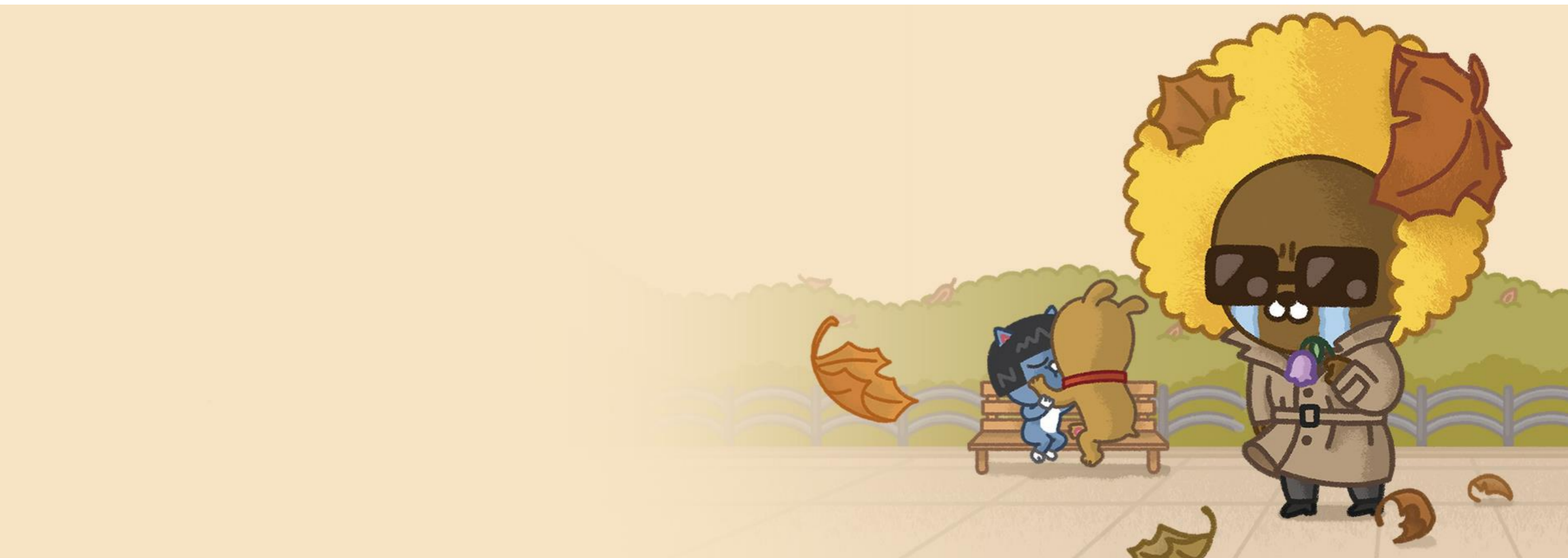


# Q3 2019 Earnings Results

2019. 11. 7 | Investor Relations



# Disclaimer

Financial information contained in this document is based on consolidated K-IFRS that have not been reviewed by an independent auditor.

Therefore, the information and financial data contained in this document are subject to change upon an independent auditor's review.

The company does not make any representation or accept liability, as to the accuracy or completeness of the information contained in this material.

The format and contents of this document are subject to change for future filings and reports.

Kakao is not liable for providing future updates on all figures included in this document.

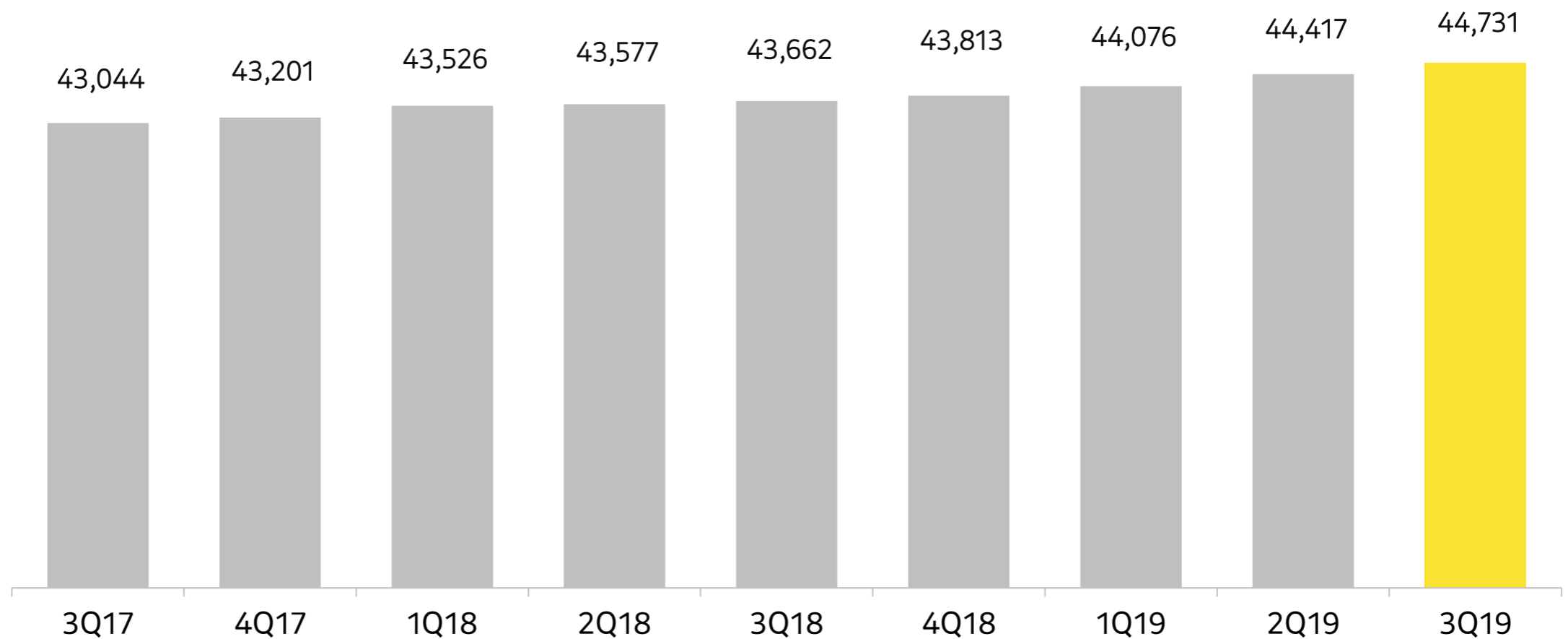
# KakaoTalk Monthly Active Users



Monthly Active Users in Korea continue to grow +1,069K YoY , +314K QoQ

Total Countries serviced: 230+ (Based on Country Codes), in 16 Languages

(in thousands)



