

# Investor Relations

Pearl Abyss Corp.  
June 2019

PEARLABYSS

# Disclaimer

This presentation contains forward-looking statements that relate to our future operations, prospects, developments, strategies, business growth, and financial outlook. Forward-looking statements are identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'projects', 'could', 'should', 'will', 'continue' and other similar expressions.

All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, do not guarantee future performance and are subject to certain risks, uncertainties, and other factors beyond our control and difficult to predict.

Also, Forward-looking statements are identified based on the current market situation and company's strategies, therefore, can be altered without notifications due to changes in market or the company's strategies.

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- 2. Business Overview**
- 3. Company Strategy**
- 4. Financial Summary**

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# Company Overview

# 1-1. Company Overview : Snapshot

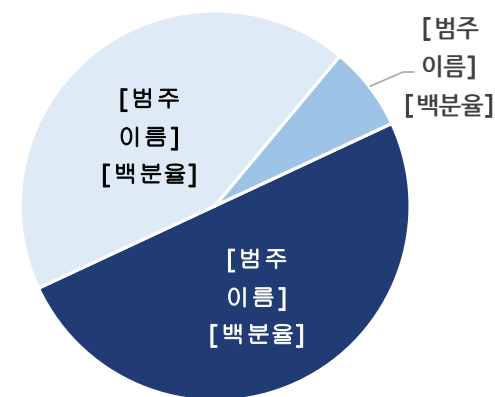
## ◆ Company Overview

Company Name	Pearl Abyss Corp.	Establishment Date	2010.09.10
Founder (Chairman)	Dae-il Kim (Largest shareholder, 36.2%)	CEO	Robin Jung
Number of Employees (as of Mar. '19)	1,005	Settlement of Account	December
No. of Issued Shares (as of June '19)	13,020,200	Market Capitalization (as of June. '19)	KRW 2.7 trillions
Stock Code	KOSDAQ (263750)	Listed date	2017.09.14
Address	24, Simin-daero 327 beon-gil, Dongan-gu, Anyang-si, Gyeonggi-do, 14055, Rep. of KOREA		

## ◆ Subsidiary

Company	Shares(%)	Country	Business
CCP ehf.	100	Iceland	Game Development and Publishing
PearlAbyss Taiwan Corp.	100	Taiwan	Game publishing
PearlAbyss H.K. Limited	100	Hong Kong	Game publishing
Pearl Abyss JP Co., Ltd.	100	Japan	Game publishing
PEARL ABYSS AMERICA, INC.	100	USA	Game publishing
PearlAbyss EU B.V.	100	Netherlands	Server and network services
PearlAbyss SEA Pte. Ltd.	100	Singapore	Server and network services
Pearl Abyss Capital, Inc.	100	Korea	Investment and management consulting
Nettention	100	Korea	Development and sales of server and N/W engines
Pearl Abyss Iceland ehf.	100	Iceland	Investment and management consulting

