

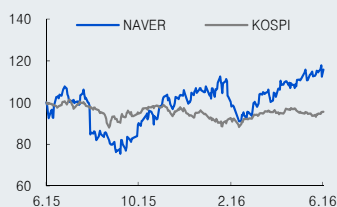
Internet

Company Update
June 7, 2016

(Maintain)	Buy
Target Price (12M, W)	900,000
Share Price (6/3/16, W)	707,000
Expected Return	27%

OP (16F, Wbn)	1,191
Consensus OP (16F, Wbn)	1,064
EPS Growth (16F, %)	57.7
Market EPS Growth (16F, %)	16.8
P/E (16F, x)	28.5
Market P/E (16F, x)	10.7
KOSPI	1,985.84
Market Cap (Wbn)	23,305
Shares Outstanding (mn)	33
Free Float (%)	77.2
Foreign Ownership (%)	58.5
Beta (12M)	0.58
52-Week Low	461,500
52-Week High	720,000

(%)	1M	6M	12M
Absolute	4.6	11.7	17.6
Relative	4.6	12.2	22.2



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[Internet/Game/Entertainment]

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NAVER

(035420 KS)

O2O services shifting into high gear

O2O services shifting into high gear

Launched in December 2014, NAVER's O2O platform Shop Window has so far attracted about 6,000 retailers around the country, including major department stores, outlets, small fashion boutiques, and interior stores.

NAVER is also rolling out location-based O2O services after completing their beta testing. One example is NAVER Studio, which provides studio listings obtained from brokers and real estate start-ups.

NAVER Booking, which went into beta in March 2015, allows users to make reservations for restaurants, accommodations, and live performances on their PC or mobile devices and pay with NAVER Pay. In April, beauty salons were added to the list of booking categories. Meanwhile, NAVER Map has introduced new features, such as taxi-hailing and navigation.

NAVER business models = Google + Amazon + Uber or Facebook

NAVER's mobile ad revenue has been growing rapidly, particularly in search ads. E-commerce revenue has also been on a sharp rise, as the company has broadened its shopping categories (which include "Hot Deals," overseas direct purchases, flights, hotels, food, toys, and children's products) and expanded its product inventory.

We estimate NAVER's e-commerce market share has increased from 15.5% in 1Q13 to 21.9% in 1Q16 based on the combined transaction value of PC and mobile shopping. We extrapolated our market share numbers from the company's e-commerce revenue (recognized on a net revenue basis), assuming a 2% commission on total transactions. In the long term, we think the company could gain a market share of over 40%, near Amazon's level.

Valuing domestic operations at W26tr; LINE IPO to remove uncertainty

Various media reports suggest LINE's IPO is imminent. The messaging app operator will reportedly begin road shows and set its IPO price in June, before going public in Tokyo and New York in July. We believe LINE's IPO would eliminate a major uncertainty that has long weighed on NAVER's stock.

Once LINE goes public, we believe it will be easier to determine NAVER's value, which should equal the sum of the value of the domestic operation and the market value of LINE.

We estimate the value of the domestic operation at W26tr, which corresponds to the weighted average of the 2016-17 P/Es of Google and Amazon based on the percentage of ads and e-commerce in NAVER's earnings. We plan to revisit our target price and earnings estimates following LINE's IPO. For now, we leave our Buy rating and target price of W900,000 unchanged.

FY (Dec)	12/13	12/14	12/15	12/16F	12/17F	12/18F
Revenue (Wbn)	2,312	2,758	3,251	4,049	4,565	4,973
OP (Wbn)	524	758	762	1,191	1,541	1,771
OP margin (%)	22.7	27.5	23.4	29.4	33.8	35.6
NP (Wbn)	1,897	454	519	818	1,043	1,240
EPS (W)	45,425	13,787	15,737	24,811	31,646	37,625
ROE (%)	112.7	27.8	26.5	32.5	30.6	27.5
P/E (x)	15.9	51.6	41.8	28.5	22.3	18.8
P/B (x)	11.3	8.7	6.8	5.9	4.7	3.8

Notes: All figures are based on consolidated K-IFRS; NP refers to net profit attributable to controlling interests
Source: Company data, Mirae Asset Daewoo Research estimates

Earnings and forecasts

Table 1. Domestic annual revenue breakdown

(Wbn, %)

