.
- FX Translation losses reflected the translation loss of outstanding for the sale of Lycos due to the exchange rate change.

2Q14 Actual Review

2. Separate Financials (K-IFRS)

Separate Financial Statements (K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	126,839	119,441	131,174	11,732	9.8%	4,335	3.4%
Search	65,614	64,682	66,606	1,924	3.0%	992	1.5%
Display	56,963	49,952	60,340	10,388	20.8%	3,377	5.9%
Game	2,995	3,516	2,843	-673	-19.1%	-151	-5.1%
Transactions	1,267	1,291	1,385	93	7.2%	118	9.3%
Operating Expenses	102,587	102,864	113,404	10,541	10.2%	10,817	10.5%
Labor cost	18,660	20,810	21,146	336	1.6%	2,486	13.3%
Fringe benefits	4,297	4,609	5,704	1,094	23.7%	1,406	32.7%
Depreciation	5,757	6,379	7,128	749	11.7%	1,371	23.8%
Rental fees	1,706	1,681	1,574	-107	-6.4%	-133	-7.8%
Commission	32,569	36,210	39,330	3,120	8.6%	6,760	20.8%
Advertising	7,616	2,504	2,824	320	12.8%	-4,792	-62.9%
Bad debt expenses	-20	-1,124	-13	1,111	-	7	-
Amortization	2,648	2,205	2,189	-15	-0.7%	-459	-17.3%
Outsourcing fees	5,229	6,747	8,109	1,362	20.2%	2,880	55.1%
Ad Agency fees	21,193	19,918	22,569	2,650	13.3%	1,376	6.5%
Event fees	450	136	320	185	136.3%	-130	-28.9%

Separate Financial Statements (K-IFRS)



Other Income and Expenses

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Other Income	229	146	59	-87	-59.7%	-170	-74.3%
Reversal of allowance for doubtful accounts	10	0	0	0	0.0%	-10	-100.0%
Disposal gains on tangible assets	12	45	27	-18	-39.3%	15	121.2%
Miscellaneous	9	34	32	-3	-7.8%	23	261.1%
Other Expenses	2,671	3,009	1,343	-1,666	-55.4%	-1,328	-49.7%
Impairment losses on intangible assets	4	1,280	0	-1,280	-100.0%	-4	-100.0%
Impairment losses on equity method investees	1,906	71	0	-71	-100.0%	-1,906	-100.0%
Commissions	0	39	99	60	154.4%	99	-
Donations	710	180	646	466	258.9%	-63	-8.9%
Miscellaneous	52	1,396	530	-865	-62.0%	479	923.2%

Separate Financial Statements (K-IFRS)



Financial Income and Expenses

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Financial Income	2,494	2,060	5,275	3,215	156.1%	2,781	111.5%
Interest income	2,463	2,040	1,840	-200	-9.8%	-624	-25.3%
Dividend income	0	5	0	-5	-100.0%	0	0.0%
FX Transaction gains	11	14	49	35	261.1%	38	347.1%
FX Translation gains	20	1	-1	-2	-	-21	-
Disposal gains on other assets	0	0	3,388	3,388	-	3,388	-
Financial Expenses	2,225	250	137	-113	-45.3%	-2,089	-93.9%
Interest expense	44	41	41	0	0.1%	-3	-7.0%
FX Transaction losses	15	6	17	12	197.2%	3	19.4%
FX Translation losses	1	1	9	8	898.4%	7	623.5%
Valuation losses on derivative instruments	2,166	202	70	-132	-65.5%	-2,096	-96.8%

3. Appendix

Number of Employees

Consolidated Financial Statements

Separate Financial Statements

[Appendix] Number of Employees



(Unit: person)

Name	2011	2012	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	QoQ	YoY
Daum Communications	1,307	1,402	1,474	1,497	1,516	1,539	1,589	1,593	4	96
Daum Service	536	560	596	617	641	669	740	806	66	189
Pix View	38	28	28	32	31	31	36	24	-12	-8
Daum Finger touch	30	24	26	28	28	34	29	19	-10	-9
Daum Global Holdings	11	16	17	1	1	1	2	4	2	3
Onnet		178	180	191	187	177	178	161	-17	-30
Dialoid		5	5	5	5	5	5	5	0	0
TNK Factory					7	7	7	8	1	8
Buzzpia					23	27	41	44	3	44
(Concurrent position)	11	13	15	14	16	17	12	12		
Total(*)	2,065	2,276	2,313	2,359	2,425	2,475	2,616	2,652	36	293

- Except for Daum Communications, each of the subsidiaries' number of employee is on a consolidated basis.
- The above number of employees include full-time and part-time employees and consolidated total is excluding concurrent positions
- Liquidation of Daum LMC in 1Q 2014, and disposal of Intomos in 2Q 2014.

