

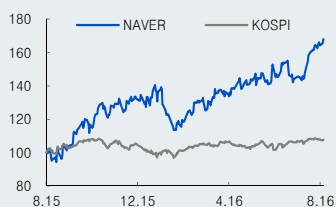
Internet

Company Update
August 31, 2016

(Maintain)	Buy
Target Price (12M, W)	1,050,000
Share Price (08/30/16, W)	821,000
Expected Return	28%

OP (16F, Wbn)	1,197
Consensus OP (16F, Wbn)	1,117
EPS Growth (16F, %)	63.3
Market EPS Growth (16F, %)	20.6
P/E (16F, x)	32.0
Market P/E (16F, x)	10.7
KOSPI	2,039.74
Market Cap (Wbn)	27,062
Shares Outstanding (mn)	33
Free Float (%)	77.4
Foreign Ownership (%)	60.7
Beta (12M)	0.51
52-Week Low	461,500
52-Week High	821,000

(%)	1M	6M	12M
Absolute	15.6	43.5	68.2
Relative	14.3	34.9	59.8



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[Internet/Game/Entertainment]

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NAVER

(035420 KS)

Japanese choose LINE over Yahoo for news

LINE performance ads officially launched in June; New growth engine confirmed

LINE's performance ads, which began sales on a pilot basis in 4Q15, are driving up LINE's top-line growth. Performance ads enable advertisers to send targeted ads, which results in more measurable returns on investment. Performance ads are considered a core product of the mobile advertisement industry since even small businesses can execute advertisements with a low budget.

LINE's performance-ad revenue grew from W3.5bn in 4Q15 and W9.2bn in 1Q16 to W20.8bn in 2Q16. NAVER launched official sales of LINE performance ads on June 1st and posted revenue of W10bn in June alone. We expect performance-ad revenue to grow 100% QoQ to over W40bn in 3Q.

LINE launched performance ads in the LINE News segment, which has seen a surge in traffic since June. As of July 2016, teenagers and users in their twenties are opting for LINE over Yahoo Japan for news. In Japan, 30-40% of mobile internet traffic comes from reading news, and most display ads are executed on news pages.

LINE's performance ads can precisely target audiences based on location (47 Japanese prefectures) and demographics like age (nine age groups), gender, and interests (20 categories such as games, automobiles, and travel). Advertisers must execute advertisements worth over JPY300,000, and ads are sold through CPM (cost-per-thousand-impressions) bidding. LINE performance ads can generate more revenue through increases in 1) the number of advertisers, 2) advertisers' spending, 3) targetable traffic, and 4) pages for advertisement.

Earnings will be driven by LINE in 3Q and domestic e-commerce in 4Q

For 3Q16, we expect consolidated operating profit to grow 34.6% YoY to W298bn. On a non-consolidated basis, NAVER will likely post operating profit of W236bn in 3Q (vs. W234bn in 2Q) as we are coming close to the end of peak season for domestic advertisement demand. We forecast LINE to drive earnings growth in 3Q. In 4Q, there are growing expectations for mobile e-commerce, which already led NAVER's non-consolidated revenue growth in 2Q, contributing more than 50% of net additional growth in the quarter. 4Q is a peak season for e-commerce demand, as 30% of annual e-commerce transaction value comes during the quarter.

Reiterate Buy; Raise TP to W1,050,000 from W900,000

Now that the LINE IPO has been wrapped up, shares are showing steady signs. In calculating NAVER's company value of W34.1tr (stock price of W1,050,000), we combined the value of NAVER's domestic operation of W25.7tr (stock price of W790,000; see Table 2) and the value of its LINE stake of W8.4tr (stock price of W260,000; previous close of JPY4,395; currently has 175mn shares). We reiterate our Buy rating on NAVER and raise our target price to W1,050,000 from W900,000.

FY (Dec)	12/13	12/14	12/15	12/16F	12/17F	12/18F
Revenue (Wbn)	2,312	2,758	3,251	4,080	4,601	5,011
OP (Wbn)	524	758	762	1,197	1,576	1,809
OP margin (%)	22.7	27.5	23.4	29.3	34.3	36.1
NP (Wbn)	1,897	454	519	847	1,068	1,268
EPS (W)	45,425	13,787	15,737	25,692	32,401	38,467
ROE (%)	112.7	27.8	26.5	33.4	30.9	27.7
P/E (x)	15.9	51.6	41.8	32.0	25.3	21.3
P/B (x)	11.3	8.7	6.8	6.8	5.4	4.3

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

Table 1. NAVER's domestic earnings trends

(Wbn, %)