	2014	2015	2016F	2017F
Ad revenue	1,637	2,141	2,648	3,249
PC ads	1,251	1,306	1,222	1,137
Mobile ads	298	679	1,260	1,944
Content	69	125	129	131
Other	19	31	37	37
YoY				
Ad revenue	33.8	30.8	23.7	22.7
PC ads		4.4	-6.5	-6.9
Mobile ads		127.8	85.6	54.3
Content		81.6	3.5	1.3
Other		61.2	19.6	-1.2
YoY absolute change				
Ad revenue		504	507	601
PC ads		55	-85	-85
Mobile ads		381	581	685
Contents		56	4	2
Other		12	6	-0
Operating expenses	925	1,315	1,686	2,071
Labor	202	238	313	345
Commission	494	823	1,073	1,379
Marketing	43	156	186	194
D&A	20	33	42	65
Communications	1	1	1	1
Fringe benefits	18	26	32	48
Others	25	38	41	41
Operating profit	712	826	961	1,178
OP margin	43.5	38.6	36.3	145.0
Non-operating income	5	29	13	12
Non-operating expenses	30	45	25	28
Pretax profit	607	849	985	1,200
Tax expense	146	206	233	284
Net profit	461	643	752	916

Note: Revenue breakdown is based on Mirae Asset Daewoo estimates due to frequent changes in the company's criteria

Source: Mirae Asset Daewoo Research

Table 2. NAVER's domestic business valuation

(Wbn, x)

	Fair P/E		Market cap		Notes
	2016	2017	2016	2017	
Alphabet	22.4	19.0	16,851	17,406	Through 2014, NAVER's valuation was based on Alphabet's
Weighted avg. of Alphabet and Amazon	36.3	27.0	27,300	24,745	Assuming 70% of NAVER OP comes from ads and 30% comes from e-commerce → 7:3 weighting; Alphabet's and Amazon's P/E multiples
Avg. of Alphabet, Facebook, and Amazon	41.5	30.2	31,194	27,636	Assuming stabilization of business models for PC ads, mobile ads, and e-commerce → Applied average P/E of Alphabet, Facebook, and Amazon
		P/E		Market Cap.	
12-month forward target		31.7		26,022	Assuming 70% of NAVER OP comes from ads and 30% comes from e-commerce → 7:3 weighting; Alphabet's and Amazon's P/E multiples

Source: Mirae Asset Daewoo Research

Table 3. Domestic quarterly revenue breakdown

(Wbn, %)

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16F	3Q16F	4Q16F	1Q17F	2Q17F	3Q17F	4Q17F
Ad revenue	488	532	540	581	586	647	668	746	724	790	832	904
PC ads	327	330	317	333	306	309	295	312	284	287	274	291
Mobile ads	130	159	179	211	240	296	331	392	398	460	515	571
Content	25	36	34	29	30	34	32	33	33	33	33	33
Other	6	6	11	8	10	9	9	9	9	9	9	9
YoY												
Ad revenue	50.3	43.8	19.1	18.9	20.0	21.7	23.7	28.5	23.6	21.9	24.5	21.1
PC ads	14.6	4.6	1.3	-1.5	-6.5	-6.4	-6.7	-6.4	-6.9	-6.9	-7.2	-6.8
Mobile ads	564.2	362.9	50.8	68.3	85.6	85.6	85.6	85.6	65.6	55.6	55.6	45.6
Content	56.8	123.6	93.4	55.1	16.8	-5.9	-6.7	15.5	9.3	-4.1	2.2	-1.0
Other	59.0	57.5	109.5	25.0	54.6	38.3	-11.9	18.4	-7.1	4.0	-1.9	1.0
YoY absolute change												
Ad revenue	163	162	86	92	97	115	128	166	138	142	163	157
PC ads	42	15	4	-5	-21	-21	-21	-21	-21	-21	-21	-21
Mobile ads	110	125	60	86	111	136	153	181	158	164	184	179
Contents	9	20	17	10	4	-2	-2	4	3	-1	1	-0
Other	2	2	6	2	4	2	-1	1	-1	0	-0	0
QoQ												
Ad revenue	-0.1	9.0	16	7.5	0.8	10.6	3.2	11.7	-3.0	9.0	5.3	8.6
PC ads	-3.4	0.9	-4.0	5.2	-8.3	1.0	-4.3	5.6	-8.8	1.1	-4.6	6.0
Mobile ads	3.1	23.1	12.0	18.4	13.7	23.1	12.0	18.4	1.4	15.6	12.0	10.7
Content	38.0	42.7	-5.7	-16.4	3.9	14.9	-6.5	3.5	-1.7	0.9	-0.4	0.2
Other	4.7	-1.0	67.1	-27.9	29.5	-11.4	6.4	-3.0	1.6	-0.8	0.4	-0.2
QoQ absolute change												
Ad revenue	-0	44	8	41	5	62	21	78	-22	65	42	72
PC ads	-12	3	-13	16	-28	3	-13	16	-28	3	-13	16
Mobile ads	4	30	19	33	29	55	36	61	6	62	55	55
Content	7	11	-2	-6	1	4	-2	1	-1	0	-0	0
Other	0	-0	4	-3	2	-1	1	-0	0	-0	0	-0
Operating expenses	303	323	335	354	370	412	432	472	460	507	533	572
Labor	60	57	63	58	75	77	79	81	83	85	87	89
Commission	187	207	208	222	231	258	274	309	303	333	354	389
Marketing	31	35	40	49	38	49	49	49	40	51	51	51
D&A	8	8	8	8	8	10	11	13	13	15	17	19
Communication	0	0	0	0	0	0	0	0	0	0	0	0
Fringe benefit	7	6	5	7	6	7	8	9	10	11	12	13
Others	9	10	9	10	11	10	10	10	10	10	10	10
Operating profit	186	209	206	227	216	236	236	274	264	283	299	332
OP margin	38.0	39.2	38.1	39.0	36.8	36.4	35.3	36.8	36.4	35.8	36.0	36.7
Non-operating income	19	5	4	1	4	3	3	3	3	3	3	3
Non-operating expenses	2	18	7	18	7	3	4	11	6	7	8	7
Pretax profit	213	210	193	233	221	243	244	277	270	289	304	337
Tax expense	57	46	46	57	52	57	58	65	64	68	72	80
Net profit	156	164	146	176	169	185	186	211	206	220	232	258

