

LINE Q4 2019

Earnings Results

LINE Corporation

January 29, 2020

Disclaimer

This presentation contains forward-looking statements with respect to the current plans, estimates, strategies and beliefs of LINE Corporation (the “Company”). Forward-looking statements include, but are not limited to, those statements using words such as “anticipate,” “believe,” “continues,” “expect,” “estimate,” “intend,” “project” and similar expressions and future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may,” or similar expressions generally intended to identify forward-looking statements. These forward-looking statements are based on information currently available to the Company, speak only as of the date hereof and are based on the Company’s current plans and expectations and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the Company’s control. As a consequence, current plans, anticipated actions and future financial positions and results of operations may differ significantly from those expressed in any forward-looking statements in the presentation. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented and the Company does not intend to update any of these forward-looking statements. Risks and uncertainties that might affect the Company include, but are not limited to:

1. its ability to attract and retain users and increase the level of engagement of its users;
2. its ability to improve user monetization;
3. its ability to successfully enter new markets and manage its business expansion;
4. its ability to compete in the global social network services market;
5. its ability to develop or acquire new products and services, improve its existing products and services and increase the value of its products and services in a timely and cost effective manner
6. its ability to maintain good relationships with platform partners and attract new platform partners;
7. its ability to attract advertisers to the LINE platform and increase the amount that advertisers spend with LINE;
8. its expectations regarding its user growth rate and the usage of its mobile applications;
9. its ability to increase revenues and its revenue growth rate;
10. its ability to timely and effectively scale and adapt its existing technology and network infrastructure;
11. its ability to successfully acquire and integrate companies and assets;
12. its future business development, results of operations and financial condition;
13. the regulatory environment in which it operates;
14. fluctuations in currency exchange rates and changes in the proportion of its revenues and expenses denominated in foreign currencies; and
15. changes in business or macroeconomic conditions.

The information contained in this material are preliminary results as of January 29, 2020, and LINE does not guarantee its accuracy or completeness.

Revenues

Revenues

(bn yen)

- Strategic Business
- Core Business (Communication/Content/Others)
- Core Business (Ads)

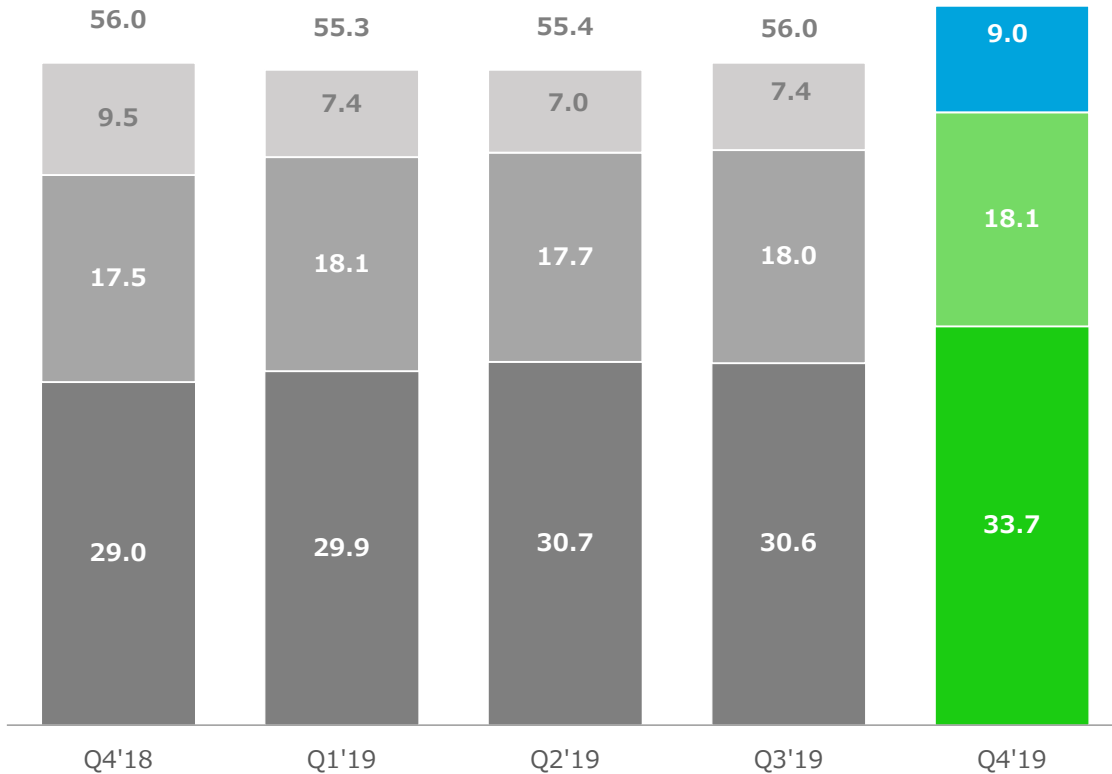
YoY
+ 8.6%

60.8

9.0

18.1

33.7



Monthly Active Users | Four Key Markets

(mm users)

