

# netmarble

4Q 2019 Earnings Results  
February 13, 2020



# DISCLAIMER

The financial information included in this document are consolidated earnings results based on K-IFRS.

The “financial results for 4Q 2019” for Netmarble (the “Company”) contained in this document have been provided for investors’ convenience only and have not been audited by an independent auditor. Therefore, certain part(s) of this document are subject to change upon the audit outcome.

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, “forward-looking statements” often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” “Forward-looking statements” by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include the behavior of financial markets, the Company’s strategic actions, unanticipated dramatic developments in our major business conditions, and numerous other matters at the national and international levels which could affect our financial results.

These uncertainties may cause our actual results to be materially different from those expressed in this document.

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# 1. 4Q EARNINGS SUMMARY

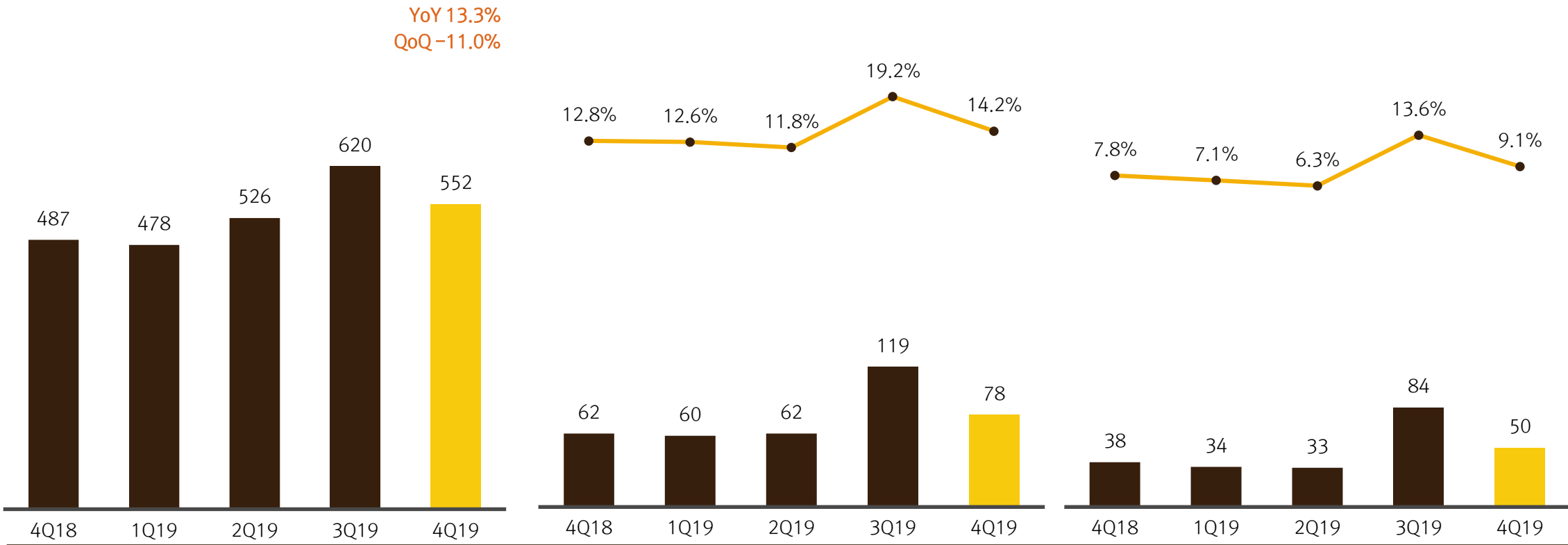
- 4Q recorded revenue of W551.8bn (YoY +13.3%, QoQ -11.0%), EBITDA of W78.4bn (YoY +25.8%, QoQ -34.1%), and operating profit of W50.2bn (YoY +32.1%, QoQ -40.5%)
- Weak performances of 4Q19 new titles led to decrease in revenue and margin