	1Q16	2Q16	3Q16F	4Q16F	1Q17F	2Q17F	3Q17F	4Q17F	2015	2016F	2017F
Ad revenue	586	616	637	704	672	721	755	843	2,141	2,542	2,990
PC ads	315	317	303	323	304	306	292	312	1,302	1,257	1,214
Mobile ads	231	264	297	344	332	378	426	494	683	1,137	1,630
Content	30	27	28	27	28	28	28	28	125	112	111
Other	10	8	9	9	9	9	9	9	31	36	36
Operating expenses	370	381	401	447	428	451	469	522	1,315	1,600	1,870
Operating profit	216	234	236	256	244	270	286	320	826	942	1,120
OP margin	36.8	38.1	37.1	36.4	36.3	37.5	37.9	38.0	38.6	37.1	149.6
Net profit	169	184	188	199	192	212	223	250	643	740	877
NP margin	28.8	29.9	29.5	28.3	28.5	29.4	29.6	29.7	30.0	29.1	29.3
YoY											
Ad revenue	20.0	15.7	17.9	21.1	14.8	17.1	18.4	19.8	30.8	18.7	17.6
PC ads	-3.8	-3.3	-3.4	-3.2	-3.4	-3.4	-3.5	-3.3	8.8	-3.4	-3.4
Mobile ads	79.1	63.4	63.4	63.4	43.4	43.4	43.4	43.4	93.7	66.4	43.4
Content	16.8	-26.9	-17.8	-4.4	-6.7	3.8	-1.8	0.9	81.6	-10.3	-1.1
Other	54.6	29.7	-14.5	13.1	-10.6	6.4	-2.9	1.5	61.2	15.6	-1.8
Operating profit	16.2	12.4	14.8	13.0	13.1	15.2	21.0	25.0	16.1	14.0	18.9
Net profit	8.0	12.2	28.3	13.3	13.5	15.2	18.8	25.4	39.5	15.2	18.5
YoY absolute change											
Ad revenue	97	84	97	123	87	105	118	139	504	401	448
PC ads	-13	-11	-11	-11	-11	-11	-11	-11	106	-45	-43
Mobile ads	102	102	115	134	100	114	129	149	331	453	493
Contents	4	-10	-6	-1	-2	1	0	0	56	-13	-1
Other	4	2	-2	1	-1	1	0	0	12	5	-1
QoQ											
Ad revenue	0.8	5.1	3.5	10.4	-4.4	7.2	4.7	11.7			
PC ads	-5.7	0.8	-4.6	6.8	-5.9	0.8	-4.8	7.0			
Mobile ads	9.7	14.0	12.8	15.9	-3.7	14.0	12.8	15.9			
Content	3.9	-10.7	6.0	-2.8	1.5	-0.7	0.4	-0.2			
Other	29.5	-16.9	10.2	-4.6	2.4	-1.2	0.6	-0.3			
Operating profit	-4.9	8.7	0.8	8.5	-4.8	10.8	5.8	12.1			
Net profit	-4.0	8.8	2.2	6.1	-3.8	10.5	5.3	12.0			
QoQ absolute change											
Ad revenue	5	30	22	66	-31	49	34	88			
PC ads	-19	3	-15	20	-19	3	-15	20			
Mobile ads	21	32	34	47	-13	46	48	68			
Contents	1	-3	2	-1	0	0	0	0			
Other	2	-2	1	0	0	0	0	0			

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

Source: Company data, Mirae Asset Daewoo Research estimates

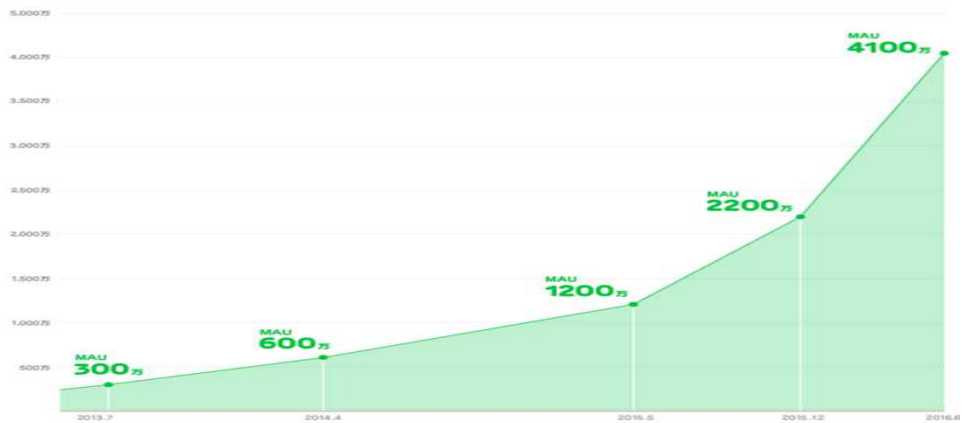
Table 2. NAVER's domestic business valuation

(Wbn, x)

	Fair P/E		Market cap.		Notes
	2016	2017	2016	2017	
Alphabet	23.3	19.8	17,244	17,326	Through 2014, NAVER's valuation was based on Alphabet's
Weighted avg. of Alphabet and Amazon	37.7	28.1	27,881	24,625	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	42.2	30.8	31,247	26,957	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		31.3		25,711	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: Bloomberg, Mirae Asset Daewoo Research

