

# AfreecaTV

## Investor Relations

May. 2019

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# ➤ Anybody Can Freely Cast !

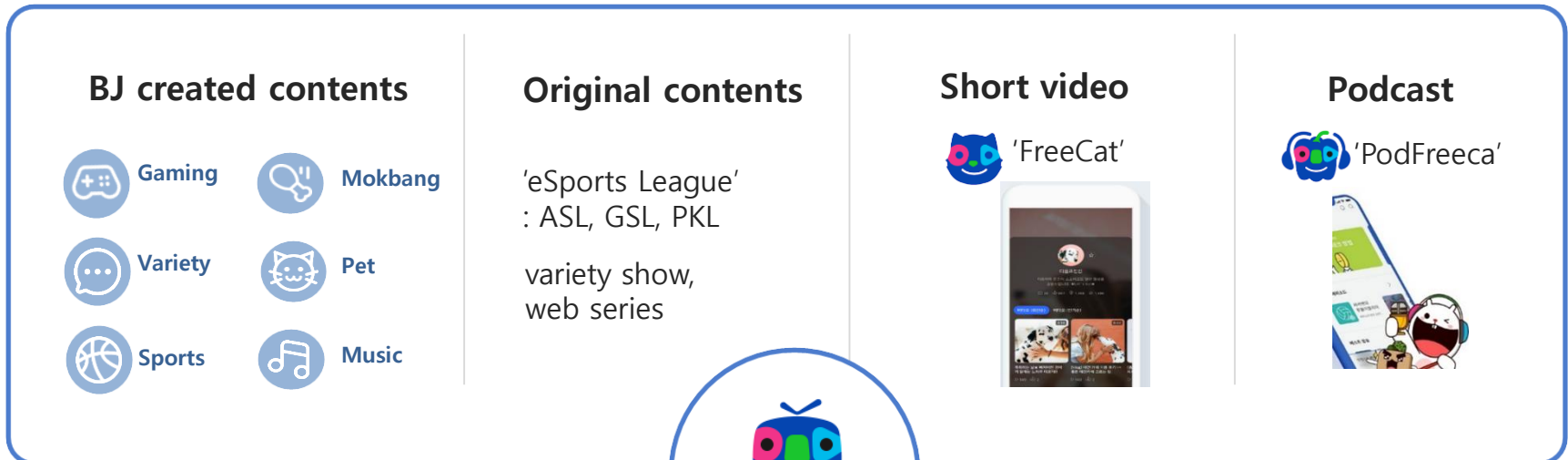
1. Business Area
2. Service
3. Contents
4. Key Index



# 1. Business Area

- Contents diversification: BJ created contents, original contents, 'FreeCat', and 'PodFreeca'.
- Platform expansion: online to offline and TV platform.

## Contents



## Expansion



## 2. Service

- Social/Live/Multi-media platform on which anyone can freely broadcast and watch/participate



- Contents



### BJ created contents

- Gaming, Visual radio, Mokbang, Hobbies, Educational, Beauty etc.



### Professional generated

- Olympics, Word Cup, MLB, EPL etc.
- Secure broadcasting right for the popular events.



### Original contents

- Originally planned & produced by AfreecaTV.
- eSports League, Talent shows, etc.

# 3. Contents - BJ Created Contents

- Category expansion
- Diversifying contents through alliances

Gaming



Variety & Talk show



Sports



Mokbang



Educational



Knowledge sharing



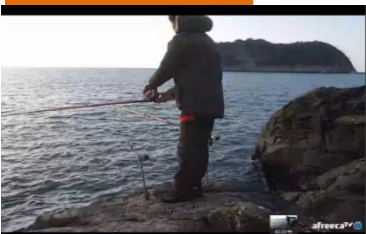
Experts – legal, financial



Current Events



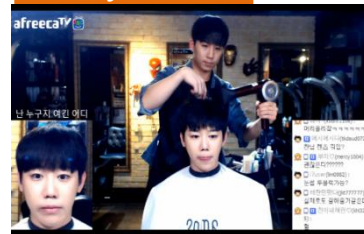
Hobby - Fishing



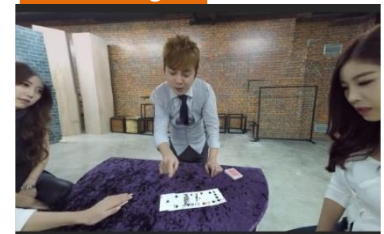
Hobby - clay



Beauty/Fashion



VR – Magic





# 3. Contents – Original Contents

## eSports

- Turnkey solution: produce/operate/broadcast original eSports leagues
- Offline stadium and professional eSports team to strengthen AfreecaTV's eSports ecosystem

