



**1H17**



# **Earnings Release**

**2017.08.10**

**Webzen Inc.**

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Some contents may reflect forward-looking statements and have been prepared based on the expectations according to the dates on which these statements were made.

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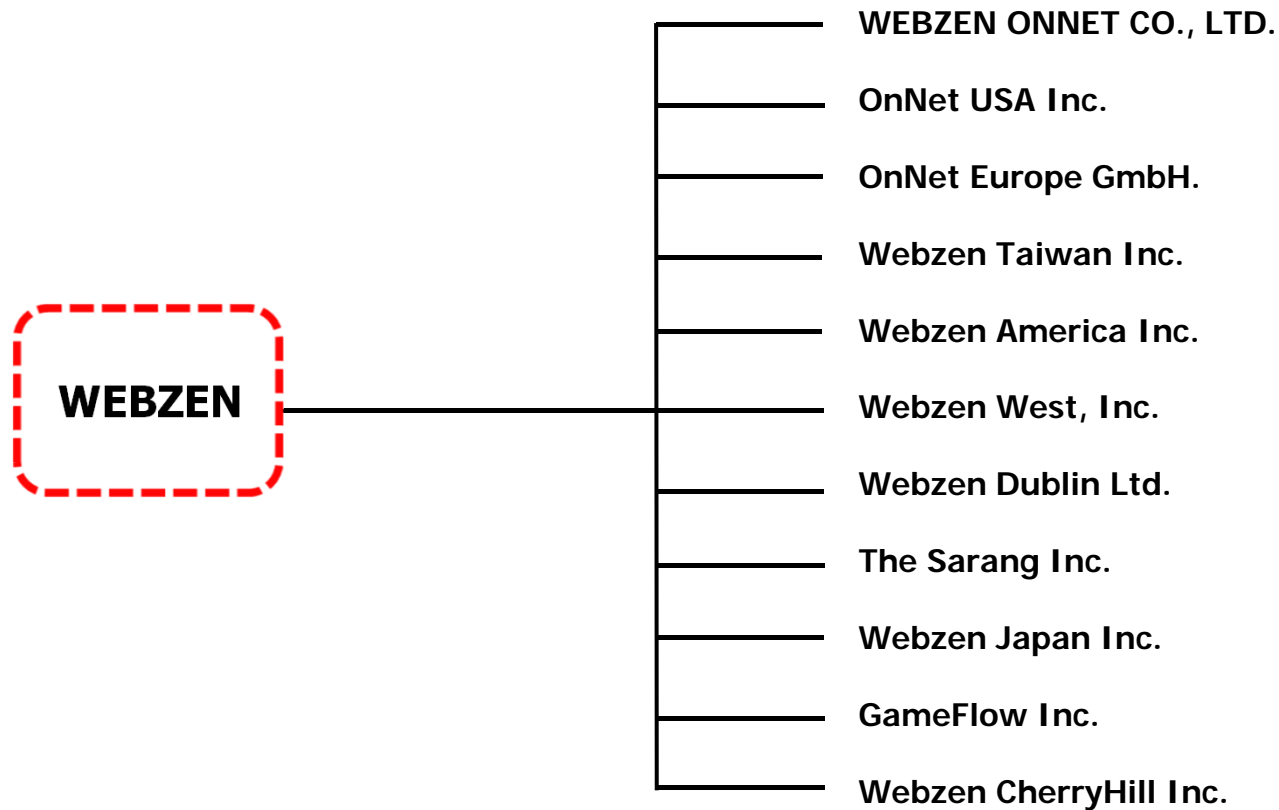
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# Consolidated Corporations

A Global Contents Company loved by customers



The followings are the subsidiaries of Webzen Inc.



