



# GAMEVIL's 3<sup>rd</sup> Quarter of 2015 Financial Results

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Nov 10, 2015

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# | 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:**

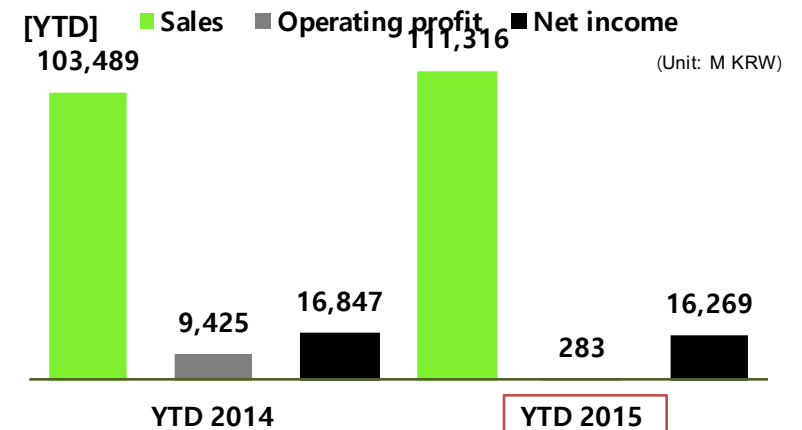
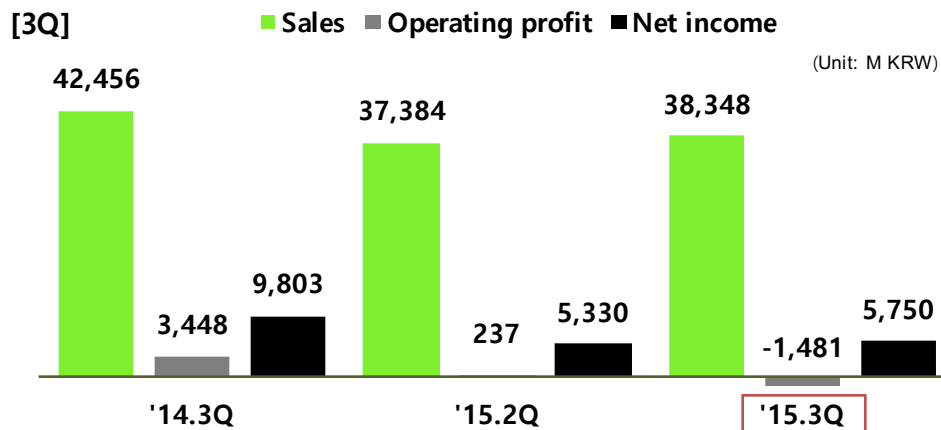
**GAMEVIL INC, GAMEVIL&, GAMEVILEVER, NineWheels, Waplesoft,  
GAMEVIL USA, GAMEVIL JAPAN, GAMEVIL CHINA, GAMEVIL SEA, GAMEVIL Europe**

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# 1. Financial Results

- FY15 3Q sales 38.3B KRW(Q-Q 2.6%▲)
- Major titles have shown a steady sales performance in the third quarter, leading to increased q-q.
- FY15 3Q operating loss 1.5B KRW, net income 5.7B KRW(Q-Q 7.9%▲)
- While operating profit decreased q-q due to investments such as a temporary marketing expense increase, global service expansion, etc., net income has increased due to profits from affiliated companies.
- YTD 2015 sales 111.3B KRW(Y-Y 7.6%▲), operating profit 0.3B KRW(Y-Y 97.0%▼), net income 16.3B KRW(Y-Y 3.4%▼)



