



# NHN



Investor Relations  
June 2020





# Contents

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1Q20 Earnings Summary

Major Services

- GAME

- PAYCO

- Payment & Ad, Contents, Commerce, Technology

Appendix

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# 1Q20 Earnings Summary

(KRW mil)	1Q19	4Q19	1Q20	Change	
				Y/Y	Q/Q
<b>Revenue</b>	370,591	400,099	394,599	6.5%	-1.4%
Game	114,003	99,947	104,680	-8.2%	4.7%
Mobile	73,125	67,992	68,955	-5.7%	1.4%
PC	40,878	31,955	35,725	-12.6%	11.8%
Payment & Ad	124,023	140,258	151,335	22.0%	7.9%
Commerce	50,752	70,766	63,715	25.5%	-10.0%
Contents	49,327	44,769	39,446	-20.5%	-11.9%
Technology	25,341	43,017	36,568	44.3%	-15.0%
Others	13,780	6,380	4,912	-64.4%	-23.0%
Internal transaction	-6,933	-5,037	-6,058	-	-
<b>Operating Expenses</b>	348,862	382,607	366,306	5.0%	-4.3%
Commission	202,790	235,848	231,541	14.2%	-1.8%
Labor	92,711	90,117	85,173	-8.1%	-5.5%
Marketing	12,101	18,911	15,026	24.2%	-20.5%
Depreciation	18,019	15,525	16,532	-8.2%	6.5%
Communications	6,720	6,315	6,454	-4.0%	2.2%
Others	16,520	15,891	11,579	-29.9%	-27.1%
<b>Operating Income</b>	21,729	17,492	28,293	30.2%	61.7%
<i>OPM</i>	5.9%	4.4%	7.2%	1.3%p	2.8%p
Non-Op Income	14,203	17,547	12,534	-11.7%	-28.6%
Non-Op Expenses	7,344	68,979	9,775	33.1%	-85.8%
<b>Pre-tax Income</b>	28,589	-33,940	31,053	8.6%	-
<b>Income Tax</b>	17,497	2,045	13,432	-23.2%	556.8%
<b>Net Income</b>	11,092	-35,985	17,620	58.9%	-
<i>NPM</i>	3.0%	-9.0%	4.5%	1.5%p	-

**[Revenue]** KRW 394.6 bil, Y/Y + 6.5%, Q/Q - 1.4%

**[Mobile]** Web-board games' revenue increased continuously, Up Q/Q thanks to new year's event from LINE Disney Tsum Tsum despite Crusader Quest revenue decreased

**[PC]** Up Q/Q thanks to web-board game revenue hike,  
Decreased Y/Y due to the base effect of "NHN Hangame" (Japan)

**[Payment & Ad]** NHN Payco Transaction volume Y/Y +31%, PAYCO Order grew Q/Q 3x,  
NHN KCP up Q/Q thanks to online PG & overseas merchants transaction growth

**[Commerce]** Down Q/Q due to the base effect of Accommate & COVID-19 negative impact from NHN Global despite up in NHN Godo thanks to online shopping GMV growth

**[Contents]** NHN Bugs: B2B sales slowed due to the base effect of the released album  
NHN Ticketlink: Slumping sales due to cancellations of concerts & sports after COVID-19

**[Tech]** Down Q/Q due to low seasonality of PNP Secure even though the effects of external sales increase & higher traffic by TOAST cloud

**[Others]** NHN Dr. Tour, direct negative impact by COVID-19 outbreak

**[Operating Expense]** KRW 366.3 bil, Y/Y + 5.0%, Q/Q - 4.3%

**[Commission]** Up Y/Y led by payment & AD revenue hike,  
Down Q/Q due to commerce revenue decrease

**[Labor]** Down Q/Q led by the base effect of one-off year-end bonus in 4Q19

**[Marketing]** Down Q/Q due to 4Q19 game events, reduced travel/contents biz mkt cost

**[Depreciation]** Up Q/Q due to readjust of right-of-use asset depreciation,  
Down Y/Y impacted by change of Tangible Asset durable periods

**[Others]** Q/Q down due to readjust of rental expenses / travel expenses decrease

**[Operating Income]** KRW 28.3 bil, Y/Y +30.2%, Q/Q +61.7%

**[Non-OP]** Expenses reduced Q/Q due to the base effect of goodwill impairment & losses on evaluation on FVPL

**[Net Income]** KRW 17.6 bil, Y/Y +58.9%, Q/Q turned to profit

# Major Services

## Game



## Payment & Ad



## Contents



## Commerce



## Technology



## Others



## Major games

### Mobile



#### LINE Disney Tsum Tsum

- NHN PlayArt : Develop
- Jan, 2014 Launch
- Top 10 gross ranking in Japan



#### # Compass

- NHN PlayArt: Develop & Publishing
- Dec, 2016 Launch in Japan
- Collaborations with popular IPs



#### Yokai Watch Puni Puni

- NHN PlayArt : Develop
- Aug, 2015 Launch
- Collaborations with popular IPs

### Web - board



Hangame, #1 player in domestic PC Web-board market



Google Play Launch [ 2014~2017 ]



Apple App Store Launch [ Aug 2019 ]



One Store Launch [ Sep 2019 ]