# Summary of Financial Results

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[Consolidated]

(Unit : KRW million)

	1H2017	1H2016	YoY	G/R
<b>Revenue</b>	<b>86,862</b>	<b>113,918</b>	<b>(27,056)</b>	<b>-23.8%</b>
<b>Revenue on Game Services</b>	86,834	113,873	(27,039)	-23.7%
<b>Other Revenue</b>	28	45	(17)	-37.7%
<b>Operating Expenses</b>	64,758	82,224	(17,465)	-21.2%
<b>Operating Profit</b>	<b>22,104</b>	<b>31,695</b>	<b>(9,591)</b>	<b>-30.3%</b>
<b>Income before tax</b>	23,871	32,095	(8,223)	-25.6%
<b>Income tax expenses</b>	6,445	8,465	(2,020)	-23.9%
<b>Net Income</b>	<b>17,427</b>	<b>23,630</b>	<b>(6,203)</b>	<b>-26.3%</b>
<b>Total comprehensive income</b>	17,594	24,162	(6,567)	-27.2%

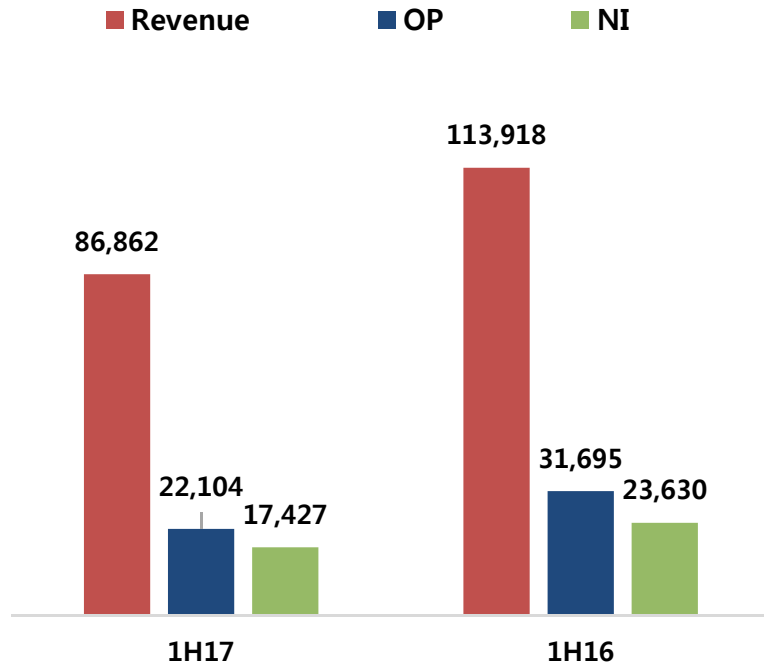
# Result Analysis (Consolidated)

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- ▶ Revenue 86.9b (YoY ↓ 24% based on consolidated )
- ▶ Operating Profit 22.1b (YoY ↓ 30% based on consolidated )
- ▶ Net Income 17.4b (YoY ↓ 26% based on consolidated )

## YoY (Consolidated)



(Unit : KRW million)

	1H17	1H16	YoY
Revenue	86,862	113,918	-23.8%
Operating Profit	22,104	31,695	-30.3%
Net Income	17,427	23,630	-26.3%

# Sales Breakdown (Consolidated)

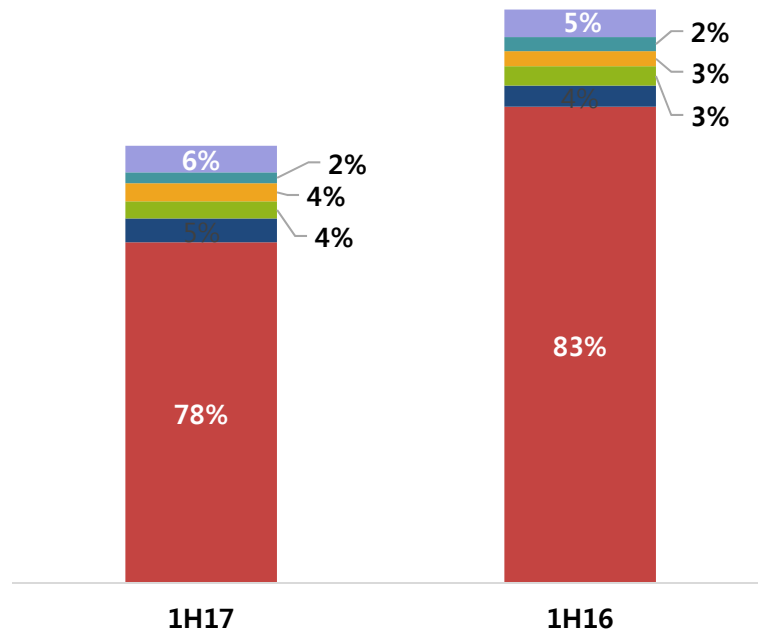
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- ▶ Total Revenue on Game Services 86.9b (YoY ↓ 24%)
- ▶ MU 67.7b (YoY ↓ 28%) , R2 4.7b (YoY ↑ 13%)
- ▶ Metin2 3.6b (YoY ↑ 19%) , Webzen.com 2.2b (YoY ↓ 23%)