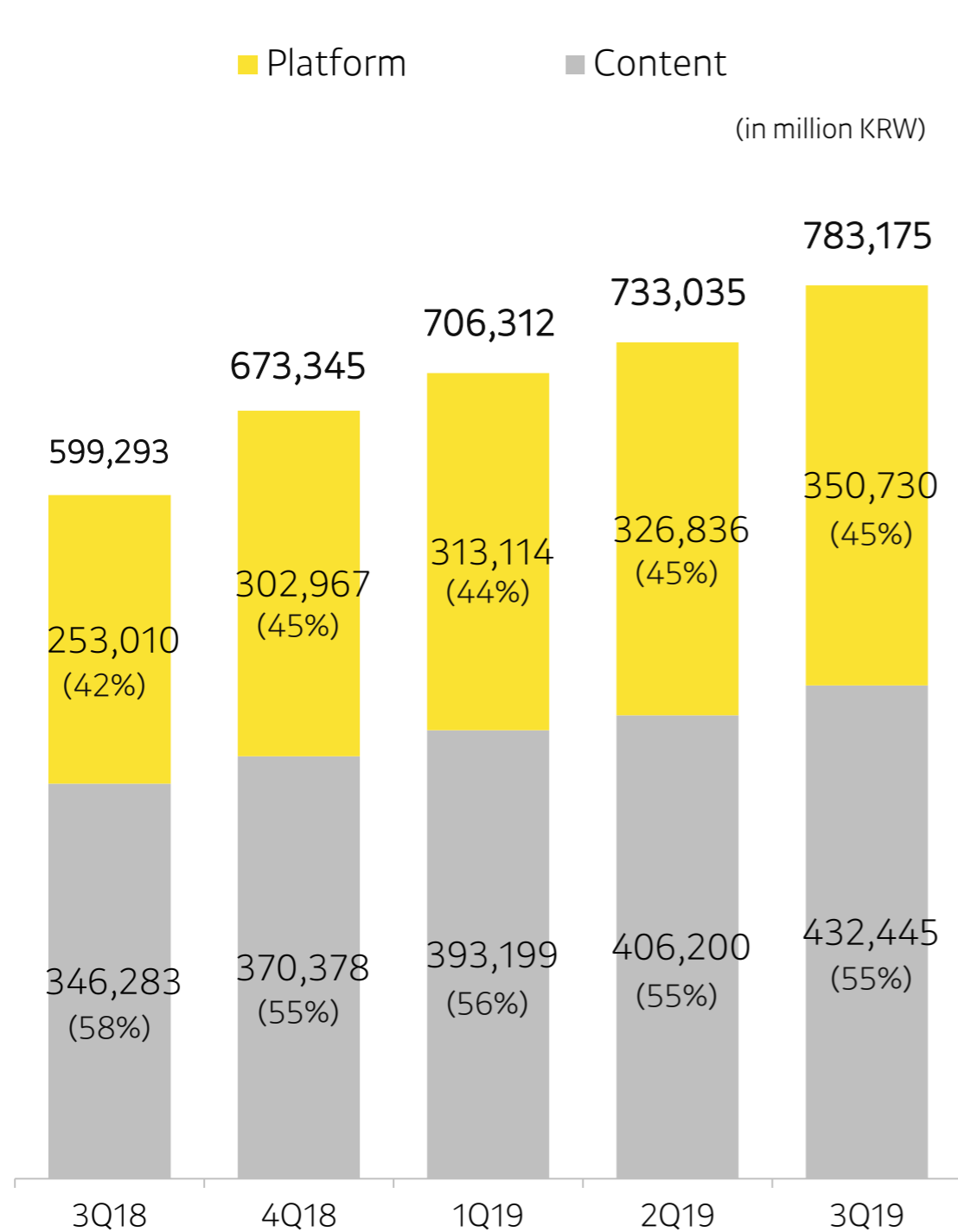
Korea	43,044	43,201	43,526	43,577	43,662	43,813	44,076	44,417	44,731
Global	49,844	49,709	50,348	50,139	50,226	50,220	50,548	50,882	51,374

Average of monthly MAUs. Global includes domestic MAUs.

# Total Revenue

3Q Total Revenue YoY +31% / QoQ +7%

Platform Business accounts for 45%, Content Business 55%



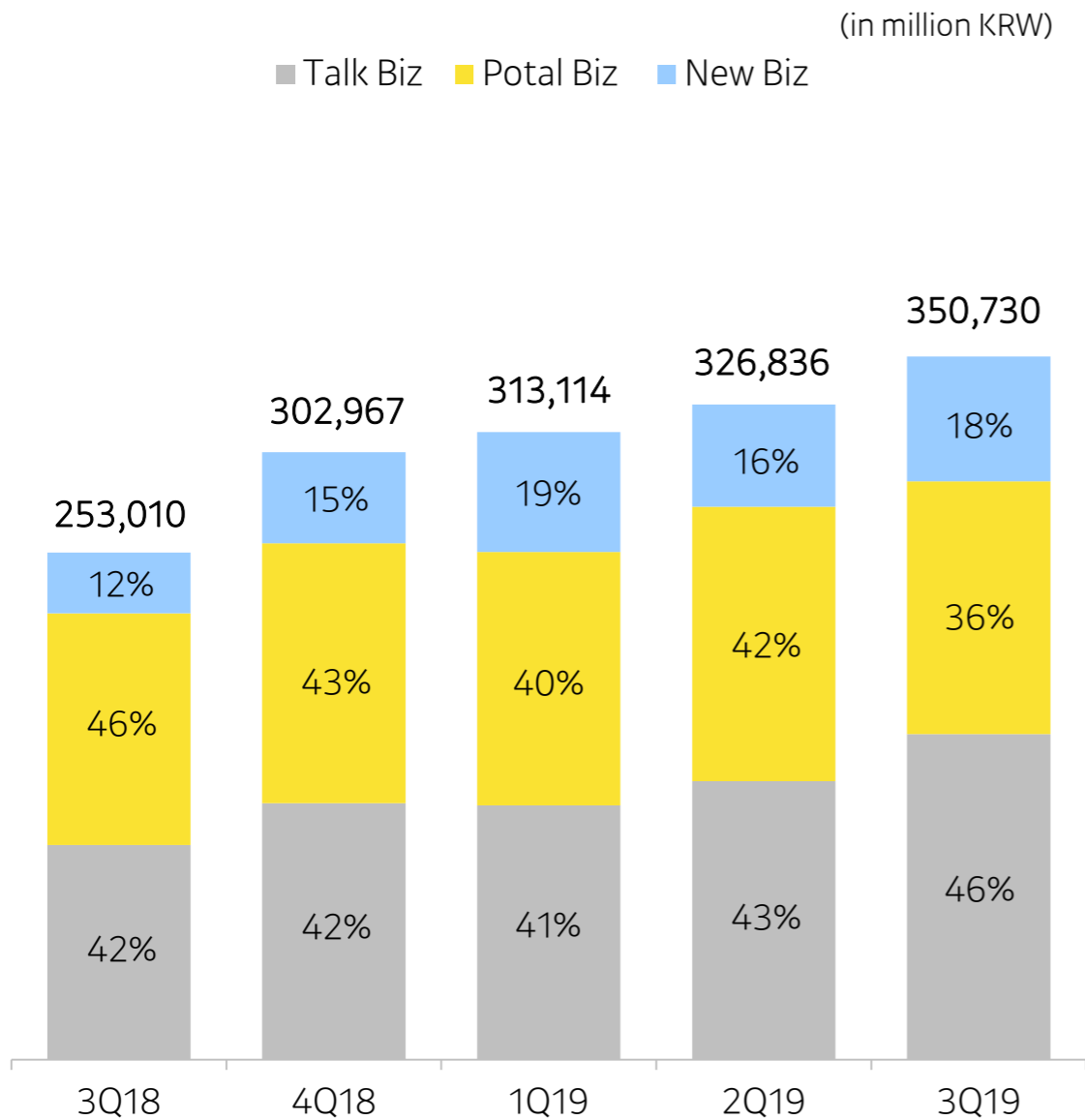
Revenue Breakdown		
Platform	Talk Biz	KakaoTalk(KakaoTalk Channel, #Tab, Talk Store, etc.) Talk Gift Shop, Kakao Makers KakaoTalk Brand/B2C Emoticon New BM in KakaoTalk (Talk Bizboard, Chat Bot, etc.)
	Portal Biz	Daum PC Daum Mobile Other subsidiaries' ad Kakao Story/Style/Page
	New Biz	Mobility, Pay Misc. (Other Subsidiaries)
Content	Game	Mobile PC Kakao VX
	Music	Melon Kakao Music Digital music distribution Ticket
	Paid Content	Kakao Page Daum Webtoon Piccoma
	IP Business and Others	Kakao IX Kakao M (Excluding digital music distribution)