Figure 1. LINE News MAU growth



Source: LINE, Mirae Asset Daewoo Research

Table 3. Mobile news user share in Japan (Feb. 2016)

Age	1 st	2 nd	3 rd
10s	LINE (33%)	Yahoo (30%)	SNS (27%)
20s	Yahoo (42%)	LINE (25%)	SNS (22%)
30s	Yahoo (52%)	LINE (21%)	SNS (15%)
40s	Yahoo (54%)	LINE (19%)	SmartNews (11%)
50s	Yahoo (55%)	LINE (22%)	SmartNews (14%)
60s	Yahoo (57%)	Google News (23%)	SmartNews (19%)

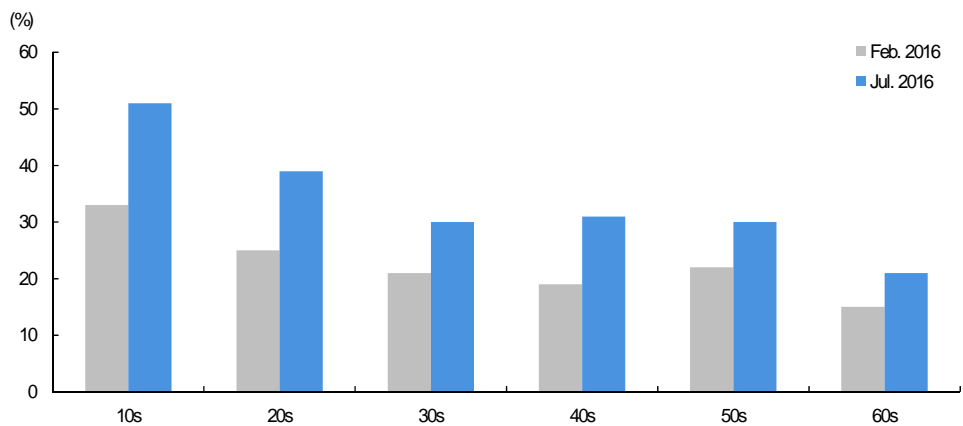
Source: LINE, Mirae Asset Daewoo Research

Table 4. Mobile news user share in Japan (Jul. 2016)

Age	1 st	2 nd	3 rd
10s	LINE (51%)	Yahoo (25%)	SNS (20%)
20s	LINE (39%)	Yahoo (35%)	SNS (15%)
30s	Yahoo (49%)	LINE (30%)	SNS (14%)
40s	Yahoo (51%)	LINE (31%)	SmartNews (11%)
50s	Yahoo (54%)	LINE (30%)	SmartNews (14%)
60s	Yahoo (59%)	LINE (21%)	SmartNews (22%)

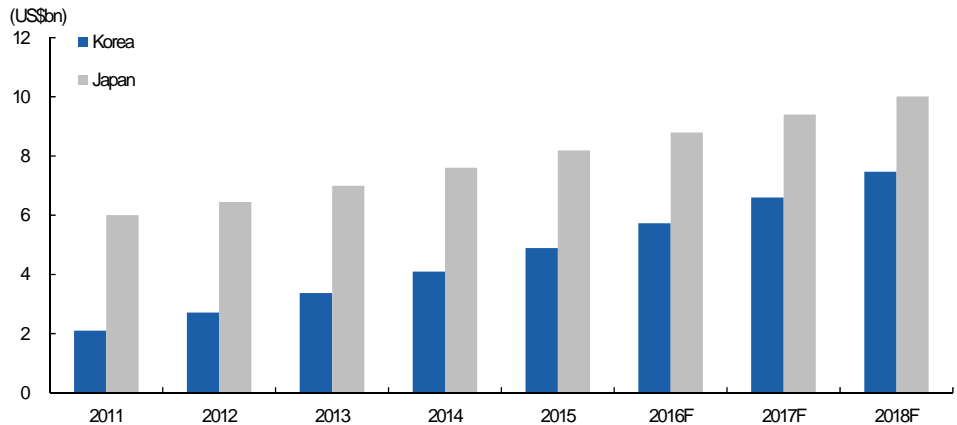
Source: LINE, Mirae Asset Daewoo Research

Figure 2. LINE News share rising in all age groups



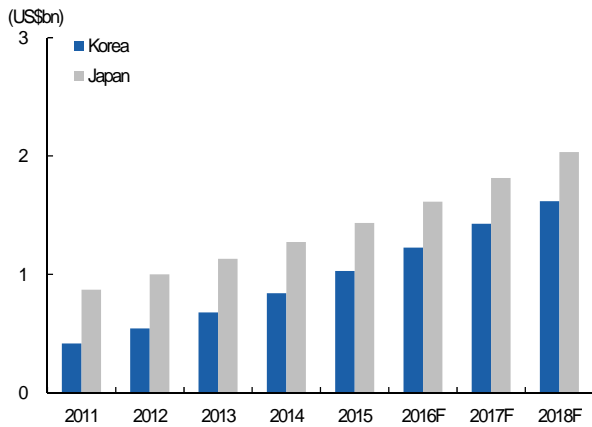
Source: LINE, Mirae Asset Daewoo Research

