



# **GAMEVIL's 4<sup>th</sup> Quarter of 2014 Financial Results & Strategic Plans for 2015**

---

February 10, 2015

---

# | Disclaimer

**Some content may reflect forward-looking statements and have been prepared based on the expectations according to the dates on which these statements were made. There can be no assurance that the forward-looking statements used by GAMEVIL are correct as results can differ from expectations. Therefore GAMEVIL will not be responsible for individual investment decisions based solely on this material. GAMEVIL disclaims any duty to update the information in this material to reflect future events or circumstances.**

**■ Consolidated Companies:**

**GAMEVIL INC, GAMEVIL&(100%), GAMEVIL EVER(100%), NineWheels(74%), Waplesoft(60%)**

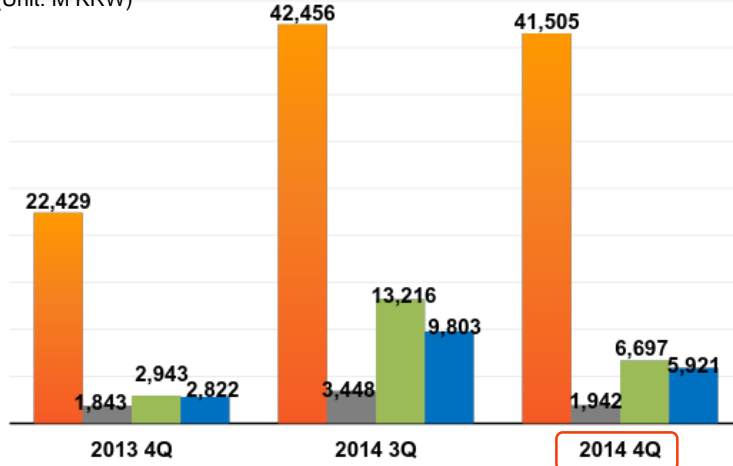
**GAMEVIL USA(100%), GAMEVIL JAPAN(100%), GAMEVIL CHINA(100%), GAEMVIL SEA(100%)**

- 1. Financial Results**
- 2. Domestic/International Sales**
- 3. Sales Composition I**
- 4. Sales Composition II**
- 5. Expenses**
- 6. Major Advancement Strategy**
- 7. Launching Schedule**
- 8. 2015 Forecast**

# 1. Financial Results

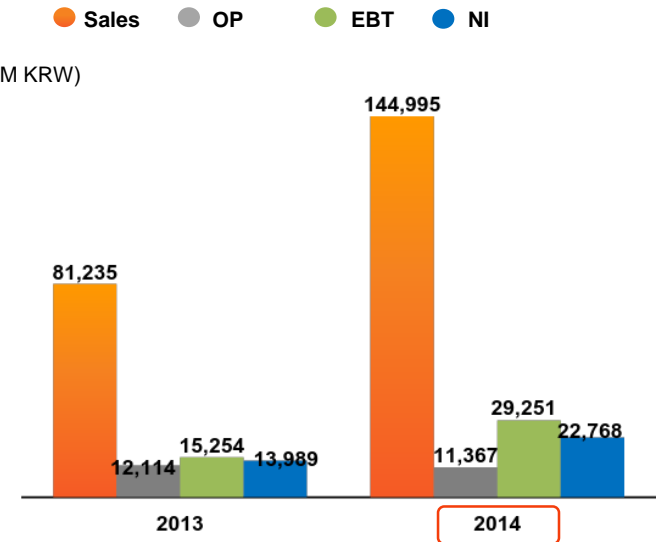
4Q

(Unit: M KRW)



YTD

(Unit: M KRW)



(Unit: M KRW, %)	2013 4Q	2014 3Q	2014 4Q	Q-Q	Y-Y
Sales	22,429	42,456	41,505	-2.2%	85.0%
Operating Profit	1,843	3,448	1,942	-43.7%	5.4%
(OP%)	8.2%	8.1%	4.7%		
Earnings Before Tax	2,943	13,216	6,697	-49.3%	127.6%
(EBT &)	13.1%	31.1%	16.1%		
Net Income	2,822	9,803	5,921	-39.6%	109.8%
(NI %)	12.6%	23.1%	14.3%		