### [ AfreecaTV eSports leagues ]



### [ eSports professional eSports team ]

'Afreeca Freecs' - LOL / PUBG



### [ eSports stadium ]

FreecUp studio



### 'Open studio'

Utilize 13 PC-café as eSport stadium



# 3. Contents – Original Contents

- Collaborate on production of unique original contents with BJs
- Broadcast original contents on both AfreecaTV platform and 'SBS-AfreecaTV' channel

## [Music]



## [Sports]



## [Entertainment]



## [Documentary]



## [Web Series]





# 4. Key Index

## Content category by traffic ('18 4Q)



Gaming  
(57%)



Variety & Talk Show  
(21%)



Sports  
(6%)



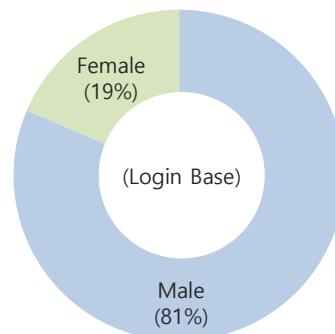
Others  
(16%)

## BJ composition

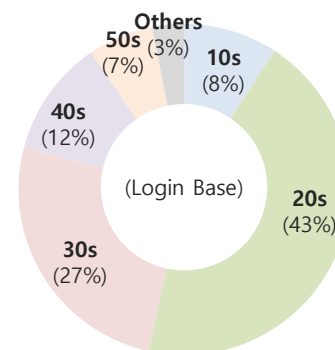
- Active BJ 16,600
- Best+Partner BJ 1,391
- Best/Partner BJ  
Star Balloon Sales contribution  
≙ 42%

