

1H19

Earnings Release

2019.08.09

Webzen Inc.



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WEBZEN Inc.

WEBZEN ONNET CO., Ltd

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ONNET Europe GmbH.

WEBZEN Taiwan Inc.

WEBZEN America, Inc.

WEBZEN West, Inc.

WEBZEN Dublin Ltd.

WEBZEN Japan Inc.

WEBZEN Cherryhill Inc.

WEBZEN A.Peak Games Inc.

WEBZEN Redcore Inc.

WEBZEN Warsmith Inc.

WEBZEN Dream Inc.



1H19 Result Analysis

Summary of Financial Results



[Consolidated]

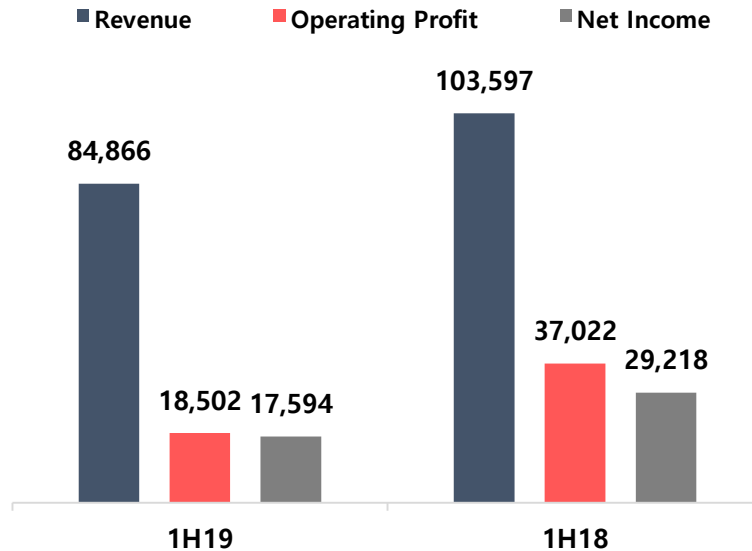
(Unit : KRW million)

	1H19	1H18	YoY	G/R
Revenue	84,866	103,597	(18,731)	-18%
Game Sales	84,858	103,514	(18,655)	-18%
Others	8	83	(75)	-91%
Operating Expenses	66,363	66,575	(211)	-0.3%
Operating Profit	18,502	37,022	(18,519)	-50%
Income Before Tax	23,252	40,208	(16,956)	-42%
Income Tax Expense	5,658	10,991	(5,332)	-49%
Net Income	17,594	29,218	(11,624)	-40%
Other Comprehensive Income	280	120	160	134%
Total Comprehensive Income	17,873	29,337	(11,464)	-39%

Result Analysis(Consolidated)

- Revenue 84.9b (YoY ↓ 18% based on Consolidated)
- Operating Profit 18.5b (YoY ↓ 50% based on Consolidated)
- Net Income 17.6b (YoY ↓ 40% based on Consolidated)

YoY (Consolidated)



(Unit : KRW million)

	1H19	1H18	G/R
Revenue	84,866	103,597	-18%
Operating Profit	18,502	37,022	-50%
Net Income	17,594	29,218	-40%

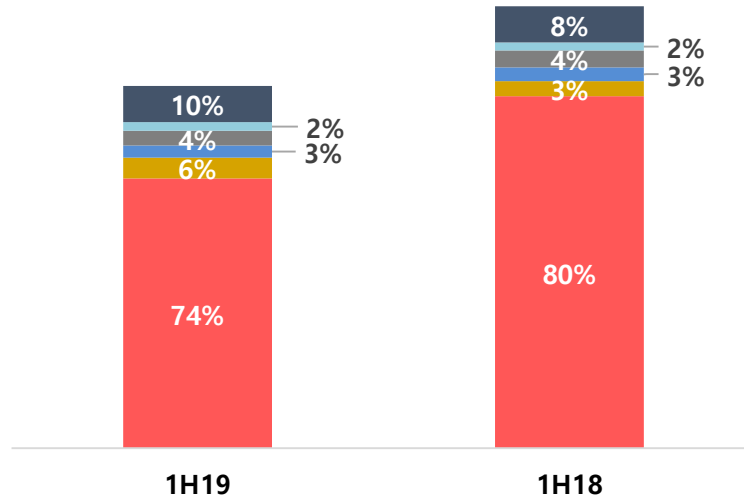
Sales Breakdown(Consolidated)

