

4Q 2014 Earnings Release

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The financial results for 4Q 2014 have been prepared on an unaudited basis, and may be subject to change during independent auditing process.

Please note that NCSoft will not be responsible for individual investment decisions based on this material.

※ Consolidated subsidiaries (K-IFRS based) :

NC West Holdings(100%, US), NC Europe(100%, UK),
NC Japan(60%, JP), NC Taiwan(85%, TW), NCSoft Corporation(HQ, KR),
NCSoft Service(100%, KR), NC Dinos Baseball Club(100%, KR),
Oraion Soft(100%, KR), Ntreev Soft(76%, KR)

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1. Financial Highlights(Quarterly)

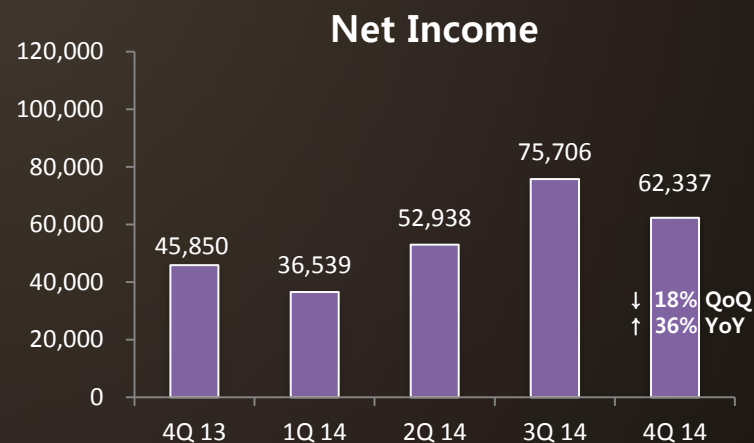
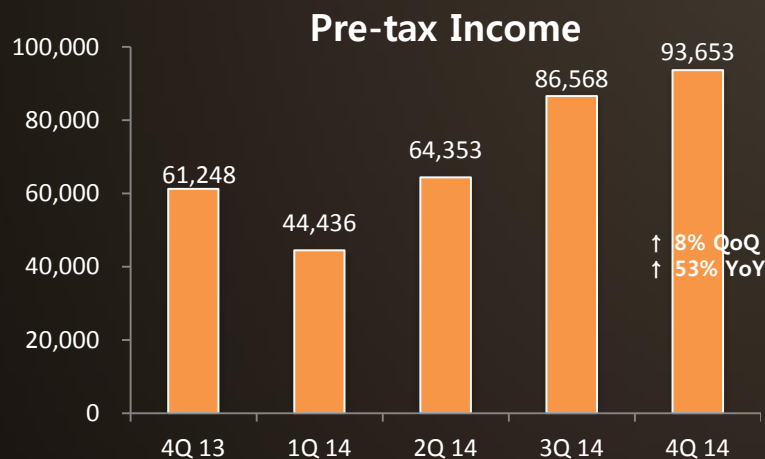
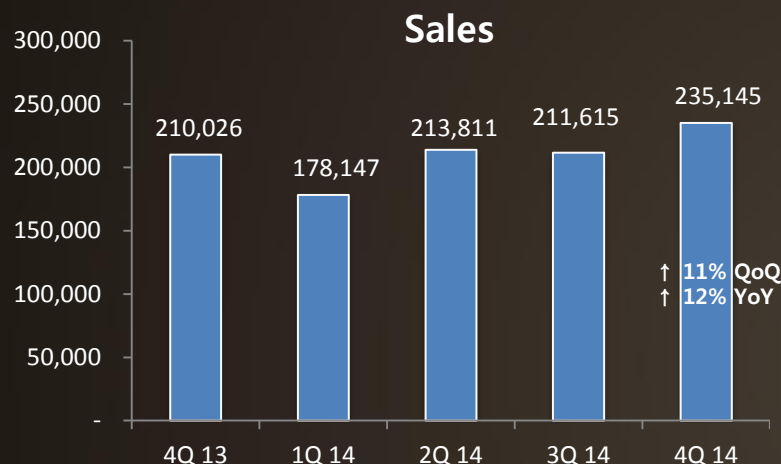
4Q sales recorded W235bn(YoY+12%) and operating profit W87bn (YoY+54%)

(Unit : KRW in MN)

Strong 4Q results were driven by L1, L2 and B&S

-Excluding 4Q12 when GW2 was launched, 4Q14 achieved the highest revenues and OP of all time

