1Q17 Earnings Release

25th April 2017

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1Q17 Financial Highlights (1)

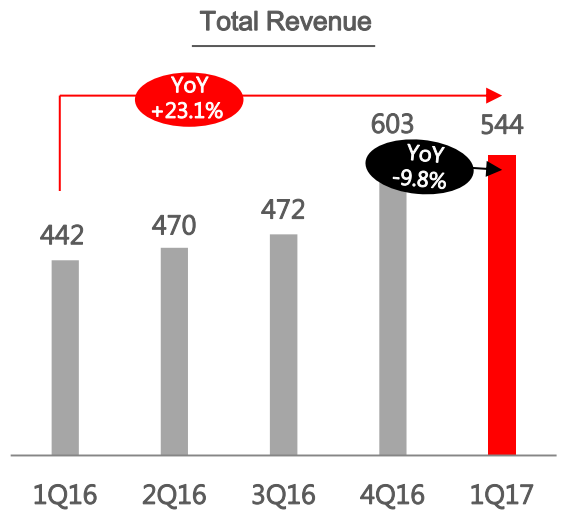
Review of 1Q17 Earnings

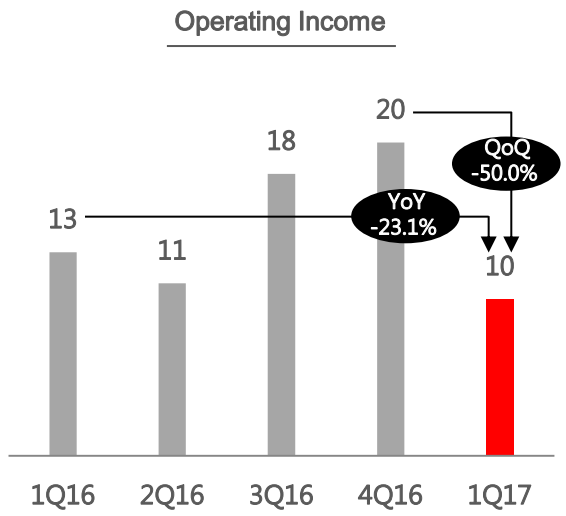
- Total Revenue : recorded 54.4 billion won, decreased by -9.8% QoQ and increased by +23.1% YoY as the significantly strong sales of T-Commerce and Contents Unit.
- Operating Income : recorded 1.0 billion won, decreased by -50.0% QoQ and -23.1% YoY due to delay in some ict platform projects.
- Net income : recorded 0.9 billion won, decreased by -65.4% QoQ and -35.7% YoY due to decline of operating and financial income.

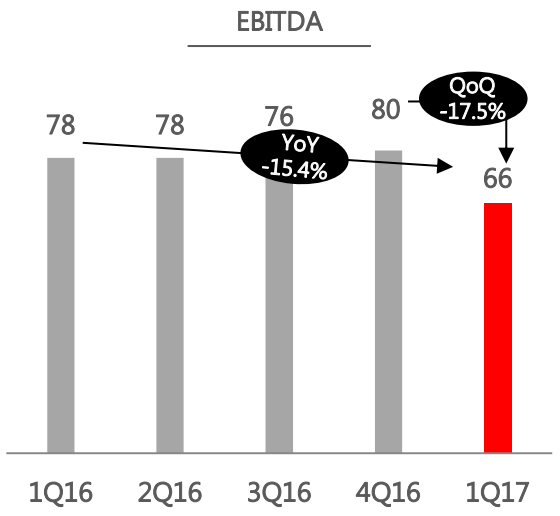
(Unit: KRW 100 million)

구분	1Q16	4Q16	1Q17	QoQ(%)	YoY(%)
Total Revenue	442	603	544	-9.8%	+23.1%
Operating Expense	429	583	534	-8.4%	+24.5%
Operating Income	13	20	10	-50.0%	-23.1%
Net Income	14	26	9	-65.4%	-35.7%
EBITDA	78	80	66	-17.5%	-15.4%

Earnings for recent Five Quarters (Unit: KRW 100 million)







1Q17 Financial Highlights (2)