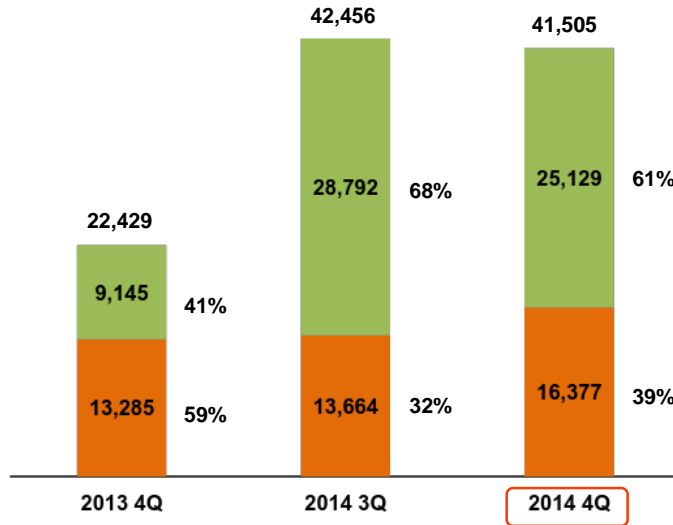
(Unit: M KRW, %)	2013	2014	Y-Y
Sales	81,235	144,995	78.5%
Operating Profit	12,114	11,367	-6.2%
(OP%)	14.9%	7.8%	
Earnings Before Tax	15,254	29,251	91.8%
(EBT %)	18.8%	20.2%	
Net Income	13,989	22,768	62.8%
(NI %)	17.2%	15.7%	

- 4th quarter sales of 2014: 41,500,000,000 KRW (Q-Q 2.2% ↓, Y-Y 85.0% ↑)
  - ▶ Sales have decreased slightly compared to previous quarter, but showed continual growth of 85% compared to last year.
- 4th quarter business profit 1,900,000,000 KRW (Q-Q 43.7% ↓, Y-Y 5.4% ↑), Net profit during term 5,900,000,000 KRW (Q-Q 39.6% ↓, Y-Y 109.8% ↑)
  - ▶ Business profit has decreased compared to the previous quarter according to overseas branch expansion, acquiring developers, investment and aggressive marketing, but increased compared to last year's performance of the same quarter.
- Annual Sales: 145,000,000,000 KRW (Y-Y 78.5% ↑), Business profit: 114,000,000,000 KRW (Y-Y 6.2% ↓), Net profit: 22,800,000,000 KRW (Y-Y 62.8% ↑)
  - ▶ Annual sales have shown a steep increase of 80% compared to last year, achieving the highest sales yet.
  - ▶ Annual business profit has decreased slightly due to increased investment, the net profit was 22,800,000,000 KRW, which is an all-time high.

# 2. Domestic/International Sales

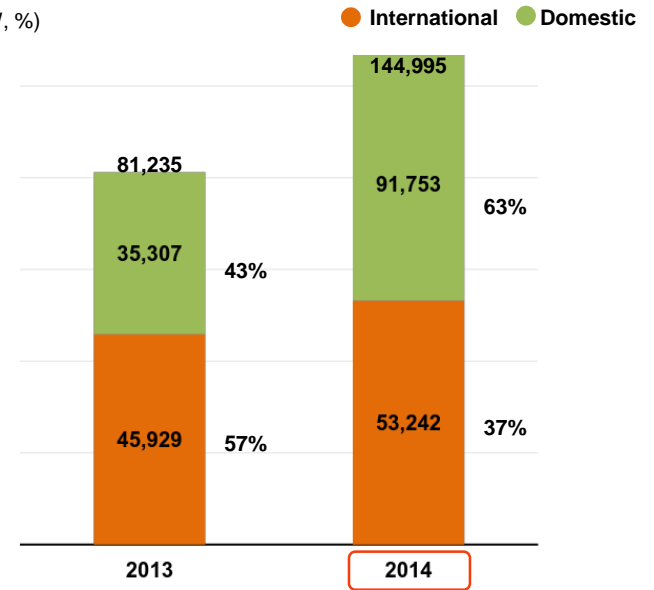
(Unit: M KRW, %)

4Q



(Unit: M KRW, %)

YTD



(Unit, M KRW %)	2013 4Q	2014 3Q	2014 4Q	Q-Q	Y-Y
Domestic	9,145	28,792	25,129	-13%	175%
International	13,285	13,664	16,377	20%	23%
Total	22,429	42,456	41,505	-2%	85%