# Platform / Content

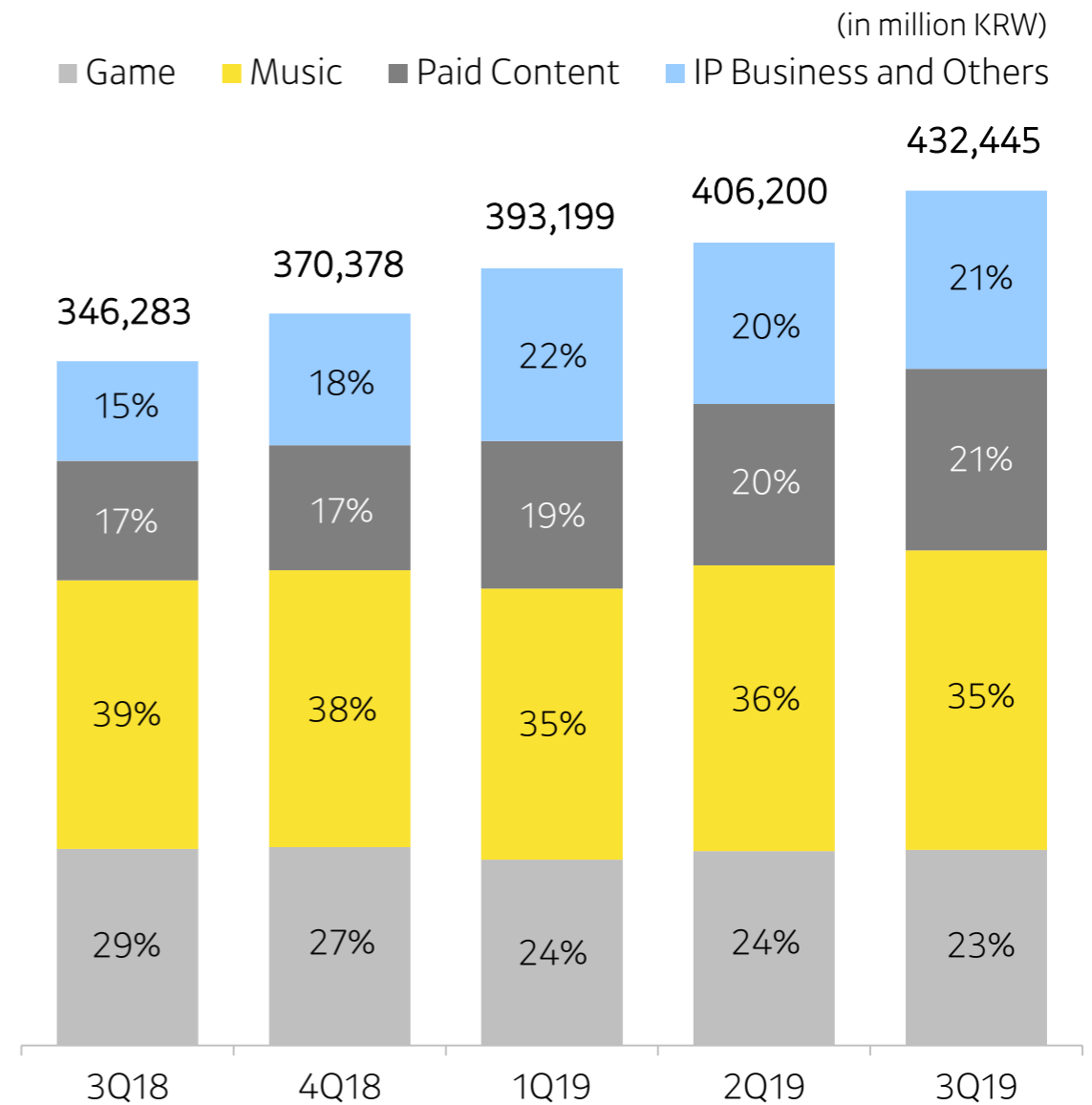
Platform YoY +39% / QoQ +7%

Content YoY +25% / QoQ +6%

## Platform



## Content



# Platform | Talk Biz Portal Biz New Biz

Talk Biz YoY +52% / QoQ +17%

Accelerated growth on the back of strong message ad and Talk Board expansion

Portal Biz YoY +9% / QoQ -8%

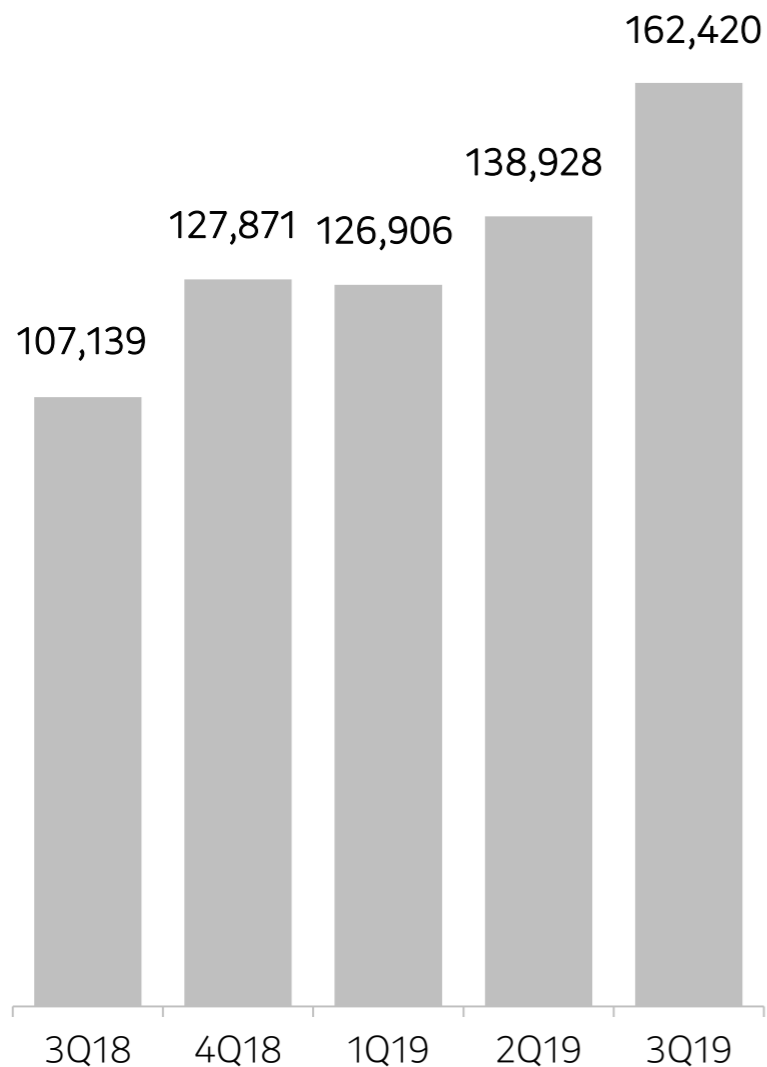
YoY growth on adoption of new ad platform Kakao Moment (QoQ decrease due to low season)

New Biz YoY +105% / QoQ +22%

Sharp revenue growth led by Kakao Pay and Mobility

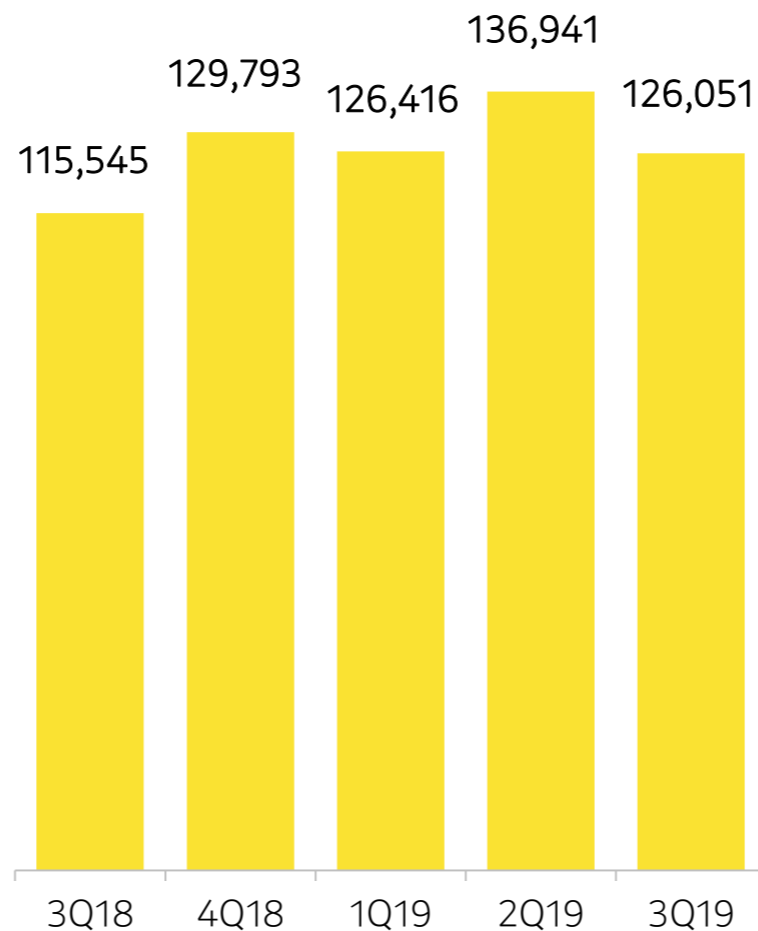
## Talk Biz

(in million KRW)



