



# GAMEVIL's 2<sup>nd</sup> Quarter of 2013 Financial Results

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August 12, 2013

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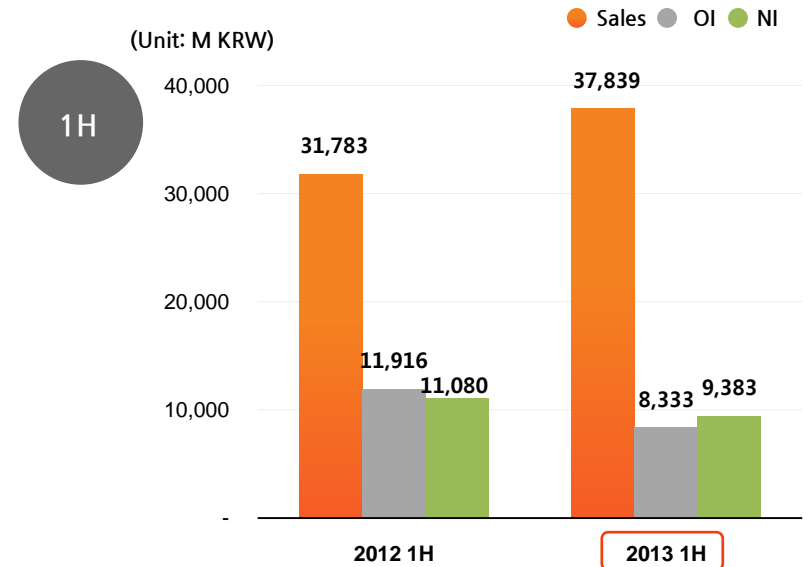
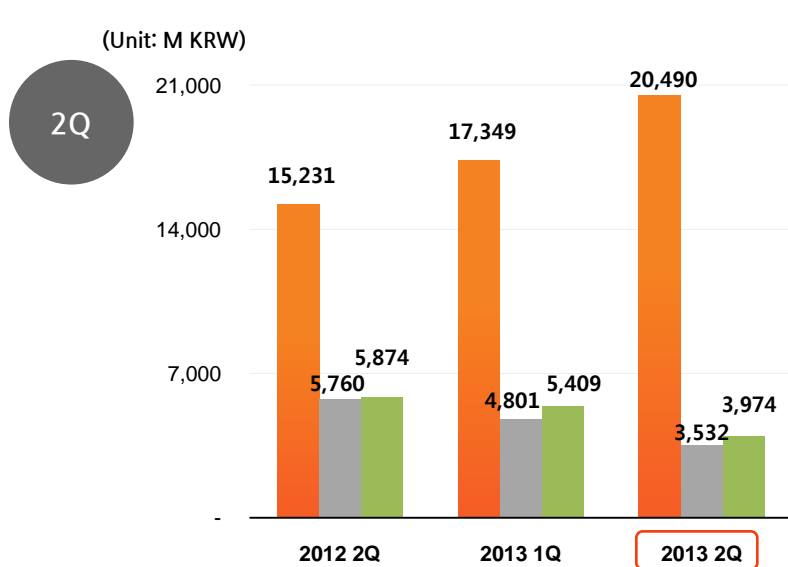
# | Disclaimer