## User demographics

### [ Gender ]



### [ Age ]



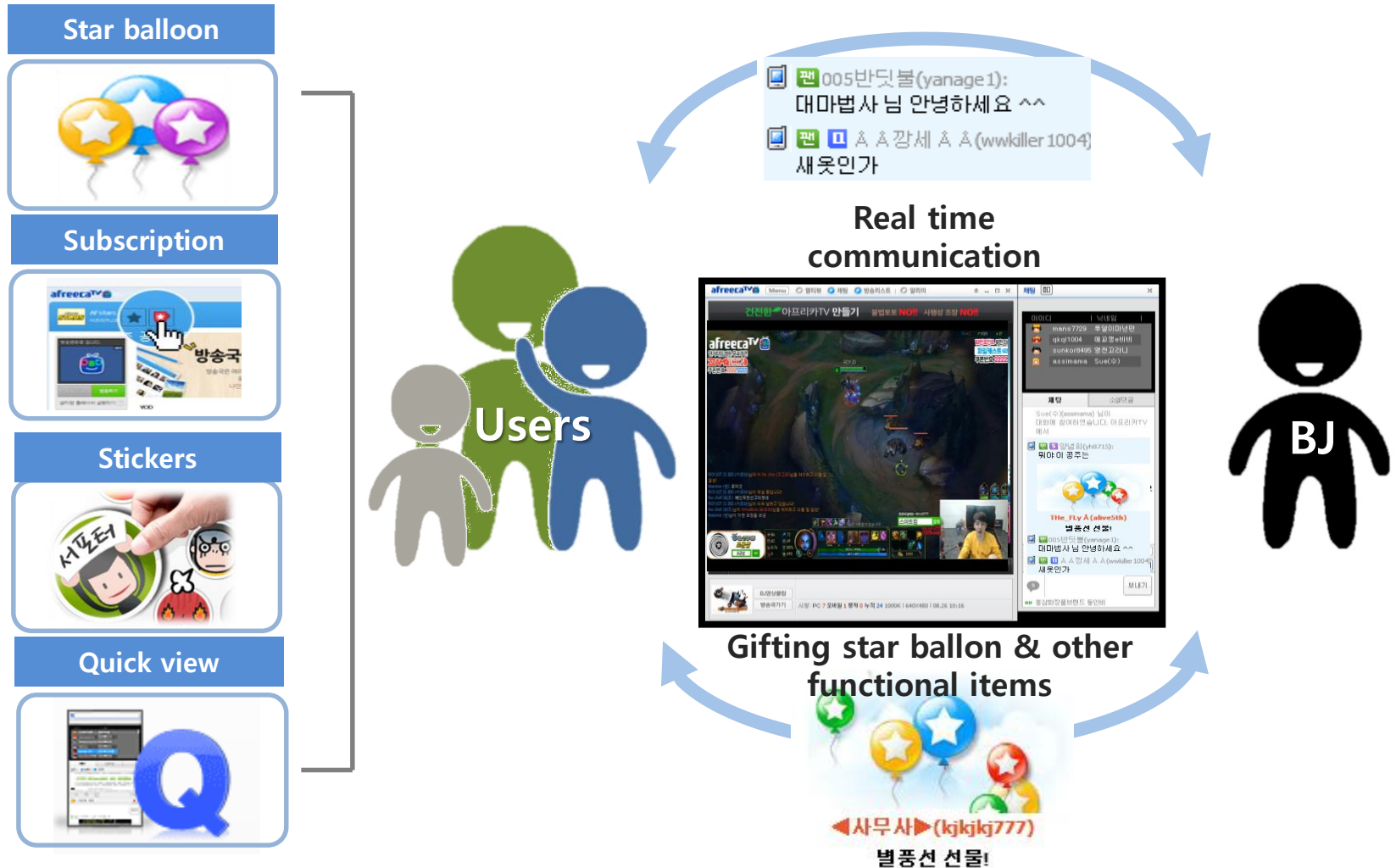
## ➤ Business Model

1. Platform Service