## Sales breakdown (by products)

■ MU ■ R2 ■ Shot Online ■ Metin2 ■ webzen.com ■ Others



(Unit : KRW million)

	1H17	1H16	YoY
<b>Total</b>	<b>86,834</b>	<b>113,873</b>	<b>-24%</b>
MU(*)	67,664	94,588	-28%
R2	4,745	4,203	13%
Shot Online(**)	3,389	3,834	-12%
Metin2	3,589	3,004	19%
Webzen.com	2,157	2,805	-23%
Others	5,289	5,440	-3%

(\*) MU includes the sales of MU IP franchising games (such as 大天使之劍, 全民奇迹, MU Origin etc.)

(\*\*) Shot Online : developed by Webzen OnNet(acquired Sep, 2015)

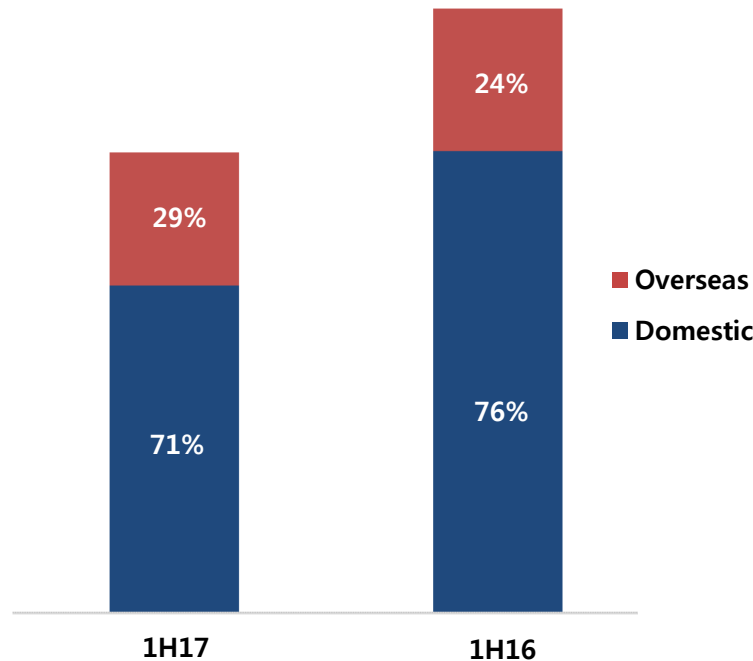
# Sales Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▷ Domestic Sales : 61.6b (YoY ↓ 29%)
- ▷ Overseas Sales : 25.2b (YoY ↓ 6%)
- ▷ Portion of Domestic : YoY ↓ 5%P

## Sales breakdown (by markets)



(Unit : KRW million)

	1H17	1H16	YoY
<b>Total</b>	<b>86,834</b>	<b>113,873</b>	<b>-24%</b>
Domestic	61,649	87,040	-29%
Overseas	25,185	26,834	-6%

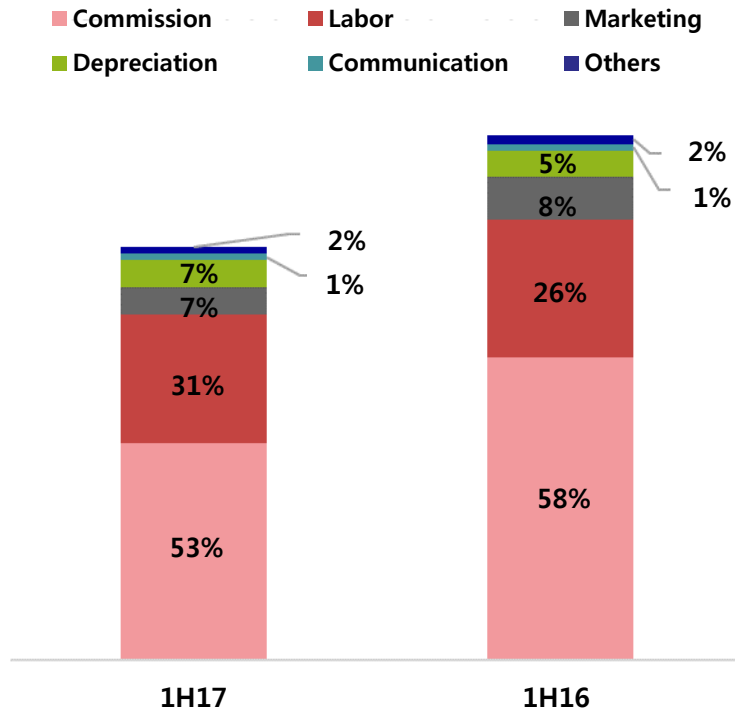
# Expenses Breakdown (Consolidated)