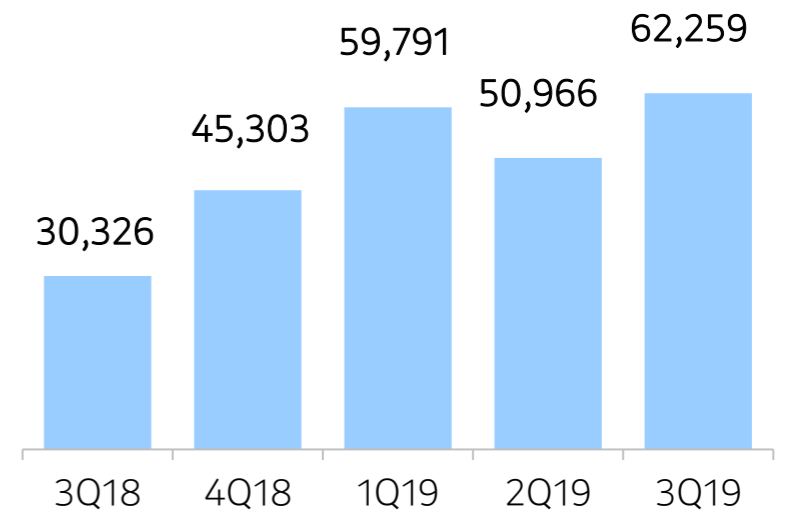
## Portal Biz

(in million KRW)



## New Biz

(in million KRW)



# Content | Game Music

Game YoY -0.4% / QoQ +1%

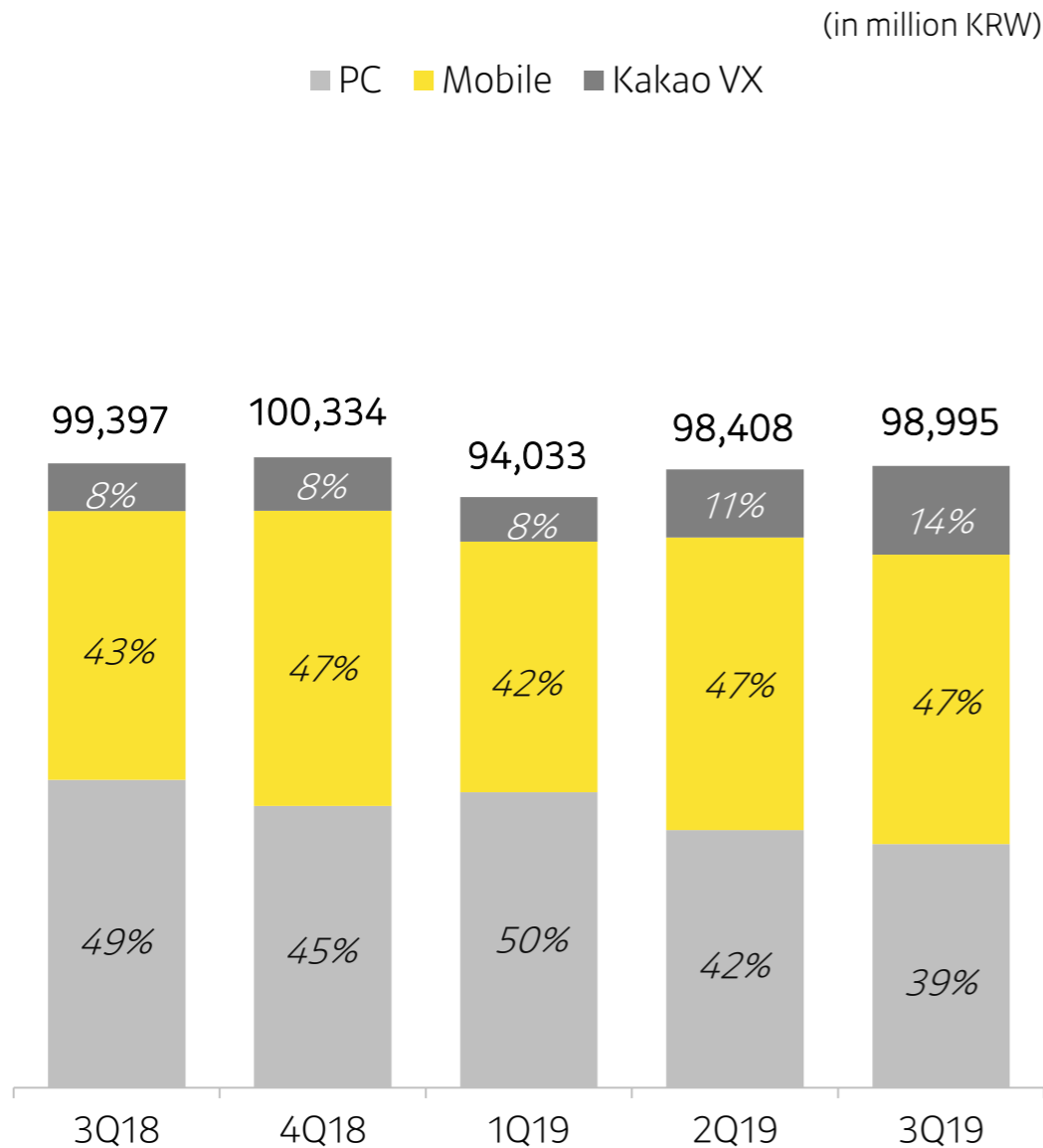
Maintained due to diversified revenue stream from new game launches

↳ PC -21%(y)/-5%(q), Mobile +8%(y)/-1%(q), Kakao VX +86%(y)/+31%(q)

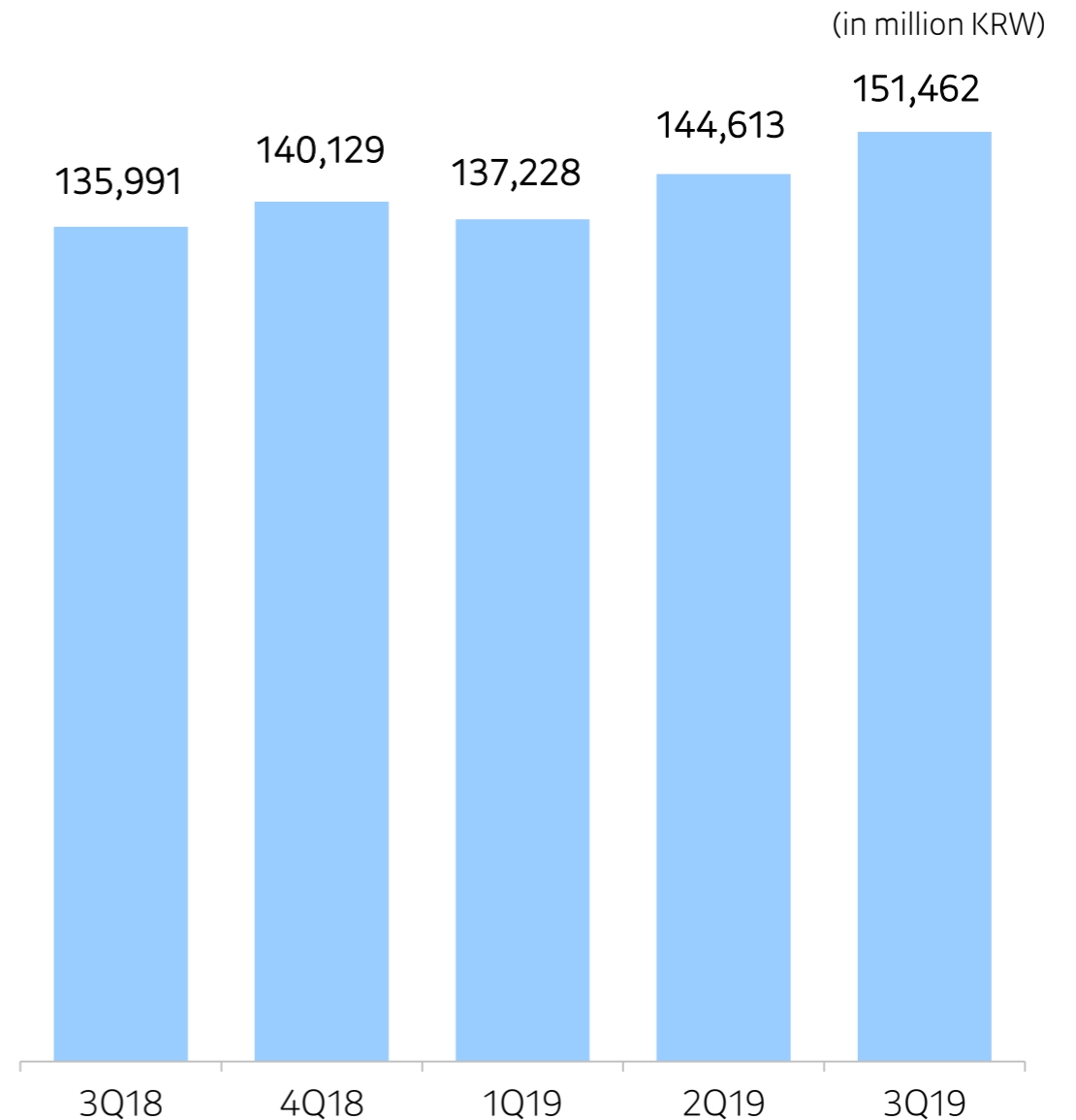
Music YoY +11% / QoQ +5%

Record high revenue again thanks to efficient marketing strategy and strong user loyalty