-L1 recorded W97bn(QoQ+41%), L2 W20bn(QoQ+31%) and B&S W25bn(QoQ+24%)

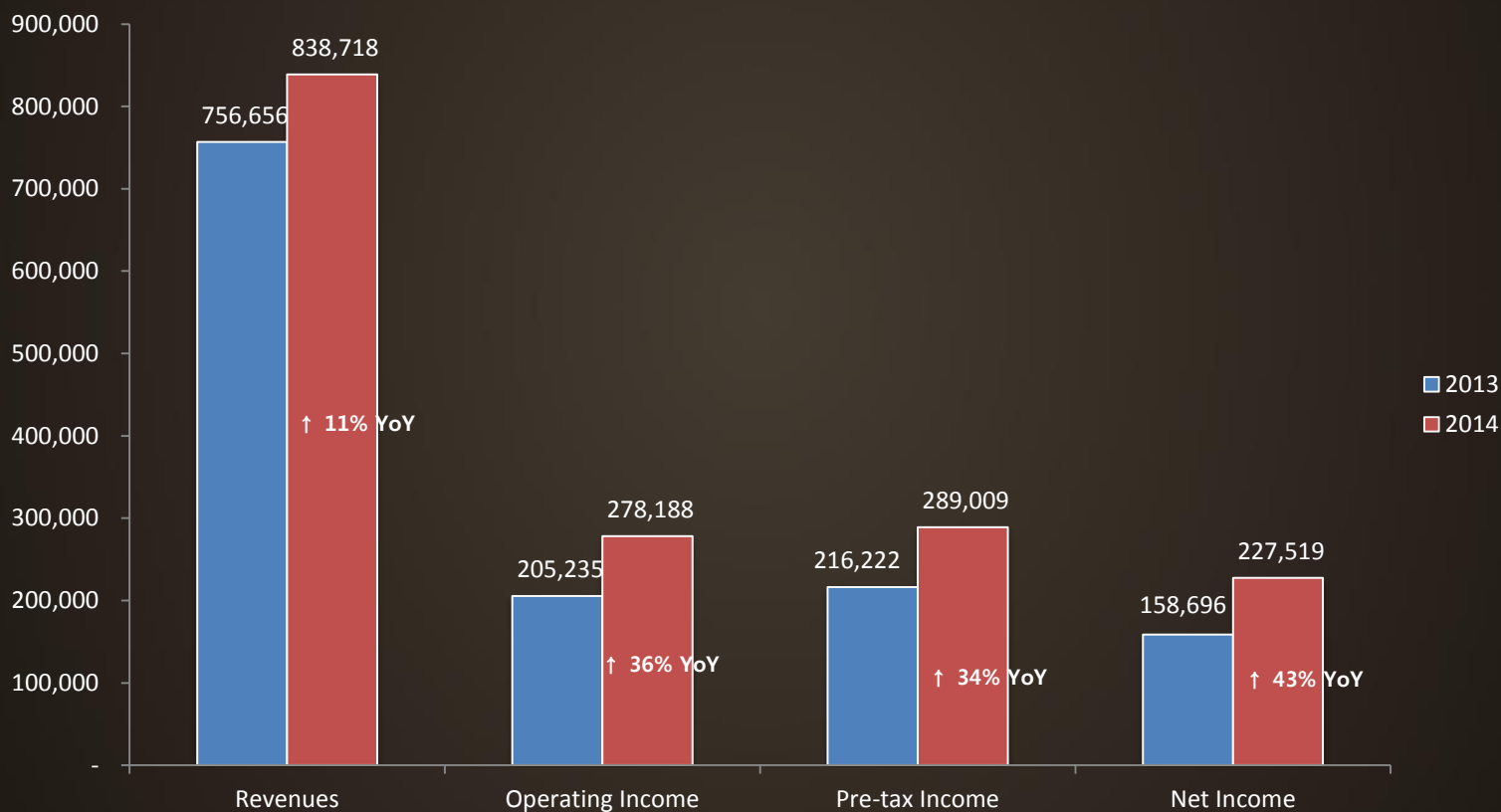


1. Financial Highlights(Yearly)

Full-year FY 2014 revenues and operating profit recorded a historical-high of W839bn(YoY+11%) and W278bn (YoY+36%) respectively

(Unit : KRW in MN)

- Stable performance from legacy games and an increase in overseas royalty led to improved profitability.
- OPM in 2014 was 33% (YoY+6%).