Figure 3. Internet advertising market size in Korea/Japan



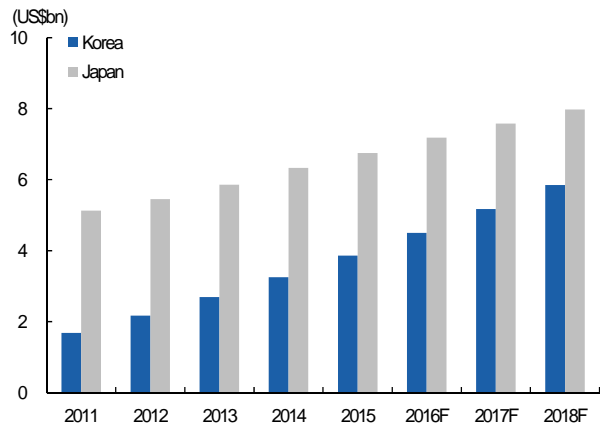
Source: PwC, Mirae Asset Daewoo Research

Figure 4. Mobile internet ad market size in Korea/Japan



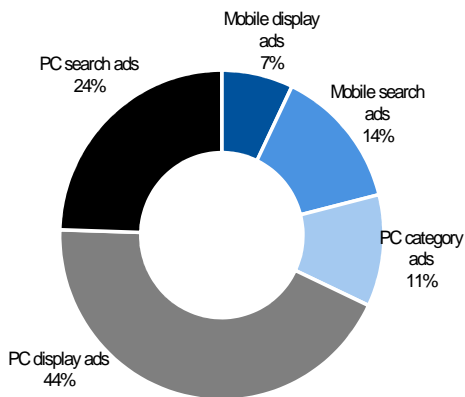
Source: PwC, Mirae Asset Daewoo Research

Figure 5. PC internet ad market size in Korea/Japan



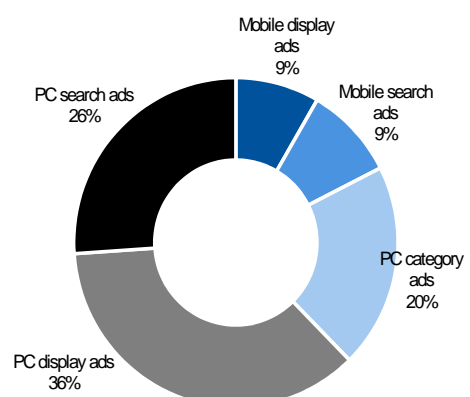
Source: PwC, Mirae Asset Daewoo Research

Figure 6. Internet ad market breakdown: Korea (2015)



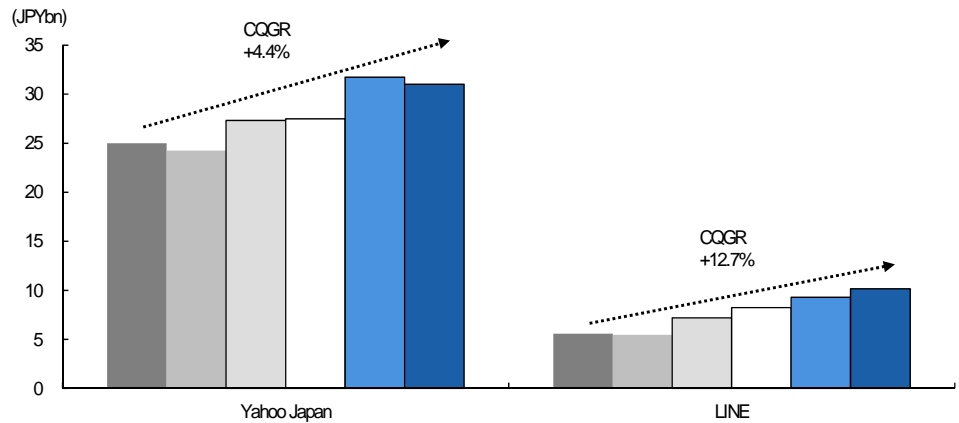
Source: PwC, Mirae Asset Daewoo Research

Figure 7. Internet ad market breakdown: Japan (2015)