Note: Revenue breakdown is based on Mirae Asset Daewoo estimates due to frequent changes in the company's criteria

Source: Mirae Asset Daewoo Research

Table 4. Earnings comparison of global internet companies

(Wbn, %)

	Market cap	Revenue			Operating profit			OP margin			Net profit			Net margin			EPS		
		15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F
NAVER	23,305	3,251	3,935	4,504	762	1,091	1,394	23.4	27.7	31.0	519	743	977	16.0	18.9	21.7	17,619	23,550	30,658
Kakao	6,611	932	1,392	1,754	89	208	332	9.5	15.0	18.9	76	139	224	8.1	10.0	12.8	1,269	2,111	3,387
Interpark	608	402	456	495	23	31	38	5.8	6.8	7.7	17	24	30	4.2	5.2	6.1	518	725	912
Alphabet	582,344	84,906	84,096	97,170	21,920	34,839	41,109	25.8	41.4	42.3	18,510	22,262	26,683	21.8	26.5	27.5	26,166	39,654	46,634
Yahoo	40,474	5,625	4,212	4,255	-5,376	239	330	-95.6	5.7	7.8	-4,936	17	230	-87.7	0.4	5.4	-5,254	600	689
Amazon	398,524	121,157	159,470	194,016	2,528	5,891	9,645	2.1	3.7	5.0	675	3,176	5,910	0.6	2.0	3.0	1,449	12,422	18,690
Facebook	394,484	20,299	30,898	41,205	7,048	16,848	22,238	34.7	54.5	54.0	4,154	8,666	12,454	20.5	28.0	30.2	1,483	4,261	5,487
Twitter	12,420	2,511	3,244	3,892	-510	509	398	-20.3	15.7	10.2	-590	-472	-326	-23.5	-14.5	-8.4	-894	609	798
LinkedIn	20,999	3,386	4,433	5,309	-171	757	749	-5.0	17.1	14.1	-188	-220	-24	-5.6	-5.0	-0.5	-1,461	4,107	5,130
Groupon	2,377	3,532	3,565	3,710	-90	-28	32	-2.6	-0.8	0.9	23	-170	-106	0.7	-4.8	-2.8	34	-46	71
Yahoo Japan	32,427	6,293	9,214	9,956	2,170	2,218	2,471	34.5	24.1	24.8	1,655	1,454	1,616	26.3	15.8	16.2	291	256	285
Rakuten	18,040	6,675	8,872	10,032	886	1,384	1,678	13.3	15.6	16.7	416	784	981	6.2	8.8	9.8	302	557	696
Alibaba	222,572	18,392	25,455	32,590	5,292	7,111	10,097	28.8	27.9	31.0	12,994	6,233	8,636	70.7	24.5	26.5	5,286	3,756	4,843
Baidu	70,032	11,958	14,359	17,567	2,102	2,576	3,567	17.6	17.9	20.3	6,064	2,340	3,271	50.7	16.3	18.6	17,365	7,448	10,109
Sohu	1,824	2,193	2,161	2,429	93	-14	94	4.3	-0.6	3.9	-56	-167	-55	-2.6	-7.7	-2.3	-1,455	-4,155	-696
Sina	4,356	997	1,126	1,304	14	67	151	1.4	5.9	11.5	29	42	68	2.9	3.7	5.2	487	1,071	1,798
Tencent	244,334	18,529	25,250	32,061	6,850	9,597	12,109	37.0	38.0	37.8	5,189	7,197	9,313	28.0	28.5	29.0	558	804	1,031
Average								6.7	18.6	19.9				8.1	9.2	11.7			