## Game



## Music



# Content | Paid Content IP Business and Others

Paid Content YoY +52% / QoQ +13%

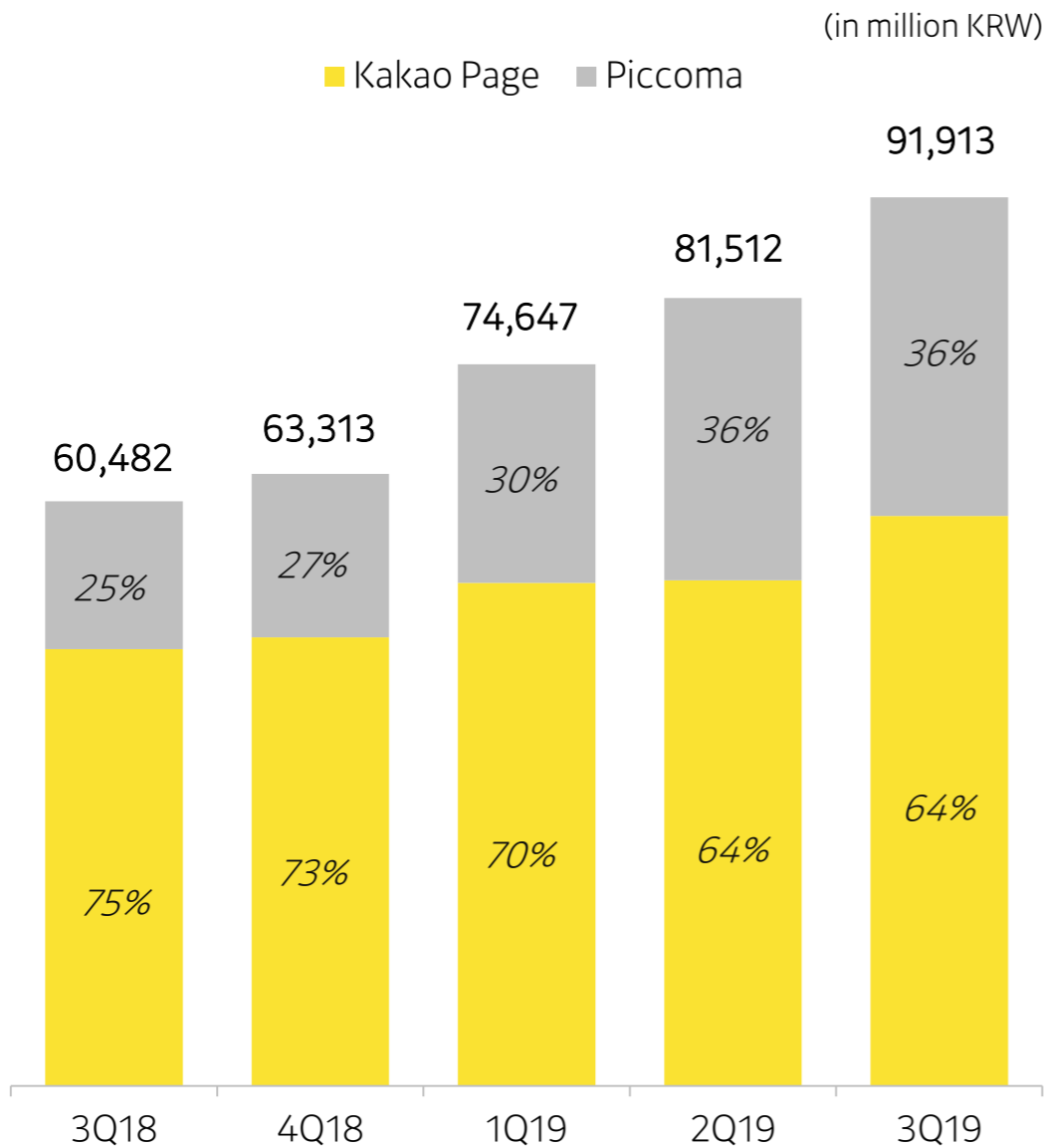
↳ Kakao Page +30%(y)/+13%(q), Piccoma +115%(y)/+13%(q)

Continued investments into outstanding strong IPs resulting in robust growth

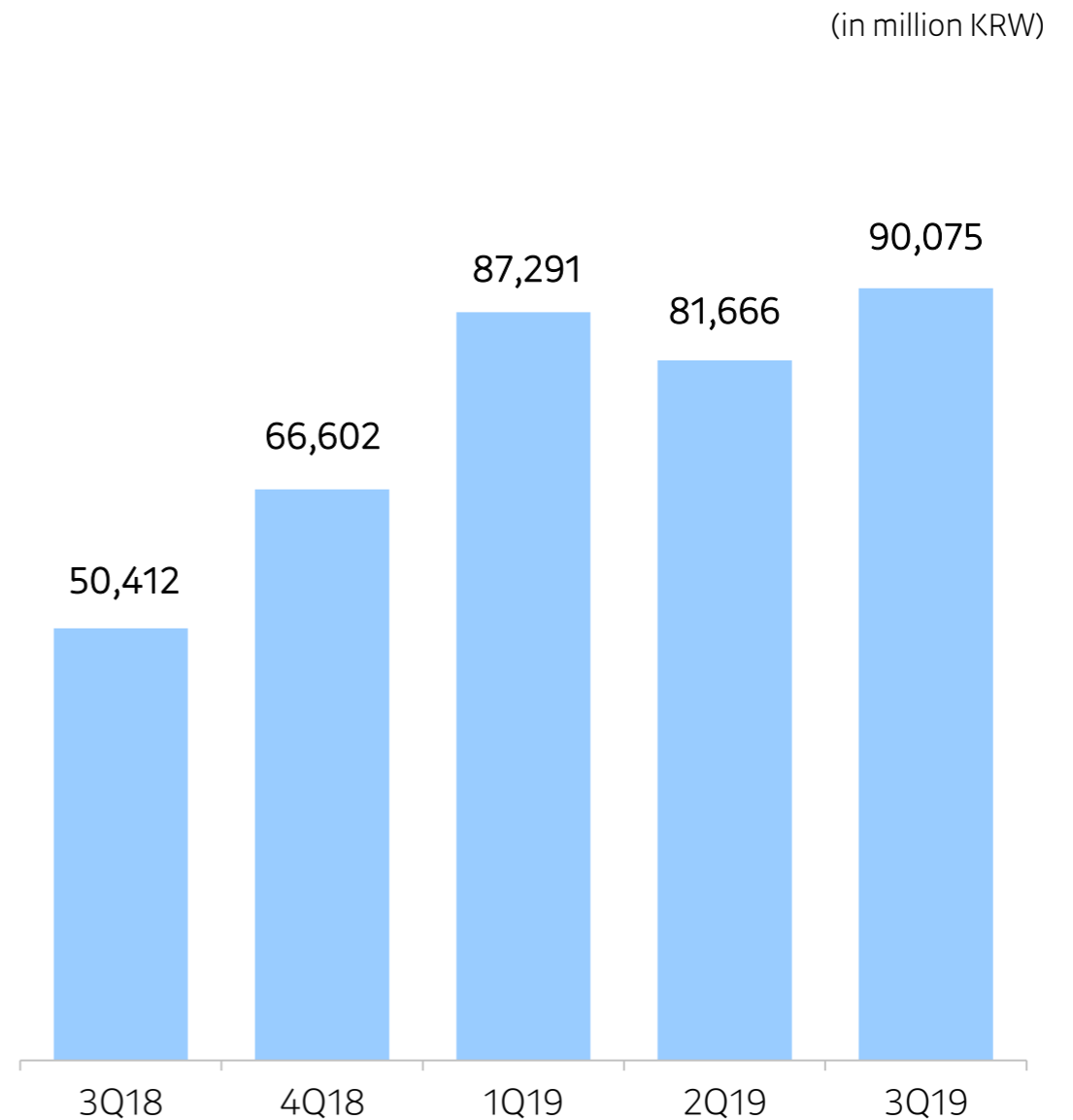
IP Business and Others YoY +79% / QoQ +10%

Strong growth from Kakao Friends IP business and Kakao M's talent management expansion

## Paid Content



## IP Business and Others





# Earnings Summary

(in million KRW)