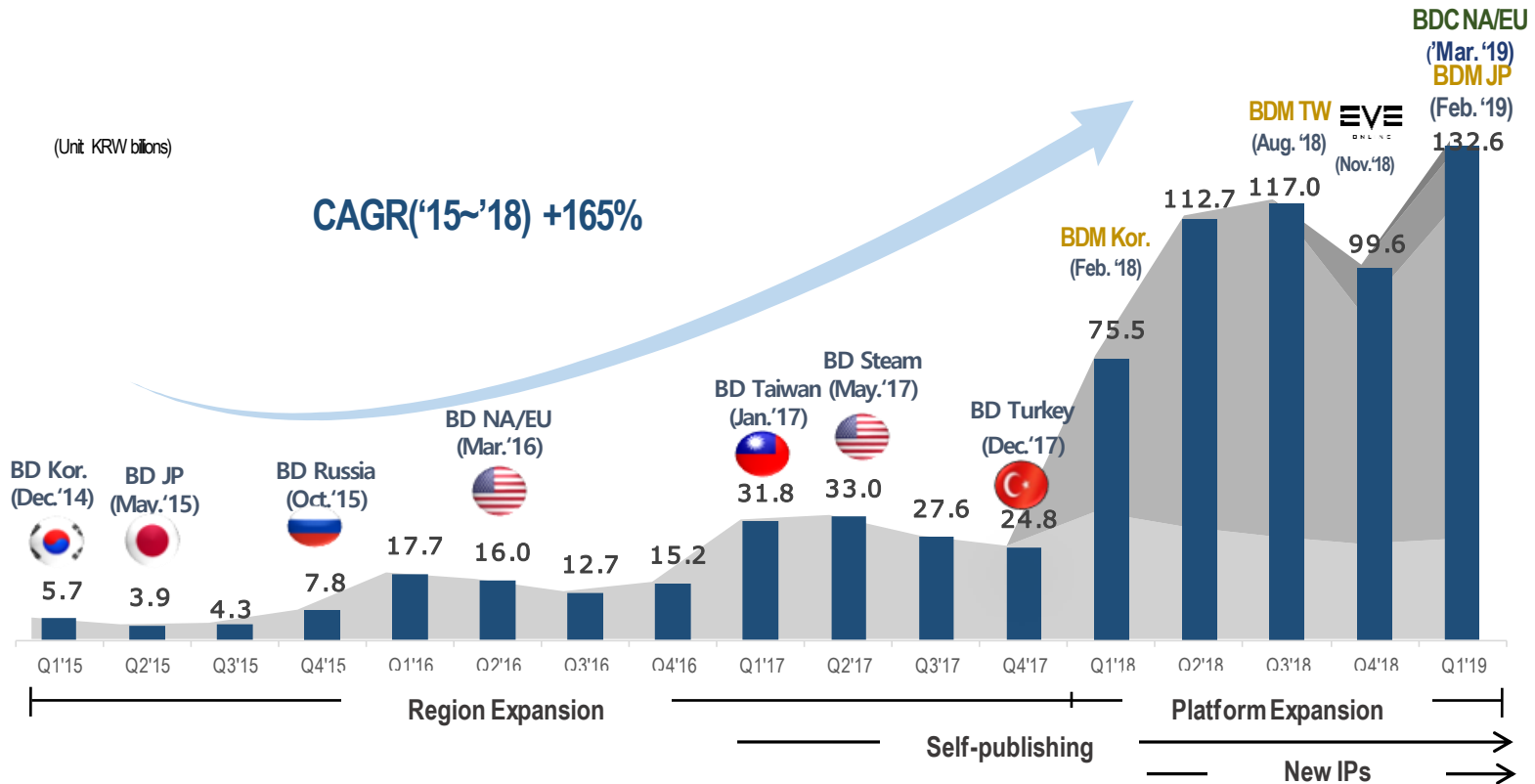
## ◆ Shareholder Structure (as of June'19)



## 1-2. Company Overview : Revenue Trend with Game launch

### ◆ Global/Platform expansion with world-class game developing tech.

Project	Release Date	Status
▪ Black Desert	Dec.'14 (Korea)	Over 150 countries with 12 languages
▪ Black Desert Mobile	Feb.'18 (Korea)	TW(Aug.'18), JP(Feb.'19), global service(Q4'19)
▪ Black Desert Console	Mar.'19 (Xbox-one/NAEU)	PlayStation launch in NA/EU/JP/KR within Q3'19 (Pre-order: 2 July)
▪ EVE Online	Oct.'18 (Secured EVE IP)	Scheduled for China service(PC) and Korean localization (H2'19)



# 1-3. Company Overview : Q1'19 Overview

## ◆ 'Global' + 'All-round' Game Studio

### ✓ Service All Global Game Market

- Japan : Black Desert Mobile (launched in 26 Feb.)
- NA/EU : Black Desert XBOX ONE (launched in 4 Mar.)