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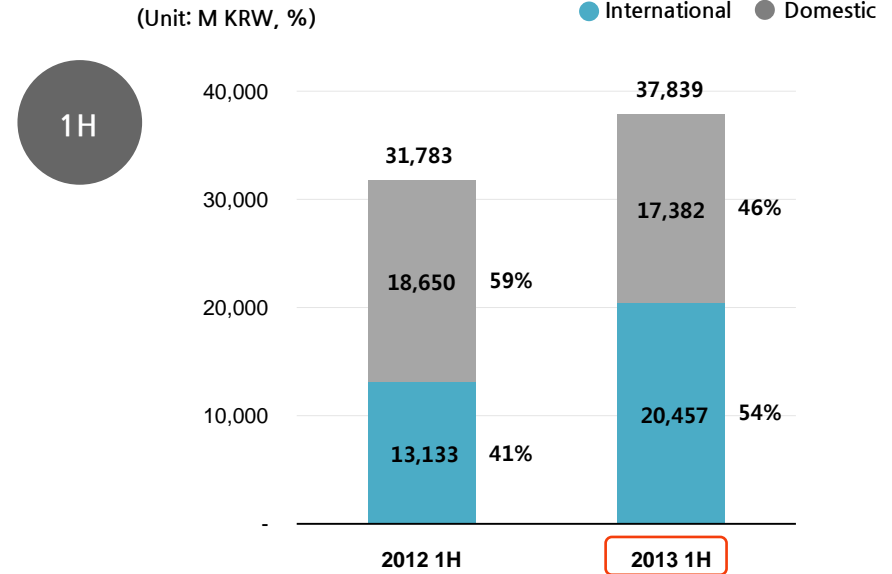
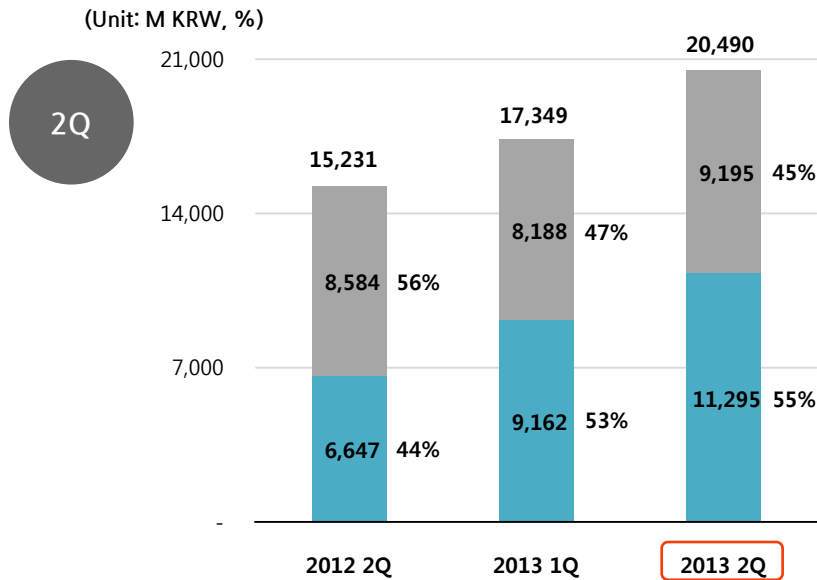
# 1. Financial Results



| (Unit: M KRW, %) | 2012 2Q | 2013 1Q | 2013 2Q | Q-Q    | Y-Y    | 2012 1H | 2013 1H | Y-Y    |
|------------------|---------|---------|---------|--------|--------|---------|---------|--------|
| Sales            | 15,231  | 17,349  | 20,490  | 18.1%  | 34.5%  | 31,783  | 37,839  | 19.1%  |
| Operating Income | 5,760   | 4,801   | 3,532   | -26.4% | -38.7% | 11,916  | 8,333   | -30.1% |
| (OI %)           | 37.8%   | 27.7%   | 17.2%   |        |        | 37.5%   | 22.0%   |        |
| Net Income       | 5,874   | 5,409   | 3,974   | -26.5% | -32.3% | 11,080  | 9,383   | -15.3% |
| (NI %)           | 38.6%   | 31.2%   | 19.4%   |        |        | 34.9%   | 24.8%   |        |

- 20.5 billion KRW in sales has been recorded for 2Q 2013(Q-Q 18.1% ↑, Y-Y 34.5% ↑)
  - ▶ Y-Y sales has increased 35% due to the performance of newly-launched titles and steady contribution of existing titles.
- 3.5 billion KRW in operating income has been recorded for 2Q 2013 (Q-Q 26.4 ↓, Y-Y 38.7% ↓), 4.0 billion KRW in net income has been recorded(Q-Q 26.5 ↓, Y-Y 32.3% ↓).
  - ▶ Q-Q operating profit has decreased -26% due to increased royalty payments of rising third-party game sales and marketing expense for enlargement of global user base.
- FY 2013 1H Sales: 37.8B KRW(Y-Y 19.1% ↑), Operating Income: 8.3B KRW(Y-Y 30.1% ↓), Net Income: 9.4B KRW(Y-Y 15.3% ↓)

# 2. Domestic / International Sales



[International Sales by Region]

| (Unit: M KRW)     | 2012 2Q | (%)  | 2013 1Q | (%)  | 2013 2Q | (%)  |
|-------------------|---------|------|---------|------|---------|------|
| North America     | 3,548   | 53%  | 3,831   | 42%  | 3,985   | 35%  |
| Asia Pacific      | 2,284   | 34%  | 3,545   | 39%  | 5,229   | 46%  |
| Europe            | 682     | 10%  | 1,498   | 16%  | 1,718   | 15%  |
| Latin Am. & Other | 133     | 2%   | 288     | 3%   | 363     | 3%   |
| Total             | 6,647   | 100% | 9,162   | 100% | 11,295  | 100% |

