

LINE Q1 2017 Earnings Results

April 26, 2017

LINE Corporation

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 position 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.

Executive Summary (Q1 2017)

Ads

- Performance Ads revenue driven by increase in mix of video ads on Timeline and introduction of NEWS tab

Communication and Content

- Paying Users (PU) for stickers increased through successful campaigns resulting in record sales in Communications
- Existing games demonstrated stable revenue through marketing and collaboration with major IPs

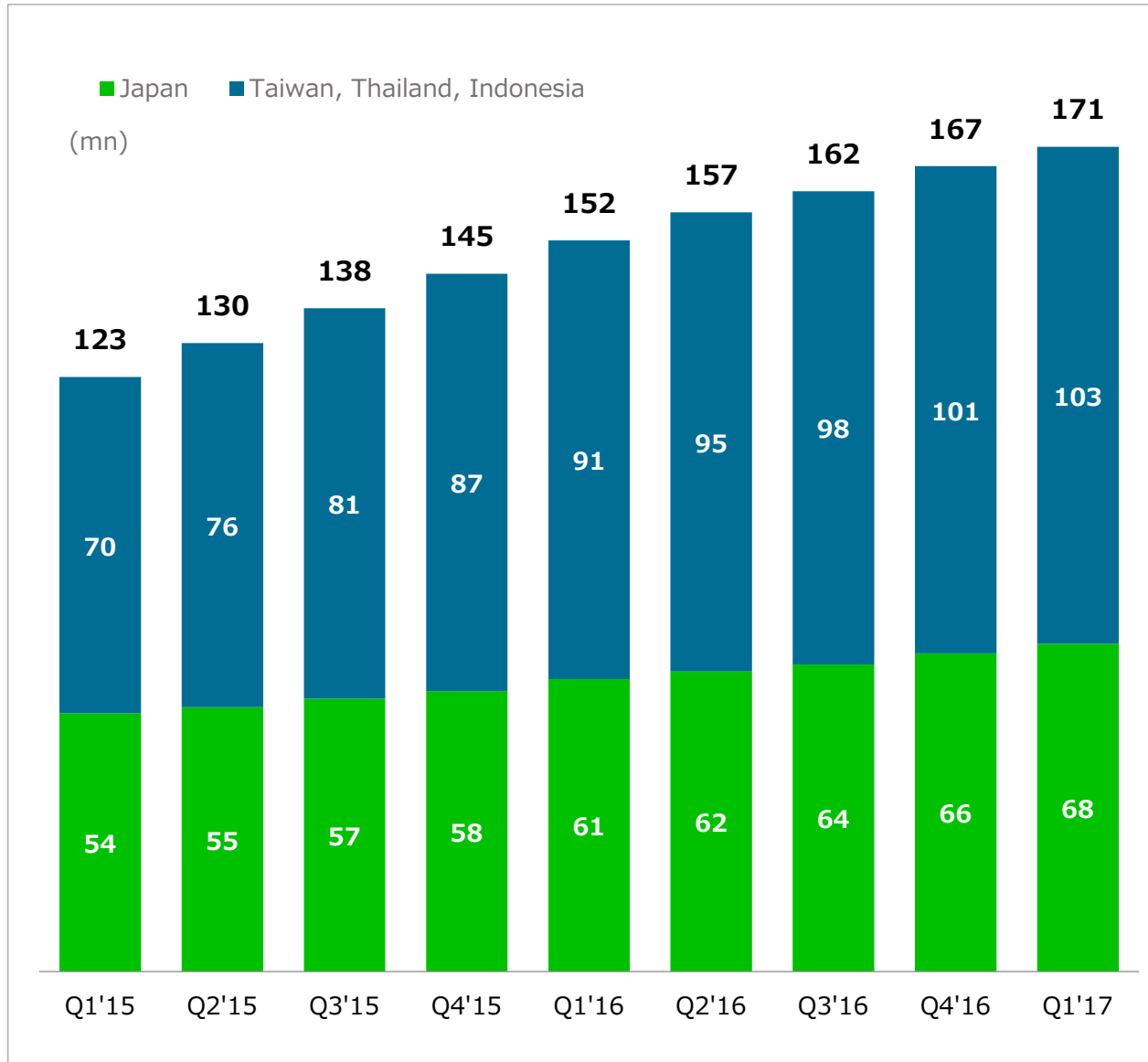
Smart Portal

- MAU of LINE NEWS and LINE TODAY reached 150 million
- LINE Pay registered accounts surpassed 10 million. Transaction volume in Japan and Taiwan continue to grow
- Launched business communication tool LINE WORKS

AI Platform

- Announced new initiative, cloud AI platform "Clova"