- Japan
- Taiwan
- Thailand
- Indonesia

DAU/MAU%

77%

79%

164

164

20

44

21

79

Q4'18

15

45

21

83

Q4'19

Japan MAU :
+ 4mm (YoY)
DAU/MAU% :
86%

Geographical Revenue Breakdown

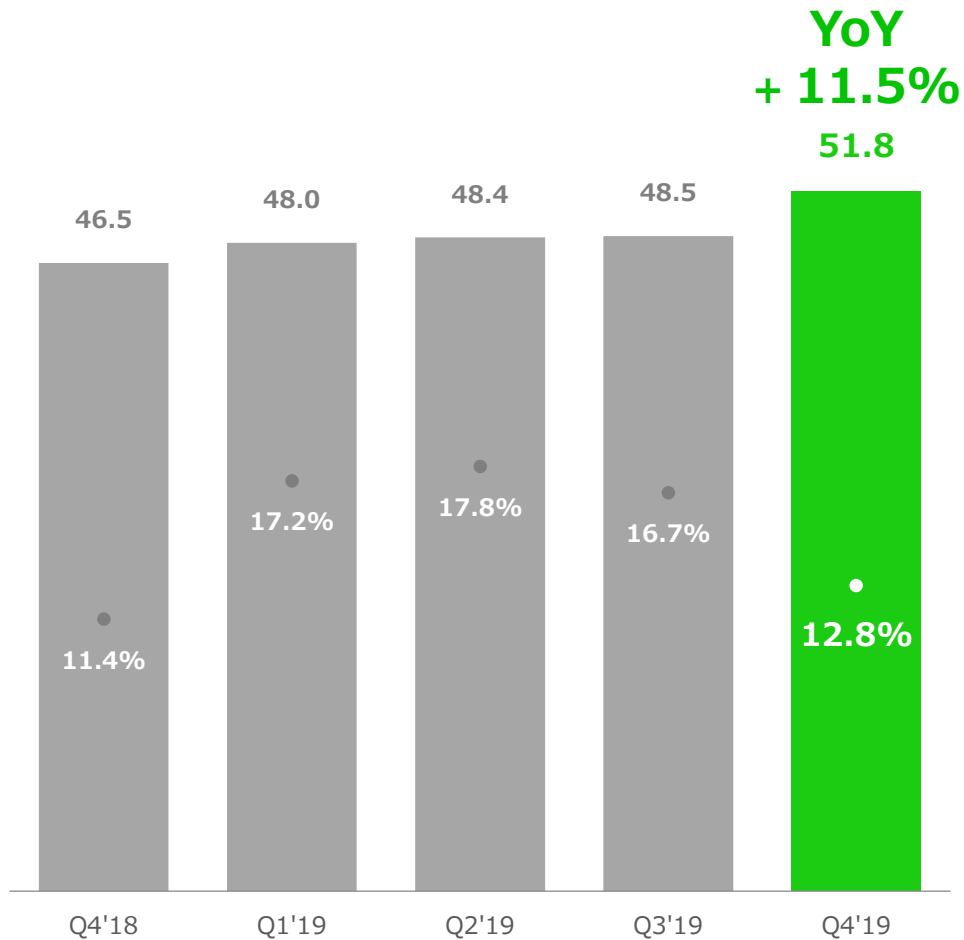
(For Q4 2019)

Japan : 71% / Overseas : 29%

Segment Revenues and Operating Margin

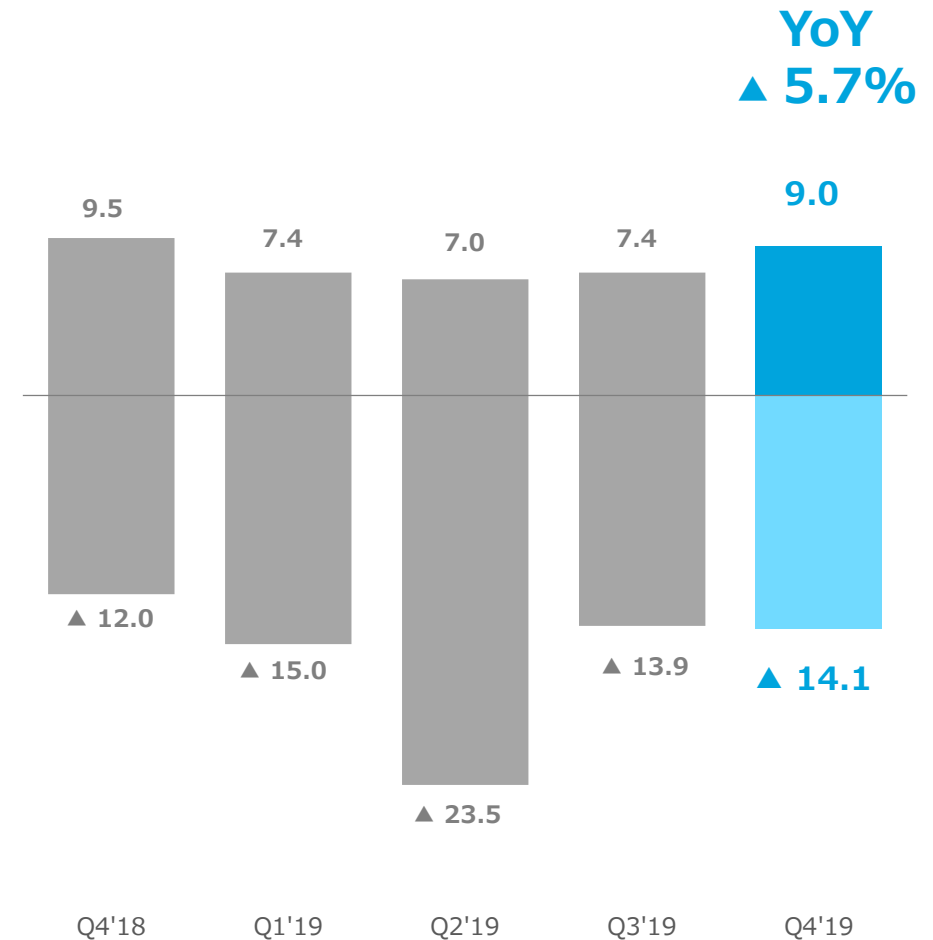
Core | Revenues / Operating Margin

(bn yen)



Strategic | Revenues / Operating Income

(bn yen)