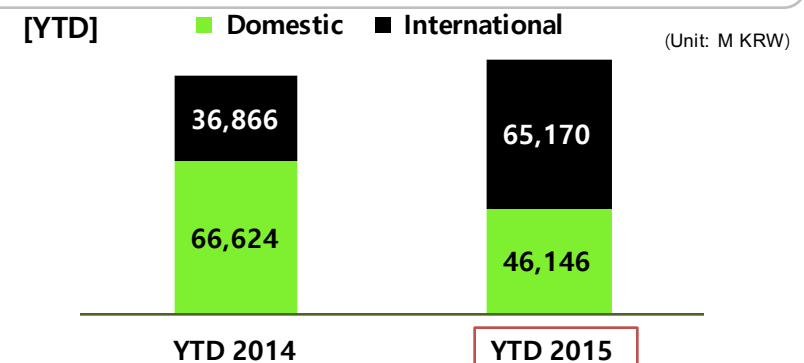
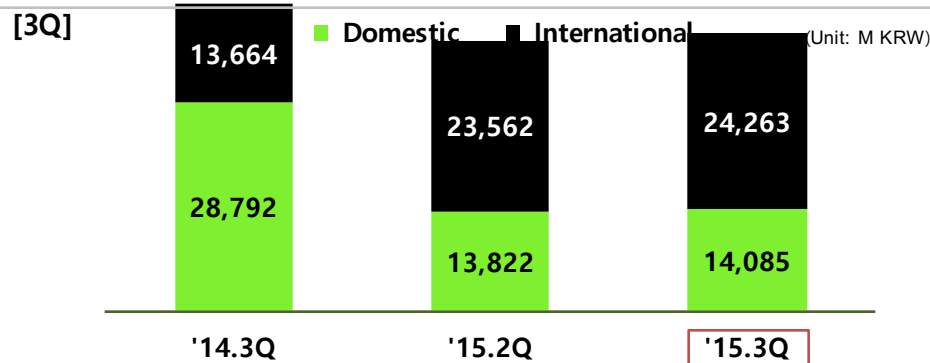
Unit: M KRW	'14.3Q	'15.2Q	'15.3Q	Q-Q
Sales	42,456	37,384	38,348	2.6%
Operating expenses	39,008	37,148	39,829	7.2%
Operating profit	3,448	237	-1,481	-725.5%
OI %	8.1%	0.6%	-3.9%	-4.5%p
Non-operating income & expenses	9,768	7,776	8,874	14.1%
Income before tax	13,216	8,013	7,393	-7.7%
Net income	9,803	5,330	5,750	7.9%
NI %	23.1%	14.3%	15.0%	0.7%p

Unit: M KRW	YTD 2014	YTD 2015	Y-Y
Sales	103,489	111,316	7.6%
Operating expenses	94,064	111,033	18.0%
Operating profit	9,425	283	-97.0%
OI %	9.11%	0.3%	-8.8%p
Non-operating income & expenses	13,129	22,745	73.2%
Income before tax	22,554	23,028	2.1%
Net income	16,847	16,269	-3.4%
NI %	16.3%	14.6%	-1.7%p

## 2. Sales Composition | By Region

### “Steady growth continues in every market, leading to record-high overseas sales”

- FY15 3Q int'l sales : 24.3B KRW (Q-Q 3.0%▲), domestic sales : 14.1B KRW (Q-Q 1.9%▲)
- Domestic and int'l sales have increased q-q due to existing major titles performance. In particular, the performance of newly-launched titles such as Dragon Blaze, MLB Perfect innings, and Dungeon Link led to record-high int'l sales.
- Int'l sales account for 63% of total sales, which led to growth as a global publisher.
- YTD 2015 int'l sales : 65.2B KRW (Y-Y 76.8%▲), domestic sales 46.1B KRW (Y-Y 30.7%▼)
- Steady growth continues in every international market, Asia Pacific and North America has especially increased y-y 130% and 43%, respectively.



Unit: M KRW	'14.3Q	'15.2Q	'15.3Q	Q-Q
Sales	42,456	37,384	38,348	2.6%
Domestic	28,792	13,822	14,085	1.9%
International	13,664	23,562	24,263	3.0%
Domestic (%)	68%	37%	37%	-
International (%)	32%	63%	63%	-
Asia Pacific	5,589	12,343	12,358	0.1%
N. America, Europe & Others	8,075	11,219	11,905	6.1%
Asia Pacific (%)	41%	52%	51%	-
N. America, etc. (%)	59%	48%	49%	-