Revenue

EBITDA

Operating Profit

(Unit : W bn)



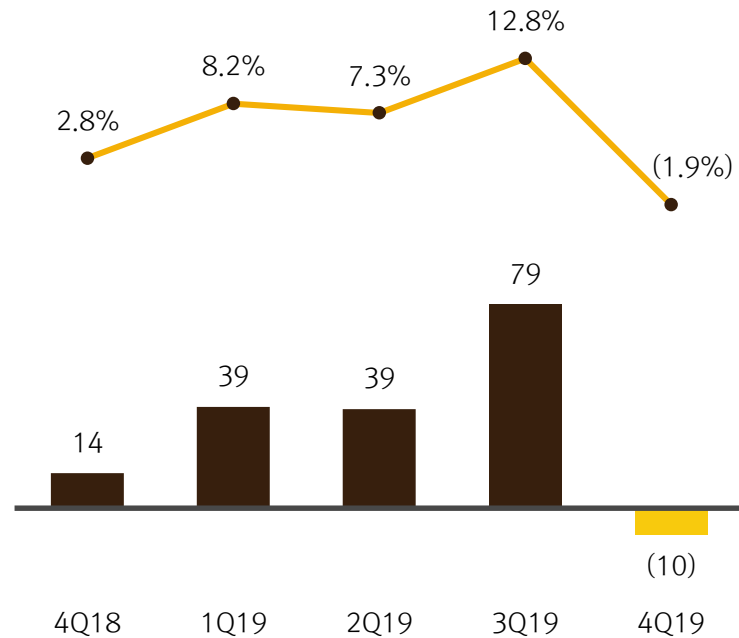
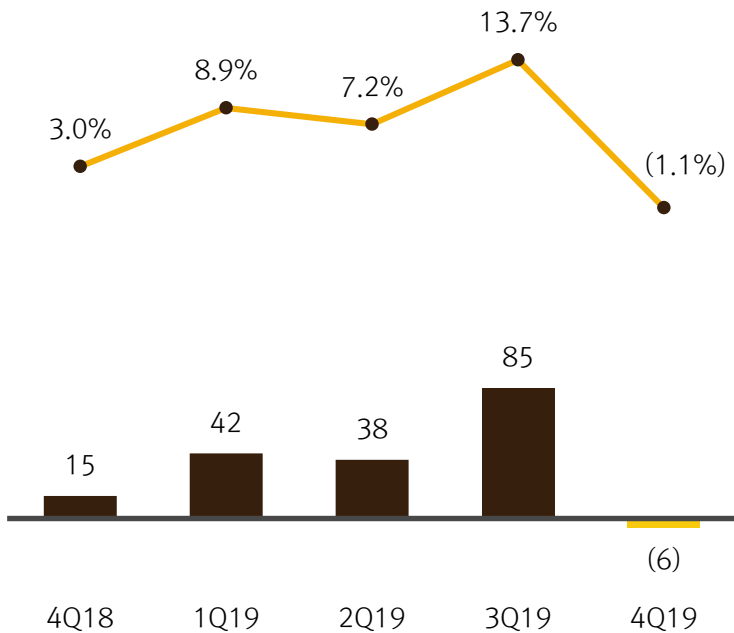
# 1. 4Q EARNINGS SUMMARY

- Net profit was W-6.3bn (YoY, QoQ shifting to a loss), Net profit (controlling) was W-10.3bn (YoY, QoQ shifting to a loss)
- One-off non-operating loss due to losses in FX(W27.4bn) and fair valuation of investment assets(W25.0bn)

Net Profit

Net Profit (Controlling)