Consolidated Statements of Income

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	132,543	127,067	138,923	11,856	9.3%	6,380	4.8%
Operating Expenses	108,684	111,871	122,280	10,409	9.3%	13,597	12.5%
Operating Profit	23,859	15,195	16,643	1,447	9.5%	-7,216	-30.2%
EBITDA	33,428	24,988	27,170	2,183	8.7%	-6,258	-18.7%
Other Income	474	129	266	137	106.5%	-208	-43.9%
Other Expenses	2,327	5,283	1,381	-3,902	-73.9%	-946	-40.7%
Financial Income	3,893	2,805	5,105	2,299	82.0%	1,212	31.1%
Financial Expenses	3,435	295	1,479	1,185	402.3%	-1,956	-56.9%
Gains on Equity method investments	0	0	0	0	-	0	-
Losses on Equity method investments	290	844	867	23	2.7%	577	198.7%
Profit Before Income Tax Expenses	22,173	11,707	18,286	6,578	56.2%	-3,887	-17.5%
Income Tax Expenses	4,590	3,366	4,687	1,321	39.2%	96	2.1%
Net Profit from Continued Operations	17,583	8,342	13,599	5,258	63.0%	-3,984	-22.7%
Net Profit from Discontinued Operations	0	0	0	0	-	0	-
Net Profit	17,583	8,342	13,599	5,258	63.0%	-3,984	-22.7%
Net Profit of Controlling Interests	17,624	8,989	13,714	4,725	52.6%	-3,910	-22.2%
Net Profit of Non-controlling Interests	-41	-648	-115	533	-	-74	-

Consolidated Statements of Financial Position

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	644,670	669,727	662,994	-6,733	-1.0%	18,324	2.8%
Current Assets	363,487	352,622	360,489	7,867	2.2%	-2,999	-0.8%
Non-Current Assets	281,183	317,105	302,505	-14,600	-4.6%	21,323	7.6%
Total Liabilities	99,714	122,527	111,523	-11,005	-9.0%	11,808	11.8%
Current Liabilities	84,532	104,467	91,754	-12,713	-12.2%	7,222	8.5%
Non-Current Liabilities	15,182	18,060	19,769	1,708	9.5%	4,587	30.2%
Total Equity	544,955	547,200	551,471	4,272	0.8%	6,516	1.2%
Stockholders' equities	6,829	6,830	6,831	1	0.0%	2	0.0%
Additional Paid-in and Other Capital	187,461	187,321	182,498	-4,822	-2.6%	-4,963	-2.6%
Capital Adjustments	-1,896	-28,479	-27,477	1,003	-	-25,581	-
Accumulated other comprehensive income	5,902	1,960	611	-1,349	-68.8%	-5,291	-89.7%
Retained Earnings (Accumulated Deficit)	342,167	365,087	378,801	13,714	3.8%	36,634	10.7%
Non-controlling Interests	4,493	14,482	10,207	-4,275	-29.5%	5,715	127.2%

Consolidated Statements of Cash Flows

(Unit: KRW million, %)

	2012	2013	2014 1H
I. Cash Flows from Operating Activities	122,717	126,244	54,084
1. Cash flows from operating	138,110	142,865	56,285
Profit for the period	76,637	66,101	21,941
Adjustments (*1)	68,100	65,233	31,050
Decrease (increase) in working capital	-6,627	11,531	3,294
2. Interest Received	10,491	7,424	4,029
3. Interest Paid	-13	-10	-11
4. Dividends Received	52	11	5
5. Income Tax Refund	-25,923	-24,045	-6,225
II. Cash Flows from Investing Activities	-50,819	-97,918	45,754
1. Cash Inflows from Investing Activities	219,935	193,552	170,141
2. Cash outflows from Investing Activities	-270,754	-291,469	-124,387
III. Cash Flows from Financing Activities	-32,185	-38,865	-24,181
1. Cash Inflows from Financing Activities	3,688	5,643	720
2. Cash outflows from Financing Activities	-35,873	-44,508	-24,901
IV. Exchange gains(losses) on Cash and Cash Equivalents	-256	-84	-180
V. Net Increase(Decrease) in Cash and Cash Equivalents(I + II + III)	39,456	-10,623	75,478
VI. Cash and cash equivalents at the beginning of period	80,973	120,429	109,806
VII. Cash and cash equivalents at the end of period	120,429	109,806	185,284