Notes: Based on Bloomberg consensus as of Jun. 3rd

Source: Bloomberg, Mirae Asset Daewoo Research

Table 5. Valuation comparison of global internet companies

(Wbn, x, %)

	Market cap	P/E			P/B			P/S			EV/EBITDA			ROE			ROA		
		15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F
NAVER	23,305	36.8	30.0	23.1	9.3	7.8	5.8	6.0	5.9	5.2	17.2	17.5	13.9	26.5	29.9	29.4	13.6	15.7	17.6
Kakao	6,611	102.0	46.4	28.9	2.0	2.0	1.9	6.3	4.7	3.8	46.2	23.9	16.4	2.0	4.8	6.8	1.4	3.4	4.9
Interpark	608	35.5	25.4	20.2	3.6	3.3	3.0	1.5	1.3	1.2	20.6	13.9	11.8	10.5	13.5	15.3	3.8	5.2	6.1
Alphabet	582,344	30.3	22.0	18.7	4.1	3.6	3.0	6.5	7.1	6.1	17.3	12.1	10.4	14.2	16.0	16.2	12.0	13.6	14.0
Yahoo	40,474	442.9	72.5	63.1	1.2	1.2	1.2	7.1	9.8	9.7	-	38.1	34.4	-14.4	1.5	1.6	-9.5	0.5	0.8
Amazon	398,524	297.7	69.7	46.3	23.2	19.0	12.9	3.0	2.5	2.1	28.0	22.4	16.9	9.1	23.5	26.2	2.1	5.8	7.5
Facebook	394,484	73.1	33.0	25.6	7.1	6.3	5.1	16.9	13.0	9.8	32.5	19.7	15.2	11.0	17.8	18.8	9.9	18.6	19.5
Twitter	12,420	-	29.6	22.6	2.4	2.4	2.2	4.3	3.9	3.3	-	11.9	9.4	-10.7	-0.1	0.9	-7.2	0.3	1.7
LinkedIn	20,999	-	39.2	31.3	3.9	4.0	3.7	5.5	4.8	4.0	46.0	15.9	12.9	-4.0	9.9	10.3	-2.5	7.0	7.0
Groupon	2,377	-	-	58.7	5.3	5.8	5.9	0.7	0.7	0.6	509.4	11.2	7.1	-2.5	-2.0	2.4	-0.8	-2.8	0.8
Yahoo Japan	32,427	17.4	22.0	19.8	3.5	3.1	2.8	4.6	3.5	3.2	9.2	10.9	9.7	21.9	14.9	15.0	14.6	10.7	10.7
Rakuten	18,040	38.4	22.7	18.2	2.6	2.4	2.1	2.2	2.0	1.8	1.6	2.0	1.7	7.8	11.0	12.2	1.0	2.6	2.7
Alibaba	222,572	54.5	24.3	18.8	5.7	4.6	3.8	12.2	8.9	7.0	33.7	18.7	14.9	39.3	18.3	19.1	23.1	11.0	12.0
Baidu	70,032	13.2	27.6	20.4	4.8	4.2	3.5	5.7	5.0	4.1	26.9	19.4	14.5	48.5	15.1	18.1	26.3	9.0	11.0
Sohu	1,824	1,768.5	-	-	1.3	1.1	1.1	0.8	0.9	0.8	3.7	6.9	3.0	-3.2	-8.4	-0.6	-1.4	-2.1	-1.6
Sina	4,356	227.3	59.7	35.6	1.4	1.2	1.2	3.7	4.0	3.4	29.5	22.2	14.6	2.2	2.2	3.2	1.3	1.3	2.3
Tencent	244,334	43.9	32.9	25.6	10.9	8.8	6.7	12.1	9.8	7.8	24.9	22.6	18.1	28.9	29.6	29.7	11.1	13.4	14.3
Average		227.2	37.1	29.8	5.4	4.8	3.9	5.8	5.2	4.3	56.4	17.0	13.2	11.0	11.6	13.2	5.8	6.7	7.7

Notes: Based on Bloomberg consensus as of Jun. 3rd

Source: Bloomberg, Mirae Asset Daewoo Research

E-commerce

Table 6. E-commerce revenue forecasts

(Wmn)