- MU 63.2b (YoY ↓ 23% based on consolidated)
- R2 4.9b (YoY ↑ 38% based on consolidated)
- ShotOnline 2.8b (YoY ↓ 11% based on consolidated)
- Metin2 3.4b (YoY ↓ 13% based on consolidated)

Sales breakdown

■ MU ■ R2 ■ ShotOnline ■ Metin2 ■ Webzen.com(*) ■ Others

(Unit : KRW million)



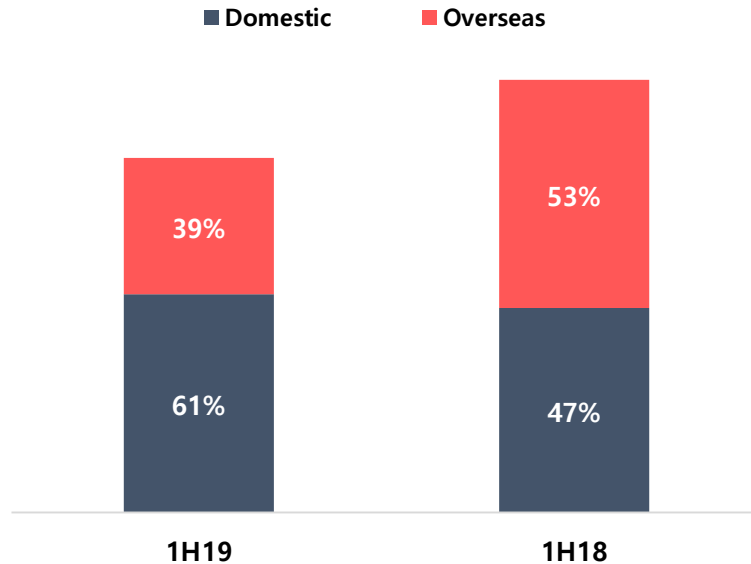
	1H19	1H18	G/R
Total	84,858	103,514	-18%
MU(*)	63,188	82,454	-23%
R2	4,852	3,513	38%
ShotOnline	2,833	3,194	-11%
Metin2	3,443	3,950	-13%
Webzen.com	2,011	1,913	5%
Others	8,530	8,490	0.5%

(*) MU includes the sales of MU IP franchising games.
(such as MU Origin2, 奇迹觉醒, 大天使之剑H5 etc.)

Sales Breakdown(Consolidated)

- Domestic Sales 52.2b (YoY ↑ 7% based on consolidated)
- Overseas Sales 32.7b (YoY ↓ 40% based on consolidated)
- Portion of Domestic YoY ↑ 14%P based on consolidated

Sales breakdown



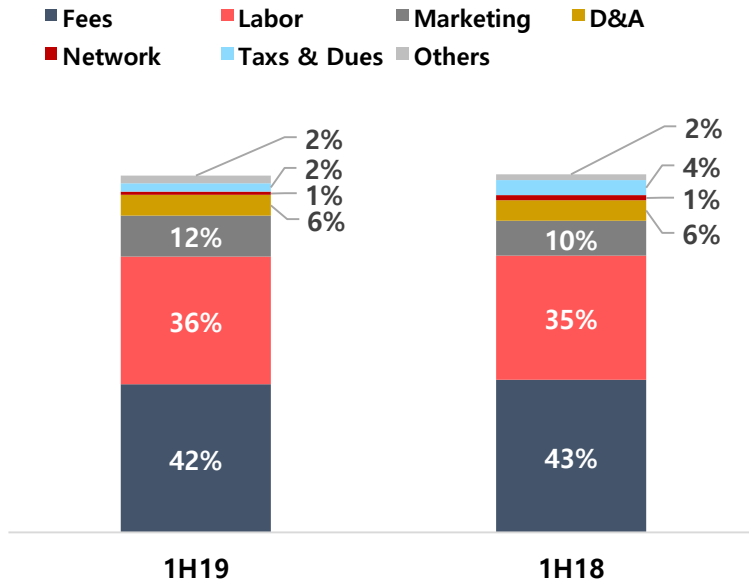
(Unit : KRW million)