- ONE Store Hangame Poker Classic
- Connected with PC Account

# Mobile Game Pipeline

## Non- Casual



### Critical OPS Reloaded

- NHN : Develop & Publishing
- Asia launch in June 2020
- FPS, e-Sports



### Invincible M

- NHN : Publishing
- Domestic launch in 3Q 2020
- Side scroll action RPG

## Casual



### Disney Tsum Tsum Stadium

- NHN : Develop
- LINE Publishing
- Japan launch in 2H 2020



### Japanese animation IP based

- Developed by NHN Playart
- Launch in 2H 2020

# Web-board Regulation

## Regulation Change

Feb 2014  
Initiating Regulation

Per Round Cap KRW 30k  
Daily Cap KRW 100k  
Monthly Cap KRW 300k



Mar 2016  
Deregulation

Per round Cap **KRW 50k**  
Daily Cap KRW 100k  
Monthly Cap **KRW 500k**



Mar 2020  
Deregulation

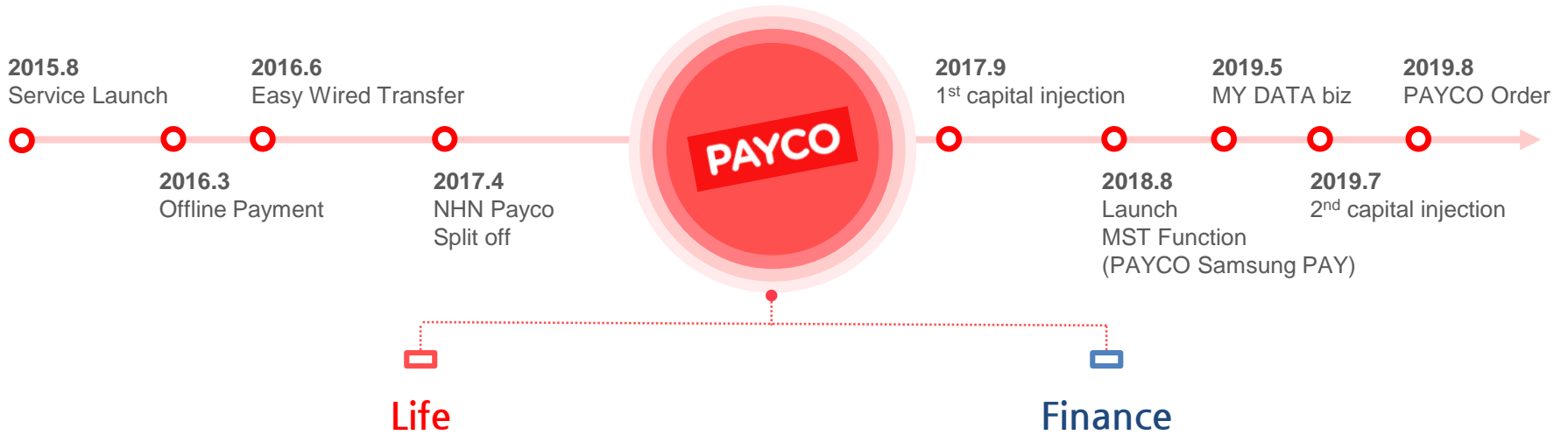
Per round Cap KRW 50k  
~~Daily Cap KRW 100k~~  
Monthly Cap KRW 500k

## Betting Game



### Hangame Match Prediction (tentatively named)

- Betting game based on the results of sports and other games
- Launch after normalization of global sport events
- HTML5 based web game (PC / mobile)



- On & Offline Payment
- Customized Coupon
- PAYCO order
- Luncheon Coupon
- Campus Zone
- PAYCO Point
- Membership
- Online mall point
- E-Wallet
- Transportation

- Wired Transfer (Domestic & Foreign)
- Credit Inquiry
- My Data
- Financial instruments
- Card recommendation
- Scrapping
- Customized loan
- Insurance recommendation
- Alliance Card / Account
- FX / exchange rate

Gathering Big Data from various services .....> Target Ads & Finance business based on DMP\* tech.