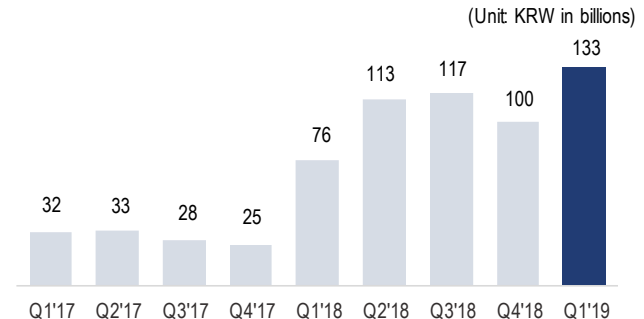
### ✓ Service All Game Platform

- PC, Mobile and Console Development Experience
- Experienced in Servicing Every Platform

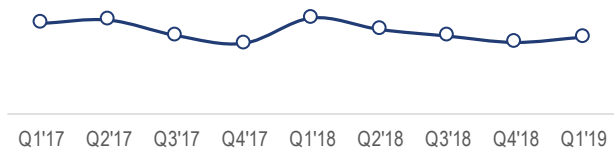
### ✓ Provide Stable Service

- Contents Updates
  - Continued Updates for Every Region / Platform
- User Care Activity
  - Black Desert : 'Voice of Adventure' (Turkey, SEA, Thailand)
  - EVE Online : EVE Invasion World Tour (23 Mar.~)
  - 'Meet & Greet' Program

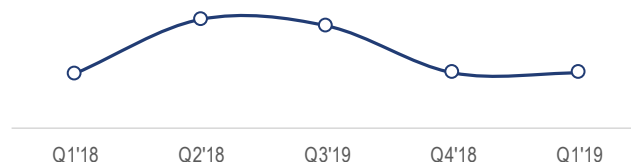
### <Quarterly Operating Revenue>



### <Black Desert(Global) Revenue Trend>



### <Black Desert Mobile (Korea) Revenue Trend>



# Business Overview



## 2-1. Business Overview : PC

### ◆ Black Desert & EVE Online

#### [Black Desert]



- ✓ Genre : PC MMORPG
- ✓ Release Date : Dec. 14(150 countries w/ 12 languages)
- ✓ Users : More than 10 million accumulated users
- ✓ Strength : Extensive and seamless open world  
with massive contents

#### New Line-up

'Black Desert' in China  
(Publisher : Snail Games)

#### [EVE Online]



- ✓ Genre : SCI-FI PC MMO
- ✓ Release Date : 2003 (Global Service)
- ✓ Users : More than 40 million accumulated users
- ✓ Strength : Worldwide single server and high flexibility

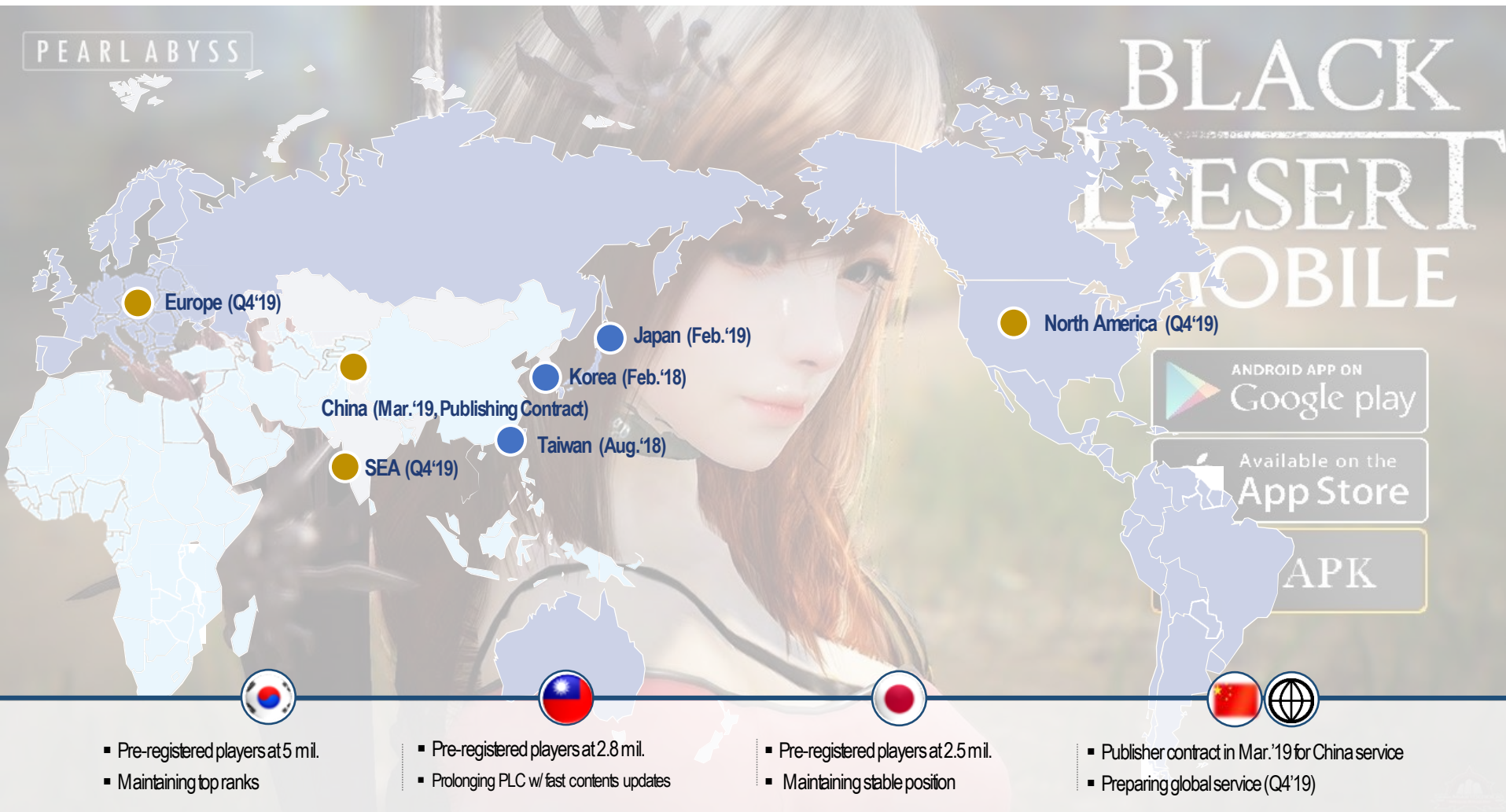
'EVE Online' in China  
(Publisher : NetEase)