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- ▷ Operating Expenses 64.8b (YoY ↓ 21%)
- ▷ Commission 34.2b (YoY ↓ 28%)
- ▷ Labor 20.0b (YoY ↓ 7%)
- ▷ Marketing 4.4b (YoY ↓ 35%)

## Expenses Breakdown (by nature)



(Unit : KRW million)

	1H17	1H16	YoY
<b>Total</b>	<b>64,758</b>	<b>82,224</b>	<b>-21%</b>
Commission	34,150	47,550	-28%
Labor	19,994	21,438	-7%
Marketing	4,358	6,659	-35%
Depreciation	4,297	4,258	1%
Communication	845	958	-12%
Others	1,114	1,361	-18%



# 2Q17 Result Analysis

# Summary of Financial Results

A Global Contents Company loved by customers



(Unit : KRW million)

	2Q17	1Q17	QoQ	2Q16	YoY
<b>Revenue</b>	<b>43,744</b>	<b>43,119</b>	<b>1.4%</b>	<b>53,873</b>	<b>-18.8%</b>
Revenue (Game)	43,716	43,119	1.4%	53,867	-18.8%
Other Revenue	28	0	-	6	393.5%
Operating Expense	32,545	32,213	1.0%	39,212	-17.0%
<b>Operating Profit (Loss)</b>	<b>11,199</b>	<b>10,906</b>	<b>2.7%</b>	<b>14,661</b>	<b>-23.6%</b>
Profit (Loss) Before Tax	13,000	10,872	19.6%	14,787	-12.1%
Corporate Tax	2,952	3,493	-15.5%	3,502	-15.7%
<b>Profit (Loss)</b>	<b>10,048</b>	<b>7,379</b>	<b>36.2%</b>	<b>11,285</b>	<b>-11.0%</b>
<b>Total comprehensive income</b>	<b>10,734</b>	<b>6,861</b>	<b>56.5%</b>	<b>11,382</b>	<b>-5.7%</b>