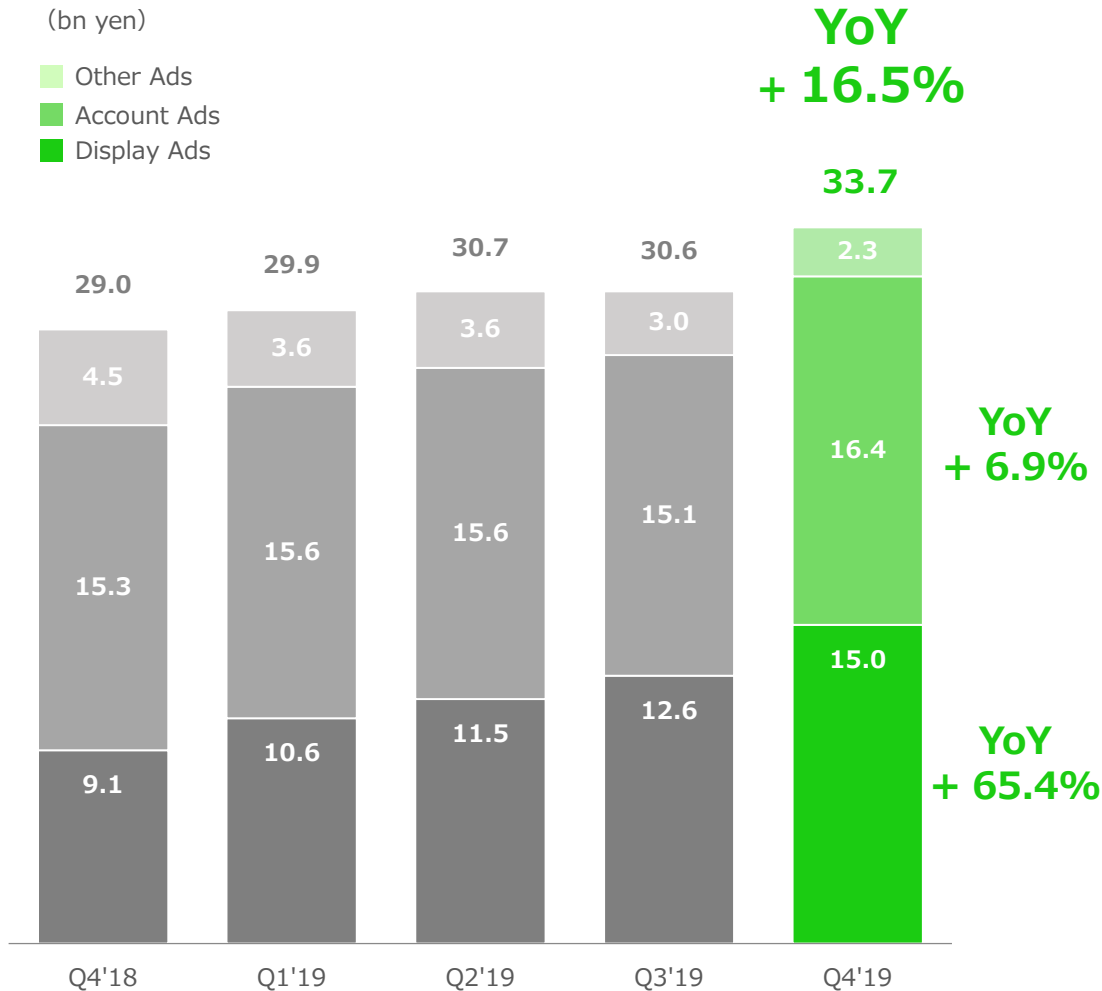
Core Business

Core | Ads

Revenues

(bn yen)

- Other Ads
- Account Ads
- Display Ads



Key KPI

of Official Accounts

	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
# of original Official Accounts	774	925	1,183	-	-
# of original LINE@ Accounts (accounts in thousands)	9,156	9,747	9,859	-	-
# of new Official Accounts (accounts in thousands)	-	9,748*	9,860*	11,005	11,460

*The number of accounts are the sum of original Official Accounts and LINE@ Accounts

of LAP Impressions

(impressions in millions)

Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
23,568	26,291	37,653	44,208	54,583

*LAP: LINE Ads Platform

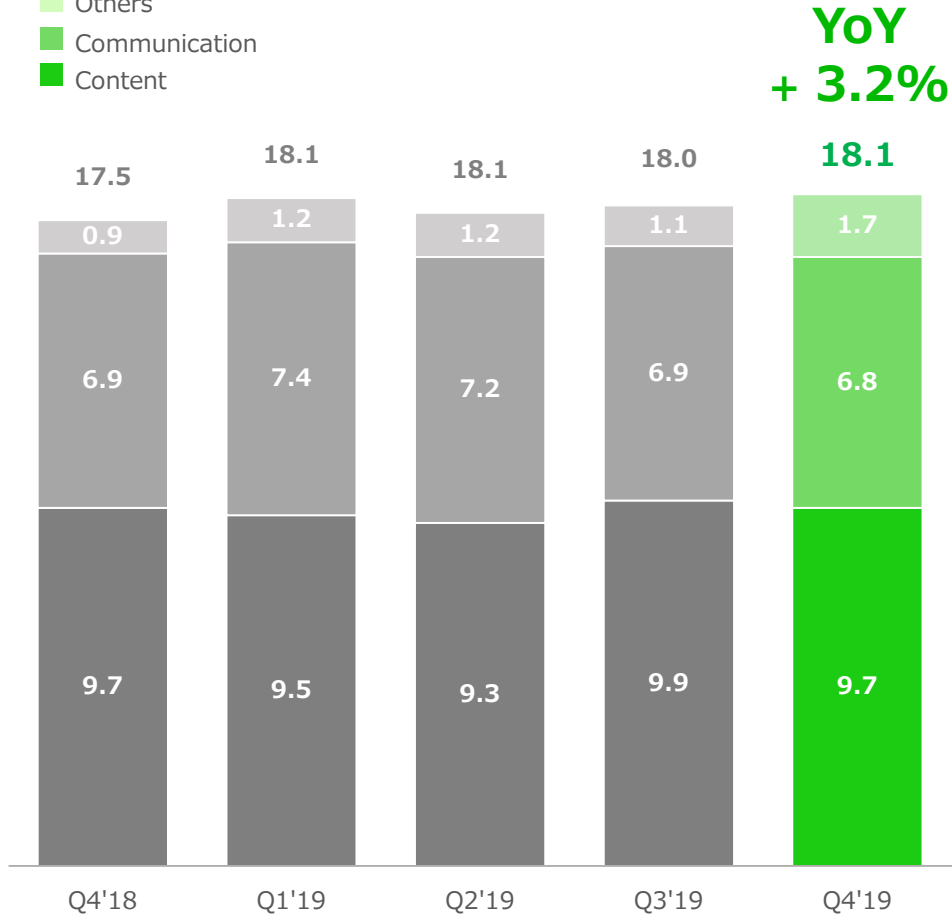
Note: Other Ads include ad revenues mainly from Livedoor, NAVER Matome and LINE Part Time Jobs

Core | Communication / Content / Others

Revenues

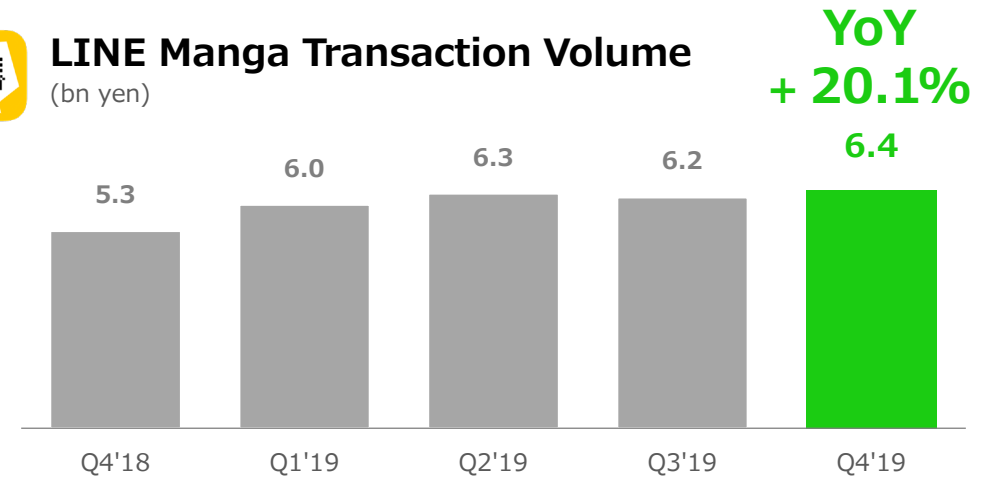
(bn yen)