Monthly Active Users | Four Key Countries

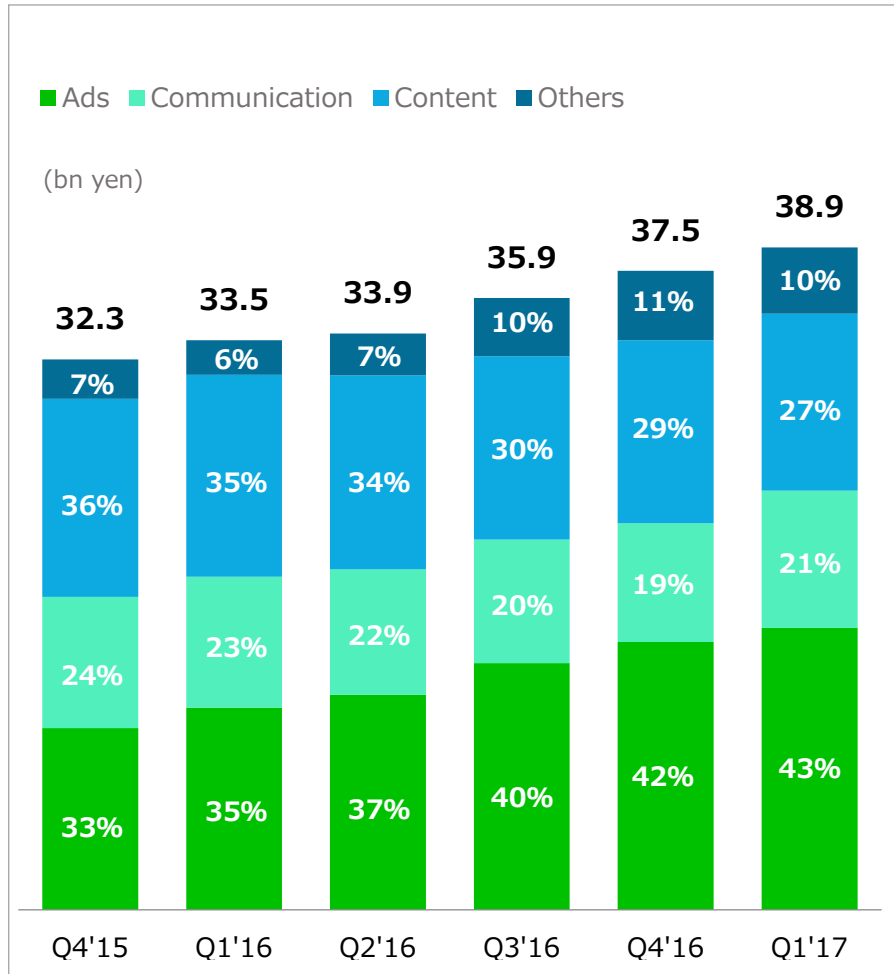


■ YoY 12.6% ↑

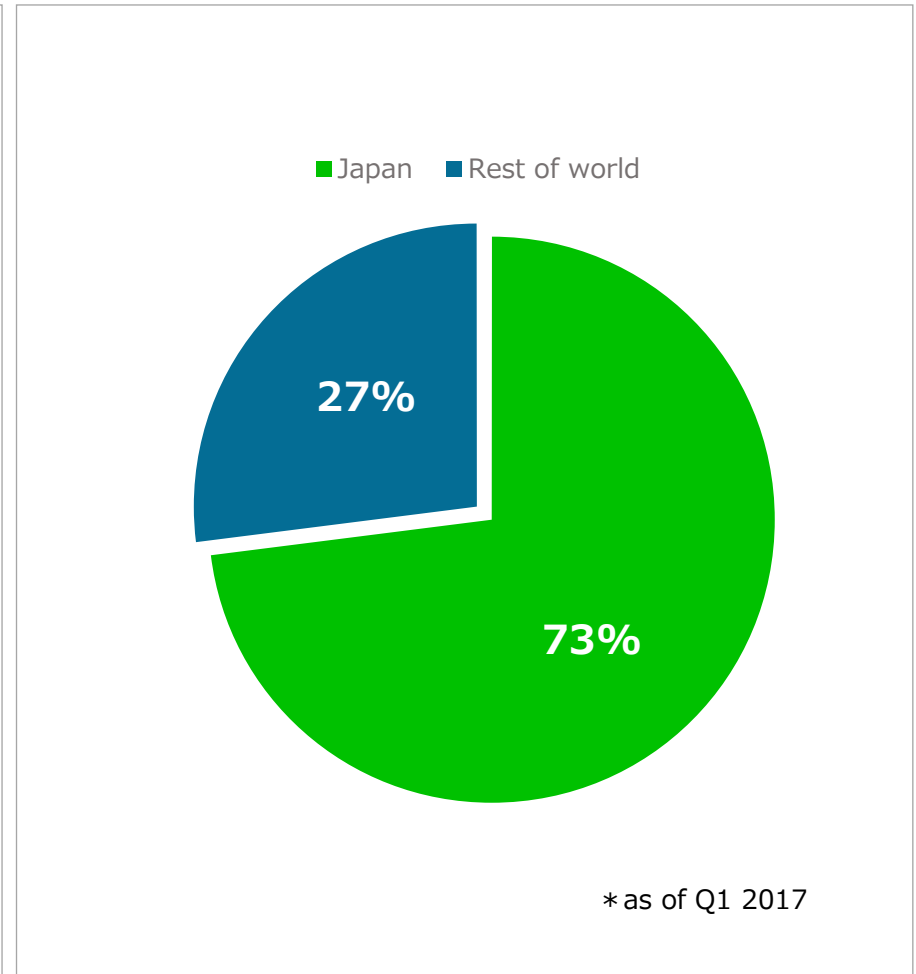
■ DAU/MAU%: 72%

Revenues

By Business

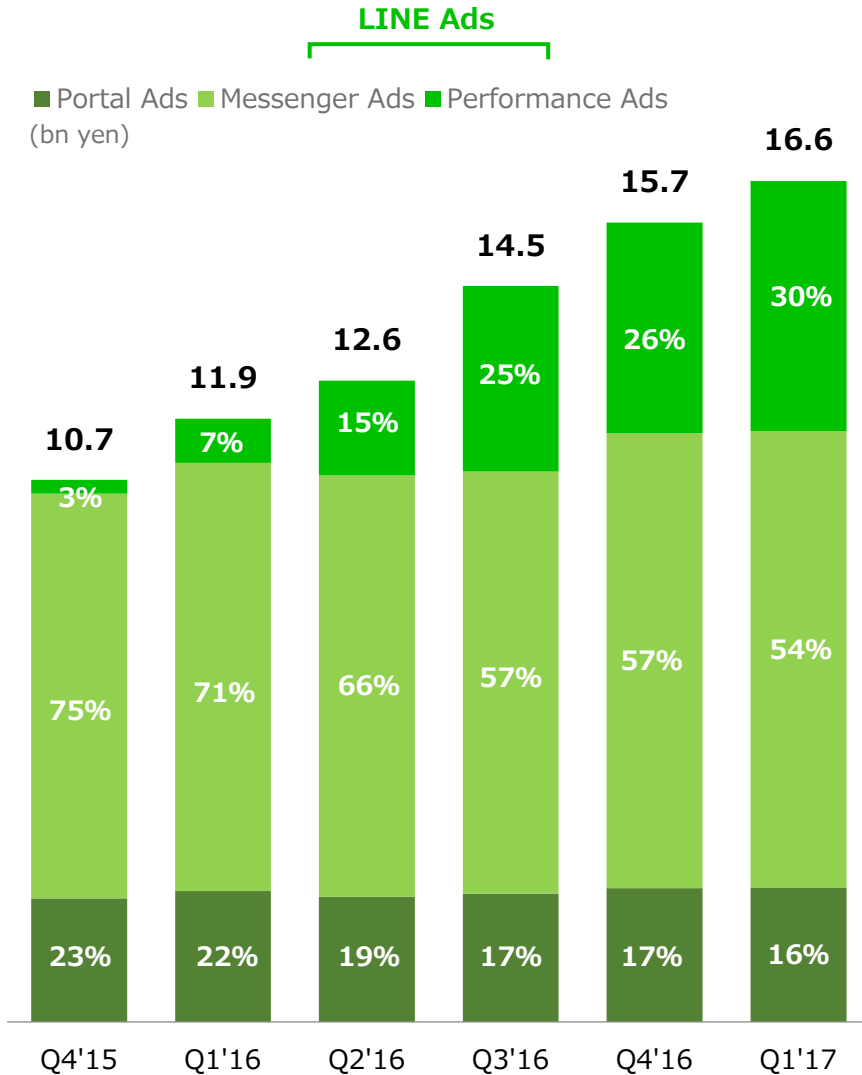


By Geography



Ads

Official Account, LINE@, Sponsored Sticker, LINE Point ads, Timeline/LINE NEWS ads, etc.



Ads Revenue

YoY 39.4% ↑ / QoQ 5.2% ↑