'EVE Echoes' (Mobile)  
(Developer : NetEase)

'EVE Online' (Kor. Localization)

## 2-2. Business Overview : Mobile

### ◆ Global Service



## 2-3. Business Overview : Console

### ◆ Console-based MMORPG

#### [XBOX]



- ✓ Platform : Xbox One
- ✓ Region : North America / Europe
- ✓ Launch Date : Mar. 2019
- ✓ Package Sales : 240 thousands (as of Mar. '19)
- ✓ Biz. Model : Package + In-game purchase
- ✓ Operates 22 servers (opened 10 in initial launch)
- ✓ Provides weekly updates

#### [Play Station]



- ✓ Platform : Play Station 4
- ✓ Region : North America / Europe / Japan / Korea
- ✓ Launch Date : Within Q3'19 (Pre-order: 2 July)
- ✓ Biz. Model : Package + In-game purchase
- ✓ Language : English, German, French, Spanish  
Korean, Japanese

# Company Strategy

## 3-1. Company Strategy : Top Global Game Studio

### ◆ Preparing Next Tide : To be a Top Global Game Studio

#### ✓ Prepare for a changing game landscape

##### ▪ Next Generation Engine

- Super high quality contents
- Faster contents development speeds

#### ✓ Secure AAA IPs

- MMORPG : New MMORPG game
- New Genre : Project K(FPS), Project V(Casual)
- Black Desert Spin-off : Shadow Arena(Battle Royale)

#### ✓ Pursue revenue growth from existing IPs

##### ▪ Black Desert

- Black Desert : Re-publishing in Korea by PA (May 30)
- Black Desert Console : PlayStation in NA, EU, KR, JP (Q3'19)
- Black Desert Mobile : Global launch (Q4'19)
- Black Desert / Black Desert Mobile : Preparing China launch

##### ▪ EVE

- EVE Echoes (mobile) / EVE Franchises

#### ✓ Strengthen Global Brand Identity

- E3 'Into the Abyss' event (11 June)