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
E-commerce	27,766	29,773	32,141	36,306	36,766	38,087	42,142	47,567	47,412	49,930	53,647	61,297	66,063
PC	24,722	26,093	27,368	29,701	28,723	28,800	30,589	32,911	31,978	32,277	33,851	36,908	36,799
Mobile	3,044	3,680	4,773	6,605	8,044	9,287	11,553	14,656	15,434	17,653	19,796	24,389	29,264
Breakdown													
PC	89.0%	87.6%	85.1%	81.8%	78.1%	75.6%	72.6%	69.2%	67.4%	64.6%	63.1%	60.2%	55.7%
Mobile	11.0%	12.4%	14.9%	18.2%	21.9%	24.4%	27.4%	30.8%	32.6%	35.4%	36.9%	39.8%	44.3%
YoY													
E-commerce					32.4%	27.9%	31.1%	31.0%	29.0%	31.1%	27.3%	28.9%	39.3%
PC					16.2%	10.4%	11.8%	10.8%	11.3%	12.1%	10.7%	12.1%	15.1%
Mobile					164.2%	152.4%	142.0%	121.9%	91.9%	90.1%	71.4%	66.4%	89.6%
QoQ													
E-commerce		7.2%	8.0%	13.0%	1.3%	3.6%	10.6%	12.9%	-0.3%	5.3%	7.4%	14.3%	7.8%
PC		5.5%	4.9%	8.5%	-3.3%	0.3%	6.2%	7.6%	-2.8%	0.9%	4.9%	9.0%	-0.3%
Mobile		20.9%	29.7%	38.4%	21.8%	15.5%	24.4%	26.9%	5.3%	14.4%	12.1%	23.2%	20.0%

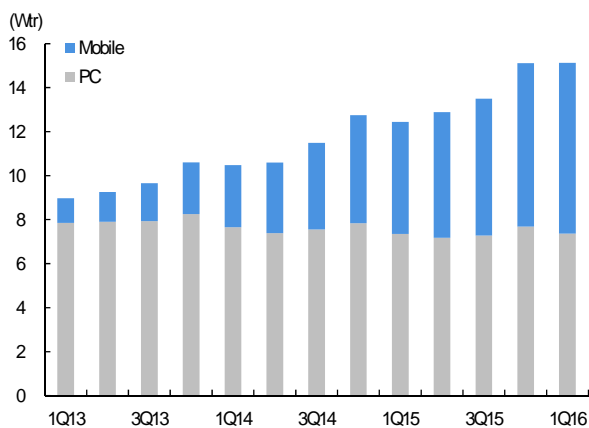
Source: Mirae Asset Daewoo Research

Table 7. E-commerce market share forecasts as of each fee assumption

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Assumption: Fee of 1.5%													
M/S													
E-commerce	20.6%	21.4%	22.2%	22.8%	23.4%	24.0%	24.5%	24.9%	25.4%	25.8%	26.5%	27.0%	29.2%
PC	21.0%	22.0%	23.0%	24.0%	25.0%	26.0%	27.0%	28.0%	29.0%	30.0%	31.0%	32.0%	33.3%
Mobile	18.0%	18.2%	18.4%	18.7%	19.0%	19.3%	19.6%	19.9%	20.2%	20.6%	21.2%	21.9%	25.2%
Assumption: Fee of 2%													
M/S													
E-commerce	15.5%	16.1%	16.6%	17.1%	17.5%	18.0%	18.4%	18.7%	19.0%	19.4%	19.9%	20.3%	21.9%
PC	15.8%	16.5%	17.3%	18.0%	18.8%	19.5%	20.3%	21.0%	21.8%	22.5%	23.3%	24.0%	25.0%
Mobile	13.5%	13.7%	13.8%	14.0%	14.3%	14.5%	14.7%	14.9%	15.2%	15.5%	15.9%	16.4%	18.9%

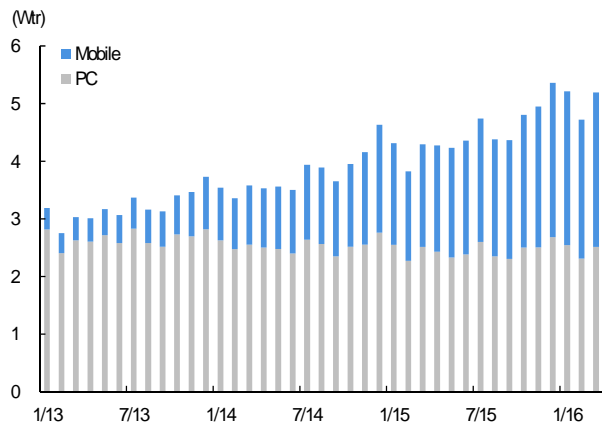
Source: Mirae Asset Daewoo Research

Figure 1. Quarterly e-commerce channel volume



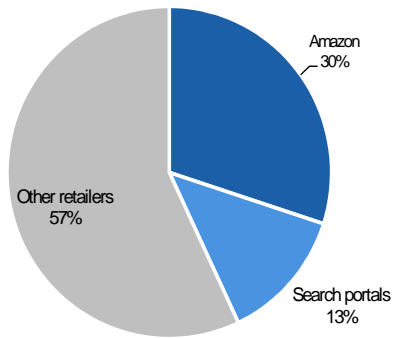
Source: KOSTAT, Mirae Asset Daewoo Research