\* DMP : Data Management Platform

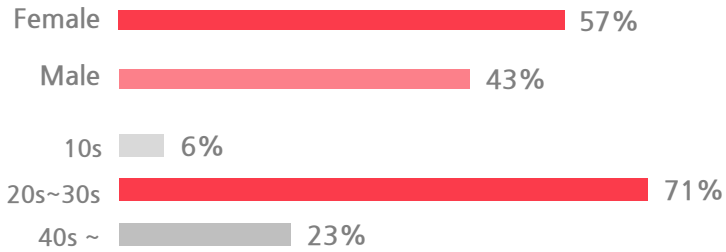


# PAYCO Status



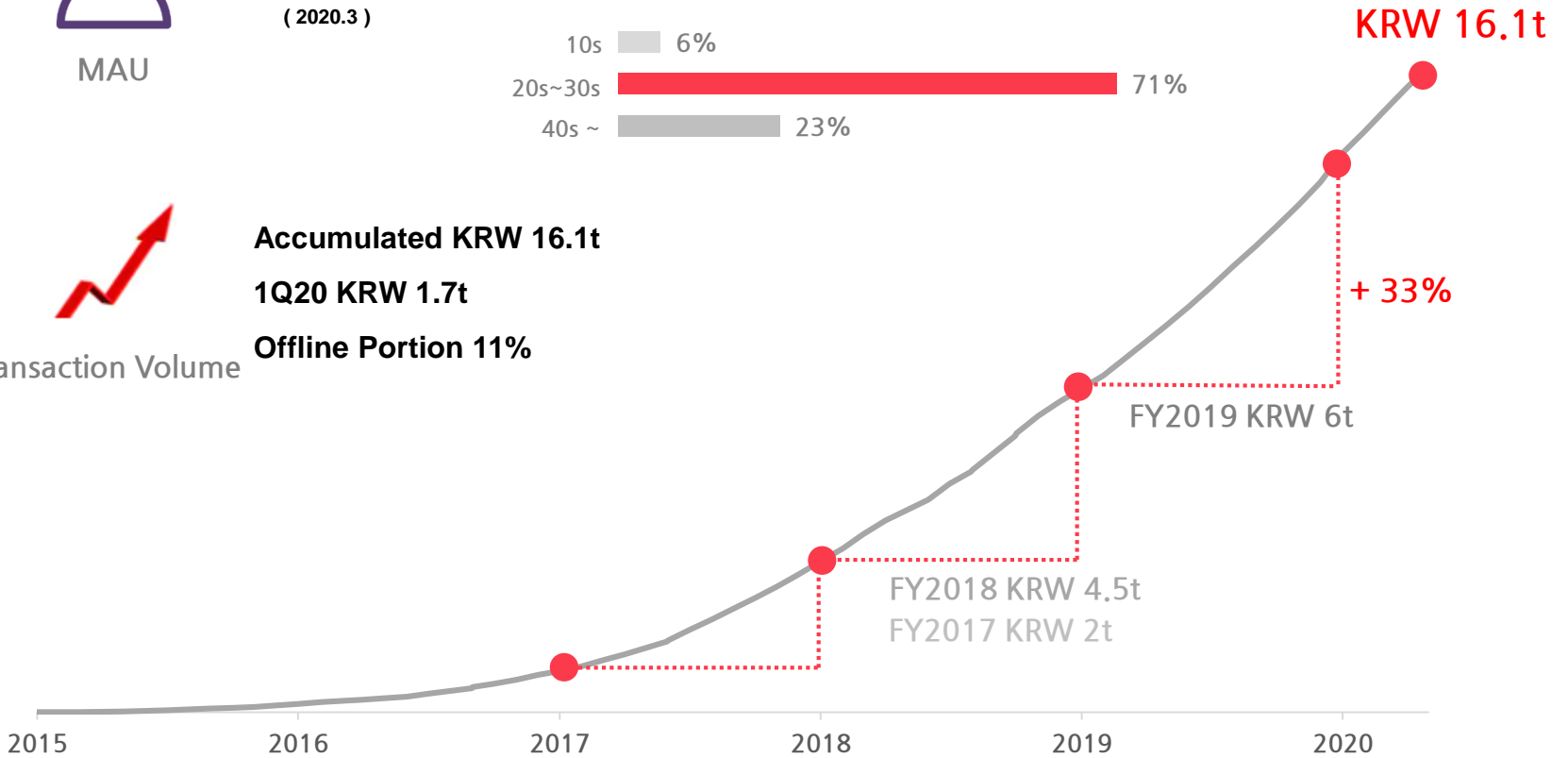
MAU

**4 million**  
(2020.3)



Transaction Volume

**Accumulated KRW 16.1t**  
**1Q20 KRW 1.7t**  
**Offline Portion 11%**



## Easy payment PAYCO

### Merchants



Online 100k



Offline 2.7m



### Online & Offline Easy Payment



### Credit Cards / PG

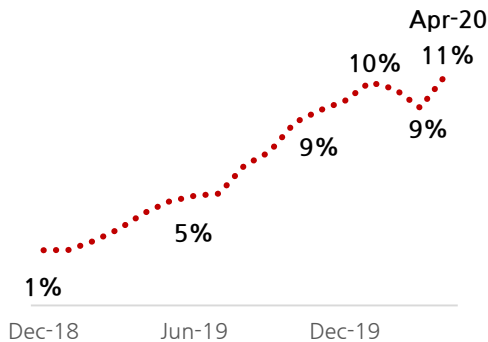


Credit card + PG Alliance



## Offline Expansion

- PAYCO Offline portion**



- PAYCO X samsung pay** : Available at 2.7m stores

- PAYCO** : Available at 200k offline stores including top 5 convenient stores & franchise stores



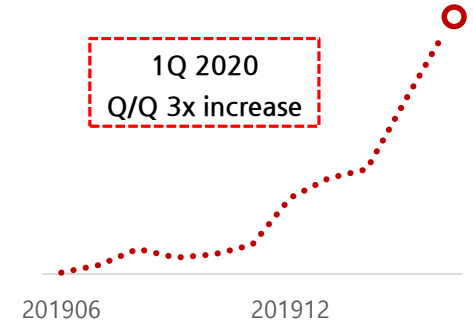
- PAYCO Order** : Contract completed with 25k stores

## PAYCO Order

- Jun, 2019 Launch
- Table / Pick-up / Delivery Order
- Contract with 10k stores in 2019, aiming 50k at the end of 2020



- Traffic of PAYCO Order



## Campus Zone & Luncheon Coupon

- PAYCO campus zone
- 200 univ.
- Cafeteria
- School bus
- Certificate issue

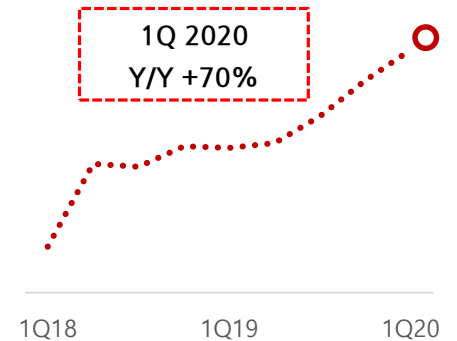


- Luncheon coupon

- 700 companies
- 40k users
- Linkage to PAYCO Order



- PAYCO luncheon coupon GMV



# Easy Financial Service Platform

## My Data Service Concept



MAU 4 mil  
PAYCO Users

④ Financial recommendation by users' life cycle stage



① Consent to utilizing personal data



PAYCO

My Data enterprise (TECH-FIN Company)

③ Big Data & Analytics



② Personal Credit information (API)

PAYCO Consortium



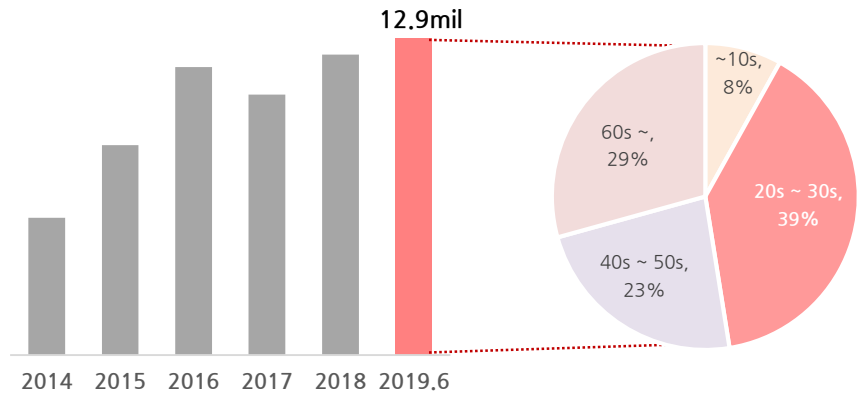
Bank KEB 하나은행 웰컴저축은행

Security 신한금융투자 한화투자증권

Insurance 한화생명 한화손해보험

- Accumulating TechFin biz experience through government support
- Selected as an My Data empirical company by Ministry of Science and ICT
  - PAYCO Consortium exclusively selected in finance sector
- Preparation for acquiring MY DATA License by FSC
- Providing customized services for the financial vulnerable (Thin filer) through combining financial & non-financial big data