<Sample rendering images with new engine>

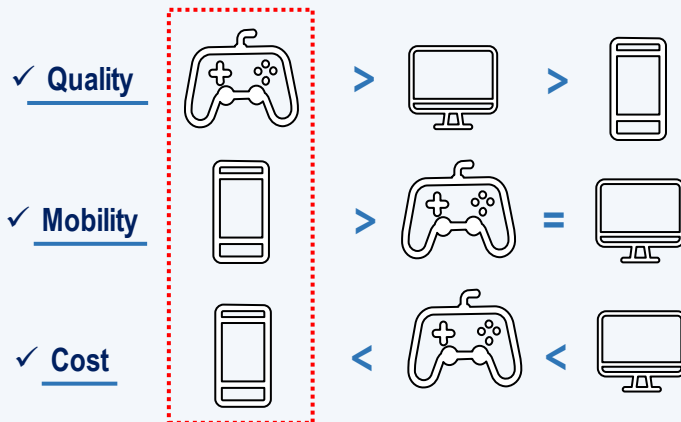




## 3-2. Company Strategy : Cross-platform Game Streaming

### Game streaming enabled by 5G and cloud technology

“Game Streaming : Free from device limitations”



“Increase in demand for high-end game”

- ✓ **Quality** : Increase in needs for AAA games  
→ Develop high quality games w/ new engine
- ✓ **Quantity** : Fast contents consumption  
→ Go structural changes to facilitate contents build-up
  - System : Horizontal decision making, fast feedback
  - Equipment : 3D scanner, motion capture
- ✓ **Service** : Increasing importance in user care  
→ Do self-publishing to offer enhanced service

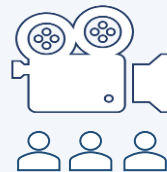
2010 (3G)



Music Streaming



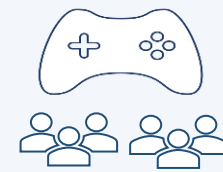
2014 (4G)



Video Streaming



2019 (5G)

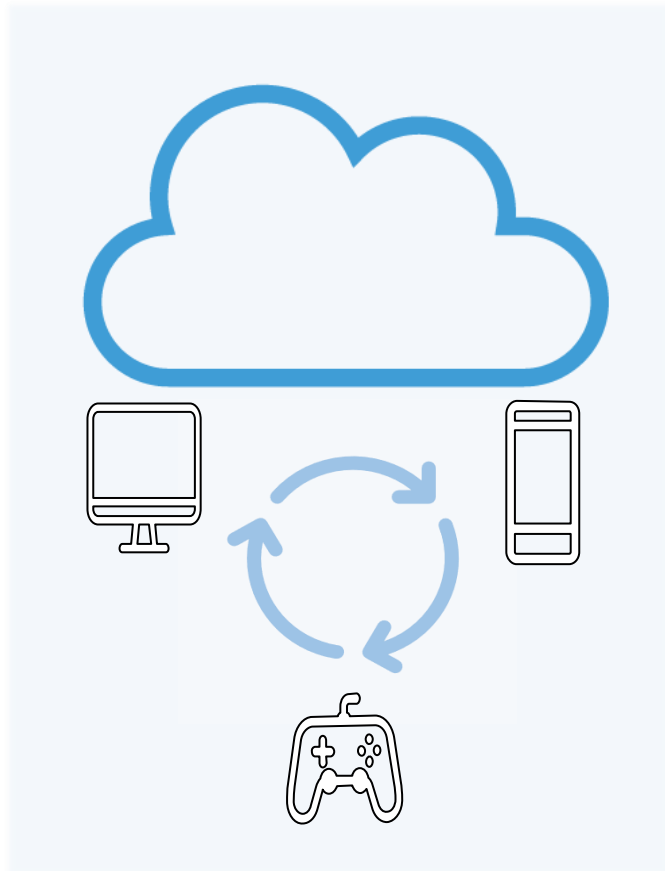


Game Streaming

### 3-3. Company Strategy : Massive Multi-player Online Game

Increase in MMO-gamers with seamless connection and more devices

“Frictionless N/W connection bet. devices”



“New IPs & Black Desert Spin-off (MMO games)”