Figure 2. Monthly e-commerce channel volume



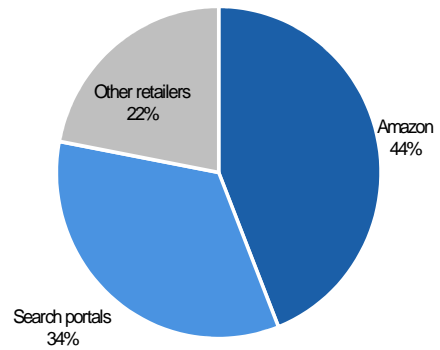
Source: KOSTAT, Mirae Asset Daewoo Research

Figure 3. Internet shopping breakdown (2013)



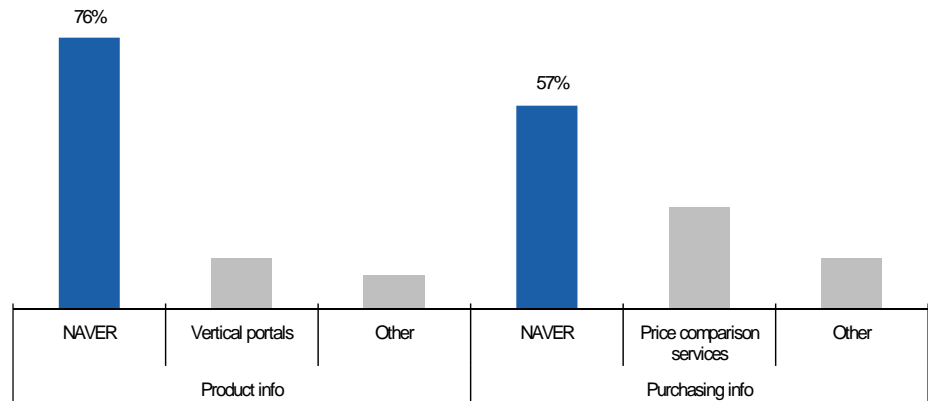
Source: Forrester, Survata, Mirae Asset Daewoo Research

Figure 4. Internet shopping search breakdown (2015)



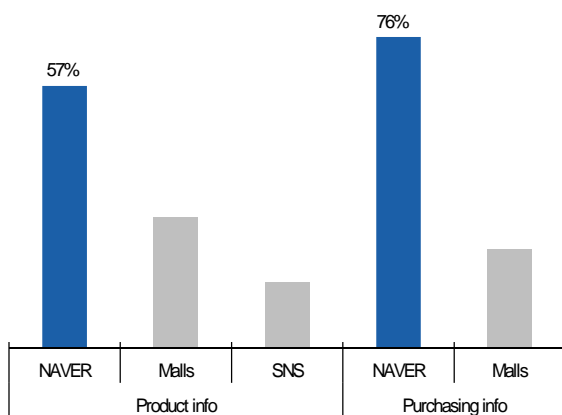
Source: Forrester, Survata, Mirae Asset Daewoo Research

Figure 5. Survey: Sites visited ahead of purchases (excl. fashion and travel)