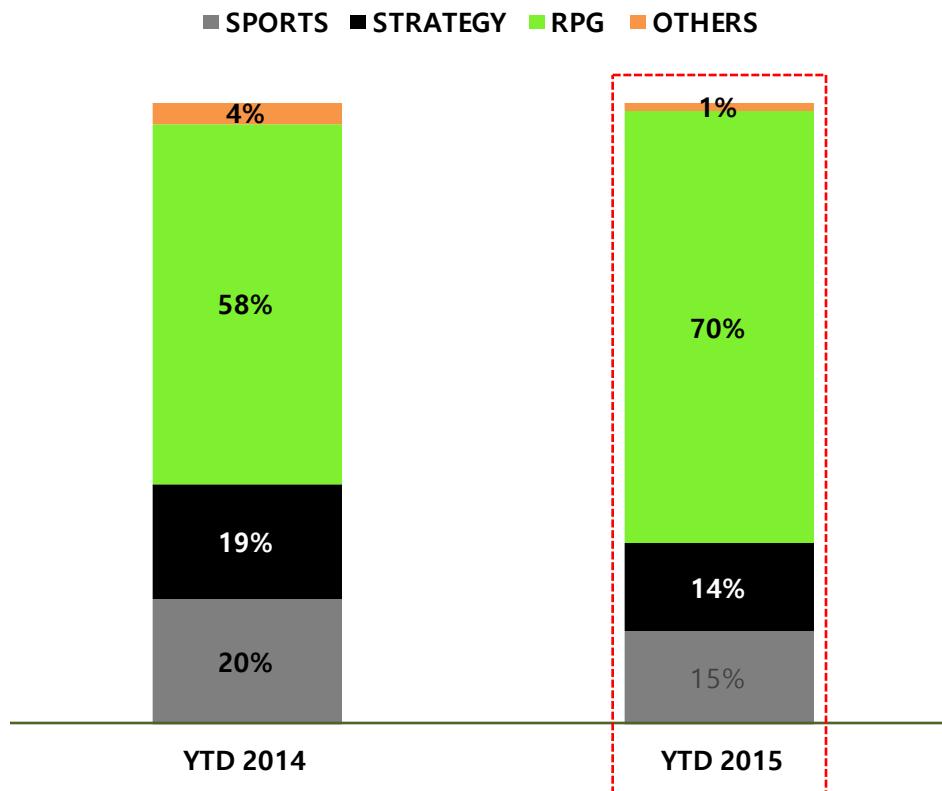
Unit: M KRW	YTD 2014	YTD 2015	Y-Y
Sales	103,489	111,316	7.6%
Domestic	66,624	46,146	-30.7%
International	36,865	65,170	76.8%
Domestic (%)	64%	41%	-
International (%)	36%	59%	-
Asia Pacific	14,160	32,584	130.1%
N. America, Europe & Others	22,706	32,586	43.5%
Asia Pacific (%)	38%	50%	-
N. America, etc. (%)	62%	50%	-

# 3. Sales Composition $\Pi$ \_By Genre

[Genre] As a portfolio strategy, the proportion of major genre RPG sales have expanded

- RPG : 70% of sales were made up of major genre RPG with Dragon Blaze, Kritika, Dark Avenger being the top three.
- Sports and Strategy : MLB Perfect Inning and Dungeon Link's steady revenue helped sports and strategy to combine for 30% of total sales.

Sales by Genre

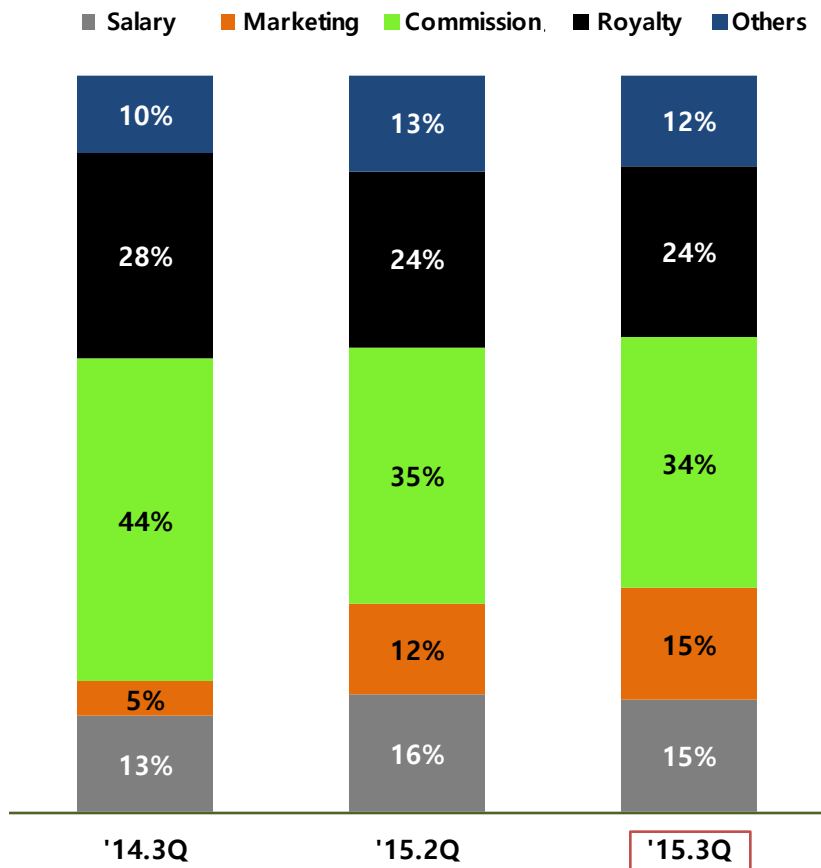


Unit: M KRW	YTD 2014	YTD 2015
RPG	59,813	77,365
SPORTS	20,660	16,579
STRATEGY	19,343	15,749
OTHERS	3,673	1,623
<b>TOTAL SALES</b>	<b>103,489</b>	<b>111,316</b>

# 4. Expenses

- Total operating expenses have increased 7% q-q to 39.8B KRW.
- Salary : Keen recruitment and other employee investment methods led to a growth of labor costs.
- Marketing : 3<sup>rd</sup> quarter marketing costs have increased q-q due to aggressive marketing efforts such as a massive commercial campaign in Japan, but are expected to decrease in 4<sup>th</sup> quarter.
- Commission : Drop in sales of messenger-based titles led to decreased the commission payments proportion of total sales 5%p y-y.