Project K FPS + MMO



Shadow Arena Battle Royale



Project V Casual + MMO



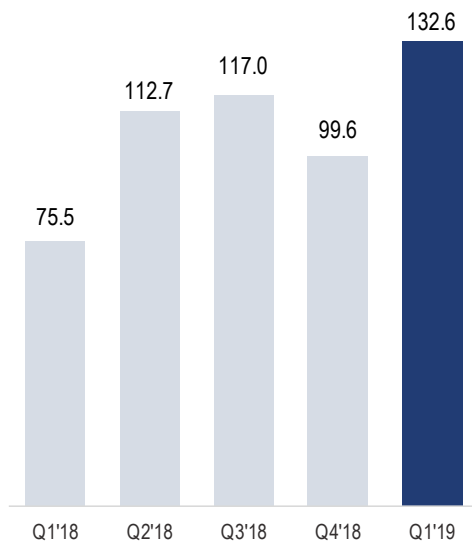
# Financial Summary



## 4-1. Financial Summary : Operating Performance

- ◆ Operating Revenue : 132.6bil., Operating Profit : 18.3bil., Net Profit : 14.1bil. (KRW)
- ◆ Record High Revenue : 33.1% increase in operating revenue (QoQ)

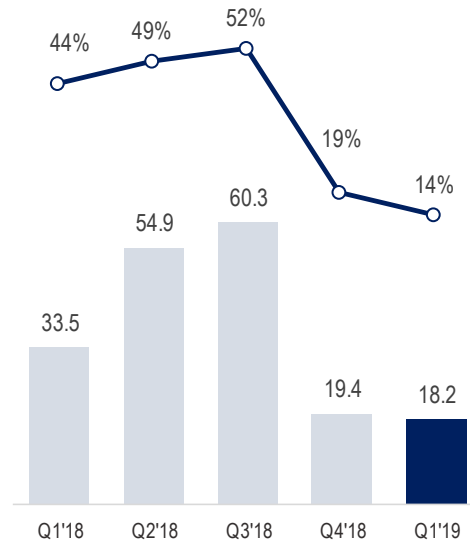
Operating Revenue



YoY 75.6 %

QoQ 33.1 %

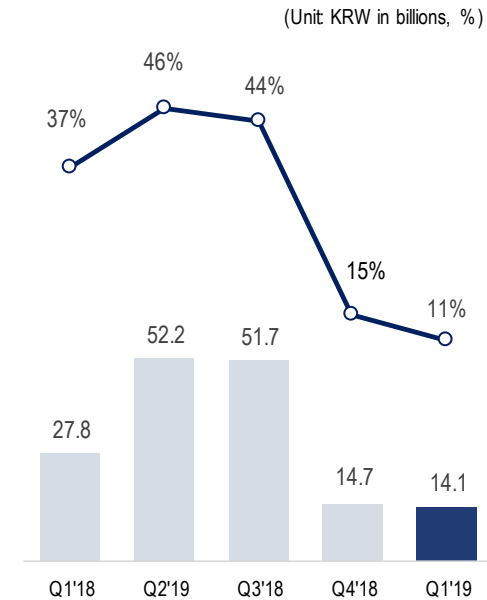
Operating Profit



YoY -45.7 %

QoQ -6.2 %

Net Profit



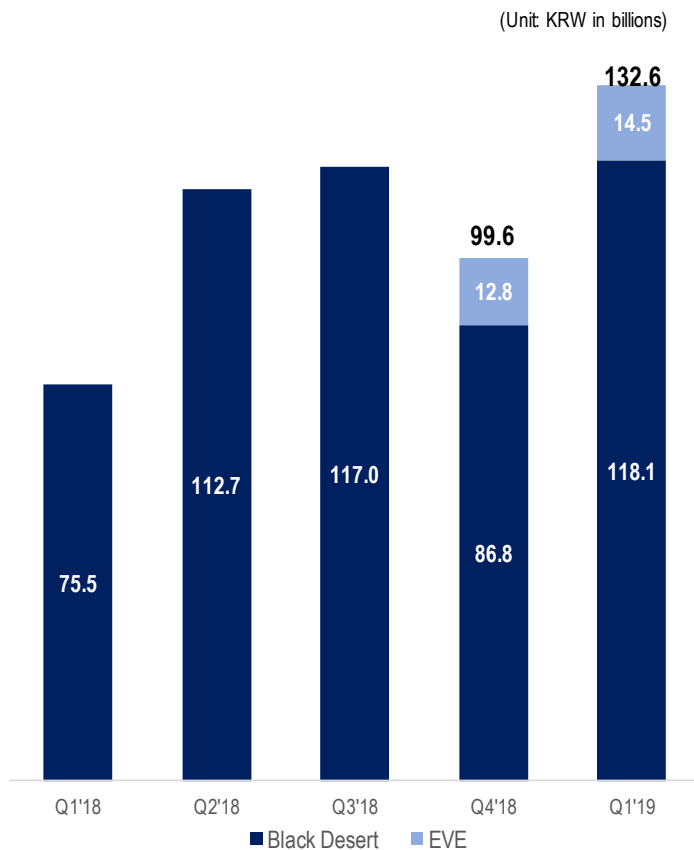
YoY -49.3 %

QoQ -4.1 %

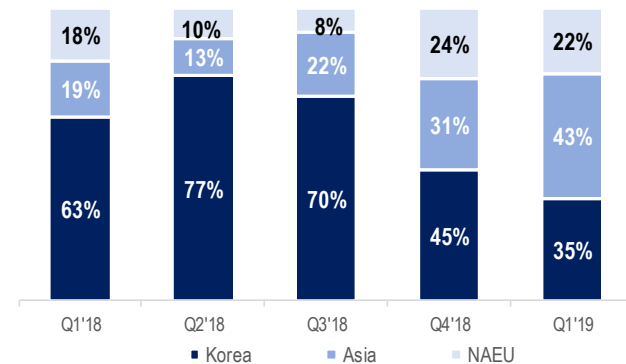
## 4-2. Financial Summary : Revenue by IP, Region and Platform

- ◆ Increase in 'Black Desert' IP revenue : BDM (JP) / BDC (NAEU) launch + Stable Revenues BD / BDM
- ◆ Recognized 30% of BDC's Sales as Q1 Revenue (Deferred Revenue)

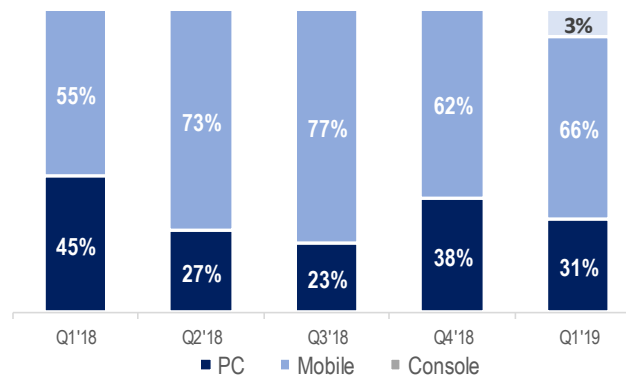
<Revenue by IP>



<Revenue by Region>



<Revenue by Platform>