## Domestic Thin filer trend



Source: NICE information service, NHN



# PAYCO Eco Business

## Payment



- On & Off-line GMV growth
- Revenue increase with profit models (customized coupon, etc.)
- Daily life related service expansion
- PG / Online , Offline VAN business
- #1 Player in domestic PG market
- Online transaction & overseas merchant expansion



## Ad



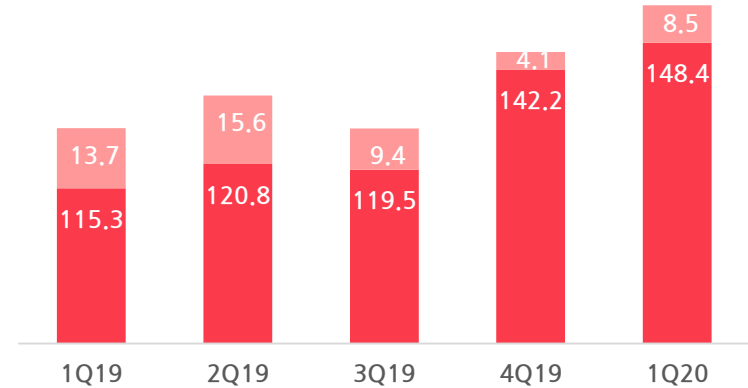
- Ad Exchange (external DSP) revenue increase
- NHN ACE, Data voucher support biz
- 3Q19, exclusion of "Incross" from consolidation



## PAYCO Eco Revenue

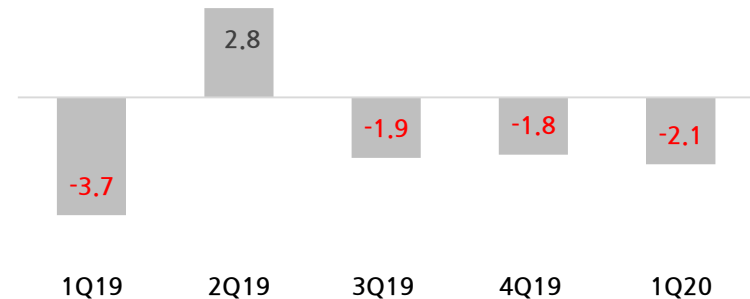
■ Payment ■ Ad

(KRW bn)



## PAYCO Eco Operating Profit

(KRW bn)






# Commerce

- NHN Commerce business in Korea – China – Japan
- NHN Godo, acquisition of 100% shares of Accommate for amplifying commerce business synergies



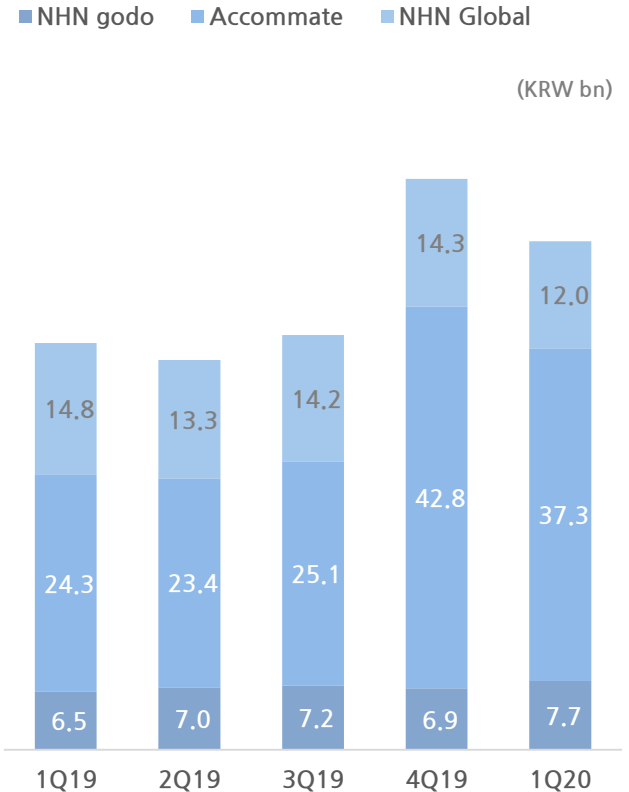
- Commerce solution based NCP (NHN Commerce Platform) Platform differentiation by size 
- **godomall 5 shop by**
- IPO in progress
- B2B, B2C Commerce business in China (T-mall)
- Korea ↔ China product distribution
- Commerce Consulting
- Revenue increase thanks to B2B, Health care products
- China market entrants for NHN Godo's merchants



- Fashion E-Commerce platform in US
- Connect retailers to wholesalers
- Commission & Ad revenue increase



## Revenue of major commerce affiliates





## Contents

### Bugs!

- Major music distributor
- 10 mil High sound quality (FLAC)
- BM diversification
  - album release, digital sound source



High sound quality certificate  
(The first, the only)



HOW  
Entertainment

### COMICO

- Webtoon Service in Japan & SEA / planning to expand to English countries
- Accumulated global download over 30mil
- Add new contents (Web-novel based webtoon / Color , vertical scroll webtoon)