	1H19	1H18	G/R
Total	84,858	103,514	-18%
Domestic	52,168	48,918	7%
Overseas	32,691	54,596	-40%

Expenses Breakdown(Consolidated)

- Operating Expenses 66.4b (YoY ↓ 0.3% based on consolidated)
 - Fees 27.6b (YoY ↓ 3% based on consolidated)
 - Labor 23.7b (YoY ↑ 3% based on consolidated)
 - Marketing 7.6b (YoY ↑ 18% based on consolidated)

Expenses Breakdown



(Unit : KRW million)

	1H19	1H18	G/R
Total	66,363	66,575	-0.3%
Fees	27,551	28,393	-3%
Labor	23,737	23,090	3%
Marketing	7,639	6,474	18%
D&A	3,819	3,792	1%
Network	650	944	-31%
Tax & Dues	1,543	2,837	-46%
Others	1,426	1,045	36%



2Q19 Result Analysis

Summary of Financial Results

[Consolidated]

(Unit : KRW million)

	2Q19	1Q19	QoQ	2Q18	YoY
Revenue	43,382	41,484	5%	48,913	-11%
Game Sales	43,378	41,480	5%	48,869	-11%
Others	4	4	0%	44	-91%
Operating Expenses	34,059	32,304	5%	36,044	-6%
Operating Profit	9,323	9,179	2%	12,869	-28%
Income before Tax	10,684	12,568	-15%	15,152	-29%
Income Tax Expenses	3,100	2,558	21%	2,701	15%
Net Income	7,584	10,009	-24%	12,451	-39%
Other Comprehensive Income	321	(42)	-	(182)	-
Total Comprehensive Income	7,906	9,968	-21%	12,269	-36%

Result Analysis(Consolidated)

- Revenue 43.4b (QoQ ↑ 5%, YoY ↓ 11% based on Consolidated)
- Operating Profit 9.3b (QoQ ↑ 2%, YoY ↓ 28% based on Consolidated)
- Net Income 7.6b (QoQ ↓ 24%, YoY ↓ 39% based on Consolidated)

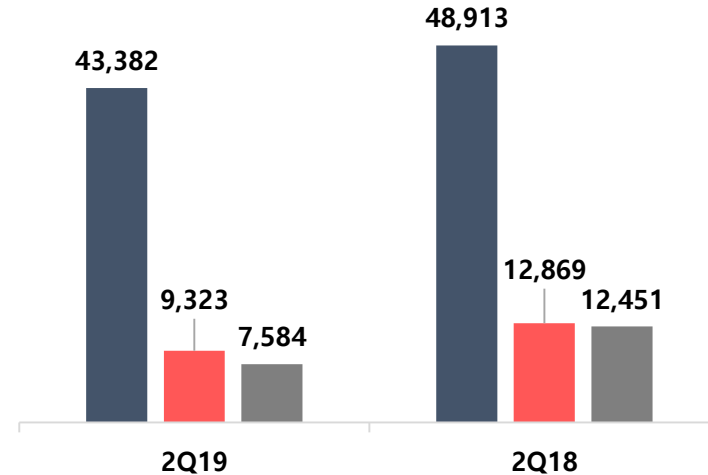
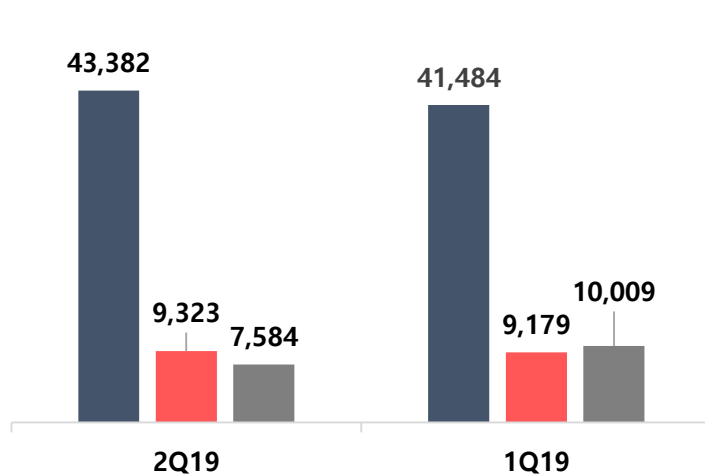
(Unit : KRW million)