LINE Ads Revenue

YoY 49.6% ↑ / QoQ 6.2% ↑

of Global Paid Official Account

Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
419	456	480	521	549	567

LAP Impressions (mn)

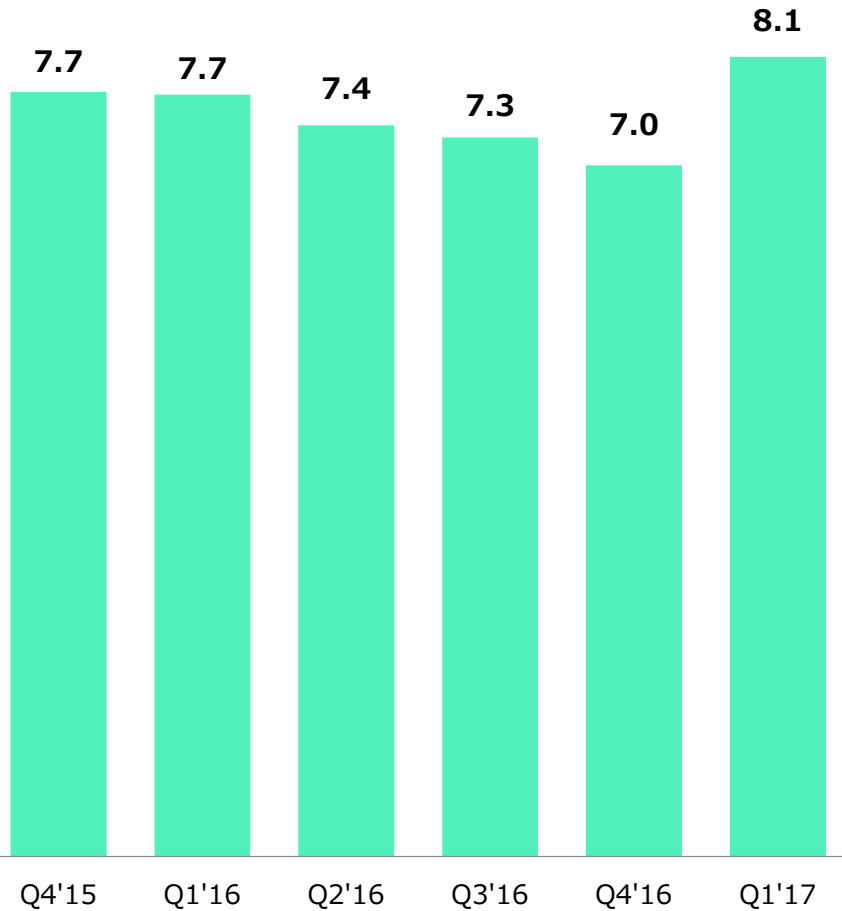
Q2'16	Q3'16	Q4'16	Q1'17
7,992	9,933	11,166	12,273

* LAP: LINE Ads Platform

Communication

Stickers, Theme, LINE Out (Call), etc.

(bn yen)