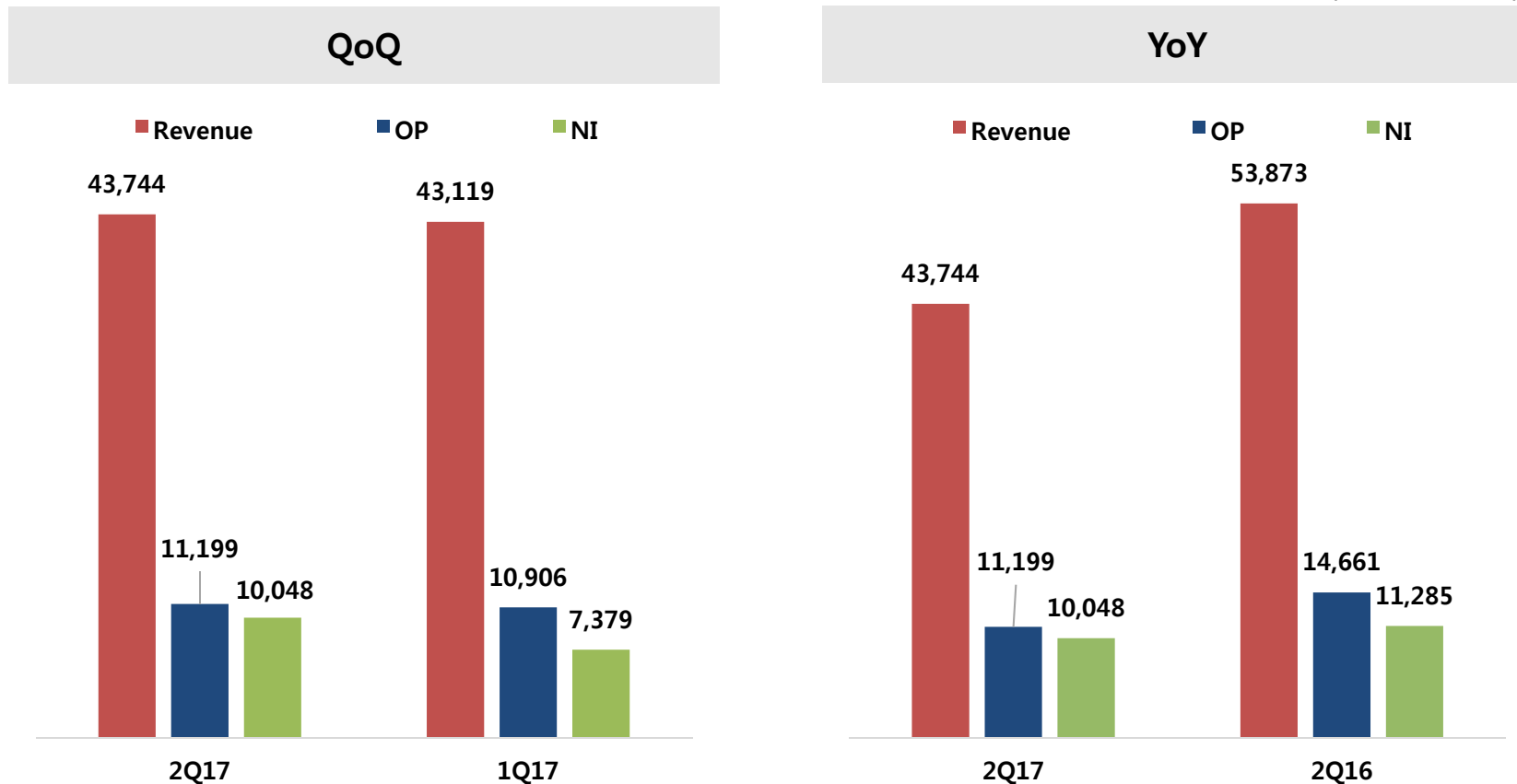
# Result Analysis (Consolidated)

A Global Contents Company loved by customers



- ▷ Revenue 43.7b (QoQ ↑ 1% based on consolidated , YoY ↓ 19% based on consolidated)
- ▷ Operating Profit 11.2b (QoQ ↑ 3% based on consolidated , YoY ↓ 24% based on consolidated)
- ▷ Net Income 10.0b (QoQ ↑ 36% based on consolidated , YoY ↓ 11% based on consolidated)

(Unit : KRW million)



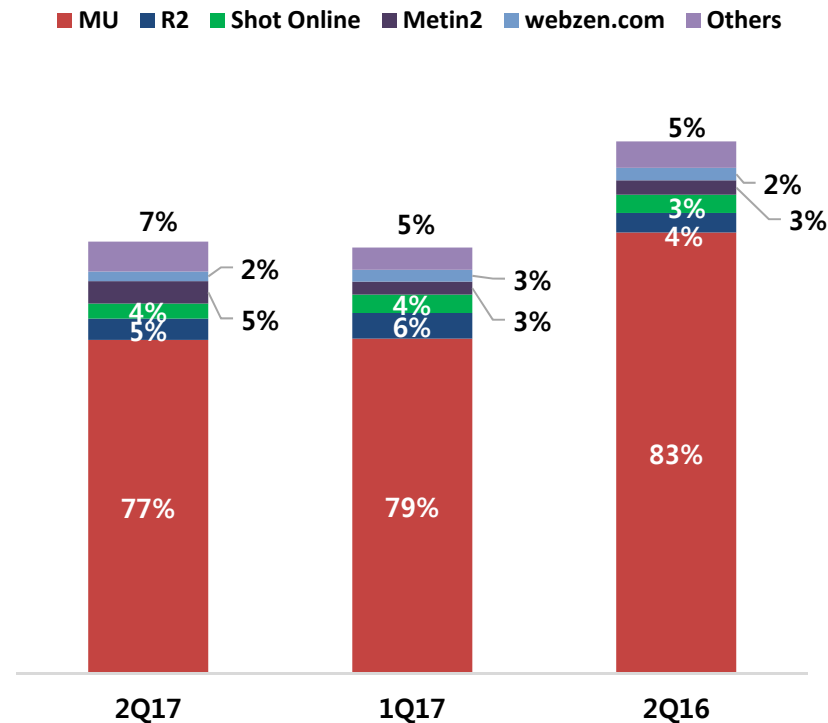
# Sales Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▶ Total Revenue on Game Services 43.7b (QoQ ↑ 1% , YoY ↓ 19%)
- ▶ MU 33.8b (QoQ ↓ 0.4% , YoY ↓ 24%) , R2 2.1b (QoQ ↓ 17% , YoY ↑ 9%)
- ▶ Metin2 2.3b (QoQ ↑ 72% , YoY ↑ 56%) , Webzen.com 0.9b (QoQ ↓ 19% , YoY ↓ 24%)