[Growth Rate]

| (Unit: %)     | 2Q  |     | 1H  |
|---------------|-----|-----|-----|
|               | Q-Q | Y-Y | Y-Y |
| Domestic      | 12% | 7%  | -7% |
| International | 23% | 70% | 56% |
| Total         | 18% | 35% | 19% |

• Domestic and int'l sales totaled 9.2B KRW (Q-Q 12% ↑, Y-Y 7% ↑), and 11.3B KRW (Q-Q 23% ↑, Y-Y 70% ↑).

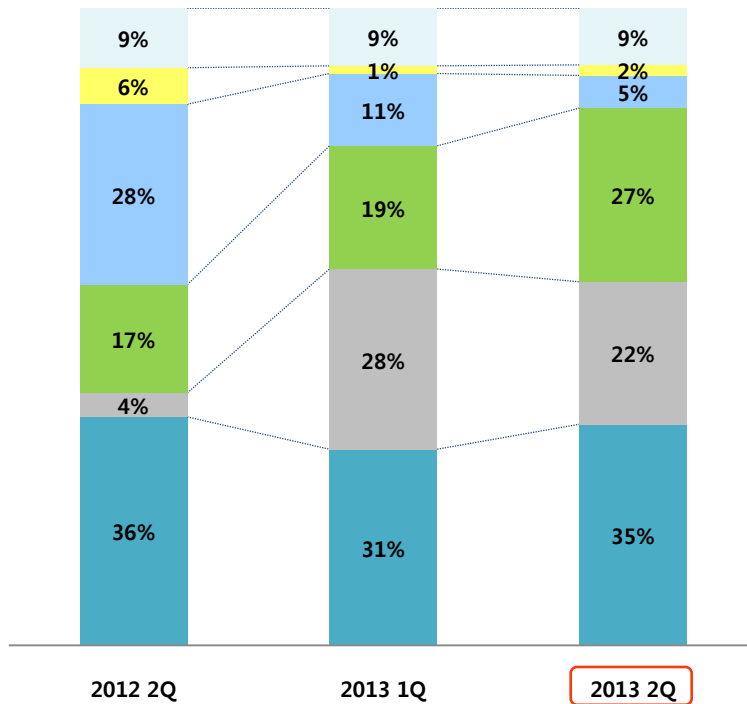
Total revenue has increased, especially int'l quarterly sales achieved a record high of over 10B KRW.

- ▶ Monster warlord, Fishing Superstars, Dark Avenger: Operations & service enhancements in global market have led to steadily increasing sales.
- ▶ Int'l sectors all consistently grew, especially the performance of greater China area, resulting in record sales.
- ▶ 2<sup>nd</sup> quarter's newly-launched titles, 'Dark avenger', 'Perfect Innings 2013 KBO', 'Moria Saga', aided domestic and overseas growth

# 3. Sales Composition

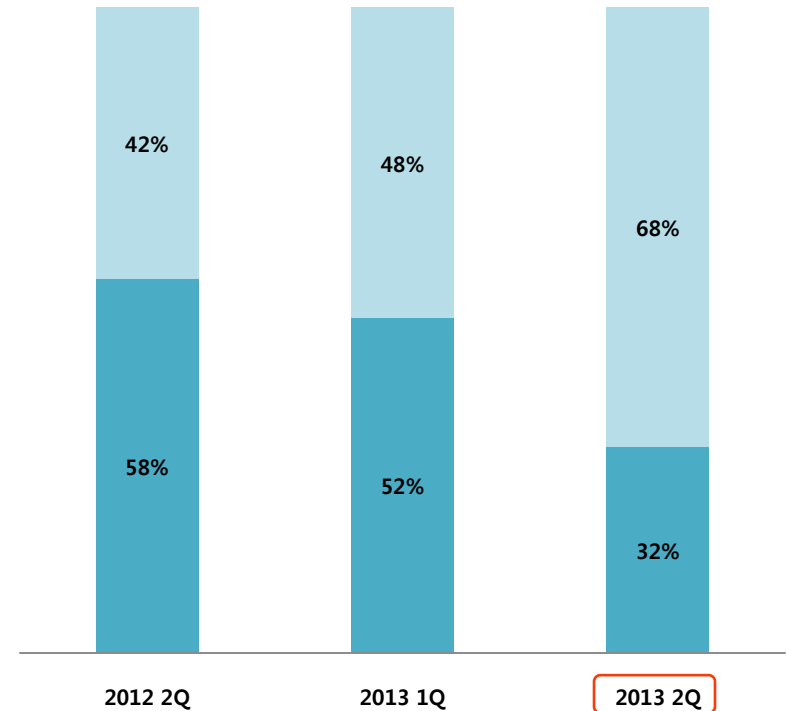
Sales by Genre (%)