[Expenses Proportion of Total operating expenses]



(Unit: M KRW)	'14.3Q	'15.2Q	'15.3Q	Q-Q
Sales	42,456	37,384	<b>38,348</b>	2.6%
Expenses	39,008	37,148	<b>39,829</b>	7.2%
Salary	5,113	5,893	6,129	4.0%
Marketing	1,761	4,607	5,938	28.9%
Commission	17,140	12,932	13,571	4.9%
Royalty	10,902	8,948	9,355	4.6%
Others	4,092	4,768	4,836	1.4%
Salary%	13%	16%	15%	
Marketing%	5%	12%	15%	
Commission%	44%	35%	34%	
Royalty%	28%	24%	24%	
Others%	10%	13%	12%	
Total	100%	100%	100%	

# 5. Launching Schedule

- In-house and 3<sup>rd</sup> party titles launching with a well-balanced portfolio.
- RPG genre as the focus, but various strategy, action, FPS Genre games will also be launched.
- Highly anticipated continuous launching of global titles through a self-platform service.

## In-house Games



Zenonia S [RPG] / '15.11.03



Chromatic Souls [Strategy]



Nine Hearts [RPG]



Monster Picker [RPG]

## Publishing games



Afterpulse [FPS] / '15.10.23



ArcheAge [RPG]



Cartoon Wars III [Action]

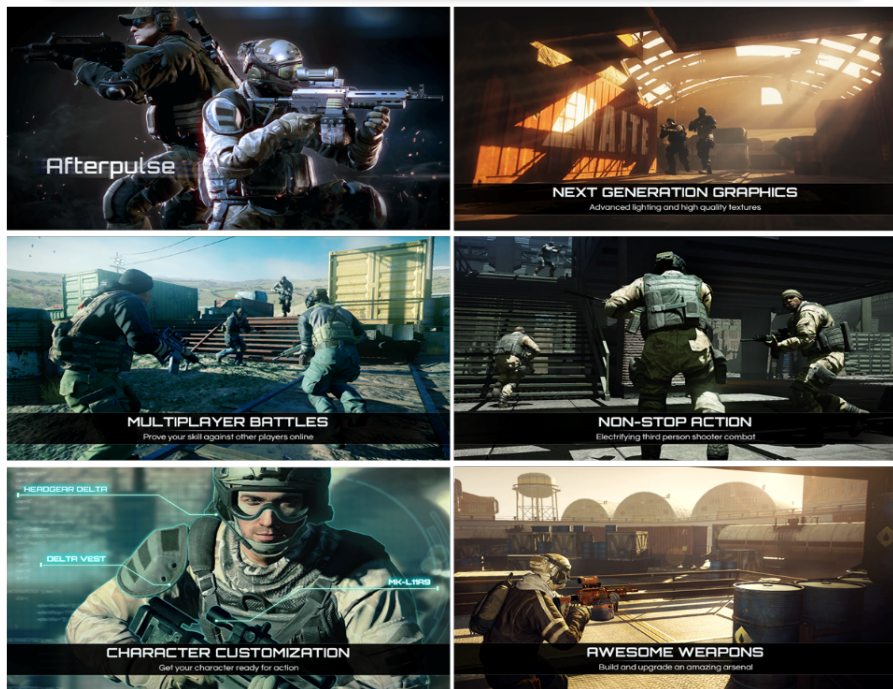


Devilian [RPG]



# ❖ Released games in 4Q 2015

## Afterpulse



- Built successful collaboration model with western developer.
- Established as a global publisher due to global featuring, one-build service, etc.
- Will dominate mobile FPS market with quality multi-playable title which overcomes limitations of mobile games.

## Zenonia S



- With 50 million cumulative downloads worldwide, 'Zenonia' franchise shows the value of its proven legacy.
- Utilizing self-developed intellectual property to maximize performance.
- Accelerate marketing, targeting the greater China region and surrounding markets.

## 6. Major Advancement Strategy

### "Full-Scale Launching of Anticipated Global Titles with Various Strategies "



### "Status as a global publisher expands as we strengthen international service"

- Establishment of 12 bases in Korea, US, Japan, China, SEA and Europe
- Sophistication of global One-build support that includes 16-language support
- Forum operation and customer service in key worldwide market