2. Advertisement
3. Multiplatform



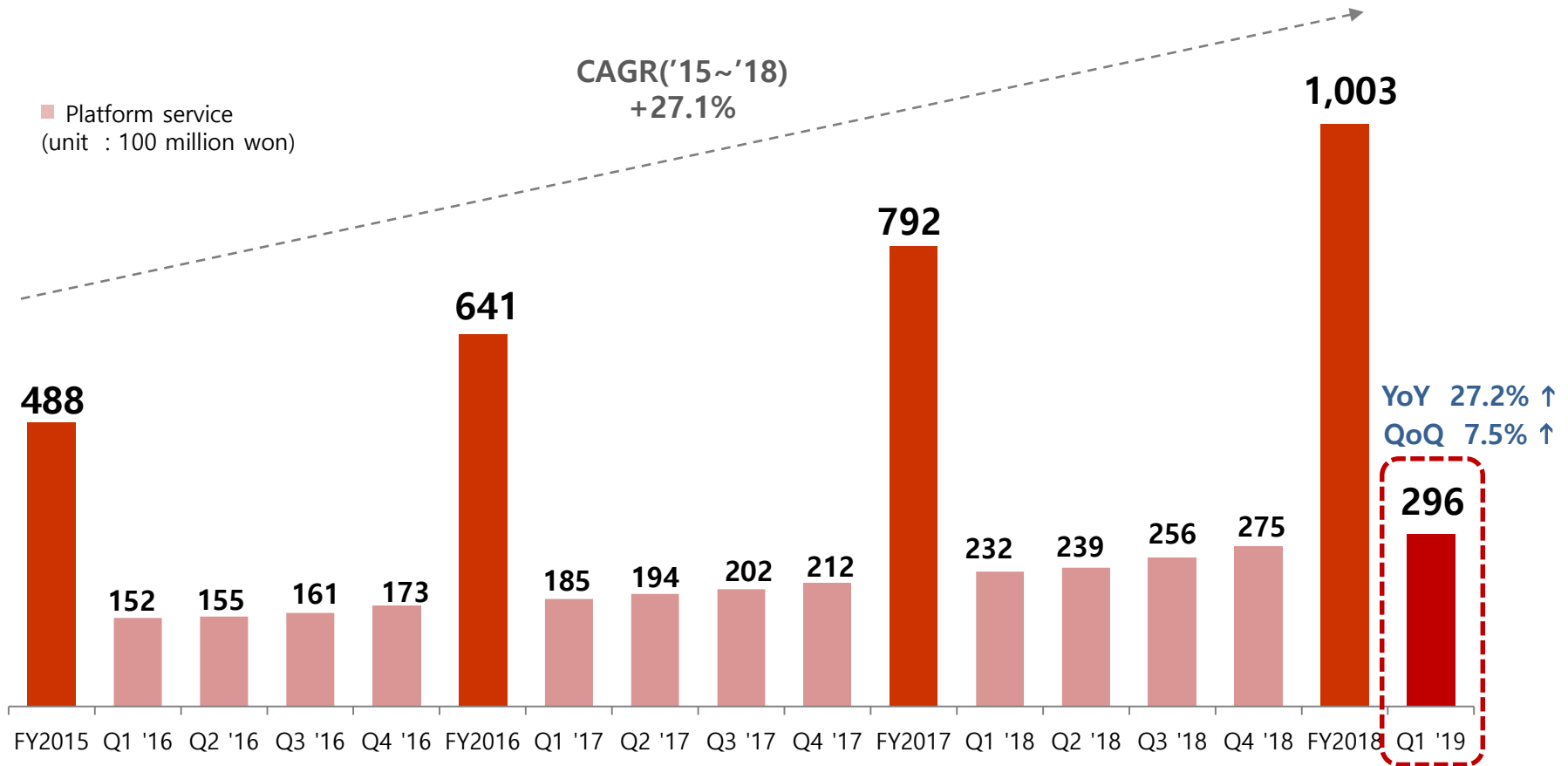
# 1. Platform Service – Gift Economy & Functional Items