Communication Revenue

YoY 5.0% ↑ / QoQ 15.7% ↑

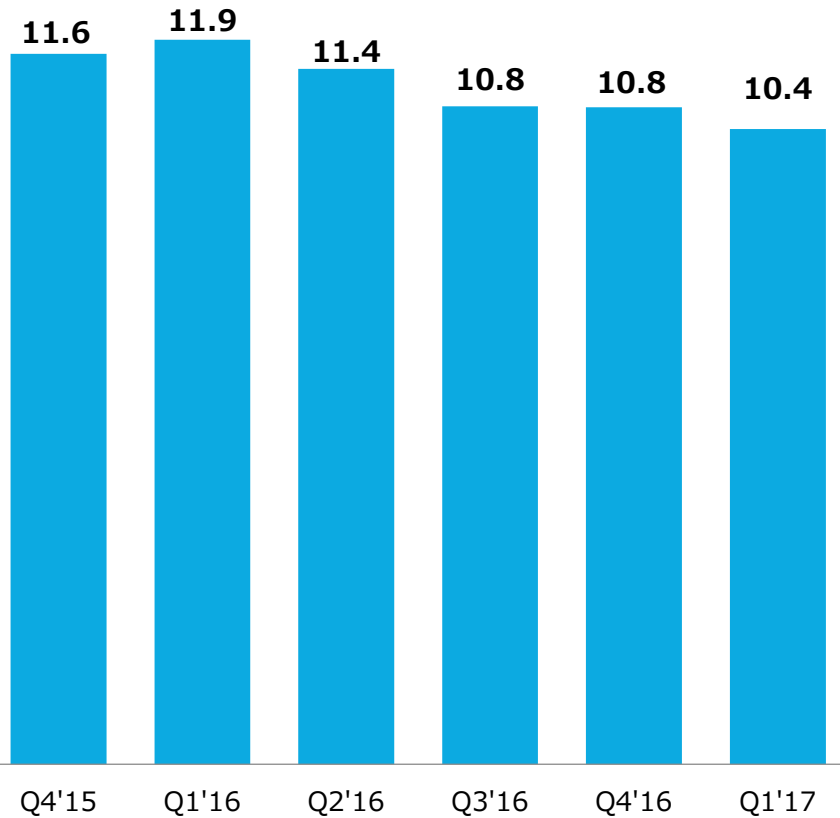
Average Daily Stickers Sent (mn)

Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
388	389	397	384	407	441

Content

LINE GAME, LINE PLAY, LINE Manga, LINE Fortune, LINE MUSIC, etc.

(bn yen)



Content Revenue

YoY 12.0% ↓ / QoQ 3.0% ↓

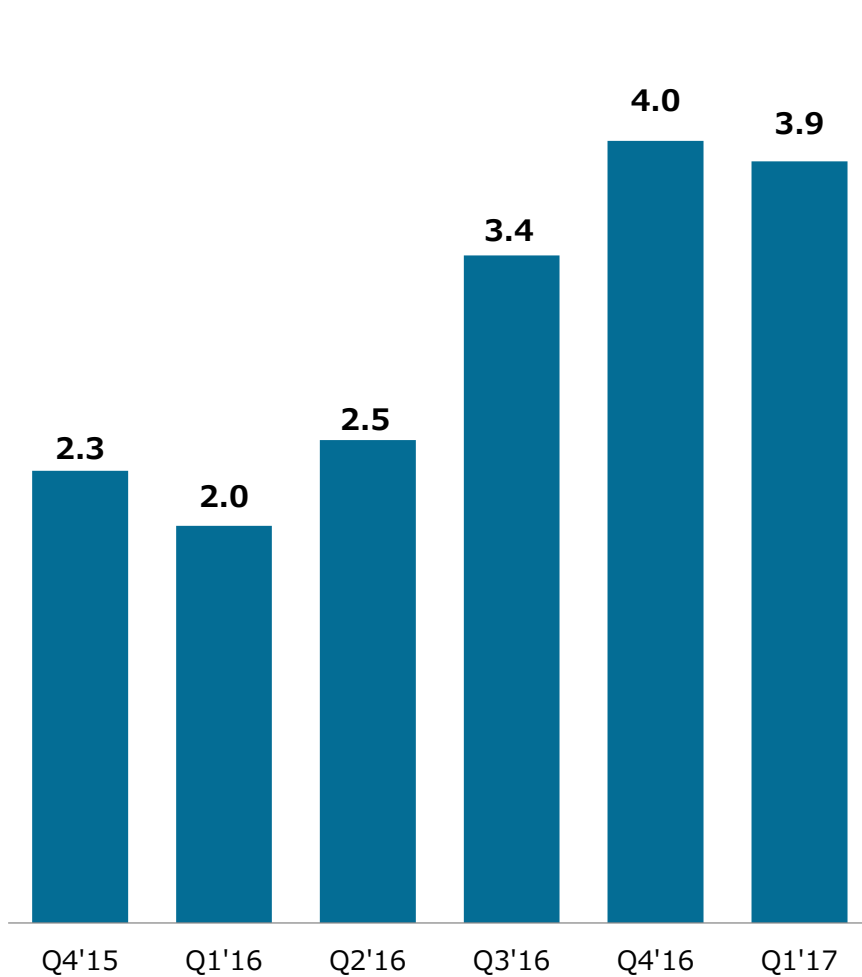
LINE GAME KPI

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
MAU (mn)	31.9	30.8	28.9	27.5	26.5	26.3
PU ratio	5.2%	5.2%	4.9%	5.1%	5.0%	5.2%

Others

LINE FRIENDS, LINE Part-time Job, LINE Pay, LINE Mobile, etc.

(bn yen)