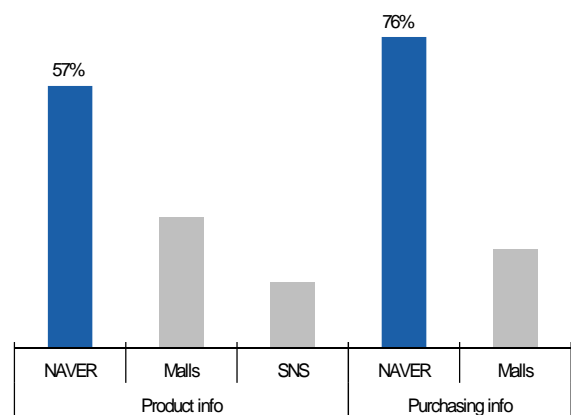
Source: Mirae Asset Daewoo Research

Figure 6. Survey: Sites visited ahead of travel purchases



Source: Mirae Asset Daewoo Research

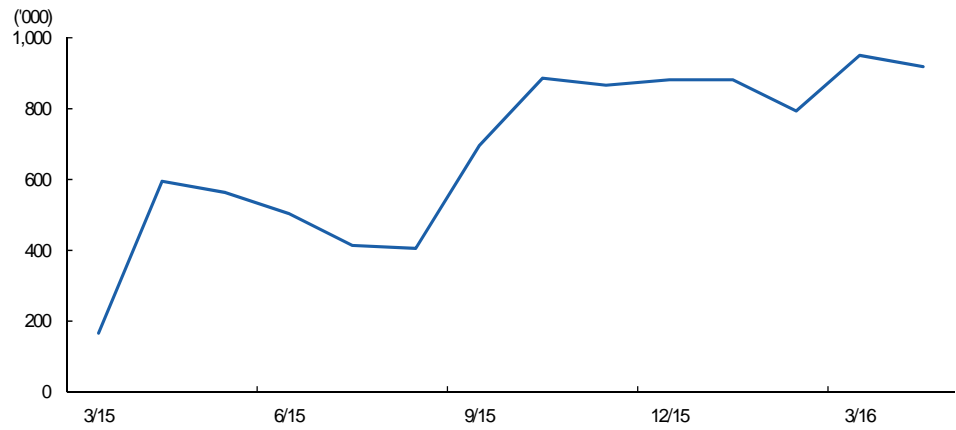
Figure 7. Survey: Sites visited ahead of fashion item purchases



Source: Mirae Asset Daewoo Research

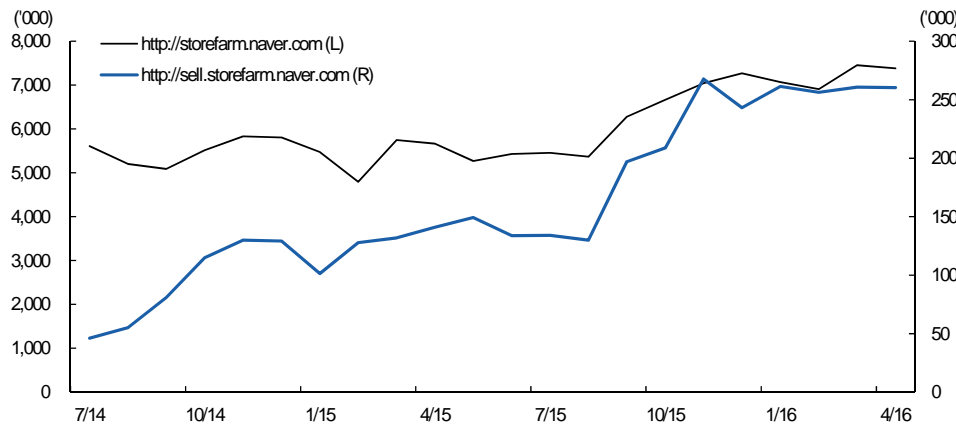
O2O

Figure 8. Monthly unique NAVER Pay users



Source: KoreanClick, Mirae Asset Daewoo Research

Figure 9. Monthly unique Store Farm visitors



Source: KoreanClick, Mirae Asset Daewoo Research

NAVER (035420 KS/Buy/TP: W900,000)

Comprehensive Income Statement (Summarized)

(Wbn)	12/15	12/16F	12/17F	12/18F
Revenue	3,251	4,049	4,565	4,973
Cost of Sales	0	0	0	0
Gross Profit	3,251	4,049	4,565	4,973
SG&A Expenses	2,489	2,857	3,025	3,202
Operating Profit (Adj)	762	1,191	1,541	1,771
Operating Profit	762	1,191	1,541	1,771
Non-Operating Profit	-54	-25	-45	-25
Net Financial Income	22	34	51	71
Net Gain from Inv in Associates	-2	2	1	1
Pretax Profit	708	1,166	1,496	1,746
Income Tax	191	351	457	510
Profit from Continuing Operations	517	815	1,040	1,236
Profit from Discontinued Operations	0	0	0	0
Net Profit	517	815	1,040	1,236
Controlling Interests	519	818	1,043	1,240
Non-Controlling Interests	-2	-3	-4	-4
Total Comprehensive Profit	554	815	1,040	1,236
Controlling Interests	556	817	1,043	1,240
Non-Controlling Interests	-2	-2	-3	-4
EBITDA	918	1,318	1,644	1,855
FCF (Free Cash Flow)	736	1,177	1,324	1,472
EBITDA Margin (%)	28.2	32.6	36.0	37.3
Operating Profit Margin (%)	23.4	29.4	33.8	35.6
Net Profit Margin (%)	16.0	20.2	22.8	24.9

Cash Flows (Summarized)

(Wbn)	12/15	12/16F	12/17F	12/18F
Cash Flows from Op Activities	856	1,177	1,324	1,472
Net Profit	517	815	1,040	1,236
Non-Cash Income and Expense	512	450	543	557
Depreciation	143	116	94	77
Amortization	13	11	9	7
Others	356	323	440	473
Chg in Working Capital	63	221	139	110
Chg in AR & Other Receivables	-72	-100	-64	-51
Chg in Inventories	0	-4	-2	-2
Chg in AP & Other Payables	53	0	0	0
Income Tax Paid	-268	-351	-457	-510
Cash Flows from Inv Activities	-791	-400	-288	-233
Chg in PP&E	-118	0	0	0
Chg in Intangible Assets	-15	0	0	0
Chg in Financial Assets	-654	-398	-258	-203
Others	-4	-2	-30	-30
Cash Flows from Fin Activities	6	-137	-44	-52
Chg in Financial Liabilities	212	-105	0	0
Chg in Equity	0	0	0	0
Dividends Paid	-23	-32	-44	-52
Others	-183	0	0	0
Increase (Decrease) in Cash	91	612	970	1,166
Beginning Balance	723	813	1,426	2,396
Ending Balance	813	1,426	2,396	3,561