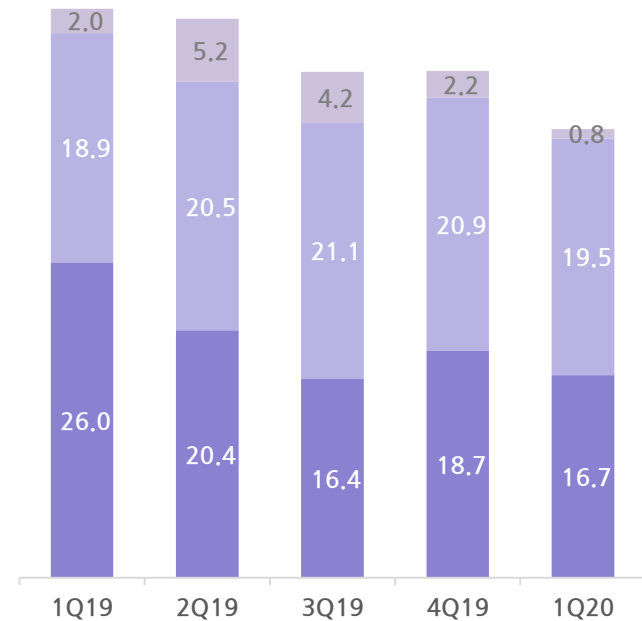
### 티켓링크 (NHN Ticketlink)

- Online sports & concerts ticket reservation service
- The most KBO (Korean MLB) ticket reservation
- Peak season on Q2

### Revenue of major contents affiliates

■ NHN Bugs ■ NHN Comico ■ NHN Ticketlink

(KRW bn)





# Technology

## TOAST Cloud

- Traffic up thanks to “Untact” demand increase
- 1,800 corporate clients based on NHN’s game & commerce biz
- Finance / Public sector expansion, Entering Medical / Manufacturing sector



- AI Cloud services expansion based on “Handol, Baduk AI”

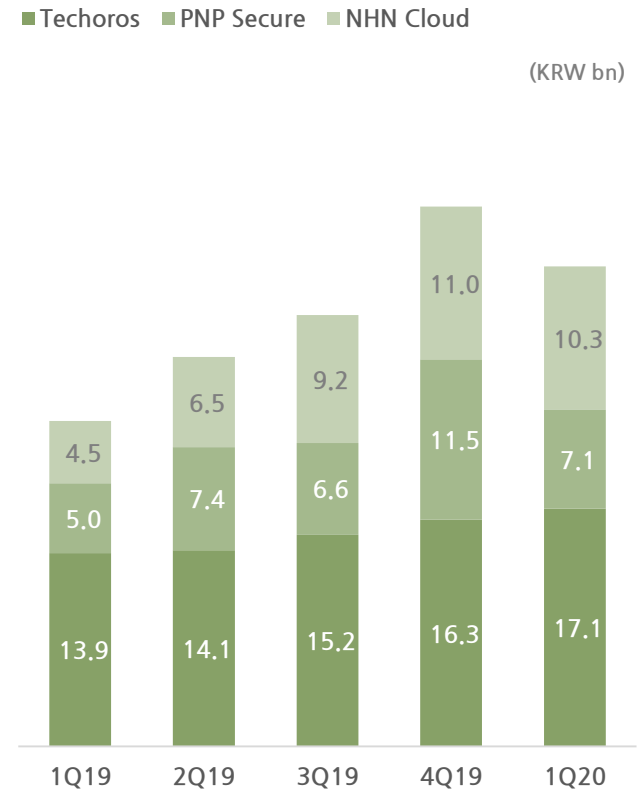
## PNP SECURE

- DB, Personal Data Security Service, • Peak Season on Q2, Q4
- DB Access Control (M/S 60%) • IPO in progress
- Cloud security products expansion

## TECHORUS

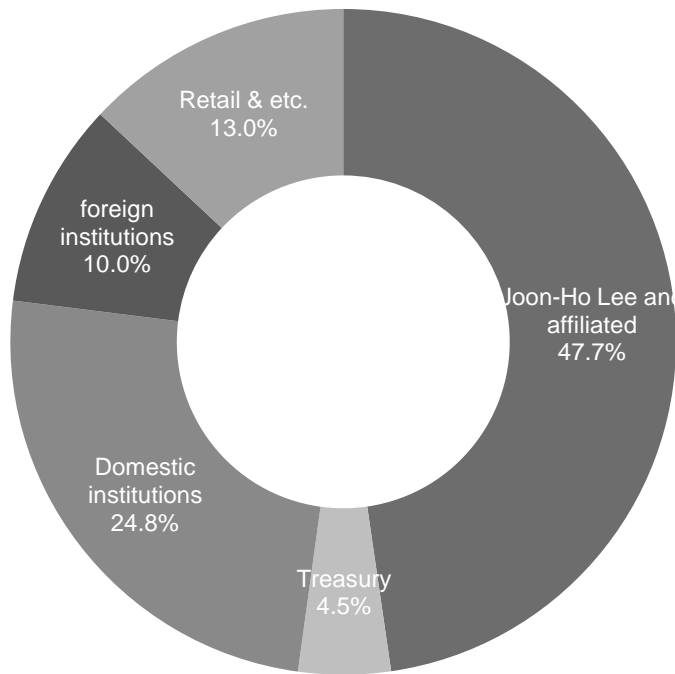
- Data managing & IT Hosting Business in Japan
- Re-sale global Cloud product
- Stable revenue contribution