- Others
- Communication
- Content



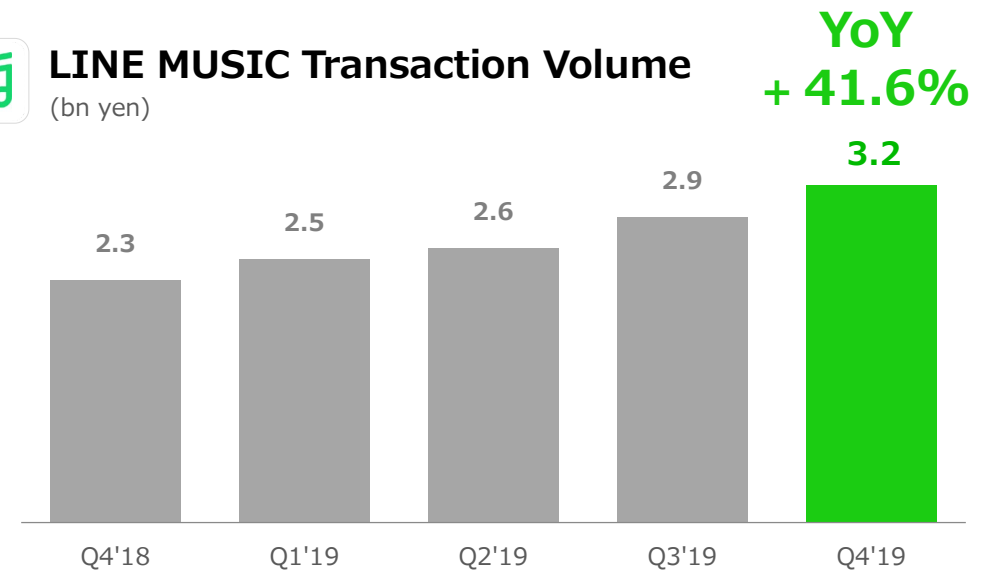
LINE Manga Transaction Volume

(bn yen)



LINE MUSIC Transaction Volume

(bn yen)



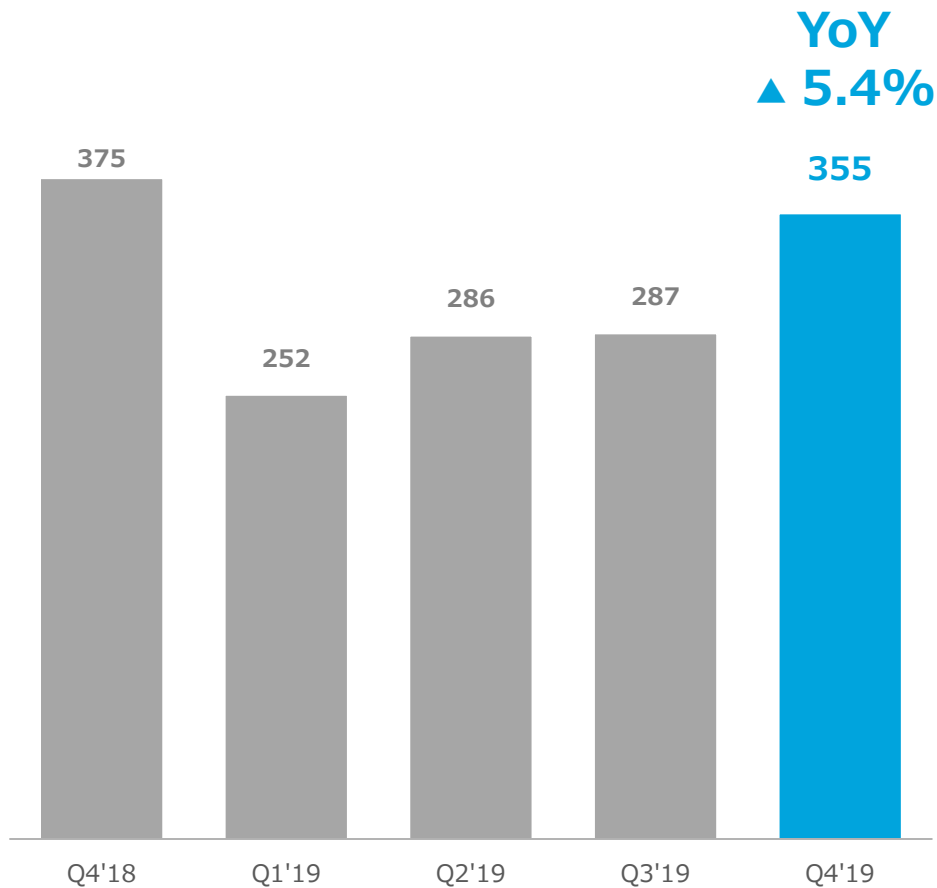
Strategic Business

Strategic | LINE Pay

LINE Pay Global Transaction Volume

(bn yen)