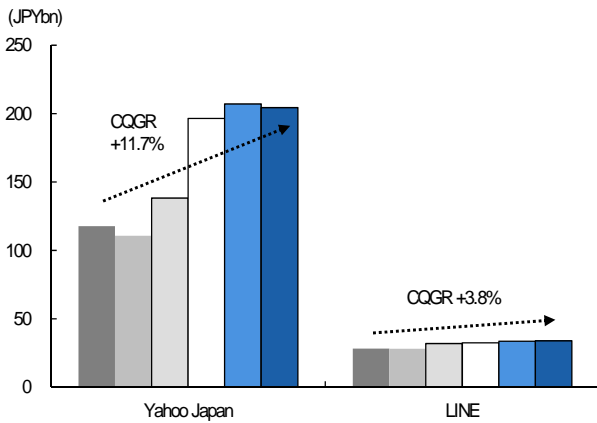
Source: PwC, Mirae Asset Daewoo Research

Figure 8. Mobile ad revenue of Yahoo Japan vs. LINE in 1Q15-2Q16



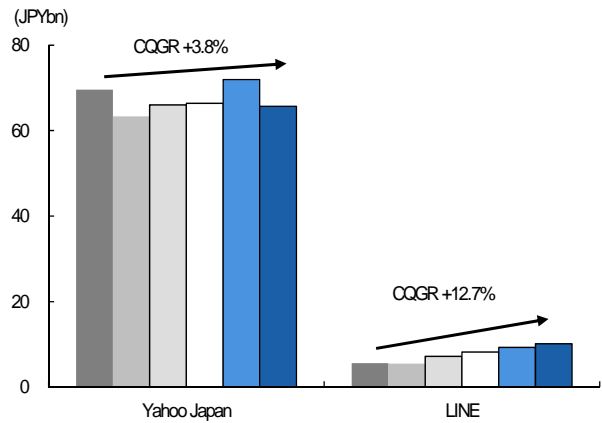
Source: Company data, Mirae Asset Daewoo Research

Figure 9. Revenue of Yahoo Japan vs. LINE in 1Q15-2Q16



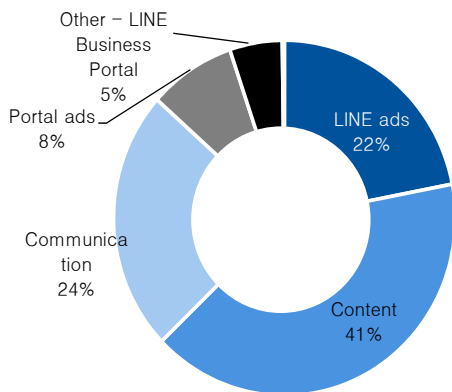
Source: Company data, Mirae Asset Daewoo Research

Figure 10. Ad revenue of Yahoo Japan vs. LINE in 1Q15-2Q16



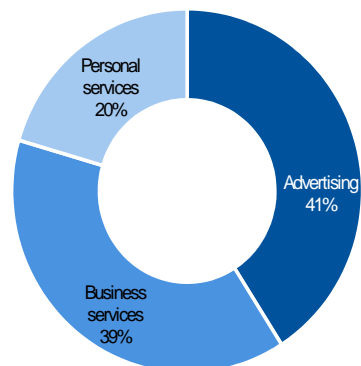
Source: Company data, Mirae Asset Daewoo Research

Figure 11. LINE revenue breakdown (2015)



Source: Company data, Mirae Asset Daewoo Research

Figure 12. Yahoo Japan revenue breakdown (2015)



Source: Company data, Mirae Asset Daewoo Research

Table 5. NAVER's quarterly and annual earnings

(Wbn, %)

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16F	4Q16F	2014	2015	2016F
Revenue	741	781	840	891	937	987	1,027	1,129	2,759	3,254	4,080
Ads	530	559	587	647	673	723	769	860	2,019	2,322	3,024
Content	193	205	234	216	237	236	230	241	687	849	944
Other	18	17	19	28	27	29	28	28	53	83	112
LINE	234	232	281	286	340	344	374	418	759	1,033	1,476
% of revenue											
Ads	71.5	71.5	69.8	72.6	71.8	73.2	74.9	76.1	73.2	71.4	74.1
Content	26.1	26.3	27.9	24.3	25.3	23.9	22.4	21.4	24.9	26.1	23.1
Other	2.4	2.2	2.3	3.2	2.9	2.9	2.7	2.5	1.9	2.5	2.7
LINE	31.6	29.7	33.5	32.0	36.3	34.8	36.5	37.0	27.5	31.8	36.2
Operating expenses	546	592	619	666	680	715	729	759	2,000	2,424	2,883
Operating profit	194	189	221	225	257	273	298	370	758	830	1,197
OP margin (%)	26.2	24.2	26.3	25.3	27.4	27.6	29.0	32.8	27.5	25.5	29.3
Non-operating profit	47	45	32	8	39	82	35	35	96	132	191
Non-operating expenses	17	50	42	30	40	43	45	51	196	139	179
Pretax income	225	185	211	203	256	311	287	354	659	823	1,209
Taxes	89	37	73	30	76	99	85	105	237	229	365
Net profit	135	124	117	141	180	213	202	249	452	517	844
Net margin (%)	18.2	15.9	13.9	15.9	19.2	21.6	19.7	22.0	16.4	15.9	20.7
YoY											
Revenue	18.3	13.9	20.1	19.4	26.6	26.3	22.1	26.6	-3.8	18.0	25.4
Ads	11.1	10.8	17.9	19.7	27.0	29.4	31.0	32.9	15.9	15.0	30.2
Content	46.7	22.0	22.5	10.4	23.1	14.8	-1.9	11.4	59.4	23.6	11.2
Other	1.9	31.1	74.7	163.3	52.7	64.7	44.4	0.5	-53.8	57.6	35.5
LINE	61.4	26.5	35.0	28.9	45.1	48.4	33.0	46.2	67.0	36.2	42.8
Operating expenses	24.3	19.2	21.2	20.5	24.6	20.7	17.7	14.0	12.9	21.2	19.0
Operating profit	4.3	0.2	17.1	16.2	32.1	44.0	34.6	64.2	-30.8	9.5	44.2
Net profit	4.3	215.1	-24.0	9.1	33.9	71.5	73.1	75.8	-76.2	14.4	63.3