### • Revenue of major technology biz





## Shareholding Structure



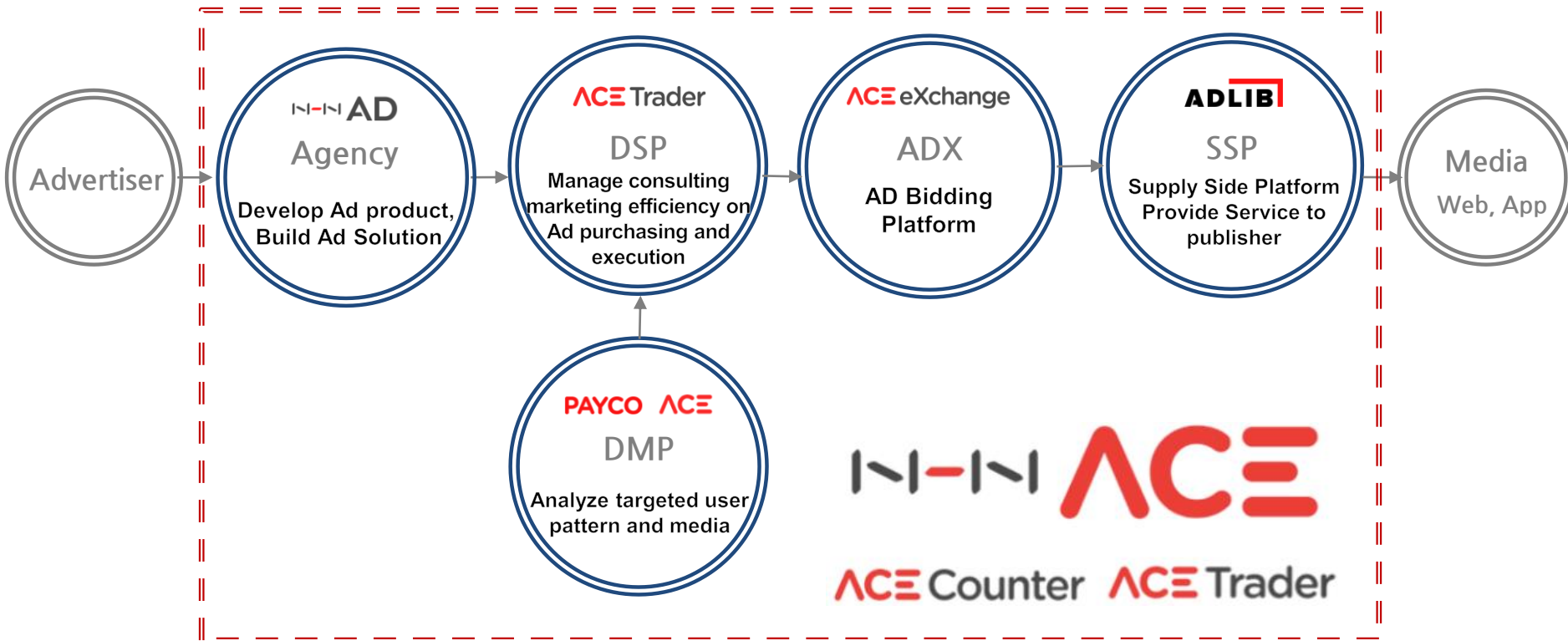
\* As of March, 2020

## Description

- **Listed market**  
KOSPI  
Ticker 181710 KS
- **Listed Shares**  
19,565,025 Shrs (Treasury 876,171shrs)
- **Employees** (as of March, 2020)  
4,750 (Consolidated)  
912 (NHN)
- **Headquarters**  
Play Museum, Seong-nam, Gyeong-gi, Korea

Optimized Ad services to Audience, Advertiser & Platform utilizing DMP Technology

Partnered with 1,100 Advertisers & 10,000 Medias



- DSP: A system that allows advertisers to find and buy proper ad space for their target
- DMP: A system that sort and houses information, and process in a way that's useful for marketers
- Ad Exchange: A platform that enables advertisers and media to buy and sell ad space through real-time auctions
- SSP: A System that enables web publishers to manage their ad space inventory, fill it with ads, and receive sales

(Source: Wikipedia, Digiday)

### Game

\*\* Consolidated



NHN PlayArt (100%)\*\*



NHN PIXELCUBE (100%)\*\*



NHN BIG FOOT (100%)\*\*



NHN STARFISH (100%)\*\*



Critical Force (20%)