● Sports ● Strategy ● RPG ● Action ● Arcade ● Others



In-house & 3rd Party Games (%)

● In-house ● 3rd Party



- Secured robust sales structure in core genres (sports, strategy, RPG, action) due to various newly-launched titles
- Revenue diversification amongst genres leads to lower dependency on specific titles.
- Line-up of core genres (Sports, Strategy, RPG) containing longer life-cycles and higher ARPU is expanding

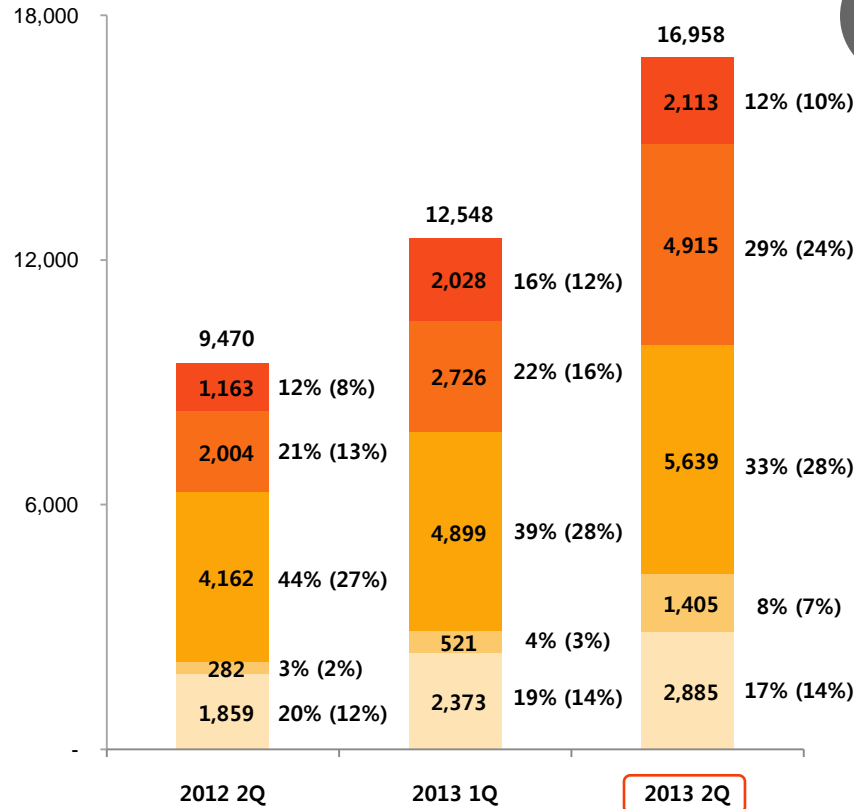
- The successful launching of 3<sup>rd</sup> party games resulted in increased proportions.
- Considering the 2<sup>nd</sup> quarter showed fewer releases of internally developed games.