LINE Pay

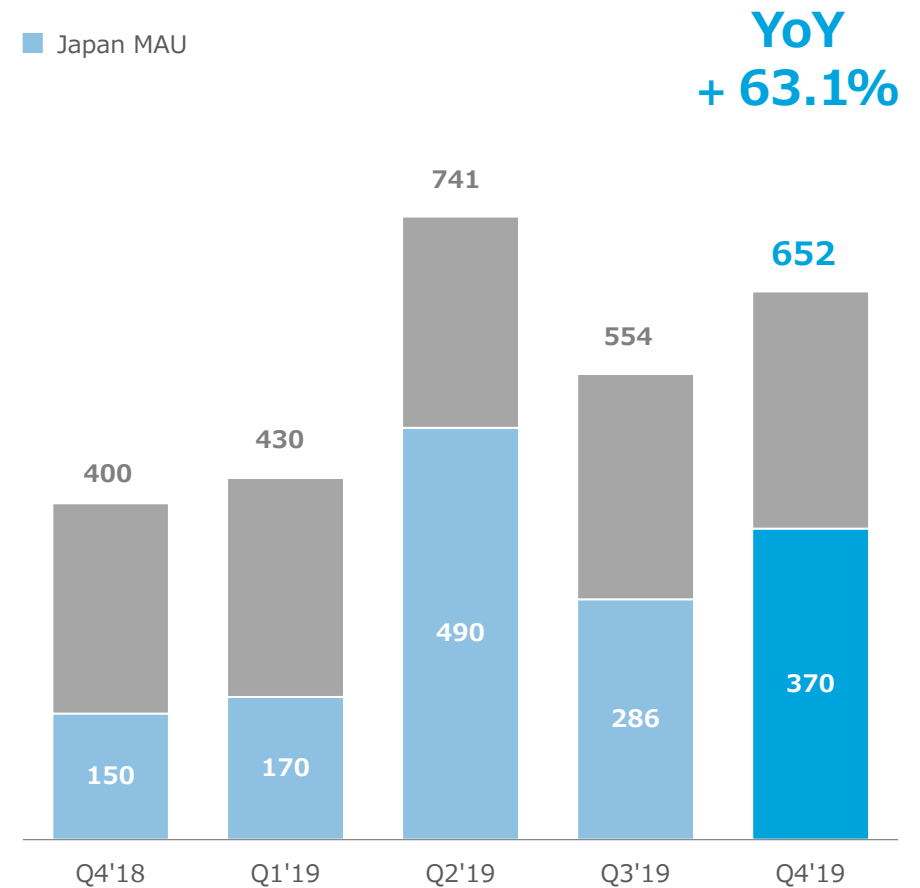


LINE Pay Global MAU

(10k users)

LINE Pay

■ Japan MAU



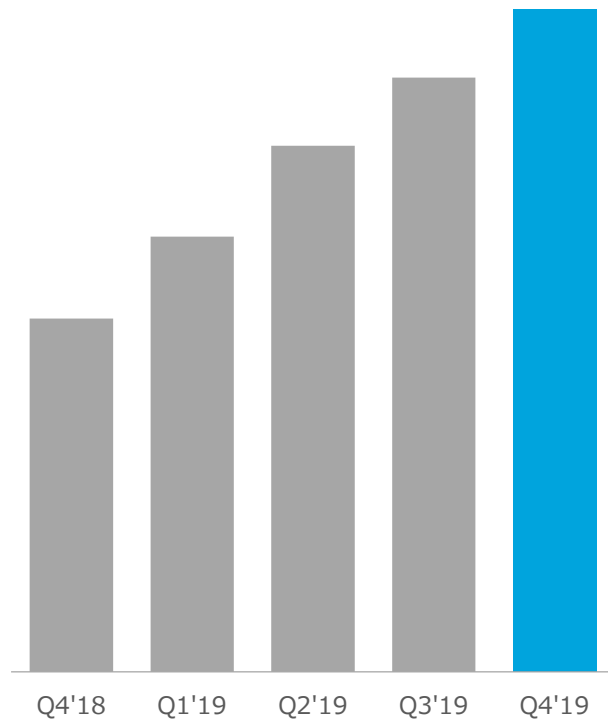
Strategic | O2O/commerce

Shopping-related Transaction Volume



• SHOPPING GO (off-line)
released December 2018

YoY
+ 87.6%

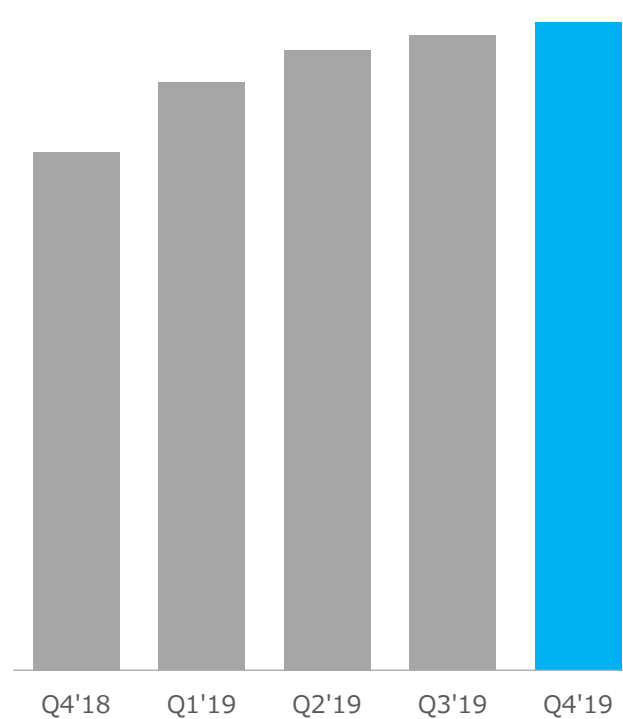


Gourmet-related Transaction Volume



• LINE Pockeo (take-out)
released April 2019

YoY
+ 26.4%

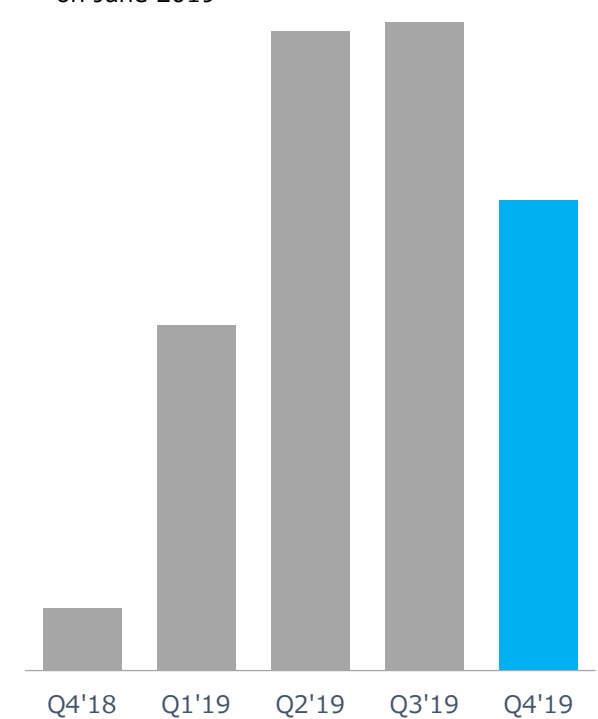


Travel-related Transaction Volume



• Odekake NOW
(search and reservation
service for restaurant,
events, activities) released
on June 2019