- Gift economy based solid community between BJ and users



# 1. Platform Service – Revenue Trend

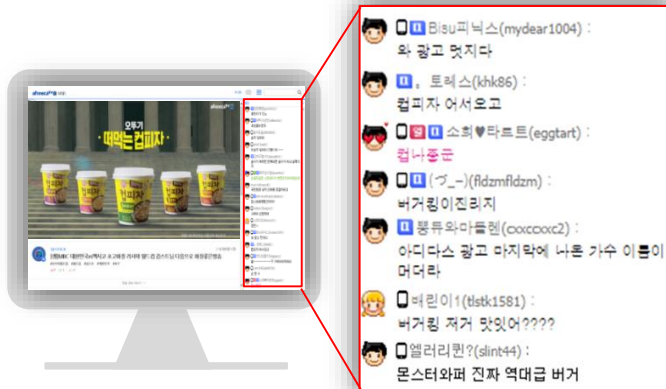
- Platform revenue : 29.6 billion won (Q1 '19)



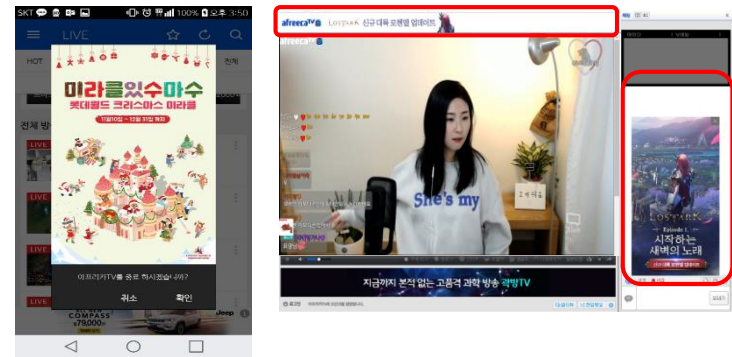
# 2. Advertisement – Platform Advertising

- Targeted advertising

## Pre-roll / Post-roll



## Banner & Sliding



## AD Time

BJ can choose specific advertisement and play on their channel



# 2. Advertisement – Branded Content Advertising

## Case ① Gaming

- Extend lifecycle of game by running/broadcasting game leagues/contests.

### Game leagues

Case1)'FIFA Online' amateur league



### Influential BJ game streams

Case2) Kartrider BJ tournament





## 2. Advertisement – Branded Content Advertising

### Case ② Non-Game

- KOL advertising leveraging AfreecaTV's strong community
- Product placement opportunities
- Real time user feedback

#### Brand live show with famous BJ

Case1)'Everland' live show with BJ



Users give a real-time feedback through chat.