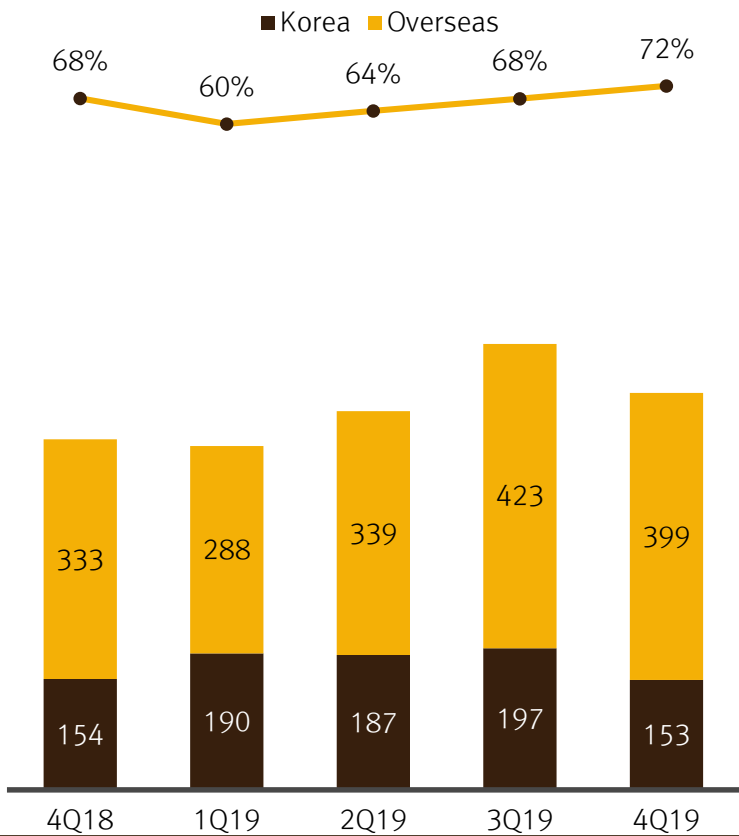
(Unit : W bn)