## 4-3. Financial Summary : Operating Expenses

### ◆ Operating Expenses : KRW 114.5bil. (QoQ 42.8%)

- Labor costs increased 59.9% QoQ due to incentives and salary increase
- Commissions decreased 0.2% QoQ despite a 33% revenue increase, as there were one-off commission fees in Q4'19
- Advertising costs increased 201.6% QoQ due to initial launching marketing fees for BDM(JP) and BDC(NA/EU)

(Unit : KRW in millions, %)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Ratio	% of Rev.	QoQ	YoY
<b>Operating Expenses</b>	<b>41,934</b>	<b>57,860</b>	<b>56,676</b>	<b>80,185</b>	<b>114,472</b>	<b>100.0%</b>	<b>86.3%</b>	<b>42.8%</b>	<b>173.0%</b>
Labor	9,789	14,975	11,879	21,249	33,987	29.8%	25.6%	59.9%	247.2%
Commissions	17,836	29,998	31,461	41,238	41,148	35.9%	31.0%	-0.2%	130.7%
Advertising	10,506	9,195	9,959	10,029	30,251	26.4%	22.8%	201.6%	187.9%
D&A	645	700	873	2,585	3,687	3.2%	2.8%	42.6%	471.6%
etc.	3,158	2,992	2,504	5,084	5,399	4.7%	4.1%	6.2%	70.9%