YoY
+ 656.1%



Note: The shopping-related transaction volume includes LINE Shopping and SHOPPING GO
The gourmet-related transaction volume includes LINE Delima and LINE Pockeo
The travel-related transaction volume is the sum of past reservations and estimates based on past reservations

Finance Section

Earnings Summary (Q4 2019)

(mm yen)	Q4'18	Q3'19	Q4'19	Growth rate	
				Y/Y	Q/Q
Revenues and other operating income	72,849	57,435	61,097	-16.1%	6.4%
Revenues	55,971	55,942	60,783	8.6%	8.7%
Operating income	9,365	-5,705	-11,476	N/M	N/M
Margin(%)	12.9%	-9.9%	-18.8%	-31.6%p	-8.9%p
Core Revenue	46,478	48,526	51,830	11.5%	6.8%
Core Operating income	5,279	8,098	6,625	25.5%	-18.2%
Margin(%)	11.4%	16.7%	12.8%	1.4%p	-3.9%p
Strategic Revenue	9,493	7,416	8,953	-5.7%	20.7%
Strategic Operating income	-12,037	-13,929	-14,145	17.5%	1.6%
Common Revenue	16,878	1,493	314	N/M	N/M
Common Operating expense	755	1,367	4,270	N/M	N/M

Note: Common revenue includes other revenues. Common operating expense is mainly share-based compensations

Operating Expenses

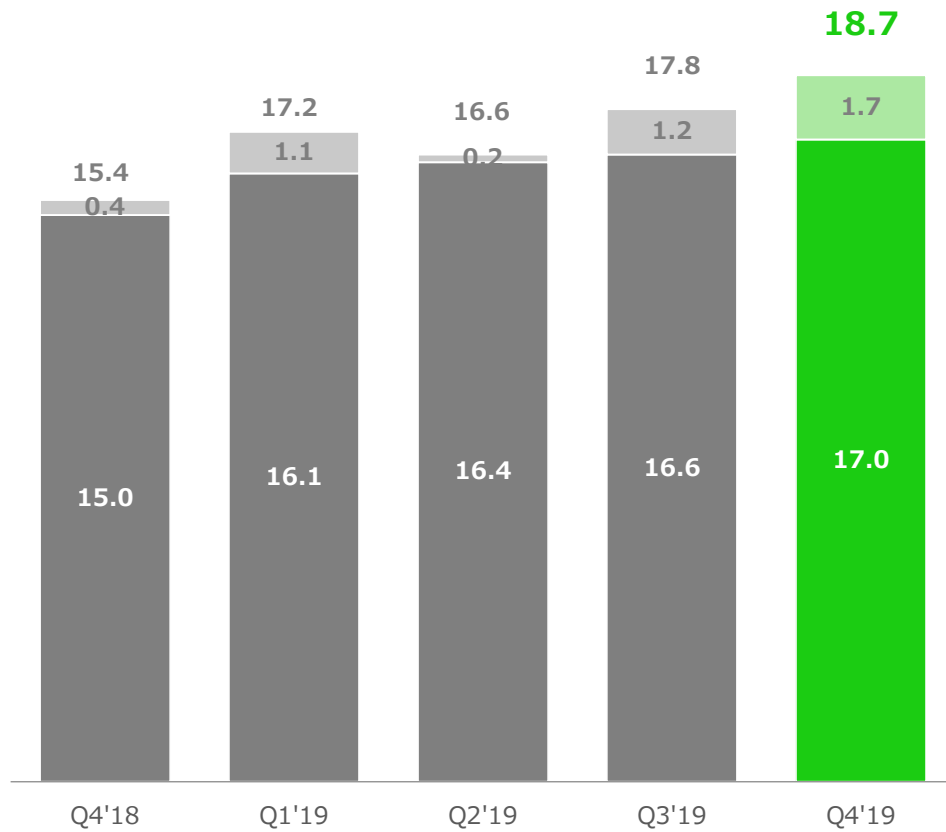
(mm yen)	Q4'18	Q3'19	Q4'19	Growth rate	
				Y/Y	Q/Q
Revenues and other operating income	72,849	57,435	61,097	-16.1%	6.4%
Operating expenses	63,484	63,140	72,573	14.3%	14.9%
Payment processing and licensing	8,173	9,236	9,468	15.8%	2.5%
Sales commission	4,879	3,573	3,798	-22.2%	6.3%
Employee compensation	15,387	17,797	18,693	21.5%	5.0%
Marketing	5,949	4,958	7,456	25.3%	50.4%
Infrastructure and communication	2,719	2,765	2,758	1.4%	-0.3%
Outsourcing expense	8,811	10,501	11,273	27.9%	7.4%
Depreciation and amortization	3,283	5,754	6,413	95.3%	11.5%
Other operating expenses	14,283	8,556	12,714	-11.0%	48.6%
Operating income	9,365	-5,705	-11,476	N/M	N/M
<i>Margin(%)</i>	12.9%	-9.9%	-18.8%	-31.6%p	-8.9%p
Pre-tax income	3,580	-7,734	-15,392	N/M	N/M
Corporate tax	-2,055	-1,070	225	N/M	N/M
Net income from continuing operations	1,525	-8,804	-15,167	N/M	N/M
Net income	1,898	-8,805	-14,582	N/M	N/M

Employee Compensation & Marketing

Employee Compensation

(bn yen)