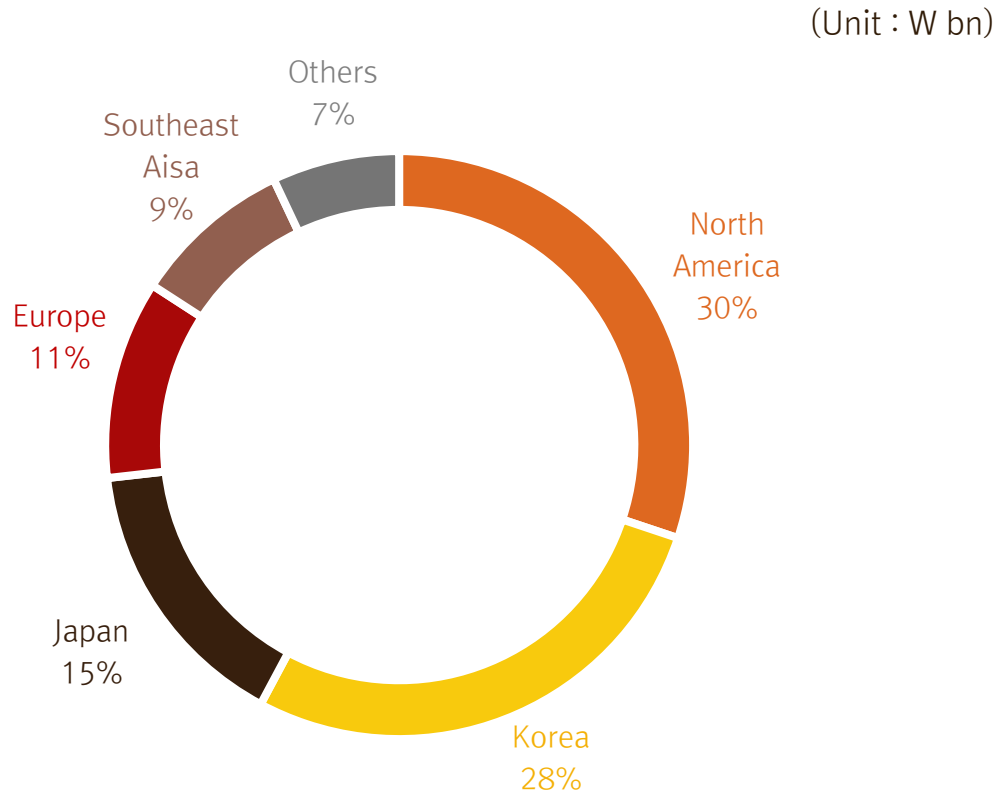
## 2. OVERSEAS REVENUE SHARE

- Overseas revenue for 4Q was W399.1bn. Proportion of overseas revenue increased to 72% (QoQ +4%p)
- Revenues were diversified across N.A (30%), Korea (28%), Japan (15%), Europe (11%), SEA (9%), and others (7%)

Korea & Overseas Revenue Share



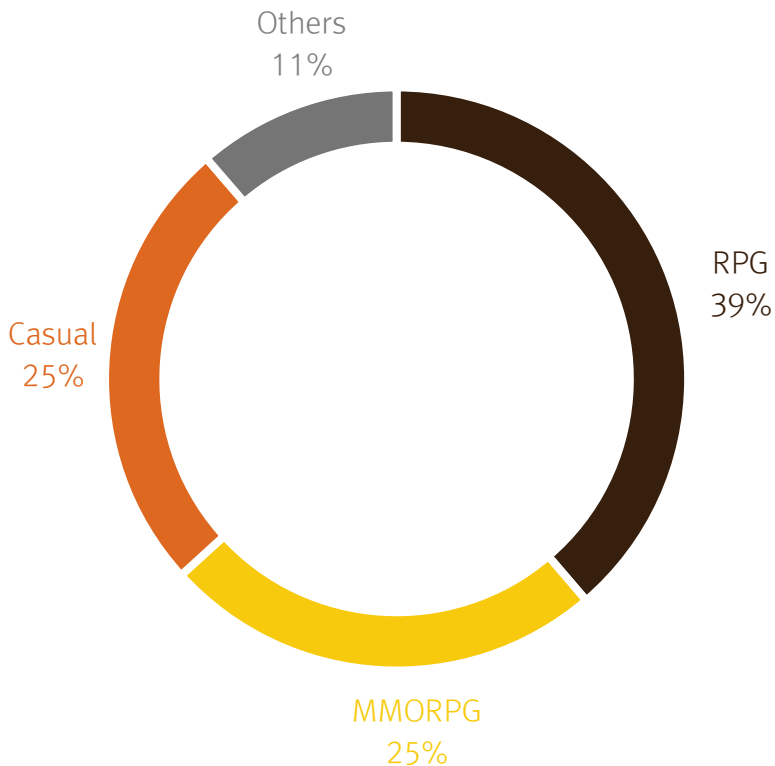
Revenue Breakdown by Region



# 3. GAME PORTFOLIO

- Genre portfolio showed diversification across RPG (39%), MMORPG (25%), Casual (25%) and others (11%)
- Top revenue generators were evenly distributed; Marvel Contest of Champions 17%, Lineage 2 Revolution 13%, Seven Deadly Sins 9%, Blade & Soul Revolution 7% etc