#### Brand VOD – BJ/User participation

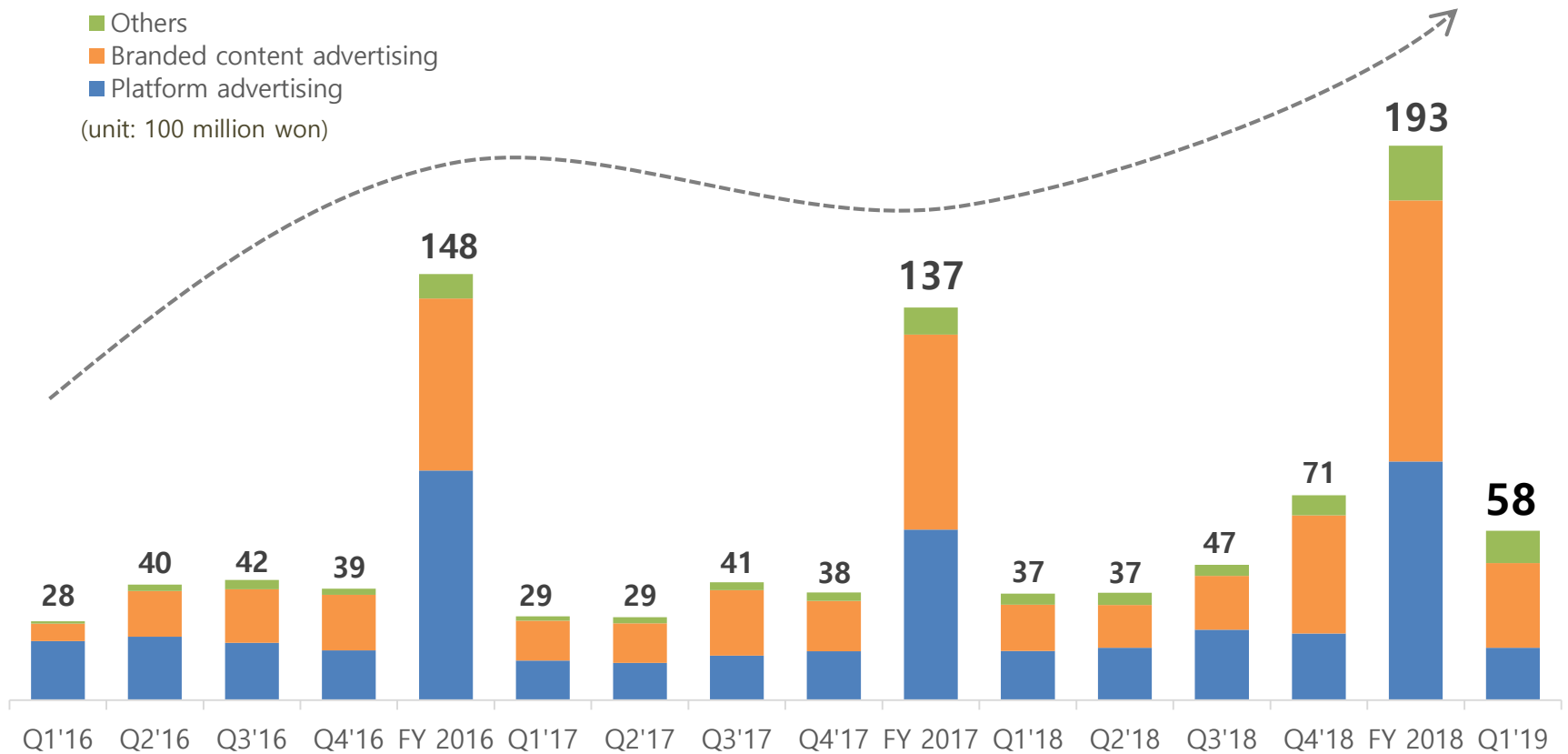
Case2) Lotte 'Pappico' reaction contest



BJ, User produce their own VOD and participate in contest

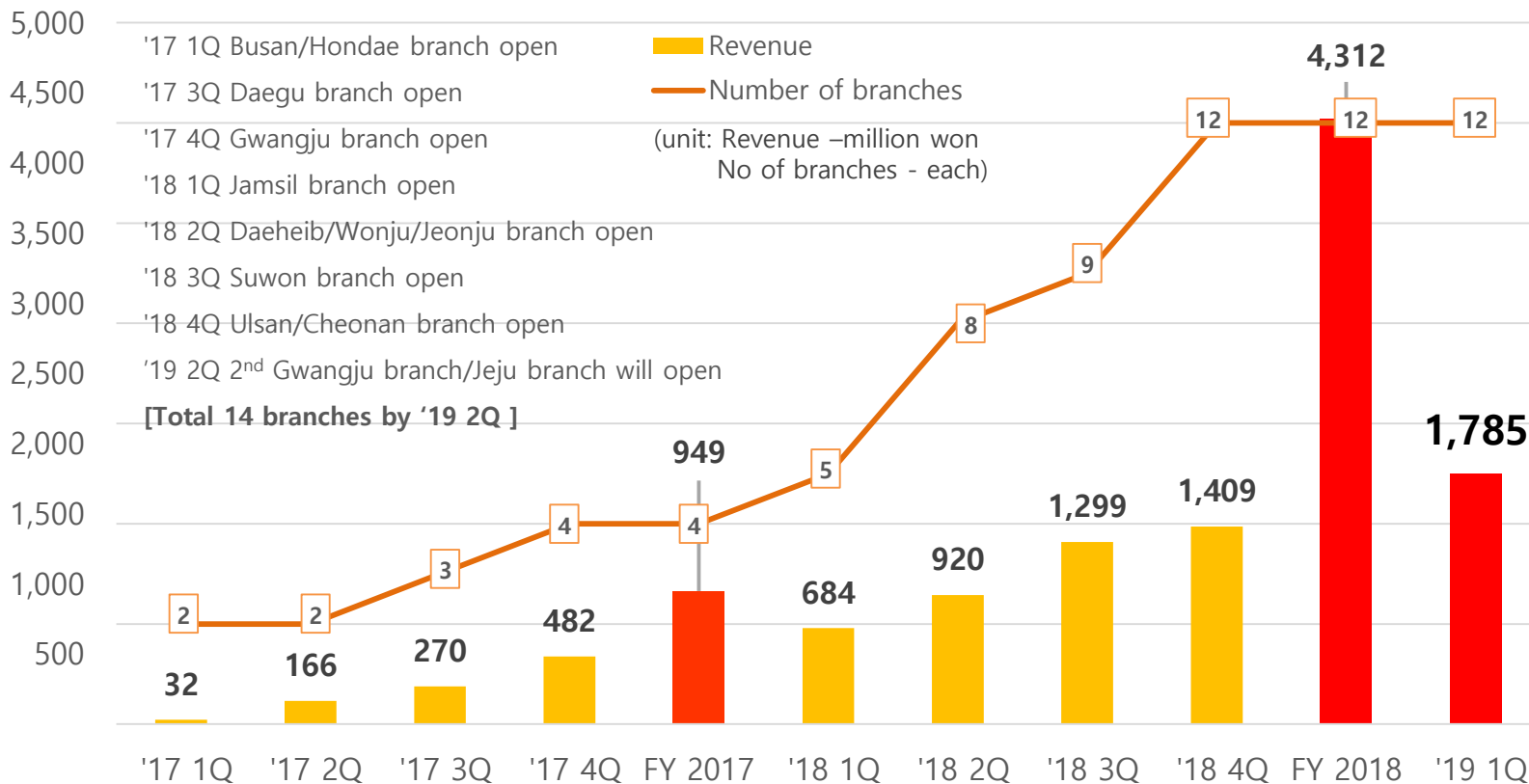
## 2. Advertisement – Revenue Trend

- Advertisement revenue : 5.8 billion won (Q1 '19)
- Expect annual growth in branded content advertising