Others Revenue

YoY 89.5% ↑ / QoQ 3.8% ↓

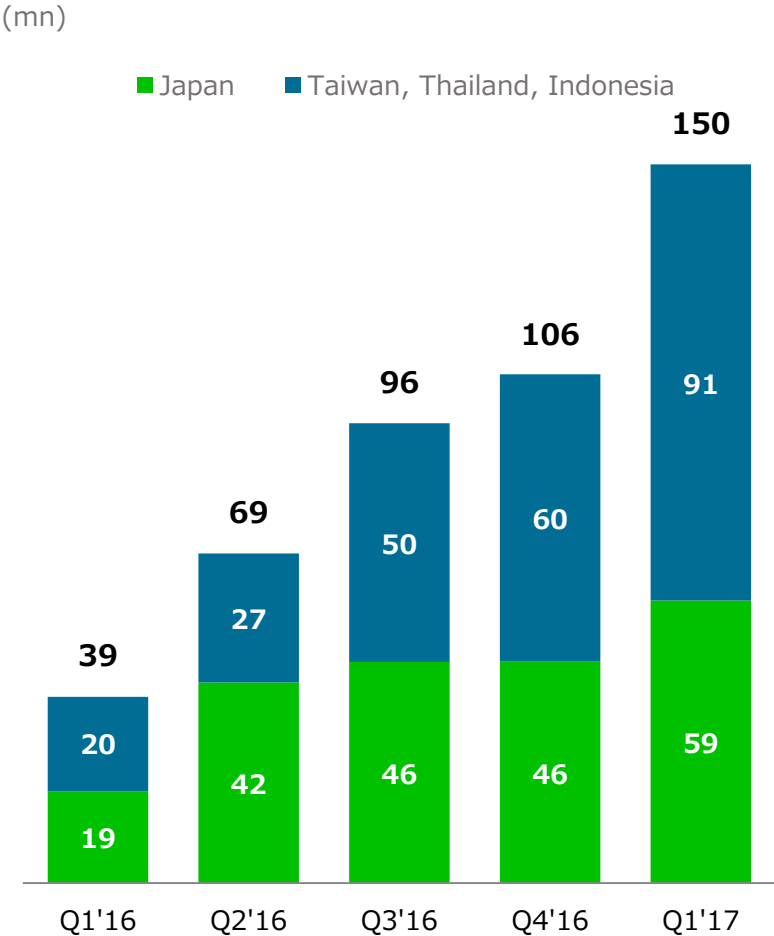
of LINE Friends Stores

Q2'16	Q3'16	Q4'16	Q1'17
19	23	26	27

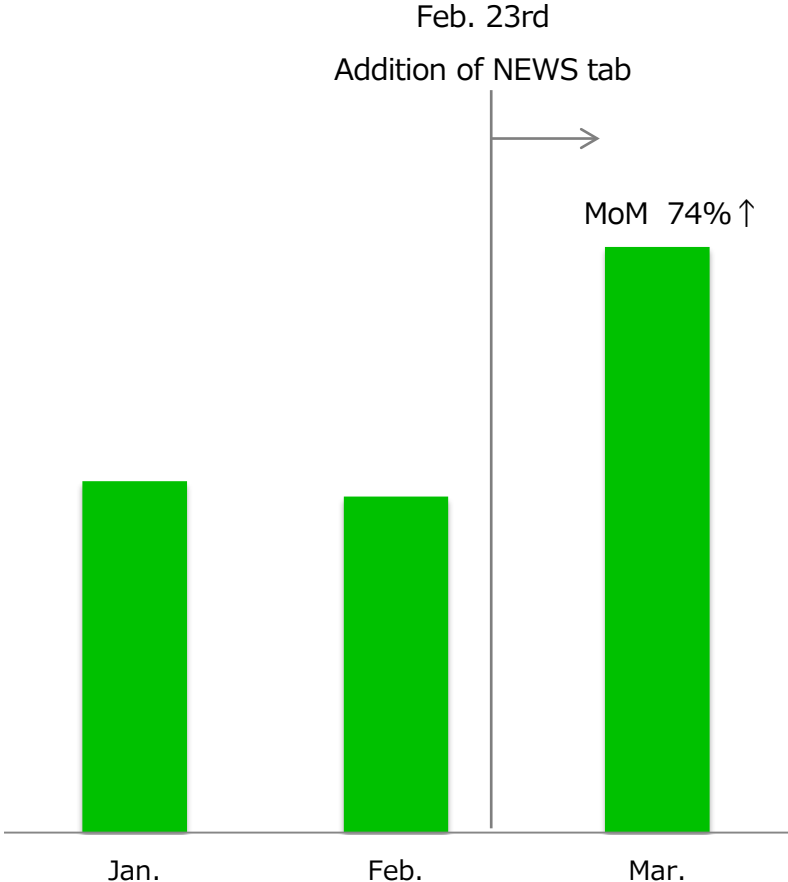
(open in 5 countries)