Notes: All figures are based on consolidated K-IFRS

Source: Company data, Mirae Asset Daewoo Research estimates

Table 6. LINE's quarterly earnings

(JPYmn, %)

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Revenue	28,104	28,070	31,900	32,332	33,456	33,854
Ads	8,337	7,881	9,528	10,666	11,873	12,619
Communications	6,680	6,524	7,807	7,714	7,686	7,377
Content	12,064	12,401	13,182	11,637	11,865	11,387
Others	1,023	1,264	1,383	2,315	2,032	2,471
% of revenue						
Ads	29.7	28.1	29.9	33.0	35.5	37.3
Communications	23.8	23.2	24.5	23.9	23.0	21.8
Content	42.9	44.2	41.3	36.0	35.5	33.6
Others	3.6	4.5	4.3	7.2	6.1	7.3
Operating expenses	26,797	30,532	29,932	31,659	28,778	30,207
Operating profit	1,424	-2,358	2,113	781	5,338	8,029
OP margin	5.1	-8.4	6.6	2.4	16.0	23.7
Net profit	-1,905	-3,447	-2,341	-279	-234	3,100
Net margin	-6.8	-12.3	-7.3	-0.9	-0.7	9.2
QoQ						
Revenue		-0.1	13.6	1.4	3.5	1.2
Ads		-5.5	20.9	11.9	11.3	6.3
Communications		-2.3	19.7	-1.2	-0.4	-4.0
Content		2.8	6.3	-11.7	2.0	-4.0
Others		23.6	9.4	67.4	-12.2	21.6
Operating profit		TTR	TTB	-63.0	583.5	50.4
Net profit		RR	RR	RR	RR	TTB

Notes: All figures are based on consolidated J-IFRS

Source: LINE, Mirae Asset Daewoo Research

Table 7. Earnings comparison of global internet companies

(% Wbn)

	Revenue			Operating profit			OP margin			Net profit		
	15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F
NAVER	3,251	4,061	4,708	762	1,129	1,484	23.4	27.8	31.5	519	785	1,033
Kakao	932	1,425	1,775	89	141	266	9.5	9.9	15.0	76	89	167
Interpark	402	452	485	23	18	31	5.8	4.0	6.4	17	11	22
Alphabet (US)	84,906	80,891	93,515	21,920	33,626	39,479	25.8	41.6	42.2	18,510	21,534	25,660
Yahoo	5,625	4,020	4,032	-5,376	253	333	-95.6	6.3	8.3	-4,936	-388	181
Amazon	121,157	153,360	187,398	2,528	5,310	8,957	2.1	3.5	4.8	675	3,168	5,891
Facebook	20,299	30,253	40,765	7,048	17,334	23,009	34.7	57.3	56.4	4,154	9,560	13,529
Twitter	2,511	2,853	3,214	-510	432	252	-20.3	15.1	7.8	-590	-463	-340
LinkedIn	3,386	4,217	5,034	-171	794	600	-5.0	18.8	11.9	-188	-187	45
Groupon	3,532	3,459	3,594	-90	17	75	-2.6	0.5	2.1	23	-180	-88
Yahoo Japan (JPN)	6,293	9,400	10,143	2,170	2,186	2,427	34.5	23.3	23.9	1,655	1,468	1,623
Rakuten	6,675	8,805	9,935	886	1,262	1,564	13.3	14.3	15.7	416	712	923
Alibaba (CHN)	18,392	25,431	32,707	5,292	7,251	10,103	28.8	28.5	30.9	12,994	5,883	8,211
Baidu	11,958	12,258	14,872	2,102	1,773	2,485	17.6	14.5	16.7	6,064	1,605	2,356
Sohu	2,193	1,898	2,097	93	-143	-34	4.3	-7.5	-1.6	-56	-257	-79
Sina	997	1,120	1,370	14	124	233	1.4	11.0	17.0	29	88	104
Tencent	18,529	24,848	32,583	6,850	9,364	12,042	37.0	37.7	37.0	5,189	7,126	9,294
Average							6.7	18.0	19.2			