### ※ Number of employees

(Unit: # of employee, %)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Ratio	QoQ	YoY
<b>Employees</b>	<b>440</b>	<b>513</b>	<b>570</b>	<b>953</b>	<b>1,005</b>	<b>100.0%</b>	<b>1.8%</b>	<b>128.4%</b>
Development	268	311	347	595	620	61.7%	4.2%	131.3%
Business / Staff	172	202	223	358	385	38.3%	5.8%	123.8%

- CCP Games and its affiliates : 275 employees

# Appendix

- ▶ Consolidated Financial Statements

# A1. Consolidated Financial Statements

## Statement of Financial Position

(Unit : KRW in millions)

	2018.12.31	2019.03.31
<b>Assets</b>		
<b>I . Current Assets</b>	<b>354,489</b>	<b>420,350</b>
Cash and Cash Equivalents	228,971	140,691
ST Financial Instruments	53,092	160,061
AFS financial assets	3,958	6,674
Account receivables & Other receivables	50,016	98,507
Other Current Assets	18,452	14,416
<b>II . Non-Current Assets</b>	<b>358,041</b>	<b>368,392</b>
Account receivables & Other receivables	16,550	16,059
LT Financial Instruments	128	129
Financial assets measured at fair value	6,407	5,687
Tangible Assets	35,646	43,949
Intangible Assets	287,723	290,856
Investment in affiliated companies	736	740
Deferred tax asset	9,711	10,204
Other non-current assets	1,140	768
<b>Total Assets</b>	<b>712,530</b>	<b>788,742</b>

	2018.12.31	2019.03.31
<b>Liabilities</b>		
<b>I . Current Liabilities</b>	<b>115,077</b>	<b>146,723</b>
Other liabilities	25,933	46,698
Short-term borrowings	20,000	20,000
Current portion of long-term debt	20,000	24,853
Lease liabilities	0	-
Capital lease liabilities	13	20,000
Income taxes payable	23,503	1,981
Other current liabilities	25,628	33,191
<b>II . Non-Current Liabilities</b>	<b>189,427</b>	<b>208,428</b>
Other liabilities	1,740	1,927
Long-term debt	115,905	116,890
Non-current financial liabilities at fair value	27,329	386
Lease liabilities	0	-
Capital lease liabilities	20,377	11,349
Provision	385	23,768
Other non-current liabilities	0	26,297
Deferred tax liabilities	23,691	27,811
<b>Total Liabilities</b>	<b>304,504</b>	<b>355,151</b>
<b>Capital</b>		
<b>I . Capital stock</b>	<b>6,472</b>	<b>6,508</b>
<b>II . Capital Surplus</b>	<b>192,111</b>	<b>198,951</b>
<b>III . Retained Earnings</b>	<b>231,580</b>	<b>245,727</b>
<b>IV . Capital Adjustments</b>	<b>(18,972)</b>	<b>(18,324)</b>
<b>V . Accumulated other comprehensive Income</b>	<b>(3,165)</b>	<b>729</b>
<b>VI . Non-controlling interests</b>	<b>0</b>	<b>0</b>
<b>Total Capital</b>	<b>408,026</b>	<b>433,591</b>

※ This financial statement may change as a result of final settlements.

## A2. Consolidated Financial Statements

### Comprehensive Income Statement

(Unit : KRW in millions)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	2019Y YTD
<b>Revenue</b>	<b>75,518</b>	<b>112,682</b>	<b>116,986</b>	<b>99,578</b>	<b>132,630</b>	<b>132,630</b>
Operating Expenses	41,934	57,860	56,675	80,185	114,471	114,471
<b>Operating Profit</b>	<b>33,584</b>	<b>54,822</b>	<b>60,311</b>	<b>19,393</b>	<b>18,159</b>	<b>18,159</b>
Financial Income	761	6,063	(1,774)	2,447	1,682	1,682
Non-Operating Income	(135)	6	151	(390)	252	252
Income from Equity Method	73	114	(6)	(63)	(3)	(3)
Income before Income Tax	34,283	61,005	58,682	21,387	20,090	20,090
Income Tax Expenses	6,450	8,844	6,971	6,645	5,943	5,943
<b>Net Profit</b>	<b>27,833</b>	<b>52,161</b>	<b>51,711</b>	<b>14,742</b>	<b>14,147</b>	<b>14,147</b>

※ This financial statement may change as a result of final settlements.

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