Smart Portal | NEWS Tab Introduction

LINE NEWS & LINE TODAY MAU



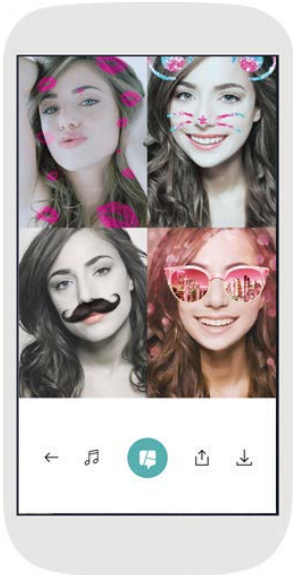
LINE NEWS Impressions – Japan Only



Smart Portal | Video Services

Camera Apps

B612



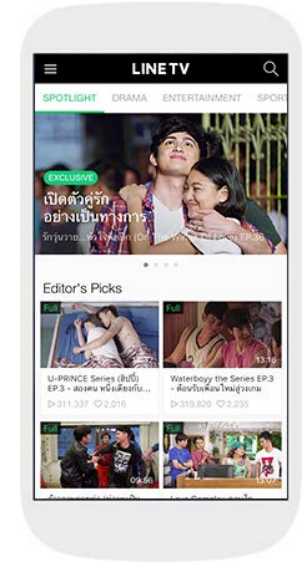
SNOW



LINE LIVE

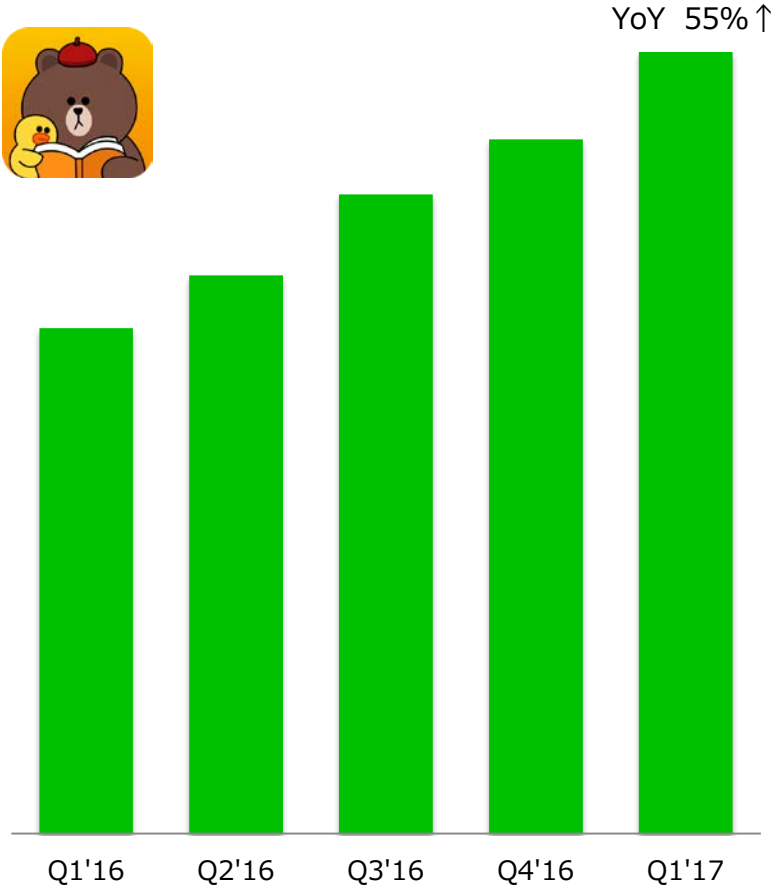


LINE TV

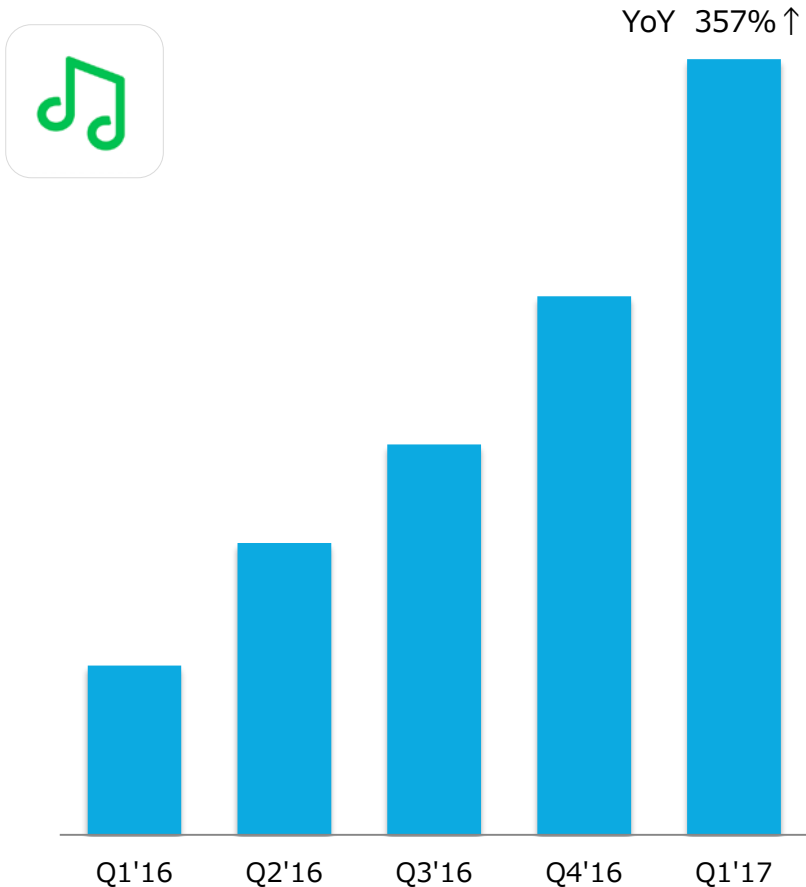


Smart Portal | Content Services

LINE Manga Gross Revenue



LINE Music Gross Revenue



Cloud AI Platform “Clova”



Clova Smart Speaker WAVE



Earnings Summary (Q1 2017)

(mn yen)	Q1'16	Q4'16	Q1'17	Growth	
				Y/Y	Q/Q
Revenues and other operating income	34,116	38,145	39,246	15.0%	2.9%
Revenues	33,456	37,465	38,916	16.3%	3.9%
LINE Ads	9,302	13,098	13,913	49.6%	6.2%
Portal Ads	2,571	2,633	2,644	2.8%	0.4%
Communication	7,686	6,973	8,067	5.0%	15.7%
Content	11,865	10,760	10,441	-12.0%	-3.0%
Others	2,032	4,002	3,851	89.5%	-3.8%
Other operating income	660	680	330	-49.9%	-51.4%
Operating expenses	28,778	36,542	35,221	22.4%	-3.6%
Operating income	5,338	1,603	4,025	-24.6%	151.1%
<i>Margin(%)</i>	<i>15.6%</i>	<i>4.2%</i>	<i>10.3%</i>	<i>-5.4pt</i>	<i>6.1pt</i>
Pre-tax income	4,143	2,724	3,566	-13.9%	30.9%
Tax	2,737	1,086	1,931	-29.4%	77.8%
Net income from continuing operations	1,406	1,639	1,635	16.3%	-0.2%
Discontinued operations income	-1,640	-219	-3	n/a	n/a
Net income	-234	1,419	1,632	n/a	15.0%