(Unit: M KRW, %)	2013	2014	Y-Y
Domestic	35,307	91,753	160%
International	45,929	53,242	16%
Total	81,235	144,995	78%

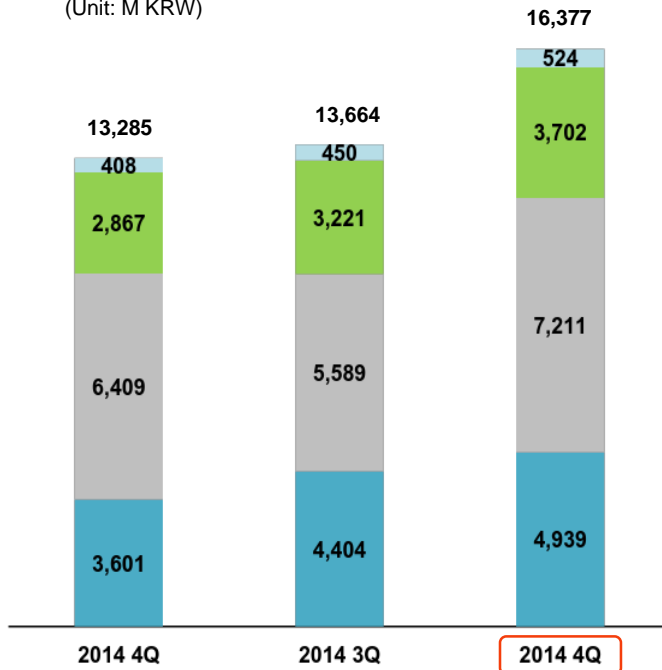
- 2014 4th quarter domestic sales: 25,100,000,000 KRW (Q-Q 13% ↓, Y-Y 175% ↑), Overseas sales: 16,400,000,000 KRW(Q-Q 20% ↑, Y-Y 23% ↑)
  - ▶ 4th quarter domestic sales have partially decreased compared to last quarter, but achieved a steep growth of 175% compared to last year.
  - ▶ 4th quarter overseas sales was 16,400,000,000 KRW, which grew 20% compared to last quarter due to new global releases such as Kritika, Darkness Reborn, etc.
- 2014 domestic sales: 91,800,000,000 KRW (Y-Y 160% ↑), Annual overseas sales: 53,200,000,000 KRW (Y-Y 16% ↑)
  - ▶ Both domestic and overseas sales have increased and achieved a large growth in annual sales.

# 3. Sales Composition I By Region

## International Regional Revenue Distribution

● North America ● Asia Pacific ● Europe ● Latin America & Others

(Unit: M KRW)



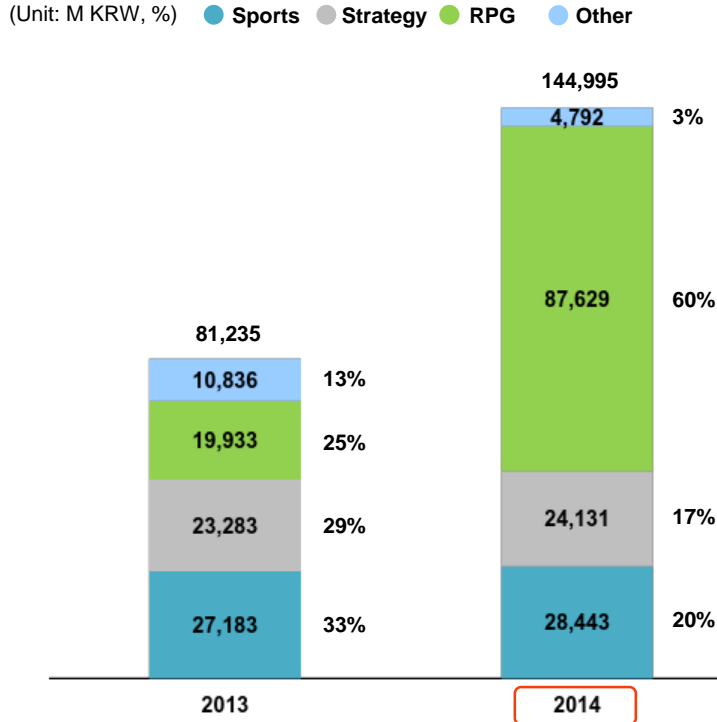
[International Sales by Region (excluding Korea)]