### Payment



NHN PAYCO (68%)\*\*



NHN Korea Cyber Payment (41%) - 060250 KS\*\*



UBIVELOX (9%) - 089850 KS

### Advertisement



NHN ACE (100%)\*\*



NHN AD (83%)\*\*

### Contents



NHN COMICO (100%)\*\*



BUGS (45%) - 104200 KS\*\*



NHN TICKETLINK (100%)\*\*

### Commerce



NHN Global (100%)\*\*



NHN Godo (75%)\*\*



Accommate Holdings (100%)\*\*



NHN wetoo (100%)\*\*

### Technology



NHN Techorus (100%)\*\*



PNP Secure (70%)\*\*



PIOLINK (29%) - 170790 KS

### Others



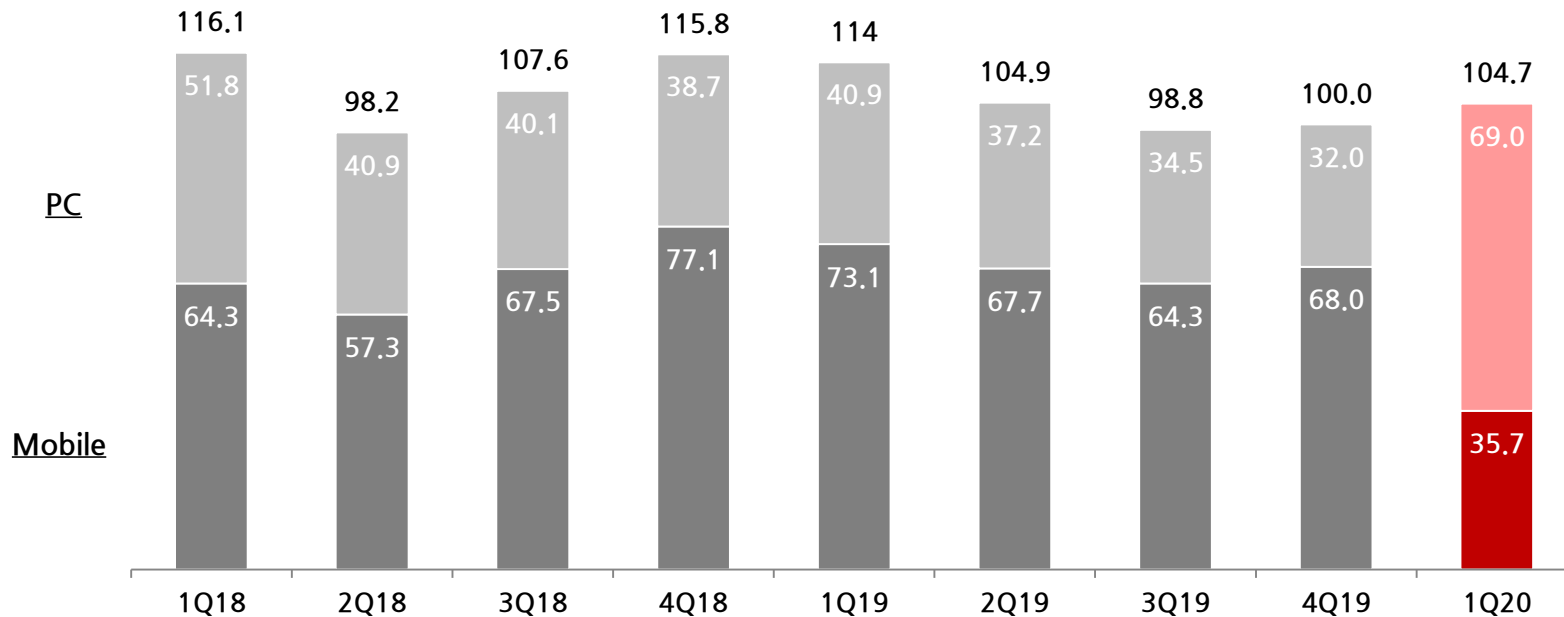
NHN Investment (100%)\*\*



NHN Dr. Tour (97%)\*\*

### Game Revenues

(KRW bn)



		1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Revenues Based</b>	<b>Domestic</b>	47%	44%	43%	38%	41%	41%	47%	48%	49%
	<b>Overseas</b>	53%	56%	57%	62%	59%	59%	53%	52%	51%
<b>Development Based</b>	<b>Domestic</b>	58%	56%	54%	51%	53%	55%	58%	60%	59%
	<b>Overseas</b>	42%	44%	46%	49%	47%	45%	42%	40%	41%

## Income Statement

(mil. KRW)	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Sales</b>	<b>63,686</b>	<b>62,541</b>	<b>65,669</b>	<b>69,188</b>	<b>71,808</b>
Game	49,155	46,355	45,613	48,376	50,716
Others	14,531	16,185	20,056	20,812	21,092
<b>Operating Expenses</b>	<b>54,258</b>	<b>56,076</b>	<b>57,240</b>	<b>63,238</b>	<b>59,505</b>
Commission	23,763	24,439	23,824	24,329	25,408
Labor	21,078	21,201	21,088	22,409	22,158
Marketing	1,825	2,156	3,358	4,440	4,164
Depreciation	3,910	4,250	4,803	5,162	3,945
Others	3,682	4,030	4,167	6,898	3,830
<b>Operating Income</b>	<b>9,428</b>	<b>6,465</b>	<b>8,429</b>	<b>5,951</b>	<b>12,303</b>
<i>OPM</i>	<i>14.8%</i>	<i>10.3%</i>	<i>12.8%</i>	<i>8.6%</i>	<i>17.1%</i>
Financial Income	7,355	5,764	1,098	873	10,521
Other Income	2,993	3,308	2,887	-607	2,192
Financial Expense	439	10,053	-179	37,862	438
Other Expense	1,272	835	916	5,513	867
<b>Pre-tax Income</b>	<b>18,064</b>	<b>4,649</b>	<b>11,678</b>	<b>-37,158</b>	<b>23,711</b>
Income Tax	5,605	-2,501	1,719	-6,318	3,049
<b>Net Income</b>	<b>12,459</b>	<b>7,150</b>	<b>9,959</b>	<b>-30,840</b>	<b>20,662</b>
<i>NPM</i>	<i>19.6%</i>	<i>11.4%</i>	<i>15.2%</i>	<i>-44.6%</i>	<i>28.8%</i>

## Balance Sheet

(mil. KRW)	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Current Assets</b>	<b>169,586</b>	<b>160,823</b>	<b>96,529</b>	<b>84,462</b>	<b>88,356</b>
Cash and Cash Equivalent	8,327	26,481	25,955	14,842	7,786
Accounts Receivables	145,505	123,427	63,726	64,632	75,575
Others	15,753	10,916	6,849	4,987	4,995
<b>Non-current Assets</b>	<b>1,527,057</b>	<b>1,457,766</b>	<b>1,497,713</b>	<b>1,482,196</b>	<b>1,500,040</b>
Tangible Assets	83,204	83,777	174,179	177,200	182,189
Intangible Assets	13,335	12,897	21,713	21,748	21,791
Investment Assets	1,315,038	1,245,487	1,271,132	1,240,580	1,251,548
Others	115,480	115,605	30,689	42,668	44,511
<b>Total Assets</b>	<b>1,696,643</b>	<b>1,618,590</b>	<b>1,594,242</b>	<b>1,566,659</b>	<b>1,588,396</b>
<b>Current Liabilities</b>	<b>124,791</b>	<b>41,884</b>	<b>43,876</b>	<b>49,479</b>	<b>52,926</b>
Accounts Payables	22,469	20,865	29,450	28,395	25,136
Short-term Borrowings	67,092	3,095	3,097	3,133	7,127
Accrued Income Taxes	27,503	9,978	2,599	3,765	7,272
Others	7,728	7,947	8,731	14,186	13,390
<b>Non-current Liabilities</b>	<b>24,374</b>	<b>25,056</b>	<b>25,688</b>	<b>27,944</b>	<b>28,673</b>
Long-term Accounts Payables	3,796	3,706	3,792	752	784
Allowance for Severance Pay	19,138	19,961	20,543	25,800	26,551
Others	1,440	1,389	1,353	1,392	1,339
<b>Total Liabilities</b>	<b>149,166</b>	<b>66,940</b>	<b>69,565</b>	<b>77,423</b>	<b>81,599</b>
Shareholders' Equity	1,547,477	1,551,650	1,524,677	1,489,235	1,506,797
Paid-in Capital	9,783	9,783	9,783	9,783	9,783
Capital Surplus	1,273,667	1,273,667	1,273,667	1,273,667	1,273,667
Capital Adjustment	-44,477	-44,229	-79,298	-80,283	-80,297
Other Comprehensive Income	3,727	-11,596	-13,459	-13,014	-16,100
Retained Earnings	304,777	324,024	333,984	299,082	319,744
<b>Total Equity</b>	<b>1,547,477</b>	<b>1,551,650</b>	<b>1,524,677</b>	<b>1,489,235</b>	<b>1,506,797</b>