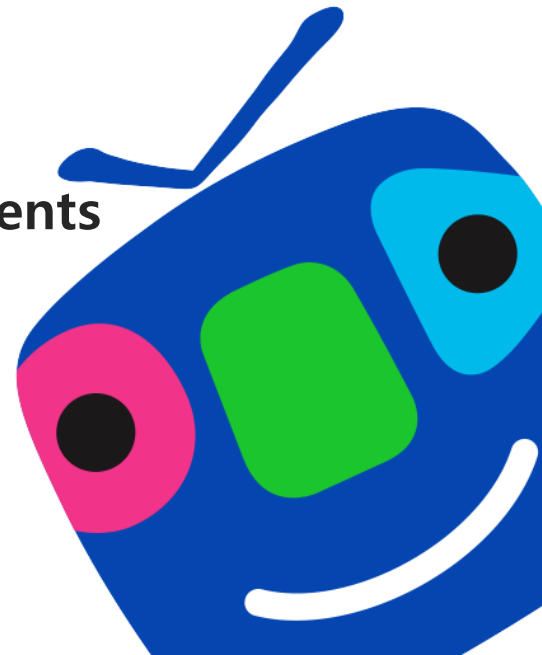
# 3. Multiplatform- Open Studio

- 12 nation wide PC-café ('19 1Q)
- Operate PC-café and eSports stadium (ticket sales, Rent)



# ➤ Business Performance

1. 2019 Strategic Goals
2. Revenue & Operating Income
3. Cost Breakdown
4. Summary of Consolidated Financial Statements



# 1. 2019 Strategic Goals

## Strengthen & Expand Platform

- Intuitive UI/UX
- Improved broadcasting environment
- Commitment to VOD service as integral part of our ecosystem
- Strengthen existing & create new communities

## Expand eSports Business

- Leverage 'SBS-AfreecaTV' increase commitment to eSports
- Strengthen BJ/User community
- Expand reach of eSports cable channel
- Leverage offline & online assets

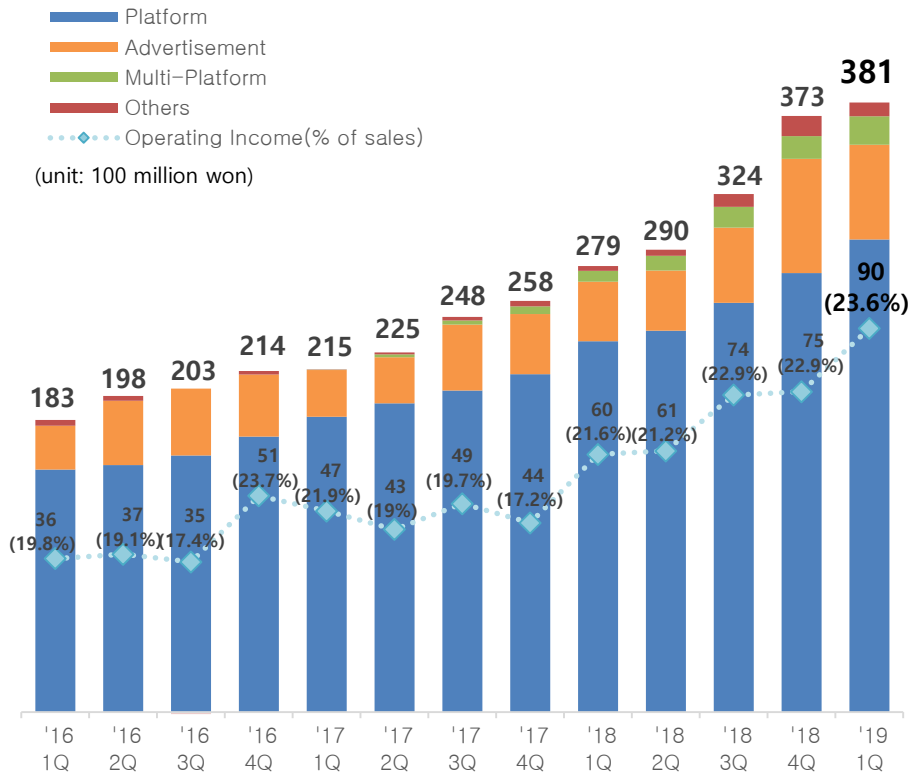
## New Business Alliance

- Seek alliances to increase reach & seek new opportunities
- KOL & Branded marketing