Review of 1Q17 Business Units

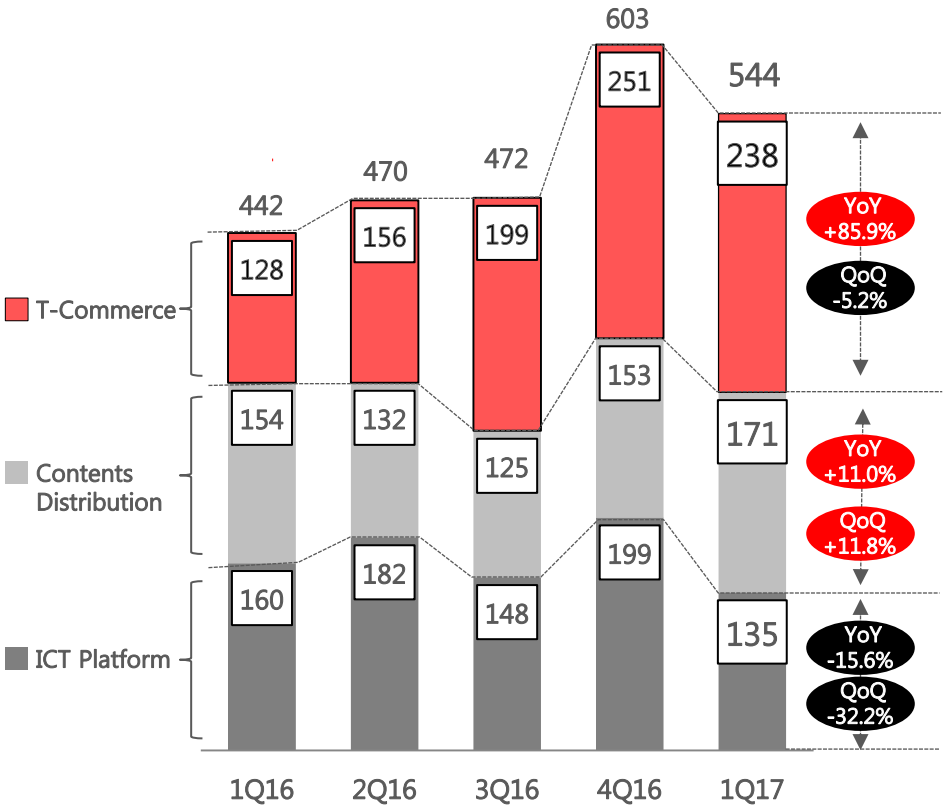
- T-Commerce : decreased by -5.2% QoQ and increased by +85.9% YoY as the enhancement of distribution competitiveness product mix.
- Contents Distriution: increased by +11.8% QoQ and +11.0% YoY driven by strong expansion in Korean Firm-IP distribution and character product
- ICT Platfom: decreased by -32.2% QoQ and -15.6% YoY due to delay in some ict platform projects.

(Unit: KRW 100 million)

Classification	1Q16	4Q16	1Q17	QoQ(%)	YoY(%)
T-Commerce Unit	128	251	238	-5.2%	+85.9%
Contents Distribution Unit	154	153	171	+11.8%	+11.0%
ICT Platform Unit	160	199	135	-32.2%	-15.6%
Total Revenue	442	603	544	-9.8%	+23.1%

Revenue Breakdown for recent Five Quarters

(Unit: KRW 100 million)



1Q17 Financial Highlights (3)

Review of 1Q17 Operating Expenses

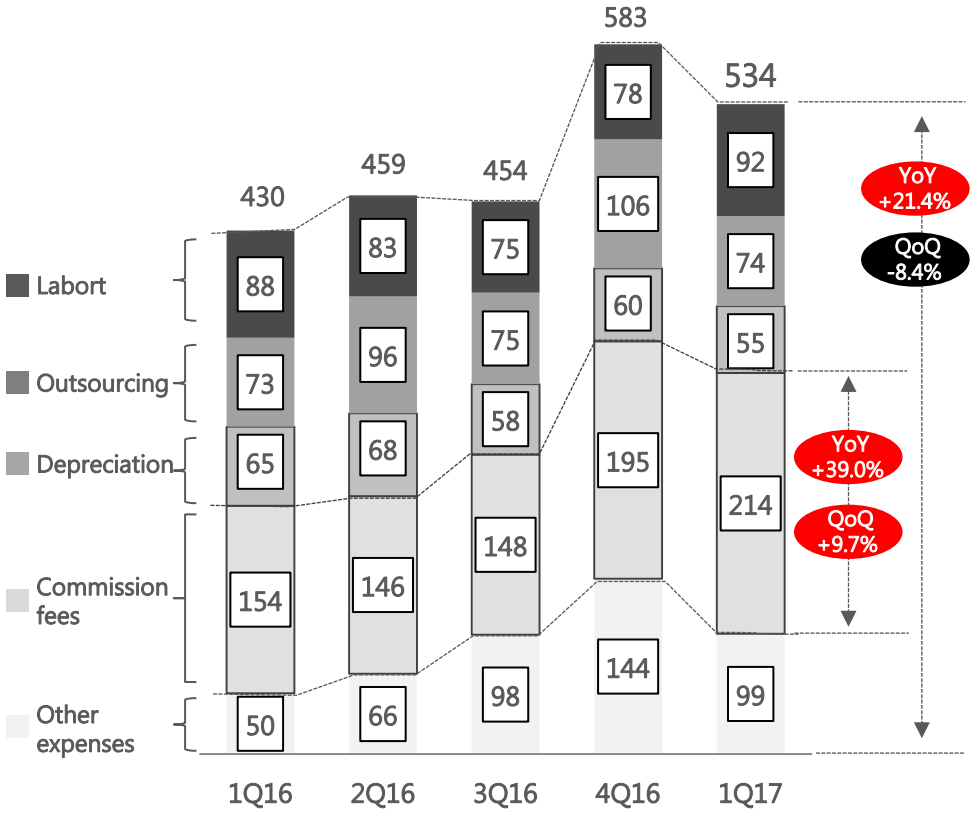
- Commission fees: recorded 21.4 billion, increased by +9.7% QoQ and +39.0% YoY due to K-Shopping and contents distribution revenue growth.
- Other expenses: recorded 9.9 billion, decreased by -31.3% QoQ and increased by +98.0% YoY due to expansion of K-Shopping's customer call center and direct buying.