# 4. Expenses

● Salary ● Marketing ● Commission Fee ● Royalty ● Others

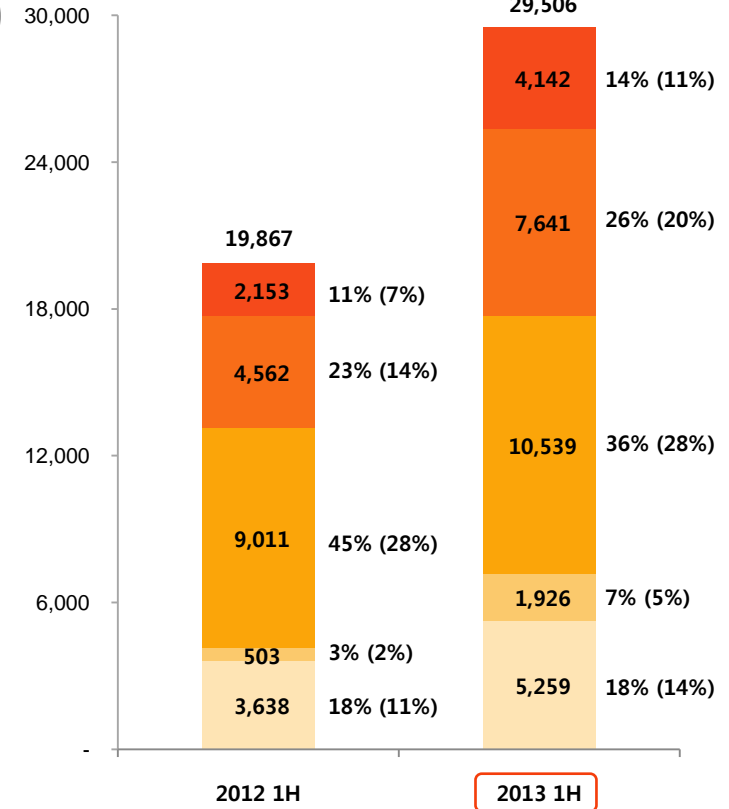
2Q

[Unit: M KRW, % of total expenses (% of total sales)]



1H

[Unit: M KRW, % of total expenses (% of total sales)]



The overall costs have increased due to growth of both business and investments.

- Increased number of employees (including R&D) led to growth in labor costs.
- Implemented various overseas and domestic marketing activities.
- Royalty payments have increased due to increased of third-party game sales
- Increased staff, assets, technical costs, etc. led to increased Miscellaneous expenses.

※ Main cause of 2Q expenses : 1) Royalty (8%p ↑) 2) Marketing Costs (4%p ↑)

# 5. 2013 Launching Schedules

| 1H   | 2H  |
|--|---|
| <p>[Sports] LINE MASS FISHING, LINE PUNCH HERO, Perfect Innings 2013 KBO, Perfect Professional Baseball Baseball Superstars 2013 for Kakao</p> <p>[Strategy] Real Three Kingdoms, Spawn Wars 2, Fantasy Quest, Moria Saga, Steel Commanders</p> <p>[RPG] Dark Avenger, Kingdom &amp; Dragons</p> <p>[Action] Battle Line, Colosseum Defense</p> <p>[SNG] King's Empire, Airport City, The Pocket World, Cat Town, etc.</p> <p>[Arcade] Air Penguin Friends, Smile Plants</p> <p>[Board] GAMEVIL Matgo</p> <p style="text-align: right;"><i>Total 24 titles</i></p> | <p>[Strategy] Kaizin Rumble, Soul Stones, Dhazangmen, Hero Master, etc.</p> <p>[RPG] ZENONIA Online, Legend of Master Online, AKASHA, 3D MORPG(GAMEVIL&amp;), etc.</p> <p>[Action] Card Guardian, Zombie Hazard, etc.</p> <p>[SNG] Ocean Tales, Clay Land, etc.</p> <p>[Arcade] Block Break, Word Wonders, etc.</p> <p>[Board] GAMEVIL Poker, etc.</p> <p style="text-align: right;"><i>Total 24 titles</i></p> |

- 24 new titles were launched, both domestically and overseas, in first half of 2013.
- In the 2<sup>nd</sup> half of 2013, 24 various titles are expected to be launched (MORPG, SNG, TCG, Board, and anticipated projects)



# | 6. 2<sup>nd</sup> half Business Strategy

## ❖ Launching Various Anticipated Quality Games

- ▶ Release of Full Network Blockbuster MORPG 'ZENONIA Online'
- ▶ Release of 3D MORPG 'Dark Avenger' into Chinese android market
- ▶ TCG 'Kaizin Rumble', overseas trading SNG blockbuster 'Ocean Tales', and New 3D MORPGs

## ❖ Aggressive Investment in Quality Titles and Labor & Int'l Market Expansion

- ▶ Acquiring promising game development companies worldwide, thereby securing quality labor and IPs
- ▶ Expansion of investment in international service (US, Japan, China, Southeast Asia)
  - Steady expansion of global user base : Currently 300 million downloading customers with monthly increase of 13 million additional new downloads

## ❖ Enhancement of Response to Platforms over all Worldwide Regions

- ▶ Specialized release of titles and genres based on characteristics of each major region
- ▶ Actively incorporating global mobile messaging platforms such as Kakao, LINE, Facebook, Wechat, ChatOn