	3Q18	2Q19	3Q19	Chg.	
				YoY	QoQ
Total Revenue	599,293	733,035	783,175	31%	7%
Platform	253,010	326,836	350,730	39%	7%
Talk Biz	107,139	138,928	162,420	52%	17%
Portal Biz	115,545	136,941	126,051	9%	-8%
New Biz	30,326	50,966	62,259	105%	22%
Content	346,283	406,200	432,445	25%	6%
Game	99,397	98,408	98,995	-0.4%	1%
Music	135,991	144,613	151,462	11%	5%
Paid Content	60,482	81,512	91,913	52%	13%
IP Business and Others	50,412	81,666	90,075	79%	10%
Operating Expenses	568,629	692,577	724,093	27%	5%
Operating Profit	30,664	40,459	59,082	93%	46%
Margin (%)	5.1%	5.5%	7.5%	2.4%p	2.0%p
Net Profit	7,384	30,992	51,454	597%	66%
Controlling Interests	16,635	38,775	55,717	235%	44%
Non-controlling Interests	-9,251	-7,782	-4,263	-	-

# Operating Expenses

(in million KRW)

	3Q18	2Q19	3Q19	Chg.	
				YoY	QoQ
Operating Expenses	568,629	692,577	724,093	27%	5%
Labor Cost	130,349	159,044	177,401	36%	12%
Cost of Revenue	261,099	341,883	355,005	36%	4%
Outsourcing / Infrastructure	84,719	84,424	79,145	-7%	-6%
Marketing Expense	37,187	39,937	36,840	-1%	-8%
Depreciation and Amortization Cost	34,532	53,360	60,746	76%	14%
Misc.	20,742	13,928	14,955	-28%	7%

# Profits

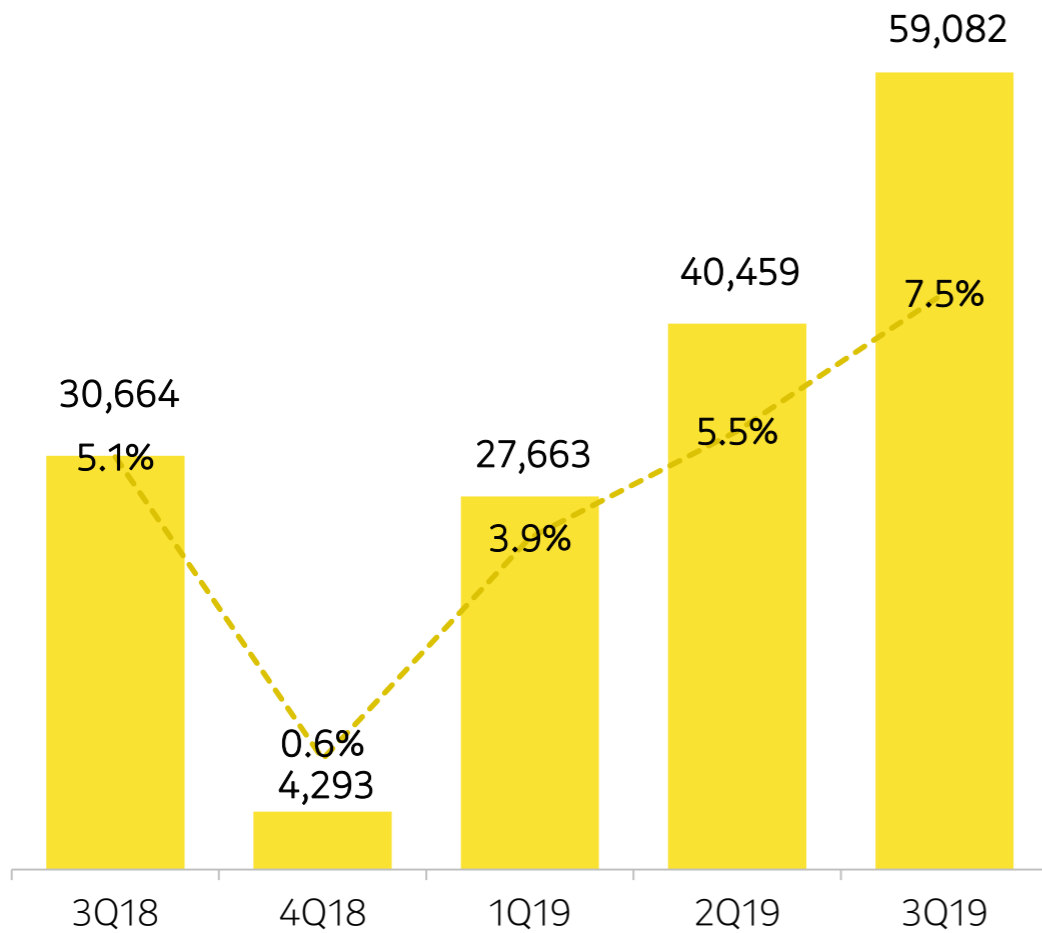
Operating Profit YoY +93% / QoQ +W46%

Net Profit YoY +597% / QoQ +66%

Core business OP recorded W88.6bn, resulting in highest quarterly OP since FY2015

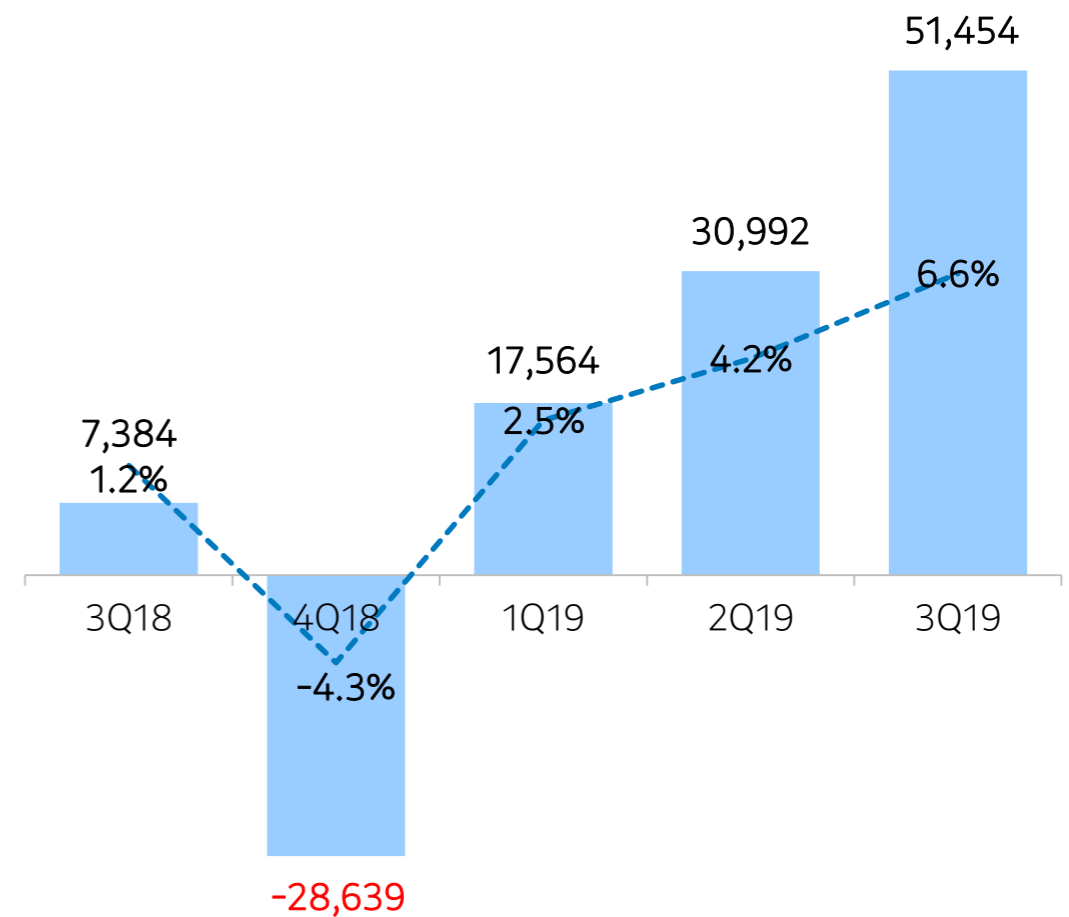
## Operating Profit(Ratio)

(in million KRW)



## Net Profit(Ratio)

(in million KRW)