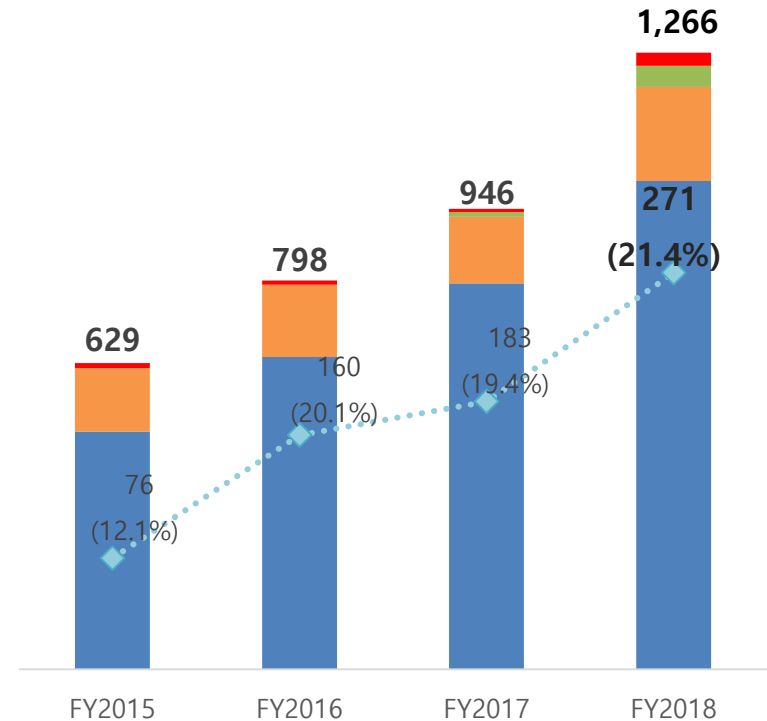
## 2. Revenue & Operating Income

- Steady growth in revenue through all segments; platform, advertisement, multiplatform.
- Leveraging operating income with steady platform sales growth.

### Quarterly Earnings



### Annual Earnings





### 3. Cost Breakdown

(Unit: million won)

	2019.1Q		2018.4Q		QoQ	2018.1Q		YoY	2018	
		%		%			%			%
<b>Operating revenue</b>	<b>38,101</b>	<b>100%</b>	<b>37,308</b>	<b>100%</b>	<b>+2.1%</b>	<b>27,934</b>	<b>100%</b>	<b>+36.4%</b>	<b>126,628</b>	<b>100%</b>
<b>Operating expense</b>	<b>29,098</b>	<b>76%</b>	<b>29,793</b>	<b>80%</b>	<b>-2.3%</b>	<b>21,889</b>	<b>78%</b>	<b>+32.9%</b>	<b>99,505</b>	<b>79%</b>
Employment costs	9,669	25%	7,470	20%	+29.4%	7,215	26%	+34.0%	29,259	23%
Commission & service charge	4,683	12%	6,133	16%	-23.6%	4,318	15%	+8.4%	19,653	16%
Paying charges	3,817	10%	3,766	10%	+1.4%	2,248	8%	+69.8%	11,493	9%
Dedicated internet circuit expense	2,383	6%	1,987	5%	+19.9%	1,841	7%	+29.4%	8,162	6%
BJ support expense	1,726	5%	1,765	5%	-2.2%	1,709	6%	+1.0%	6,808	5%
Contents production costs	1,423	4%	3,256	9%	-56.3%	1,447	5%	-1.7%	8,279	7%
Depreciation	1,649	4%	1,332	4%	+23.8%	798	3%	+106.6%	4,021	3%
Rent	839	2%	682	2%	+23.1%	587	2%	+43.1%	2,552	2%
Advertising expense	107	0%	69	0%	+55.0%	168	1%	-36.2%	371	0%
Event expense	278	1%	1,453	4%	-80.9%	278	1%	-0.1%	2,280	2%
Others	2,523	7%	1,879	5%	+34.3%	1,281	5%	+97.0%	6,626	5%

\* (%) : /Operating revenue

# 4. Summary of Consolidated Financial Statement

(Unit: million won)

	2019.1Q	2018.4Q	2018.1Q	2018	2017
Total assets	166,238	157,444	110,912	157,544	103,442
Total liabilities	70,033	64,651	39,035	64,651	33,334
Total shareholders' equity	96,205	92,893	71,877	92,893	70,108
Capital stock	5,747	5,747	5,653	5,747	5,653
Operating revenue	38,101	37,308	27,934	126,628	94,552
Operating profit	9,003	7,515	6,045	27,123	18,323
Income/losses before income taxes	9,686	5,767	7,041	26,592	18,066
Net profit	7,729	4,367	5,741	21,335	14,659

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