Source: Bloomberg, Mirae Asset Daewoo Research

Table 8. Valuation comparison of global internet companies

(% Wbn, x)

	% price chg.		Market cap	ROE			P/E			P/S			EV/EBITDA		
	-1M	-3M		15	16F	17F	15	16F	17F	15	16F	17F	15	16F	17F
NAVER	14.4	14.4	26,766	28.2	31.0	29.9	36.4	33.1	24.9	9.7	8.4	6.4	17.3	19.4	15.1
Kakao	-12.3	-22.5	5,381	1.6	3.2	5.1	106.7	63.0	30.8	1.6	1.7	1.6	38.4	23.5	15.0
Interpark	-10.0	-29.2	444	6.1	6.6	12.4	45.4	39.0	20.1	2.8	2.6	2.4	20.3	11.9	9.7
Alphabet (US)	0.6	6.4	601,919	15.0	16.0	15.9	30.2	23.3	19.8	4.3	3.9	3.3	15.0	12.7	10.9
Yahoo	10.7	11.7	44,981	-15.8	1.5	1.5	1,135.9	87.0	76.7	1.4	1.4	1.4	-	44.1	39.9
Amazon	1.6	8.3	408,912	13.6	23.8	29.6	191.5	71.2	47.5	22.1	20.1	13.5	31.1	23.6	17.4
Facebook	2.1	6.0	406,328	13.4	19.4	20.7	60.8	32.2	25.0	7.2	6.4	5.1	27.9	19.9	14.9
Twitter	11.0	22.3	14,618	-9.3	8.6	9.8	-	37.2	32.6	2.9	2.9	2.8	303.2	15.9	13.5
LinkedIn	-0.2	46.4	28,971	-4.8	10.6	9.4	-	50.6	42.5	5.5	5.8	5.2	57.7	22.1	18.3
Groupon	12.0	52.1	3,470	-30.7	-8.9	3.2	-	-	64.3	8.4	7.4	6.5	-	16.2	11.3
Yahoo Japan (JPN)	-8.6	-16.5	25,954	22.6	14.7	14.7	13.6	17.8	16.0	2.9	2.5	2.2	8.6	8.6	7.8
Rakuten	8.1	9.3	19,936	6.8	9.5	11.3	41.9	28.1	21.7	3.0	2.6	2.3	3.0	4.1	3.4
Alibaba (CHN)	15.0	17.2	264,764	23.3	18.1	20.2	61.4	29.1	22.9	6.9	5.9	4.8	32.5	22.9	18.6
Baidu	8.8	-6.1	67,241	44.0	12.2	15.3	12.6	37.8	27.3	4.7	4.4	3.8	24.2	22.8	17.4
Sohu	8.5	2.0	1,818	-6.4	-17.7	-6.3	-	-	-	1.4	1.5	1.5	2.9	75.4	6.1
Sina	39.3	46.8	5,863	3.7	2.9	4.1	136.4	67.1	42.1	2.2	1.8	1.7	26.2	27.5	17.2
Tencent	8.0	18.5	274,910	28.9	30.7	30.5	46.9	37.2	28.6	11.6	10.5	7.8	25.6	25.7	20.1
Average	6.4	11.0		8.2	10.7	13.4	147.7	43.6	33.9	5.8	5.3	4.3	42.3	23.3	15.1

Source: Bloomberg, Mirae Asset Daewoo Research

NAVER (035420 KS/Buy/TP: W1,050,000)

Comprehensive Income Statement (Summarized)

(Wbn)	12/15	12/16F	12/17F	12/18F
Revenue	3,251	4,080	4,601	5,011
Cost of Sales	0	0	0	0
Gross Profit	3,251	4,080	4,601	5,011
SG&A Expenses	2,489	2,883	3,025	3,202
Operating Profit (Adj)	762	1,197	1,576	1,809
Operating Profit	762	1,197	1,576	1,809
Non-Operating Profit	-54	12	-44	-23
Net Financial Income	22	34	52	72
Net Gain from Inv in Associates	-2	2	1	1
Pretax Profit	708	1,209	1,532	1,786
Income Tax	191	365	468	522
Profit from Continuing Operations	517	844	1,064	1,264
Profit from Discontinued Operations	0	0	0	0
Net Profit	517	844	1,064	1,264
Controlling Interests	519	847	1,068	1,268
Non-Controlling Interests	-2	-3	-4	-4
Total Comprehensive Profit	554	844	1,064	1,264
Controlling Interests	556	846	1,068	1,267
Non-Controlling Interests	-2	-2	-3	-4
EBITDA	918	1,324	1,679	1,893
FCF (Free Cash Flow)	736	1,215	1,350	1,501
EBITDA Margin (%)	28.2	32.5	36.5	37.8
Operating Profit Margin (%)	23.4	29.3	34.3	36.1
Net Profit Margin (%)	16.0	20.8	23.2	25.3