(*1) Adjustments : Income and expenses, interest expenses, interest income, dividend income, income tax expenses without cash flow

[Appendix] Separate Financial Statements(K-IFRS)



Separate Statements of Income

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	126,839	119,441	131,174	11,732	9.8%	4,335	3.4%
Operating Expenses	102,587	102,864	113,404	10,541	10.2%	10,817	10.5%
Operating Profit	24,252	16,578	17,769	1,192	7.2%	-6,482	-26.7%
EBITDA	32,657	25,162	27,087	1,925	7.7%	-5,570	-17.1%
Other Income	229	146	59	-87	-59.7%	-170	-74.3%
Other Expenses	2,671	3,009	1,343	-1,666	-55.4%	-1,328	-49.7%
Financial Income	2,494	2,060	5,275	3,215	156.1%	2,781	111.5%
Financial Expenses	2,225	250	137	-113	-45.3%	-2,089	-93.9%
Profit Before Income Tax Expenses	22,079	15,525	21,624	6,099	39.3%	-455	-2.1%
Income Tax Expenses	4,273	3,463	4,847	1,384	40.0%	574	13.4%
Net Profit from Discontinued Operations	0	0	0	0	0.0%	0	0.0%
Net Profit	17,806	12,062	16,777	4,714	39.1%	-1,029	-5.8%

[Appendix] Separate Financial Statements(K-IFRS)



Separate Statements of Financial Position

(Unit: KRW million, %)

	2Q 13	1Q 14	2Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	601,585	618,949	626,186	7,238	1.2%	24,601	4.1%
Current Assets	320,620	299,884	306,210	6,326	2.1%	-14,410	-4.5%
Non-Current Assets	280,966	319,065	319,977	912	0.3%	39,011	13.9%
Total Liabilities	93,291	113,836	102,968	-10,867	-9.5%	9,677	10.4%
Current Liabilities	80,499	100,015	87,464	-12,551	-12.5%	6,965	8.7%
Non-Current Liabilities	12,792	13,821	15,504	1,683	12.2%	2,712	21.2%
Total Equity	508,294	505,113	523,218	18,105	3.6%	14,924	2.9%
Stockholders' equities	6,829	6,830	6,831	1	0.0%	2	0.0%
Additional Paid-in and Other Capital	188,266	188,367	188,634	266	0.1%	368	0.2%
Capital Adjustments	-1,896	-28,479	-27,477	1,003	-	-25,581	-
Accumulated other comprehensive income	1,866	-176	-118	58	-	-1,983	-
Retained Earnings (Accumulated Deficit)	313,230	338,571	355,348	16,777	5.0%	42,119	13.4%

Separate Statements of Cash Flows

(Unit: KRW million, %)

	2012	2013	2014 1H
I. Cash Flows from Operating Activities	127,871	125,855	53,931
1. Cash flows from operating	153,385	137,969	56,320
Profit for the period	77,938	66,062	28,839
Adjustments (*1)	67,509	58,871	23,582
Decrease (increase) in working capital	7,938	13,036	3,899
2. Interest Received	8,182	8,070	3,367
3. Interest Paid	-	-4	-2
4. Dividends Received	7	2,505	5
5. Income Tax Refund	-33,703	-22,686	-5,758
II. Cash Flows from Investing Activities	-73,492	-116,809	30,598
1. Cash Inflows from Investing Activities	217,611	82,935	161,040
2. Cash outflows from Investing Activities	-291,103	-199,744	-130,442
III. Cash Flows from Financing Activities	-28,260	-39,055	-14,816
1. Cash Inflows from Financing Activities	3,690	4,583	187
2. Cash outflows from Financing Activities	-31,950	-43,638	-15,003
IV. Exchange gains(losses) on Cash and Cash Equivalents			
V. Net Increase(Decrease) in Cash and Cash Equivalents (I + II + III)	26,120	-30,008	69,714
VI. Cash and cash equivalents at the beginning of period	75,672	101,791	71,783
VII. Cash and cash equivalents at the end of period	101,791	71,783	141,496

(*1) Adjustments : Income and expenses, interest expenses, interest income, dividend income, income tax expenses without cash flow



Thank you