Revenue Breakdown by Genre



Revenue Breakdown by Major Games



# 4. MAJOR COST STRUCTURES

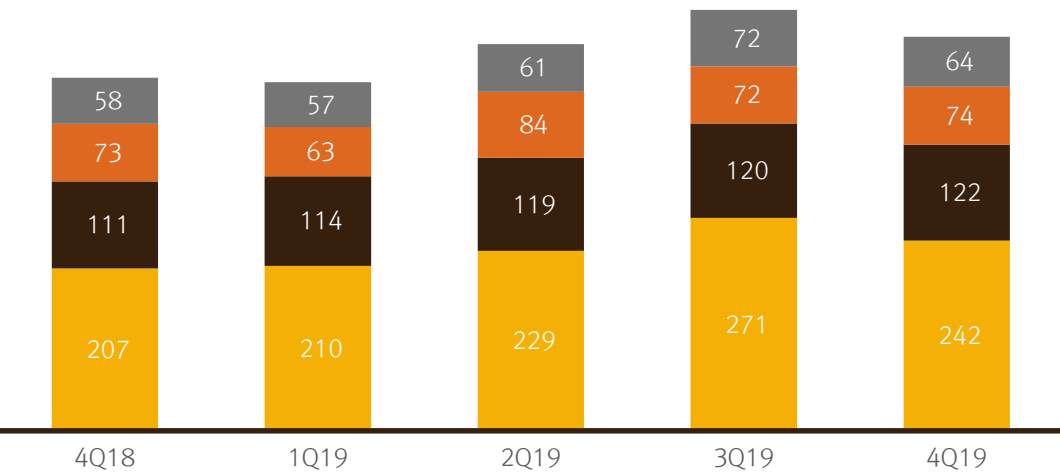
- 4Q operating cost was W 501.6bn (YoY +11.7%, QoQ -6.3%)
- The labor cost was W122.1bn (YoY +10.3%, QoQ +1.5%); slightly increased compared to 3Q19
- Marketing cost was W73.9bn (YoY +0.7%, QoQ +2.2%); slightly increased compared to 3Q19

Operating Costs

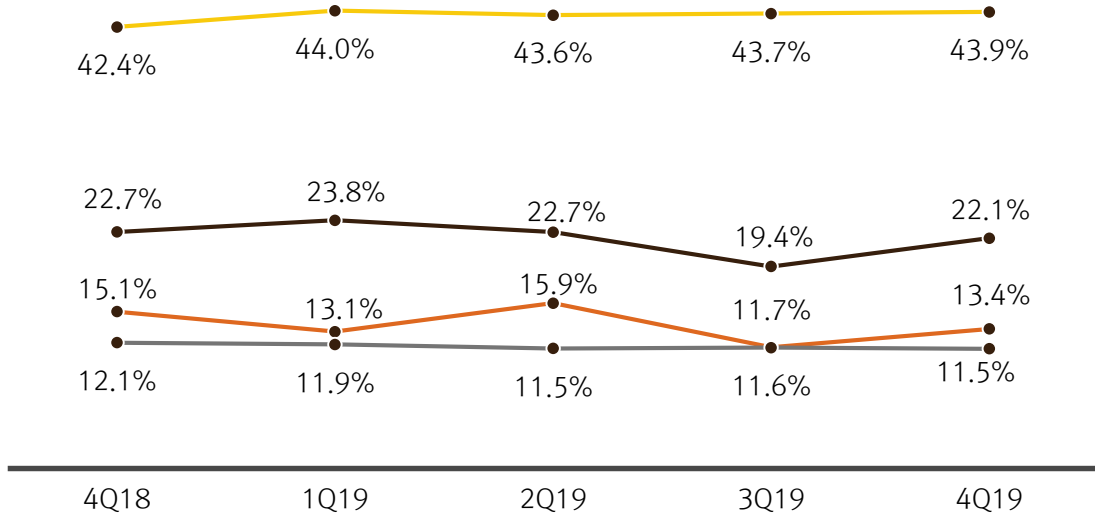
Breakdown of Revenue by Operating Costs

(Unit : W bn)

Commission Labor Marketing Others (Inc.D&A)



Commission Labor Marketing Others (Inc.D&A)





## 5. 1H20 MAJOR LINE-UPS

- Magic:ManaStrike was officially launched on Jan.29
- Upcoming games are Seven Deadly Sins Global(Mar.3), A3:Still Alive(March), B&S Revolution Global(April), Marvel Realm of Champions(1H20) and others

Magic:ManaStrike (Global, Jan.29)



Seven Deadly Sins  
(Global, Mar.3)



A3:Still Alive (Korea, March)