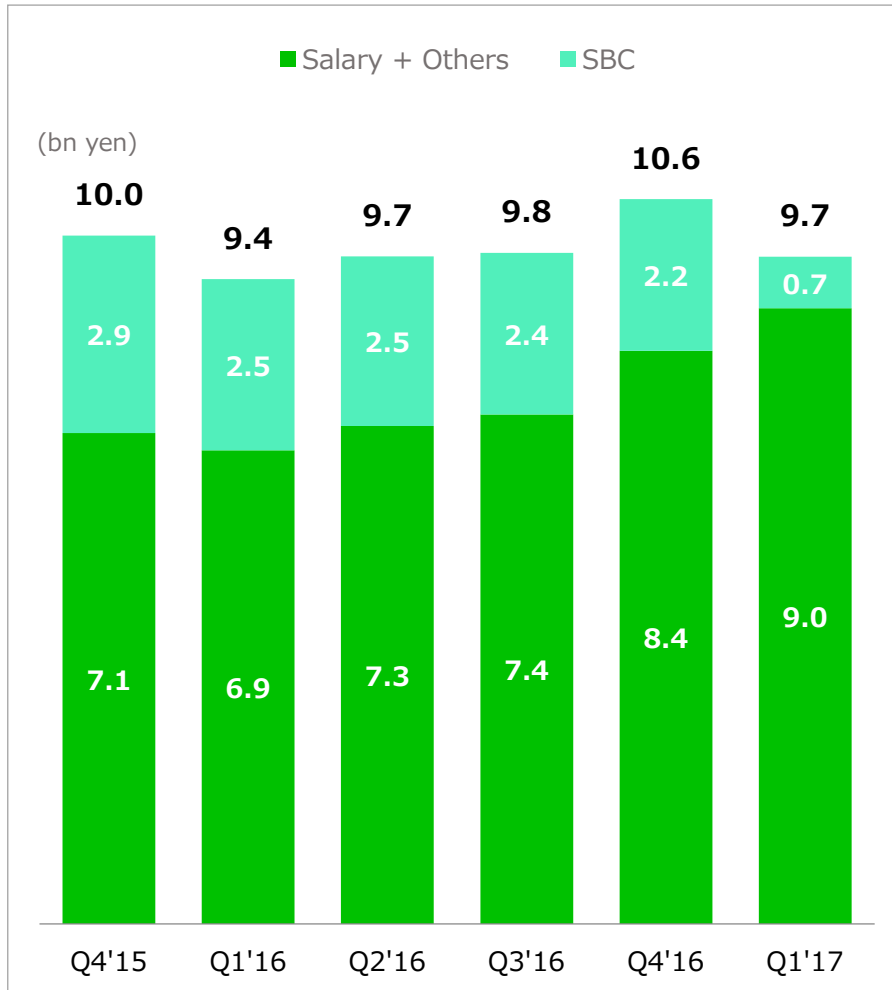
Operating Expenses

(mn yen)	Q1'16	Q4'16	Q1'17	Growth	
				Y/Y	Q/Q
Operating expenses	28,778	36,542	35,221	22.4%	-3.6%
Payment processing and licensing	7,750	7,346	7,684	-0.9%	4.6%
Employee compensation	9,393	10,555	9,718	3.5%	-7.9%
Marketing	2,307	4,280	4,026	74.5%	-5.9%
Infrastructure and communication	1,782	2,113	2,142	20.2%	1.4%
Authentication and other service	2,897	4,673	4,953	71.0%	6.0%
Depreciation and amortization	968	1,441	1,476	52.5%	2.5%
Other operating expenses	3,681	6,134	5,222	41.9%	-14.9%

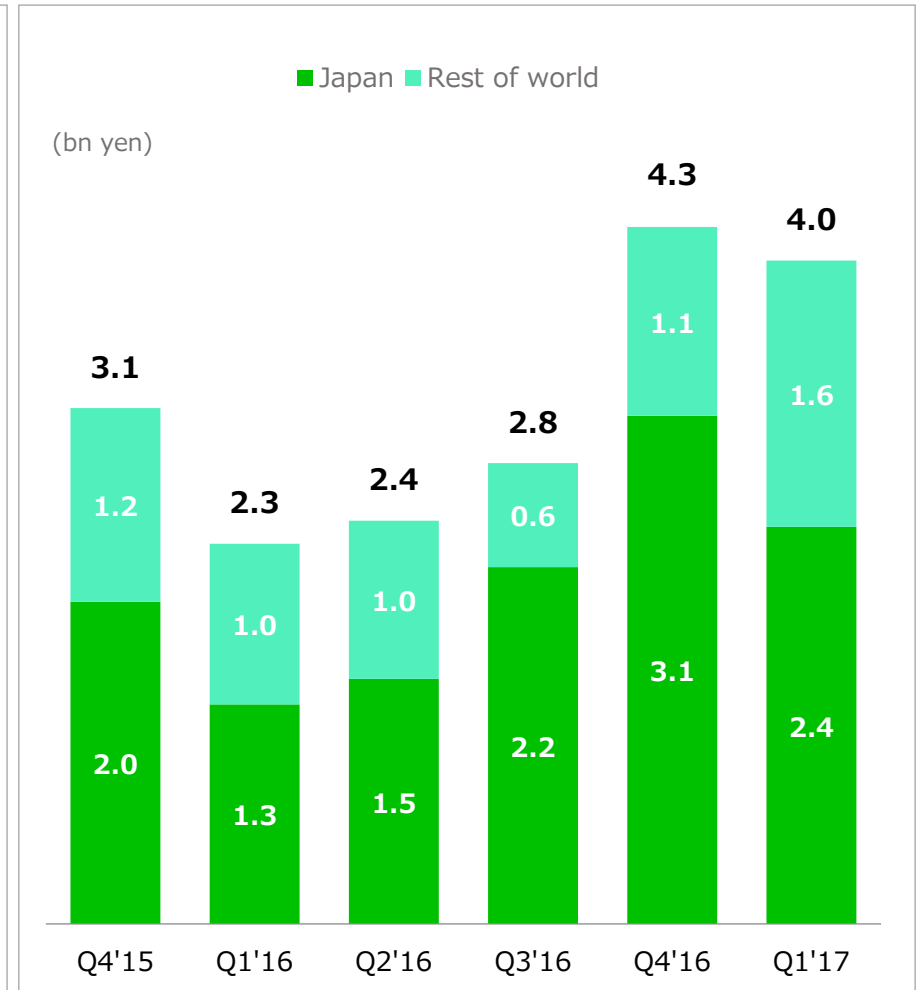
*Other operating expenses include LINE Friends COGS and office related expenses