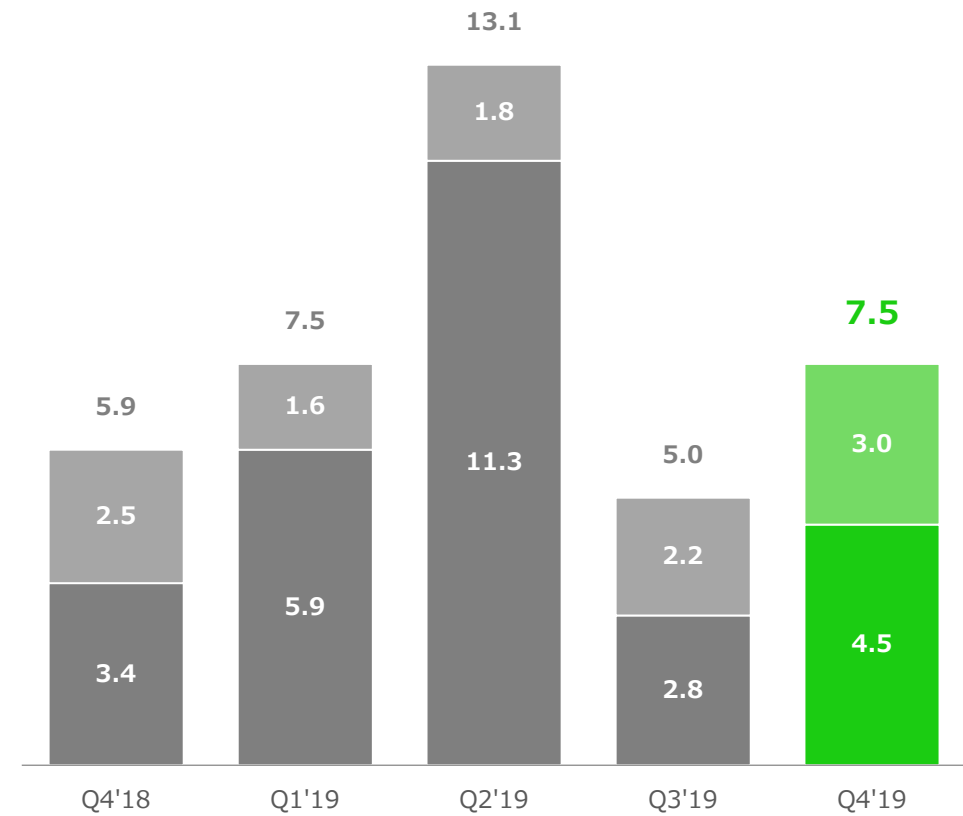
- SBC
- Salary · Others



Marketing

(bn yen)

- Overseas
- Japan

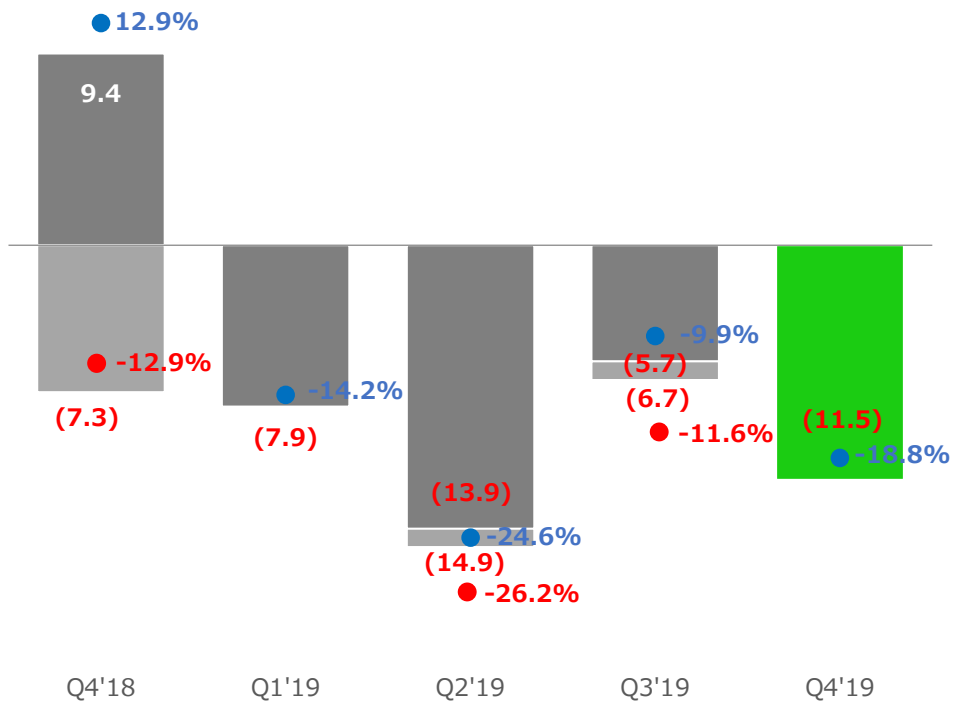


Operating & Net Income

Operating Income (Margin)

(bn yen)

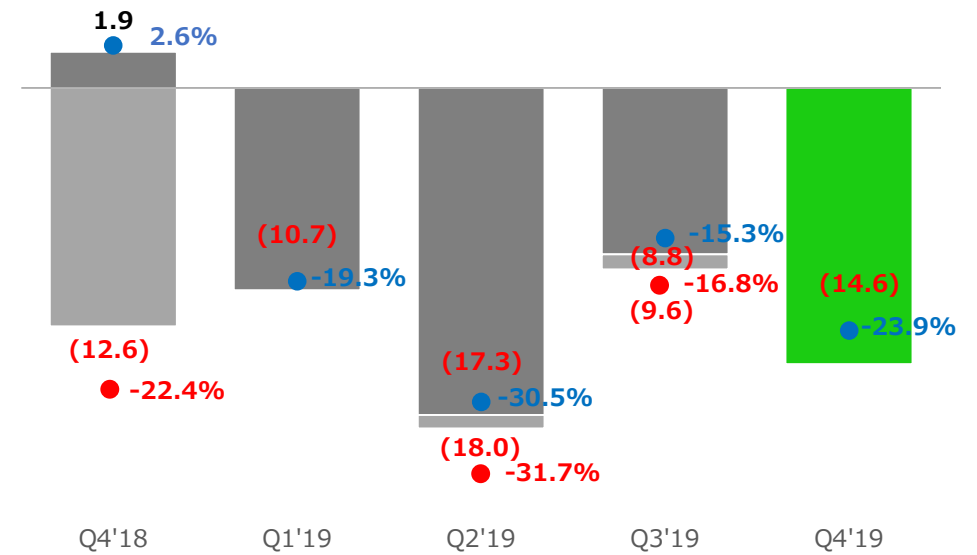
- Operating income
- OP margin (%)
- Operating income (excl. one-time)
- Operating margin (excl. one-time) (%)



Net Income (Margin)

(bn yen)

- Net income
- Net margin (%)
- Net income (excl. one-time income)
- Net margin (excl. one-time income) (%)