(Unit: M KRW, %)	2013 4Q	(%)	2014 3Q	(%)	2014 4Q	(%)
North America	3,601	27%	4,404	32%	4,939	30%
Asia Pacific	6,409	48%	5,589	41%	7,211	44%
Europe	2,867	22%	3,221	24%	3,702	23%
Latin Am. & Others	408	3%	450	3%	524	3%
Total	13,285	100%	13,664	100%	16,377	100%

- 4th quarter sales have maintained a stable growth in North America, Asia (excluding Korea) and Europe.
  - ▶ Achieved sales in various regions headed by Asia through the launch of Kritika, Darkness Reborn, etc.
  - ▶ While overseas sales are steadily growing, large growth is expected for SEA regions following the growth of the major markets in Asia such a Japan, China and Taiwan.
- As the global service capability expands and grows, implement competitive global publishing ability.

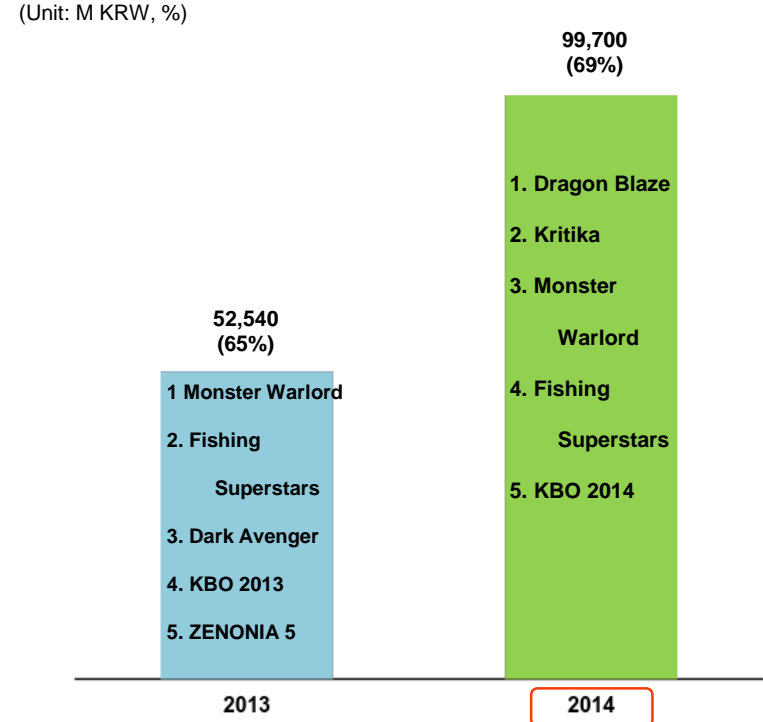
# 4. Sales Composition II By Genre and Top5 Titles

Sales by Genre (%)



- Maintains strong growth in all 3 genres: sports, strategy, and RPG.
- For the RPG genre, *Dragon Blaze*, *Kritika*, *Darkness Reborn*, etc. have led the annual sales growth to more than 4x compared to last year.
- The Sports genre is creating continual sales centered around *Perfect Inning* and *Fishing Superstars*.
- The Strategy genre is showing continual growth with *Monster Warlord* and *Spirit Stones*, and new titles such as *Elune Saga* are contributing to sales.

Top5 Titles as Proportion of Revenue (%)



- The Top 5 games are responsible for 65~70% of total sales, and the main genre of games are creating stable revenue.
- The previous hits (*Monster Warlord*, *Fishing Superstars*) are continually creating sales, and the 2014 titles (*Dragon Blaze*, *Kritika*, *KBO 2014*, *Darkness Reborn*, etc) have contributed to achieving steep growth compared to last year.