## Sales breakdown (by products)



(Unit : KRW million)

	2Q17	1Q17	2Q16
<b>Total</b>	<b>43,716</b>	<b>43,119</b>	<b>53,867</b>
MU(*)	33,768	33,896	44,647
R2	2,146	2,599	1,970
Shot Online(**)	1,536	1,853	1,850
Metin2	2,267	1,322	1,453
Webzen.com	965	1,193	1,269
Others	3,033	2,256	2,679

(\*) MU includes the sales of MU IP franchising games (such as 大天使之劍, 全民奇迹, MU Origin etc.)

(\*\*) Shot Online : developed by Webzen OnNet(acquired Sep, 2015)

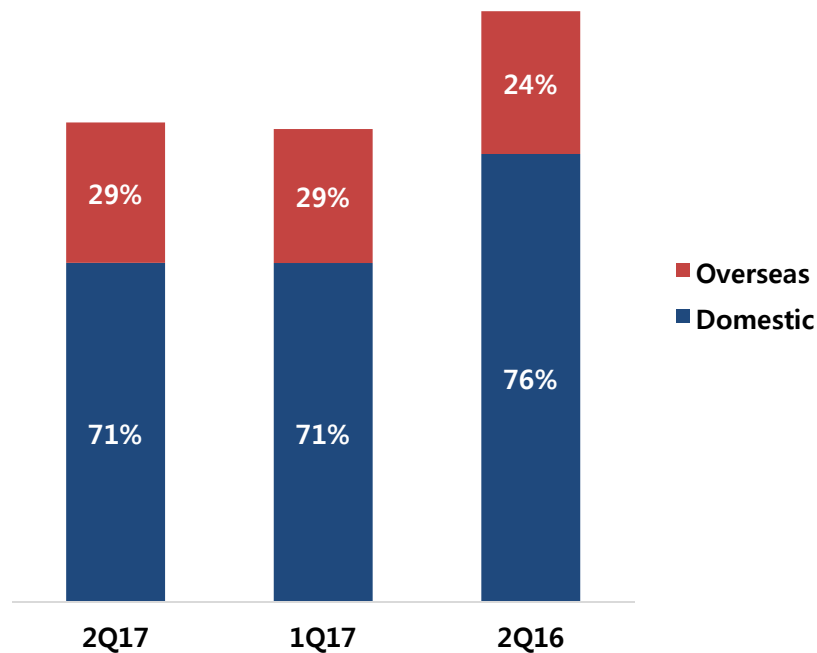
# Sales Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▷ Domestic Sales : 30.9b (QoQ ↑ 1% , YoY ↓ 24%)
- ▷ Overseas Sales : 12.8b (QoQ ↑ 3% , YoY ↓ 2%)
- ▷ Portion of Domestic : YoY ↓ 5%P

## Sales breakdown (by markets)



(Unit : KRW million)

	2Q17	1Q17	2Q16
<b>Total</b>	<b>43,716</b>	<b>43,119</b>	<b>53,867</b>
Domestic	30,912	30,737	40,836
Overseas	12,803	12,382	13,031