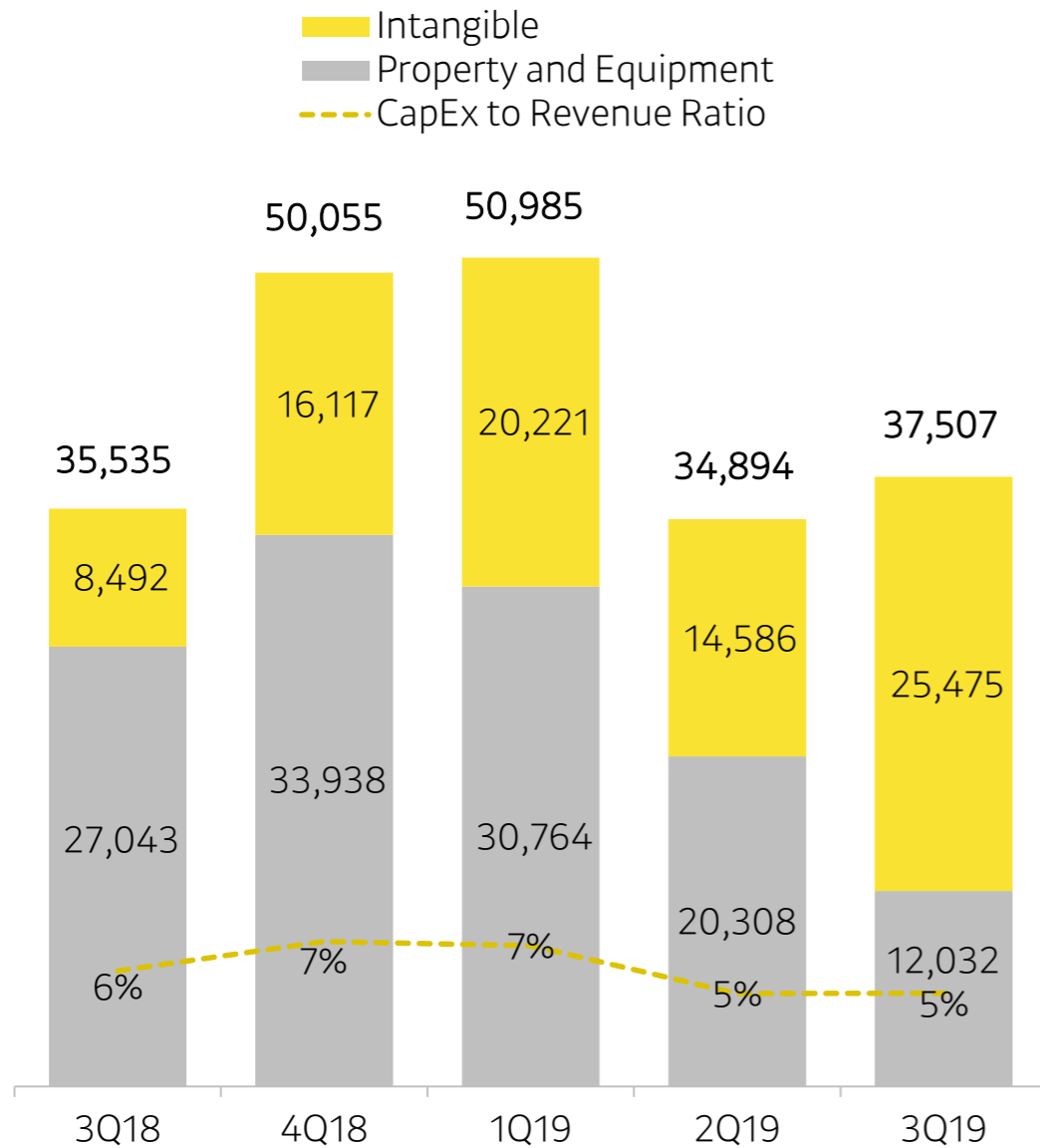
# CapEx / Employees

CapEx YoY +6% / QoQ +7%

Employees YoY +1,180 / QoQ +175

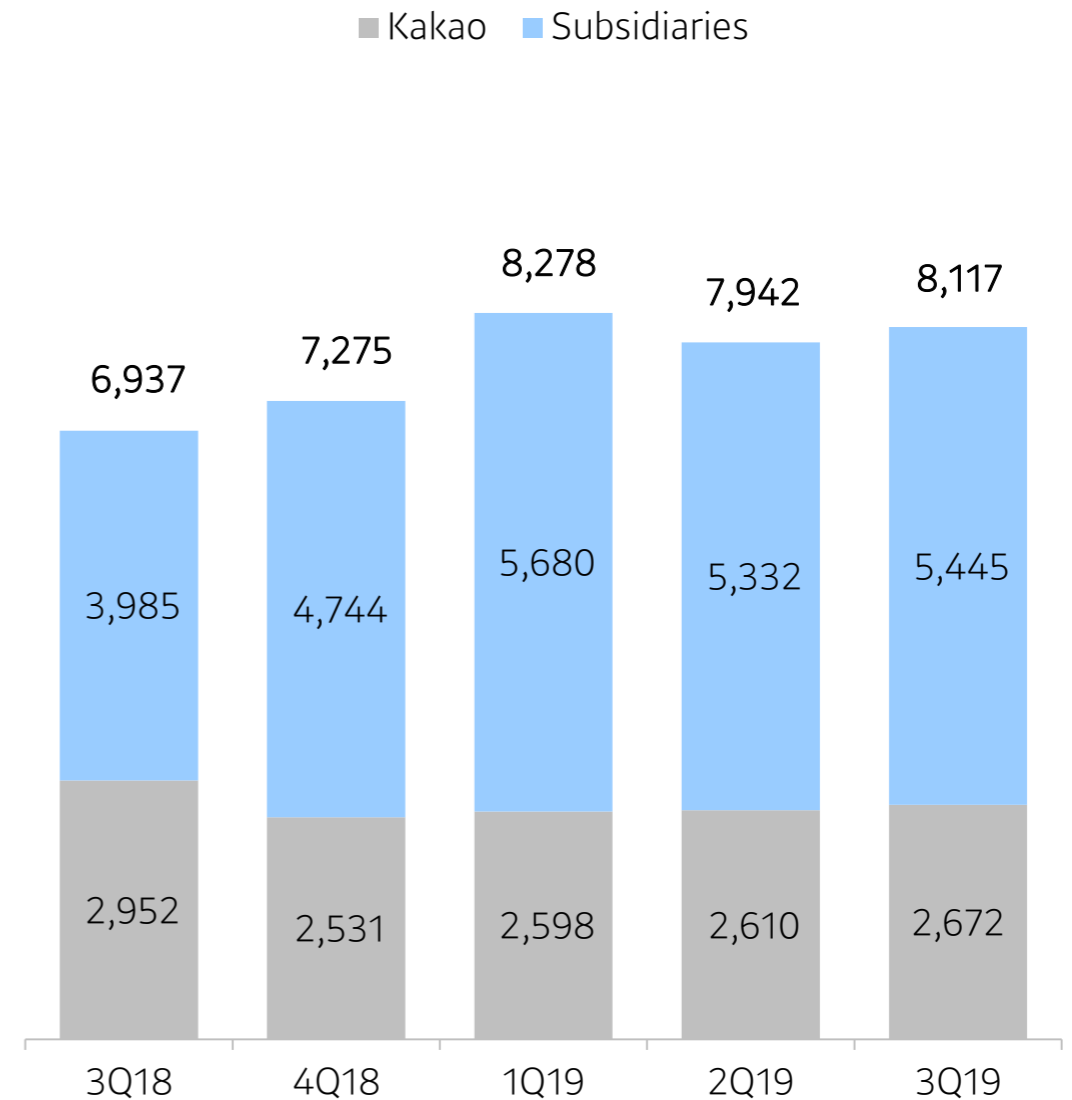
## CapEx

(in million KRW)



## Employees

(# of people)