## Income Statement

(mil. KRW)	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Sales</b>	<b>370,591</b>	<b>366,191</b>	<b>351,715</b>	<b>400,099</b>	<b>394,599</b>
Game	114,003	104,963	98,751	99,947	104,680
Payment & Ads	124,023	131,482	122,450	140,258	151,335
Commerce	50,752	49,063	52,210	70,766	63,715
Contents	49,627	48,898	44,549	44,769	39,446
Technology	25,341	29,954	31,879	43,017	36,568
Others	13,780	9,861	8,562	6,380	4,912
Internal transaction	-6,933	-8,030	-6,685	-5,037	-6,058
<b>Operating Expenses</b>	<b>348,862</b>	<b>340,750</b>	<b>329,701</b>	<b>382,607</b>	<b>366,306</b>
Commission	202,790	198,337	190,654	235,848	231,541
Labor	92,711	87,832	83,906	90,117	85,173
Marketing	12,101	14,676	16,720	18,911	15,026
Depreciation	18,019	18,347	18,180	15,525	16,532
Communications	6,720	6,882	6,848	6,315	6,454
Others	16,520	14,677	13,393	15,891	11,579
<b>Operating Income</b>	<b>21,729</b>	<b>25,441</b>	<b>22,015</b>	<b>17,492</b>	<b>28,293</b>
OPM	5.9%	6.9%	6.3%	4.4%	7.2%
Financial Income	10,154	8,087	17,790	16,096	5,904
Equity Method Income	453	566	489	2,762	1,793
Other Income	3,596	4,593	7,424	-1,311	4,837
Financial Expense	2,346	6,748	1,530	31,374	3,882
Equity Method Loss	1,820	602	1,768	141	1,579
Other Expense	3,177	3,693	1,169	37,464	4,314
<b>Pre-tax Income</b>	<b>28,589</b>	<b>27,644</b>	<b>43,250</b>	<b>-33,940</b>	<b>31,053</b>
Income Tax	17,497	10,341	12,487	2,045	13,432
<b>Net Income</b>	<b>11,092</b>	<b>17,303</b>	<b>30,763</b>	<b>-35,985</b>	<b>17,620</b>
NPM	3.0%	4.7%	8.7%	-9.0%	4.5%

## Balance Sheet

(mil. KRW)	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Current Assets</b>	<b>997,854</b>	<b>910,761</b>	<b>998,818</b>	<b>1,058,721</b>	<b>1,000,157</b>
Cash and Cash Equivalent	454,396	444,739	468,573	457,387	437,890
Accounts Receivables	269,741	210,681	225,340	284,987	272,868
Others	273,716	255,341	304,906	316,347	289,399
<b>Non-current Assets</b>	<b>1,531,719</b>	<b>1,469,972</b>	<b>1,456,256</b>	<b>1,441,601</b>	<b>1,480,898</b>
Tangible Assets	367,855	364,738	367,376	364,513	369,766
Intangible Assets	551,725	497,214	494,952	468,573	465,219
Investment Assets	470,296	469,942	453,901	436,093	465,867
Accounts Receivable	33,361	35,006	37,367	37,611	33,686
Others	108,482	103,073	102,660	134,811	146,359
<b>Total Assets</b>	<b>2,529,572</b>	<b>2,380,733</b>	<b>2,455,073</b>	<b>2,500,321</b>	<b>2,481,055</b>
<b>Current Liabilities</b>	<b>577,214</b>	<b>429,874</b>	<b>400,111</b>	<b>532,788</b>	<b>512,691</b>
Accounts Payables	312,103	243,321	234,042	322,310	269,267
Short-term Borrowings	124,053	50,029	47,503	87,633	105,858
Accrued Income Taxes	47,136	51,063	44,223	29,153	33,734
Others	93,922	85,462	74,342	93,691	103,832
<b>Non-current Liabilities</b>	<b>130,473</b>	<b>151,805</b>	<b>146,893</b>	<b>138,832</b>	<b>140,110</b>
Long-term Accounts Payables	2,360	1,702	1,214	14,563	14,185
Long-term Borrowings	57,844	60,786	57,373	52,563	48,472
Allowance for Severance Pay	37,577	38,291	39,356	48,099	49,643
Deferred Income Tax Credits	21,700	21,349	19,357	13,071	17,222
Others	10,992	29,677	29,592	10,535	10,589
<b>Total Liabilities</b>	<b>707,687</b>	<b>581,679</b>	<b>547,004</b>	<b>671,619</b>	<b>652,801</b>
Shareholders' Equity	1,591,282	1,598,674	1,665,675	1,578,817	1,583,725
Paid-in Capital	9,783	9,783	9,783	9,783	9,783
Capital Surplus	1,237,639	1,237,639	1,237,639	1,237,639	1,237,639
Capital Adjustment	-31,531	-34,717	-4,375	-51,089	-71,855
Other Comprehensive Income	-23,349	-21,486	-14,677	-17,694	-5,946
Retained Earnings	398,741	407,456	437,306	400,178	414,105
Non-controlling Interests	230,604	200,380	242,394	249,885	244,529
<b>Total Equity</b>	<b>1,821,886</b>	<b>1,799,054</b>	<b>1,908,070</b>	<b>1,828,702</b>	<b>1,828,254</b>

이 종목의 더 많은 IR정보 [확인하기](#)

**IR GO** 주주와 기업을 연결하고 응원합니다.