Employee Compensation and Marketing

Employee Compensation

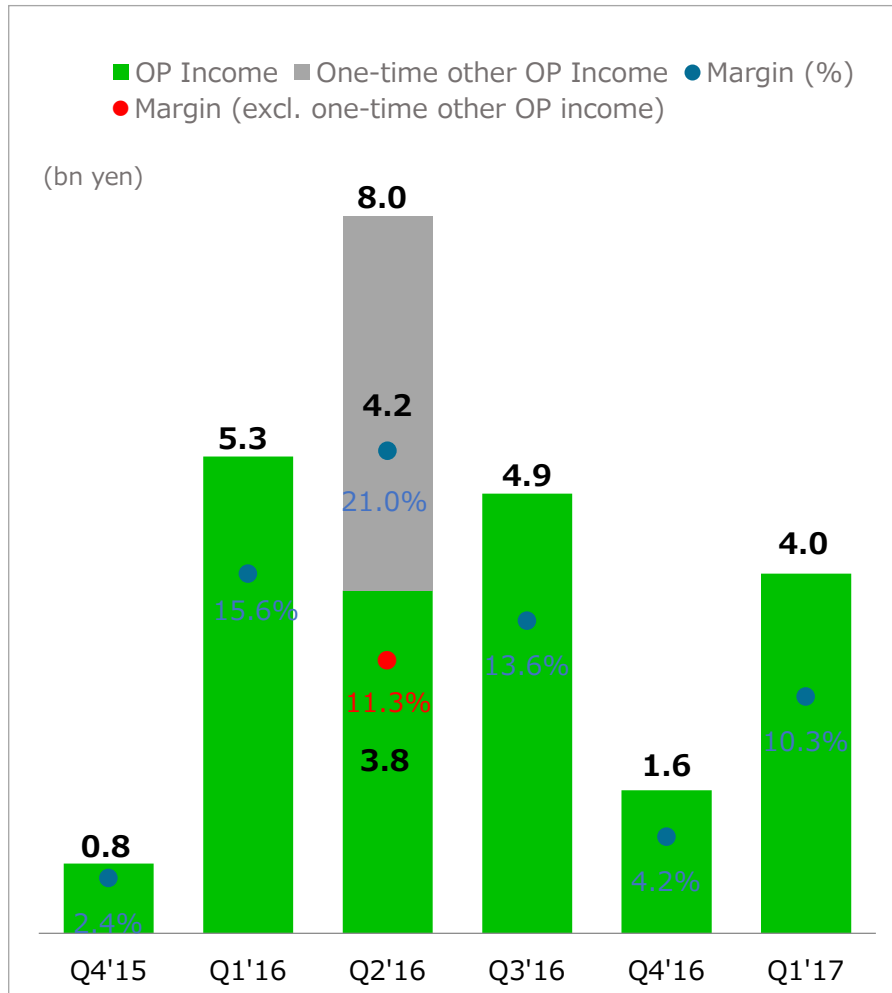


Marketing

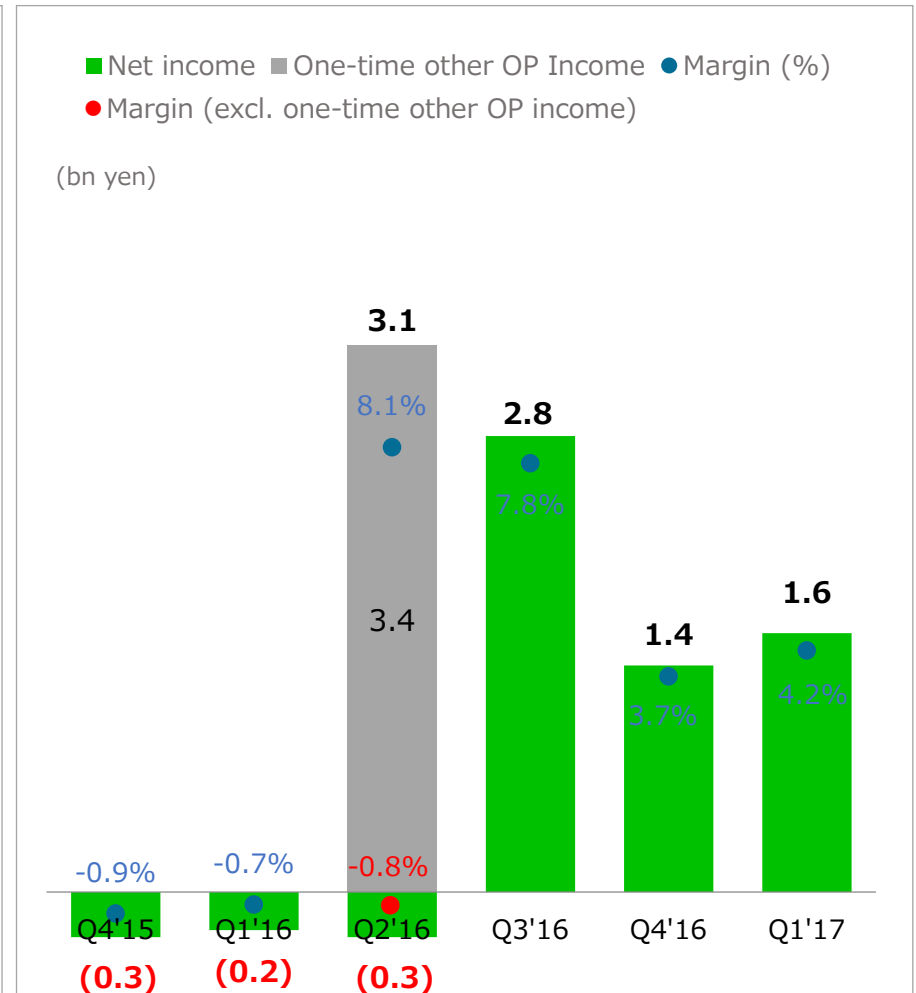


Operating & Net Income

Operating Income (Margin)



Net Income (Margin)



LINE