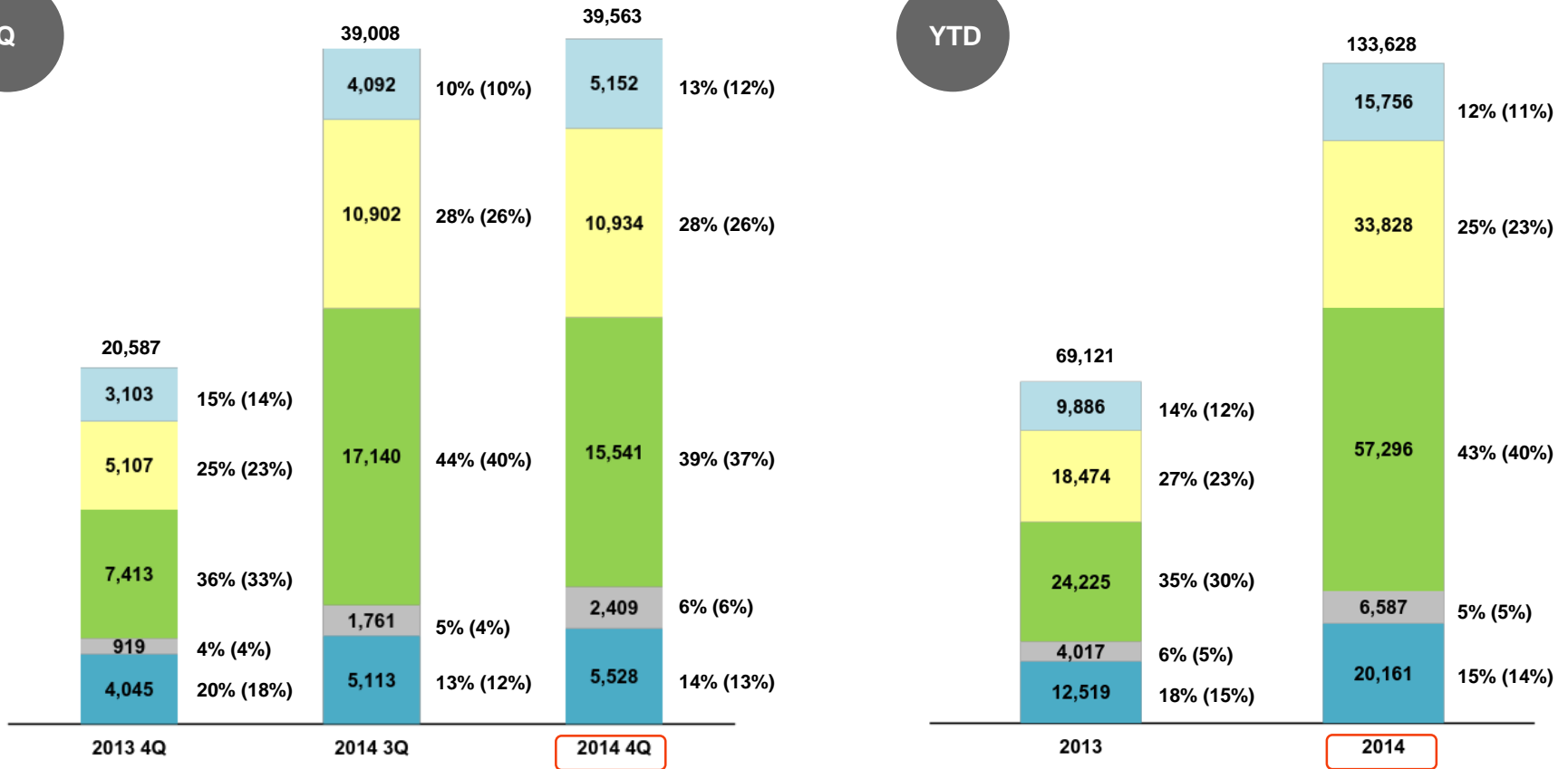
# 5. Expenses

● Salary ● Marketing ● Comission ● Royalty ● Other

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

4Q

YTD



- Annual and 4th quarter labor costs and miscellaneous expenses have all increased due to overseas branches expansion, acquisition of developers and aggressive investment efforts.
- In the 4th quarter, marketing expenses increased based on new title releases, annual sales, domestic and overseas marketing efforts (approximately 5% of sales)
- Annual commission fee increased in relation to sales growth and messenger platform sales, however, due to 4th quarter's messenger platform sales decrease, the ratio based on sales have decreased.
- Annual royalty production cost has increased due to sales growth, but the ratio is similar to the previous year.