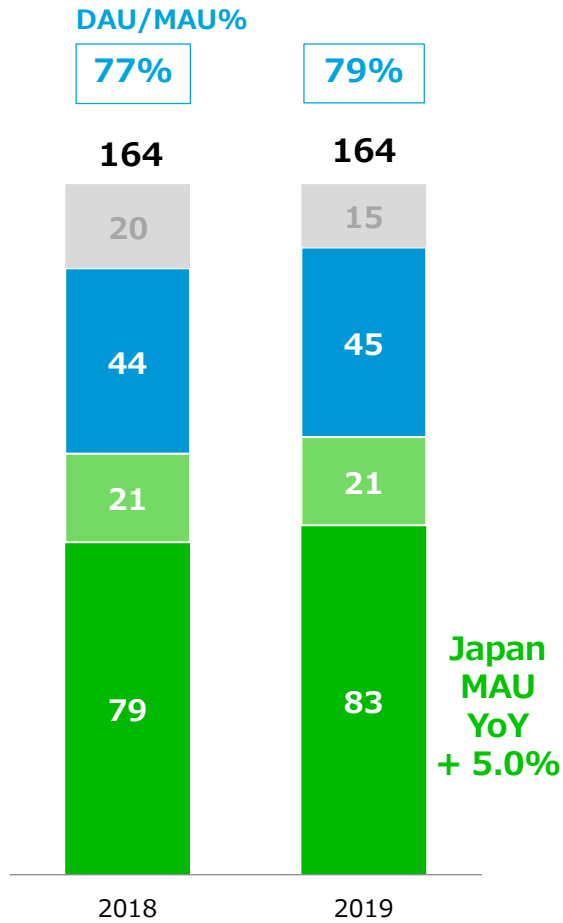
Appendix

Engagement / Annual Results

Monthly Active Users

(mm users)

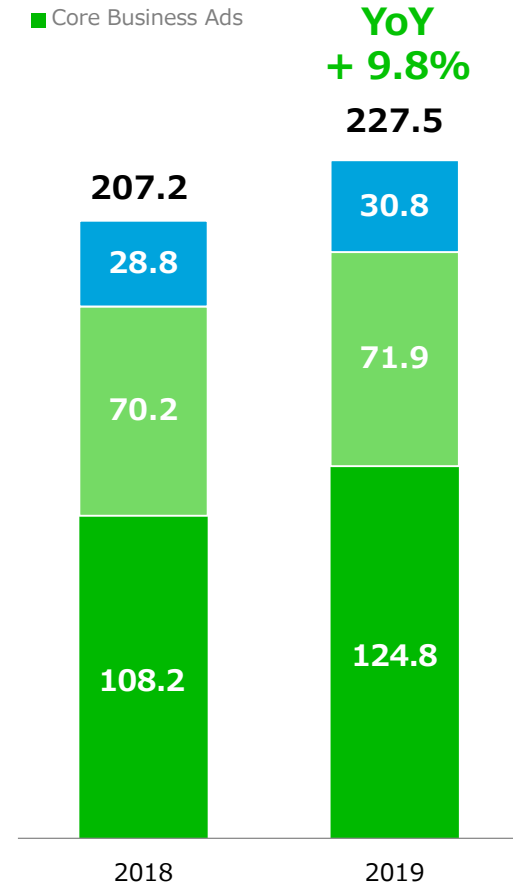
■ Japan ■ Taiwan ■ Thailand ■ Indonesia



Revenues

(bn yen)

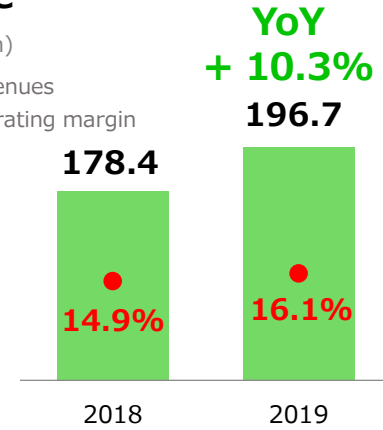
■ Strategic Business
■ Core Business Communication/Content/Others
■ Core Business Ads



Core

(bn yen)

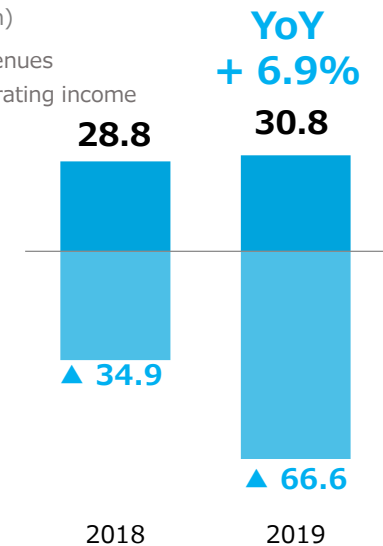
■ Revenues
● Operating margin



Strategic

(bn yen)

■ Revenues
■ Operating income



Revenues and Other Operating Income (past 5 quarters)

(mm yen)	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Revenues and other operating income	72,849	55,475	56,689	57,435	61,097
Revenues	55,971	55,323	55,437	55,942	60,783
Core Business	46,478	47,948	48,407	48,526	51,830
Ads	28,951	29,853	30,676	30,572	33,741
Account Ads	15,335	15,590	15,620	15,051	16,393
Display Ads	9,078	10,624	11,456	12,560	15,015
Others	4,538	3,639	3,600	2,961	2,333
Communication	6,894	7,427	7,174	6,948	6,770
Content	9,733	9,492	9,337	9,865	9,650
Others	900	1,176	1,220	1,141	1,669
Strategic Business	9,493	7,375	7,030	7,416	8,953
LINE FRIENDS	6,942	4,463	4,674	4,911	5,141
Fintech/AI/Commerce	2,551	2,912	2,356	2,505	3,812
Other operating income	16,878	152	1,252	1,493	314

Operating Expenses (past 5 quarters)

(mm yen)	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Operating expenses by segment	63,484	63,367	70,613	63,140	72,573
Core business	41,199	39,682	39,812	40,428	45,205
Strategic business	21,530	22,362	30,526	21,345	23,098
Common	755	1,323	275	1,367	4,270
Operating expenses by account	63,484	63,367	70,613	63,140	72,573
Payment processing and licensing	8,173	8,803	8,367	9,236	9,468
Sales commission	4,879	4,254	4,370	3,573	3,798
Employee compensation	15,387	17,190	16,585	17,797	18,693
Marketing	5,949	7,499	13,109	4,958	7,456
Infrastructure and communication	2,719	2,708	2,590	2,765	2,758
Outsourcing expense	8,811	9,101	11,017	10,501	11,273
Depreciation and amortization	3,283	5,184	5,386	5,754	6,413
Other operating expenses	14,283	8,628	9,189	8,556	12,714

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