Cash Flows (Summarized)

(Wbn)	12/15	12/16F	12/17F	12/18F
Cash Flows from Op Activities	856	1,215	1,350	1,501
Net Profit	517	844	1,064	1,264
Non-Cash Income and Expense	512	463	553	568
Depreciation	143	116	94	77
Amortization	13	11	9	7
Others	356	336	450	484
Chg in Working Capital	63	229	140	111
Chg in AR & Other Receivables	-72	-104	-65	-51
Chg in Inventories	0	-4	-2	-2
Chg in AP & Other Payables	53	0	0	0
Income Tax Paid	-268	-365	-468	-522
Cash Flows from Inv Activities	-791	-415	-290	-235
Chg in PP&E	-118	0	0	0
Chg in Intangible Assets	-15	0	0	0
Chg in Financial Assets	-654	-413	-260	-205
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	633	994	1,193
Beginning Balance	723	813	1,447	2,441
Ending Balance	813	1,447	2,441	3,633

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	3,730	5,016	6,438
Cash and Cash Equivalents	813	1,447	2,441	3,633
AR & Other Receivables	519	644	726	791
Inventories	16	19	22	24
Other Current Assets	1,291	1,620	1,827	1,990
Non-Current Assets	1,747	1,732	1,699	1,671
Investments in Associates	65	81	92	100
Property, Plant and Equipment	864	748	654	577
Intangible Assets	103	92	83	76
Total Assets	4,386	5,462	6,715	8,109
Current Liabilities	1,684	1,876	2,063	2,210
AP & Other Payables	373	468	528	575
Short-Term Financial Liabilities	518	413	413	0
Other Current Liabilities	793	995	1,122	1,635
Non-Current Liabilities	433	505	550	586
Long-Term Financial Liabilities	150	150	150	0
Other Non-Current Liabilities	283	355	400	586
Total Liabilities	2,116	2,381	2,613	2,796
Controlling Interests	2,125	2,939	3,963	5,179
Capital Stock	16	16	16	16
Capital Surplus	133	133	133	133
Retained Earnings	3,069	3,884	4,908	6,124
Non-Controlling Interests	145	142	139	134
Stockholders' Equity	2,270	3,081	4,102	5,313

Forecasts/Valuations (Summarized)

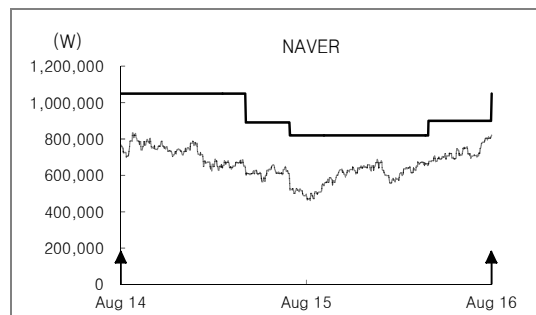
	12/15	12/16F	12/17F	12/18F
P/E (x)	41.8	32.0	25.3	21.3
P/CF (x)	21.1	20.7	16.7	14.8
P/B (x)	6.8	6.8	5.4	4.3
EV/EBITDA (x)	22.3	18.7	14.0	11.7
EPS (W)	15,737	25,692	32,401	38,467
CFPS (W)	31,232	39,651	49,073	55,562
BPS (W)	96,527	121,244	152,319	189,195
DPS (W)	1,100	1,500	1,800	2,200
Payout ratio (%)	6.2	5.2	4.9	5.1
Dividend Yield (%)	0.2	0.2	0.2	0.3
Revenue Growth (%)	17.9	25.5	12.8	8.9
EBITDA Growth (%)	1.8	44.2	26.8	12.7
Operating Profit Growth (%)	0.5	57.1	31.7	14.8
EPS Growth (%)	14.1	63.3	26.1	18.7
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	17.1	17.5	17.0
ROE (%)	26.5	33.4	30.9	27.7
ROIC (%)	92.1	215.3	696.7	-8,993.3
Liability to Equity Ratio (%)	93.2	77.3	63.7	52.6
Current Ratio (%)	156.8	198.8	243.2	291.3
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)	08/30/2016	Buy	1,050,000
	04/28/2016	Buy	900,000
	07/30/2015	Buy	820,000
	05/04/2015	Buy	890,000
	08/01/2014	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
70.73%	17.56%	11.71%	0.00%

* Based on recommendations in the last 12-months (as of June 30, 2016)

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