Blade & Soul Revolution  
(Global, April)



Marvel Realm of Champions  
(Global, 1H20)



# APPENDIX. CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Income Statement

(Unit : W bn)

(KRW bn)	4Q18	1Q19	2Q19	3Q19	4Q19
<b>Revenue</b>	<b>487</b>	<b>478</b>	<b>526</b>	<b>620</b>	<b>552</b>
Commission	207	210	229	271	242
Labor Cost	111	114	119	120	122
Advertising Cost	73	63	84	72	74
Other Costs (exc. D&A)	34	31	32	38	36
<b>EBITDA</b>	<b>62</b>	<b>60</b>	<b>62</b>	<b>119</b>	<b>78</b>
<i>Margin (%)</i>	<i>12.8%</i>	<i>12.6%</i>	<i>11.8%</i>	<i>19.2%</i>	<i>14.2%</i>
D&A	24	26	29	35	28
<b>Operating Income</b>	<b>38</b>	<b>34</b>	<b>33</b>	<b>84</b>	<b>50</b>
<i>Margin (%)</i>	<i>7.8%</i>	<i>7.1%</i>	<i>6.3%</i>	<i>13.6%</i>	<i>9.1%</i>
Non-Operating Income	18	39	40	35	-
Non-Operating Cost	30	14	34	8	49
<b>Pre-tax Profit</b>	<b>26</b>	<b>59</b>	<b>39</b>	<b>111</b>	<b>1</b>
Tax	11	17	1	26	7
<b>Net Profit</b>	<b>15</b>	<b>42</b>	<b>38</b>	<b>85</b>	<b>- 6</b>
<b>Net Profit (controlling)</b>	<b>14</b>	<b>39</b>	<b>39</b>	<b>79</b>	<b>- 10</b>
<i>Margin (%)</i>	<i>2.8%</i>	<i>8.2%</i>	<i>7.3%</i>	<i>12.8%</i>	<i>-1.9%</i>

## Consolidated Statement of Financial Position

(Unit : W bn)

(KRW bn)	4Q18	1Q19	2Q19	3Q19	4Q19
<b>Current Assets</b>	<b>2,590</b>	<b>2,667</b>	<b>2,724</b>	<b>2,618</b>	<b>2,564</b>
Cash and Cash Equivalents	1,549	1,616	1,720	1,876	1,575
Accounts Receivable	182	220	261	221	147
Other Current Financial Assets	771	756	664	422	590
Other Current Assets	88	75	79	99	252
<b>Non-Current Assets</b>	<b>2,843</b>	<b>3,089</b>	<b>3,070</b>	<b>3,217</b>	<b>3,236</b>
Investment Assets	1,255	1,312	1,284	1,378	1,446
Intangible Assets	1,320	1,427	1,427	1,457	1,384
Tangible Assets	174	240	254	267	283
Other Non-Current Assets	94	110	105	115	123
<b>Total Assets</b>	<b>5,433</b>	<b>5,756</b>	<b>5,794</b>	<b>5,835</b>	<b>5,800</b>
<b>Current Liabilities</b>	<b>586</b>	<b>689</b>	<b>662</b>	<b>643</b>	<b>665</b>
Accounts Payable	81	115	119	81	53
Debt	8	12	14	16	16
Other Current Financial Liabilities	340	409	367	361	403
Other Current Liabilities	157	153	162	185	193
<b>Non-Current Liabilities</b>	<b>295</b>	<b>453</b>	<b>426</b>	<b>486</b>	<b>497</b>
Other Non-Current Financial Liabilities	123	255	234	271	282
Other Non-Current Assets	172	198	192	215	215
<b>Total Liabilities</b>	<b>881</b>	<b>1,142</b>	<b>1,088</b>	<b>1,129</b>	<b>1,162</b>
<b>Total Equity</b>	<b>4,552</b>	<b>4,614</b>	<b>4,706</b>	<b>4,706</b>	<b>4,638</b>

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