QoQ (Consolidated)

YoY (Consolidated)

■ Revenue ■ Operating Profit ■ Net Income

■ Revenue ■ Operating Profit ■ Net Income



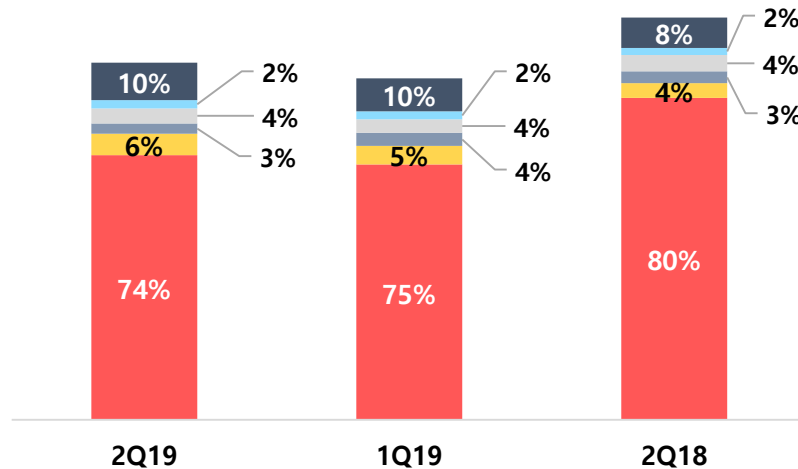
Sales Breakdown(Consolidated)

- MU 32.1b (QoQ ↑ 4%, YoY ↓ 18% based on consolidated)
- R2 2.6b (QoQ ↑ 16%, YoY ↑ 48% based on consolidated)
- ShotOnline 1.3b (QoQ ↓ 20%, YoY ↓ 14% based on consolidated)
- Metin2 1.8b (QoQ ↑ 11%, YoY ↓ 7% based on consolidated)

Sales breakdown

■ MU ■ R2 ■ ShotOnline ■ Metin2 ■ Webzen.com(*) ■ Others

(Unit : KRW million)



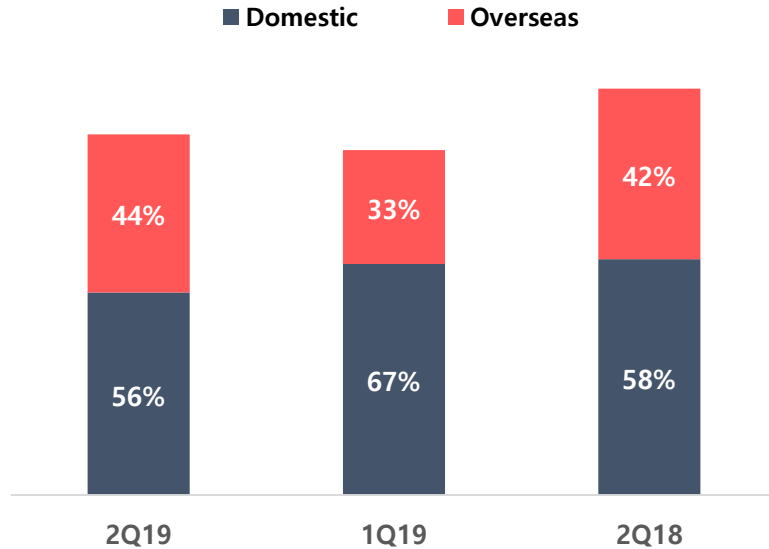
	2Q19	1Q19	2Q18
Total	43,378	41,480	48,869
MU(*)	32,148	31,040	39,119
R2	2,606	2,246	1,762
ShotOnline	1,262	1,571	1,462
Metin2	1,814	1,630	1,958
Webzen.com	1,004	1,007	878
Others	4,544	3,986	3,690

(*) MU includes the sales of MU IP franchising games.
(such as MU Origin2, 奇迹觉醒, 大天使之剑H5 etc.)