Source: Company data, Mirae Asset Daewoo Research estimates

Statement of Financial Condition (Summarized)

(Wbn)	12/15	12/16F	12/17F	12/18F
Current Assets	2,639	3,692	4,951	6,345
Cash and Cash Equivalents	813	1,426	2,396	3,561
AR & Other Receivables	519	639	720	785
Inventories	16	19	22	24
Other Current Assets	1,291	1,608	1,813	1,975
Non-Current Assets	1,747	1,728	1,694	1,666
Investments in Associates	65	81	91	99
Property, Plant and Equipment	864	748	654	577
Intangible Assets	103	92	83	76
Total Assets	4,386	5,419	6,645	8,010
Current Liabilities	1,684	1,865	2,050	2,196
AP & Other Payables	373	465	524	571
Short-Term Financial Liabilities	518	413	413	0
Other Current Liabilities	793	987	1,113	1,625
Non-Current Liabilities	433	502	547	582
Long-Term Financial Liabilities	150	150	150	0
Other Non-Current Liabilities	283	352	397	582
Total Liabilities	2,116	2,367	2,597	2,779
Controlling Interests	2,125	2,911	3,909	5,097
Capital Stock	16	16	16	16
Capital Surplus	133	133	133	133
Retained Earnings	3,069	3,855	4,855	6,042
Non-Controlling Interests	145	142	139	135
Stockholders' Equity	2,270	3,053	4,048	5,232

Forecasts/Valuations (Summarized)

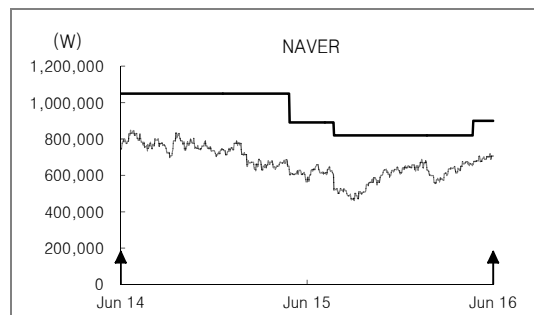
	12/15	12/16F	12/17F	12/18F
P/E (x)	41.8	28.5	22.3	18.8
P/CF (x)	21.1	18.4	14.7	13.0
P/B (x)	6.8	5.9	4.7	3.8
EV/EBITDA (x)	22.3	16.0	12.1	10.0
EPS (W)	15,737	24,811	31,646	37,625
CFPS (W)	31,232	38,372	47,999	54,391
BPS (W)	96,527	120,364	150,683	186,717
DPS (W)	1,100	1,500	1,800	2,200
Payout ratio (%)	6.2	5.4	5.0	5.2
Dividend Yield (%)	0.2	0.2	0.3	0.3
Revenue Growth (%)	17.9	24.5	12.7	8.9
EBITDA Growth (%)	1.8	43.6	24.7	12.8
Operating Profit Growth (%)	0.5	56.3	29.4	14.9
EPS Growth (%)	14.1	57.7	27.5	18.9
Accounts Receivable Turnover (x)	9.0	8.9	8.5	8.4
Inventory Turnover (x)				
Accounts Payable Turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	13.3	16.6	17.2	16.9
ROE (%)	26.5	32.5	30.6	27.5
ROIC (%)	92.1	213.1	657.8	-15,559.2
Liability to Equity Ratio (%)	93.2	77.5	64.1	53.1
Current Ratio (%)	156.8	198.0	241.5	288.9
Net Debt to Equity Ratio (%)				
Interest Coverage Ratio (x)				

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target Price
NAVER (035420)	04/28/2016	Buy	900,000
	07/30/2015	Buy	820,000
	05/04/2015	Buy	890,000
	05/15/2014	Buy	1,050,000



Stock Ratings

Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

Industry Ratings

Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (—), Target price (■), Not covered (▣), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

* Although it is not part of the official ratings at Mirae Asset Daewoo Co. Ltd., we may call a trading opportunity in case there is a technical or short-term material development.

* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

* The achievement of the target price may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Equity Ratings Distribution

Buy	Trading Buy	Hold	Sell
68.29%	17.56%	14.15%	0.00%

* Based on recommendations in the last 12-months (as of March 31, 2016)

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