# Consolidated Financial Statements Summary

## Consolidated Income Statement

(in million KRW)	3Q18	4Q18	1Q19	2Q19	3Q19
<b>Total Revenue</b>	<b>599,293</b>	<b>673,345</b>	<b>706,312</b>	<b>733,035</b>	<b>783,175</b>
Platform	253,010	302,967	313,114	326,836	350,730
Talk Biz	107,139	127,871	126,906	138,928	162,420
Portal Biz	115,545	129,793	126,416	136,941	126,051
New Biz	30,326	45,303	59,791	50,966	62,259
Content	346,283	370,378	393,199	406,200	432,445
Game	99,397	100,334	94,033	98,408	98,995
Music	135,991	140,129	137,228	144,613	151,462
Paid Content	60,482	63,313	74,647	81,512	91,913
IP Business and Others	50,412	66,602	87,291	81,666	90,075
<b>Operating Expenses</b>	<b>568,629</b>	<b>669,052</b>	<b>678,649</b>	<b>692,577</b>	<b>724,093</b>
Labor Cost	130,349	158,323	160,127	159,044	177,401
Cost of Revenue	261,099	306,867	330,644	341,883	355,005
Outsourcing / Infrastructure	84,719	87,804	89,930	84,424	79,145
Marketing Expense	37,187	55,741	32,947	39,937	36,840
Depreciation and Amortization Cost	34,532	38,193	50,142	53,360	60,746
Misc.	20,742	22,124	14,859	13,928	14,955
<b>Operating Profit</b>	<b>30,664</b>	<b>4,293</b>	<b>27,663</b>	<b>40,459</b>	<b>59,082</b>
<i>Margin (%)</i>	<i>5.1%</i>	<i>0.6%</i>	<i>3.9%</i>	<i>5.5%</i>	<i>7.5%</i>
Other Non-Operating Income	27,492	21,676	8,837	13,463	30,070
Other Non-Operating Expenses	24,616	33,536	16,048	10,955	12,193
Financial Income	18,429	44,077	22,801	13,319	30,091
Financial Expenses	6,500	27,918	5,729	13,770	9,359
Equity-method Income	2,769	-20,361	2,988	11,052	-8,844
<b>Profit before Income Tax</b>	<b>48,238</b>	<b>-11,769</b>	<b>40,512</b>	<b>53,567</b>	<b>88,847</b>
Income Tax	40,854	16,870	22,948	22,575	37,392
<b>Net Profit</b>	<b>7,384</b>	<b>-28,639</b>	<b>17,564</b>	<b>30,992</b>	<b>51,454</b>
Controlling Interests	16,635	-969	27,512	38,775	55,717
Non-controlling Interests	-9,251	-27,670	-9,948	-7,782	-4,263
EBITDA	65,648	40,753	78,113	94,190	115,809

## Consolidated Statement of Financial Position

(in million KRW)	2017.12.31	2018.12.31	2019.9.30
<b>Current Assets</b>	<b>1,993,096</b>	<b>2,858,950</b>	<b>3,152,626</b>
Cash and Cash Equivalents	1,116,793	1,247,013	1,788,419
S-T Financial Instruments	394,152	924,215	351,352
Account Receivable	179,238	193,669	132,832
Other Current Financial Assets	134,343	207,656	276,750
Other Current Assets	168,570	286,397	603,274
<b>Non-Current Assets</b>	<b>4,356,332</b>	<b>5,100,592</b>	<b>5,632,674</b>
Investments in Associates and Joint Ventures	161,950	305,188	803,962
Tangible Assets	271,044	314,812	331,100
Intangible Assets	3,689,582	3,865,265	3,914,765
Other Non-current Assets	233,756	615,327	582,847
<b>Total Assets</b>	<b>6,349,428</b>	<b>7,959,542</b>	<b>8,785,300</b>
<b>Current Liabilities</b>	<b>1,040,863</b>	<b>2,039,196</b>	<b>2,406,066</b>
Account Payable and Other payable	280,380	460,813	739,767
Short-term Borrowings	174,372	609,480	451,928
Income Tax Payable	115,123	71,040	38,184
Other Current Liabilities	470,989	897,863	1,176,187
<b>Non-Current Liabilities</b>	<b>800,745</b>	<b>293,188</b>	<b>495,289</b>
Long-term Borrowings	620,808	44,995	60,713
Deferred Income Tax Liabilities	139,502	151,228	153,735
Other Non-Current Liabilities	40,435	96,965	280,841
<b>Total Liabilities</b>	<b>1,841,609</b>	<b>2,332,385</b>	<b>2,901,355</b>
Paid-in Capital	34,004	41,744	41,985
Capital Surplus	3,603,587	4,647,543	4,732,535
Other Accumulated Earnings	-6,026	1,492	5,917
Accumulated Other Comprehensive Income	-4,968	-7,329	3,790
Retained Earnings	402,542	453,400	571,483
Minority Interest	478,681	490,307	528,234
<b>Total Equity</b>	<b>4,507,820</b>	<b>5,627,158</b>	<b>5,883,945</b>
<b>Total Liabilities &amp; Equity</b>	<b>6,349,428</b>	<b>7,959,542</b>	<b>8,785,300</b>

# Financial Statements Summary (Kakao only)

Income Statement					
(in million KRW)	3Q18	4Q18	1Q19	2Q19	3Q19
<b>Total Revenue</b>	<b>291,778</b>	<b>385,046</b>	<b>331,522</b>	<b>361,961</b>	<b>388,482</b>
<b>Operating Expenses</b>	<b>255,788</b>	<b>344,574</b>	<b>296,869</b>	<b>316,612</b>	<b>338,958</b>
Labor Cost	63,665	83,431	66,316	66,071	78,716
Cost of Revenue	110,641	164,786	151,260	162,666	168,150
Outsourcing / Infrastructure	47,963	50,438	45,234	47,056	45,549
Marketing Expense	7,140	12,875	2,184	4,844	5,054
Depreciation and Amortization Cost	19,471	25,810	28,277	31,438	36,881
Misc.	6,908	7,234	3,599	4,537	4,608
<b>Operating Profit</b>	<b>35,990</b>	<b>40,472</b>	<b>34,654</b>	<b>45,348</b>	<b>49,524</b>
<i>Margin (%)</i>	<i>12.3%</i>	<i>10.5%</i>	<i>10.5%</i>	<i>12.5%</i>	<i>12.7%</i>
Other Non-Operating Income	2,613	2,359	1,006	1,344	3,915
Other Non-Operating Expenses	3,192	26,873	13,664	12,060	6,482
Financial Income	5,791	16,795	13,638	12,494	30,195
Financial Expenses	6,934	18,552	3,995	4,446	1,611
<b>Profit before Income Tax</b>	<b>34,268</b>	<b>14,201</b>	<b>31,639</b>	<b>42,680</b>	<b>75,541</b>
Income Tax	40,820	15,117	10,435	16,543	9,391
<b>Net Profit</b>	<b>-6,552</b>	<b>-915</b>	<b>21,204</b>	<b>26,137</b>	<b>66,150</b>
EBITDA	56,313	65,396	63,188	76,797	82,975

Statement of Financial Position			
(in million KRW)	2017.12.31	2018.12.31	2019.09.30
<b>Current Assets</b>	<b>632,508</b>	<b>1,261,480</b>	<b>1,338,939</b>
Cash and Cash Equivalents	388,574	250,920	734,460
S-T Financial Instruments	14,834	601,712	15,590
Account Receivable	77,955	71,333	81,650
Other Current Assets	151,145	337,515	507,239
<b>Non-Current Assets</b>	<b>4,324,369</b>	<b>4,941,359</b>	<b>5,299,964</b>
Investments in Associates, Subsidiaries and Joint Ventures	2,368,582	1,496,538	1,986,958
Tangible Assets	208,084	236,016	244,516
Intangible Assets	1,620,416	2,875,510	2,872,607
Other Non-current Assets	127,287	333,295	195,883
<b>Total Assets</b>	<b>4,956,878</b>	<b>6,202,839</b>	<b>6,638,902</b>
<b>Current Liabilities</b>	<b>948,931</b>	<b>1,250,706</b>	<b>1,453,535</b>
Account Payable and Other payable	163,318	404,760	806,903
Short-term Borrowings	378,088	564,921	435,759
Income Tax Payable	81,507	59,204	21,672
Other Current Liabilities	326,018	221,821	189,201
<b>Non-Current Liabilities</b>	<b>450,237</b>	<b>200,790</b>	<b>270,986</b>
Long-term Borrowings	392,974	39,939	39,959
Deferred Income Tax Liabilities	28,992	126,350	113,305
Other Non-Current Liabilities	28,271	34,501	117,722
<b>Total Liabilities</b>	<b>1,399,168</b>	<b>1,451,496</b>	<b>1,724,520</b>
Paid-in Capital	34,004	41,744	41,985
Capital Surplus	3,036,434	4,096,216	4,145,496
Other Accumulated Earnings	-6,026	35,547	39,972
Accumulated Other Comprehensive Income	-4,472	-1,606	-772
Retained Earnings	497,769	579,442	687,702
<b>Total Equity</b>	<b>3,557,710</b>	<b>4,751,343</b>	<b>4,914,382</b>
<b>Total Liabilities &amp; Equity</b>	<b>4,956,878</b>	<b>6,202,839</b>	<b>6,638,902</b>

# Thank You



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