Sales Breakdown(Consolidated)

- Domestic Sales 24.4b (QoQ ↓ 12%, YoY ↓ 14% based on consolidated)
- Overseas Sales 19.0b (QoQ ↑ 39%, YoY ↓ 7% based on consolidated)
- Portion of Overseas QoQ ↑ 11%P, YoY ↑ 2%P based on consolidated

Sales breakdown



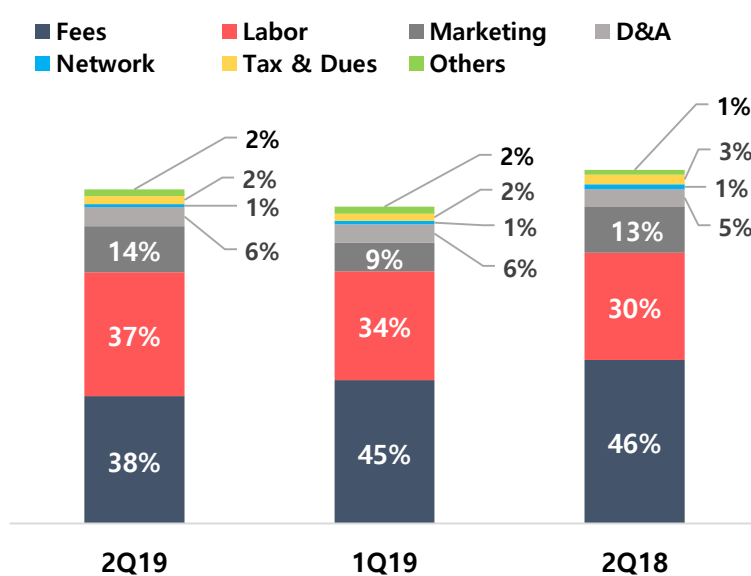
(Unit : KRW million)

	2Q19	1Q19	2Q18
Total	43,378	41,480	48,869
Domestic	24,365	27,802	28,364
Overseas	19,013	13,678	20,505

Expenses Breakdown(Consolidated)

- Operating Expenses 34.1b (QoQ ↑ 5%, YoY ↓ 6% based on consolidated)
 - Fees 13.0b (QoQ ↓ 11%, YoY ↓ 22% based on consolidated)
 - Labor tendencies 12.6b (QoQ ↑ 14%, YoY ↑ 16% based on consolidated)
 - Marketing 4.7b (QoQ ↑ 61%, YoY ↓ 0.5% based on consolidated)

Expenses Breakdown



(Unit : KRW million)

	2Q19	1Q19	2Q18
Total	34,059	32,304	36,044
Fees	12,961	14,590	16,652
Labor	12,632	11,105	10,930
Marketing	4,717	2,922	4,739
D&A	1,940	1,879	1,765
Network	305	345	481
Tax & Dues	812	731	987
Others	694	732	490

Summary of F/S(Consolidated)



(Unit : KRW million)

B/S	2019.06.30	2018.12.31
Current Assets	241,909	283,700
Non-Current Assets	150,904	113,089
Total Assets	392,813	396,789
Current Liabilities	47,969	67,896
Non-Current Liabilities	12,972	14,955
Total Liabilities	60,941	82,851
Contributed Equity	17,655	17,655
Capital Surplus for Equity	150,010	149,968
Accumulated Other Comprehensive Income for Equity	(239)	(532)
Elements of Other Stockholder's Equity	(48,718)	(48,718)
Retained Earnings	212,920	195,130
Non-Controlling Interests	243	435
Total Equities	331,872	313,939
Total Liabilities and Equities	392,813	396,789

Summary of F/S(Consolidated)



(Unit : KRW million)

I/S	2019		2018	
	2Q	1H	2Q	1H
Revenue	43,382	84,866	48,913	103,597
Game Sales	43,378	84,858	48,869	103,514
Others	4	8	44	83
Operating Expenses	34,059	66,363	36,044	66,575
Operating Profit	9,323	18,502	12,869	37,022
Profit (loss) before tax	10,684	23,252	15,152	40,208
Corporate Tax	3,100	5,658	2,701	10,991
Net Income	7,584	17,594	12,451	29,218
Other Comprehensive Income	321	280	(182)	120
Total Comprehensive Income	7,906	17,873	12,269	29,337
Controlling Interests	8,028	18,083	12,314	29,464
Non-Controlling Interests	(122)	(210)	(45)	(126)



Thank you