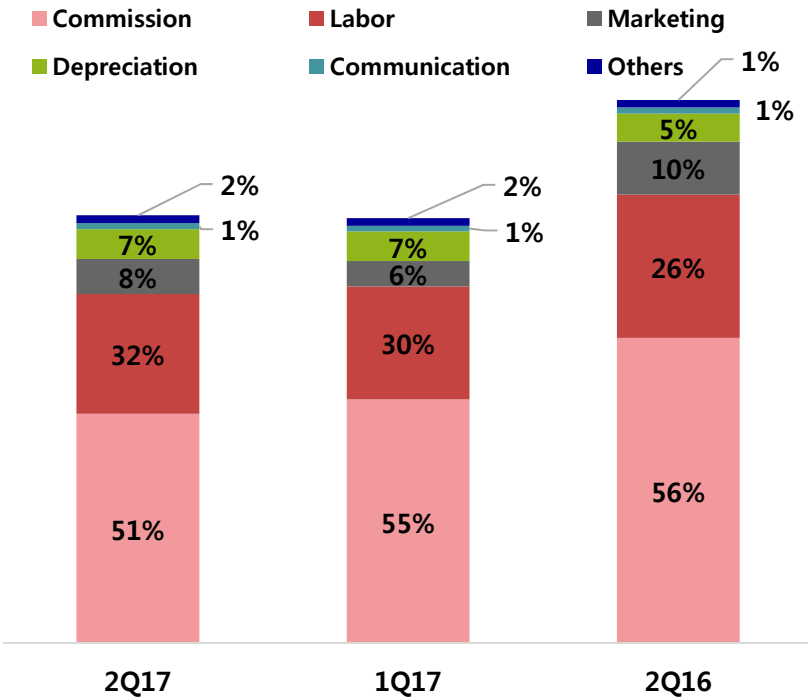
# Expenses Breakdown (Consolidated)

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- ▷ Operating Expenses 32.5b (QoQ ↑ 1% , YoY ↓ 17%)
- ▷ Commission 16.6b (QoQ ↓ 6% , YoY ↓ 25%)
- ▷ Labor 10.3b (QoQ ↑ 6% , YoY ↓ 0.4%)
- ▷ Marketing 2.5b (QoQ ↑ 38% , YoY ↓ 34%)

## Expenses Breakdown (by nature)



(Unit : KRW million)

	2Q17	1Q17	2Q16
<b>Total</b>	<b>32,545</b>	<b>32,213</b>	<b>39,212</b>
Commission	16,557	17,594	22,031
Labor	10,308	9,686	10,350
Marketing	2,528	1,831	3,823
Depreciation	2,152	2,145	2,021
Communication	439	406	452
Others	562	551	534

# Summary of F/S(Consolidated)

A Global Contents Company loved by customers



(Unit : KRW million)

	2017.06.30	2016.12.31
Current Assets	212,383	207,563
Non-Current Assets	100,206	94,132
<b>Total Assets</b>	<b>312,589</b>	<b>301,695</b>
Current Liabilities	41,833	52,891
Non-Current Liabilities	13,502	9,124
<b>Total Liabilities</b>	<b>55,335</b>	<b>62,015</b>
Contributed Equity	17,655	17,655
Capital Surplus for Equity	150,263	150,212
Accumulated Other Comprehensive Income for Equity	(124)	(627)
Elements of Other Stockholder's Equity	(43,777)	(43,726)
Retained Earnings	132,670	115,481
Non-Controlling Interests	567	685
<b>Total Equities</b>	<b>257,254</b>	<b>239,680</b>

# Summary of F/S(Consolidated)

A Global Contents Company loved by customers



(Unit : KRW million)

	FY2017		FY2016	
	2Q17	1H17	2Q16	1H16
<b>Revenue</b>	<b>43,744</b>	<b>86,862</b>	<b>53,873</b>	<b>113,918</b>
Revenue (Game)	43,716	86,834	53,867	113,873
Other Revenue	28	28	6	45
<b>Operating Expense</b>	<b>32,545</b>	<b>64,758</b>	<b>39,212</b>	<b>82,224</b>
<b>Operating Profit (Loss)</b>	<b>11,199</b>	<b>22,104</b>	<b>14,661</b>	<b>31,695</b>
Profit (Loss) Before Tax	13,000	23,871	14,787	32,095
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<b>Profit (Loss)</b>	<b>10,048</b>	<b>17,427</b>	<b>11,285</b>	<b>23,630</b>
<b>Total comprehensive income</b>	<b>10,734</b>	<b>17,594</b>	<b>11,382</b>	<b>24,162</b>



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**Thank you**