# 6. Major Advancement Strategy

“2015, a year of growth and expansion as a **global publisher**”

- Focus on growth of the **global mega hit brand** by operating a **strong pipeline**.
  - ▶ **Overseas Launch of Guaranteed Blockbuster Titles**
    - Overseas/Chinese launch of *Dragon Blaze*, *Zenonia Online*, and *Kritika*
  - ▶ **Mobile gamification of famous PC Online IPs**
    - Following the success of *Kritika*, *ArcheAge*, *Devilian*, *Age of Storm*, etc.
  - ▶ **Launch new hit franchises and high-quality developed titles.**
    - *Perfect Inning 2015 KBO*, *Cartoon Wars 3*
    - *Monster Picker*, *Guardians War*, etc.
- Expansion of global market by operating a **global service infrastructure**
  - ▶ A **differentiated global service** development in the previously strengthened **global base** such as Korea, US, Japan, China, Taiwan, Singapore (SEA), Germany (Europe), etc.
    - ▶ Sophistication of global One-Build support that includes 15- language support.
    - ▶ Intensification of global performance by regionally localized **marketing, events, forum operation and customer service.**

# 7. Launching Schedule

- About 20 games to launch in 2015
  - ▶ Main genre RPG, Strategy, Sports, etc.
  - ▶ Mobile gamification of PC online games
  - ▶ New releases expected to be a hit franchise
- 2015 1st half Main Releases



▪ Dragon Blaze (龙界启示录) [RPG]



▪ Dragon Blaze [RPG]



▪ ZENONIA ONLINE [RPG]



▪ Cartoon Wars 3



▪ KBO 2015 [Sports]



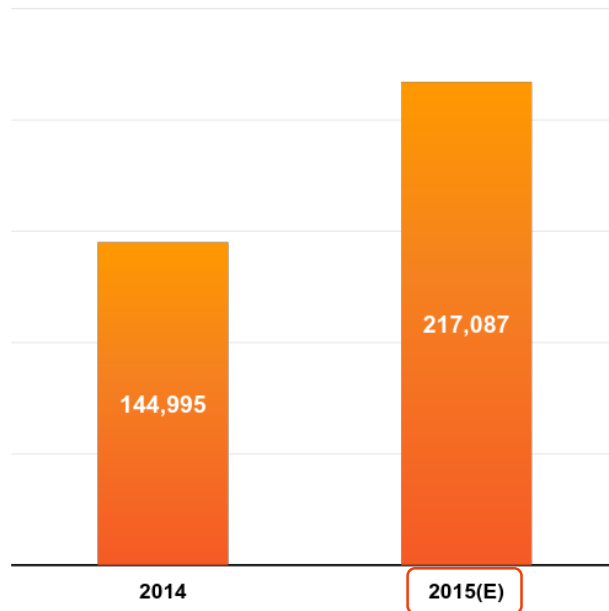
▪ Historia [RPG]

# 8. 2015 Forecast

- 2015 Forecast: 217.1B KRW in Sales, 258B KRW in Operating Profit, 40.2B KRW in Net Income

## Projected Sales

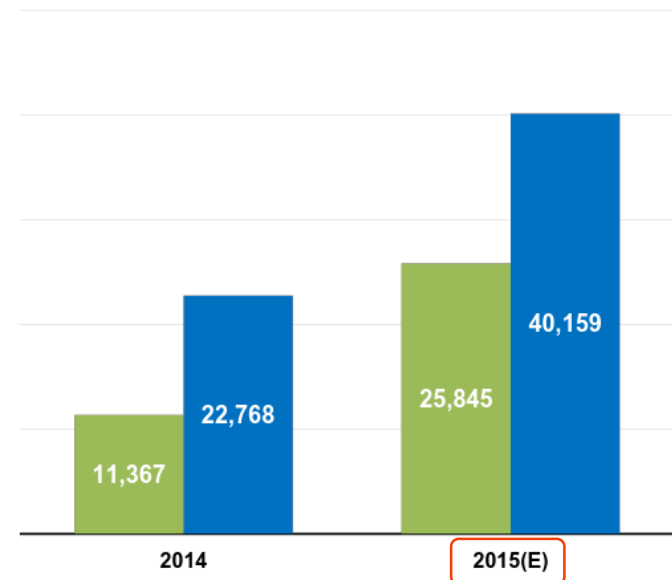
(Unit: M KRW)



## Projected Income

(Unit: M KRW)

● OI ● NI



- FY 2015 target Sales of 217.1B KRW, an increase of 50%.
- FY 2015 expected Operating Profit of 25.8B KRW (Y-Y 127%↑), expected Net Income of 40.2B KRW (Y-Y 76%↑).