Unit: KRW 100 million)

Classification	1Q16	4Q16	1Q17	QoQ(%)	YoY(%)
Labor cost	88	78	92	+17.9	+4.5
Outsourcing cost	73	106	74	-30.2	+7.6
Depreciation	65	60	55	-8.3	-15.4
Commission fees	154	195	214	+9.7	+39.0
Other expenses	50	144	99	-31.3	+98.0
Operating Expenses	440	583	534	-8.4	+21.4

Operating Expenses for recent Five Quarters

(Unit: KRW 100 million)



Appendix : Financial Position

(K-IFRS / non-consolidated)

(Unit: KRW, 100million)

	1Q16	2Q16	3Q16	4Q16	1Q17
Current Asset	1,573	1,556	1,521	1,582	1,466
Cash &cash equivalents	306	335	334	295	175
Trade & other rec	520	490	440	470	500
Trade and other current receivables	314	293	293	400	374
Inventories	6	11	32	27	37
Other current non-financial assets	427	427	422	390	380
Non-Current Asset	762	757	809	910	954
Other non-current financial assets	236	215	217	228	233
Investments in subsidiaries	11	11	19	16	17
Property, plant and equipment	160	159	161	172	173
Intangible assets	276	256	253	257	260
Other non-current non-financial assets	79	116	160	237	271
Total Asset	2,335	2,313	2,330	2,492	2,420
Current liabilities	302	320	319	453	356
Trade and other current payables	257	274	272	374	298
Other current financial liabilities	45	46	40	79	58
Non-Current liabilities	7	3	8	17	22
Post-employment benefit obligations	6	1	6	13	18
Non-current provisions	-	1	1	2	1
Other non-current financial liabilities	1	1	1	2	3
Total liabilities	309	323	327	470	378
Capital Stock	357	357	357	357	357
Share premium	2,145	2,145	2,145	2,145	2,145
Other capital component	(27)	(54)	(64)	(50)	(40)
Retained earnings	(449)	(458)	(446)	(429)	(405)
Total equity	2,026	1,990	2,003	2,022	2,042

Appendix : Income statement

(K-IFRS / non-consolidated)

(Unit: KRW, 100million)

	1Q16	2Q16	3Q16	4Q16	1Q17
Operating revenue	443	470	472	603	544
T-Commerce	128	156	199	251	238
Contents Distribution	154	132	125	153	171
ICT Platform	161	182	148	199	135
Operating expenses	430	459	454	583	534
Labor cost	88	83	75	78	92
Outsourcing cost	73	96	75	106	74
Depreciation	65	68	58	60	55
Commission fees	154	146	148	195	214
Other expenses	50	66	98	144	99
Operating income	13	11	18	20	10
Non-Operating income (loss)	7	(16)	0	(8)	1
Non-operating income	3	1	1	(1)	0
Non-operating cost	5	20	3	12	4
Finance income (loss)	9	3	3	5	5
Income before income taxes	20	(5)	18	9	11
Income tax expense	6	6	5	(17)	2
Net income	14	(10)	13	26	9

Thank you