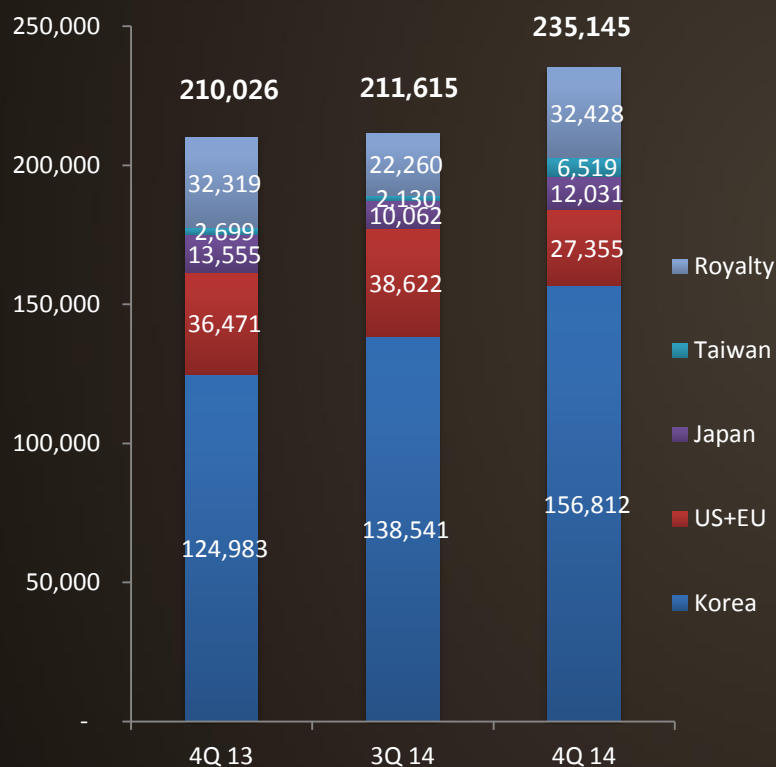


2. Sales Breakdown(Quarterly)

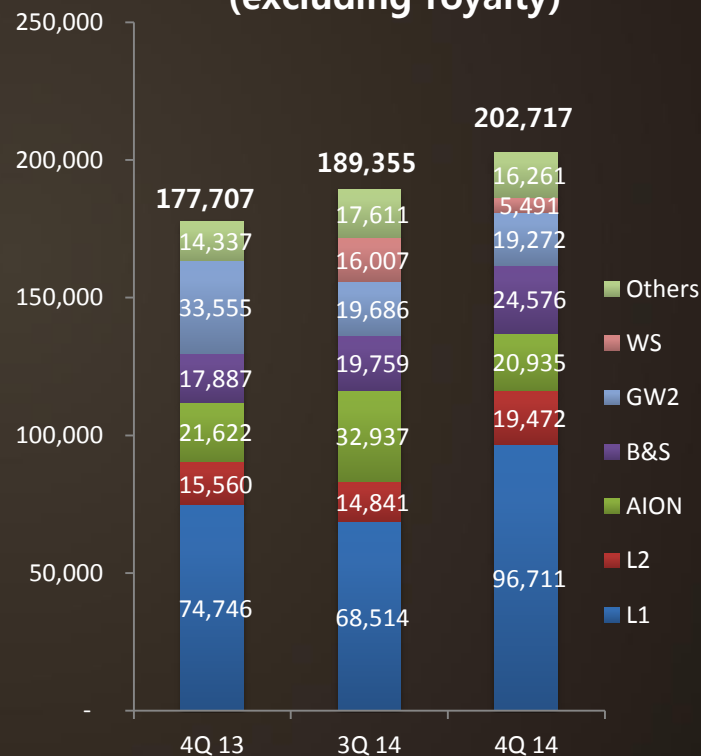
- Korea sales increased on the back of improved sales from legacy games
Overseas royalty also increased due to B&S China
- In 4Q14, L1 generated record-high quarterly revenue of W97bn
- L2 continues sales growth driven by service upgrades (growth rate 3Q 9%→ 4Q 31%)
- B&S grew 24% QoQ to W25bn due to the successful launch of B&S in Taiwan

(Unit : KRW in MN)

Sales by Region



Sales by Game (excluding royalty)

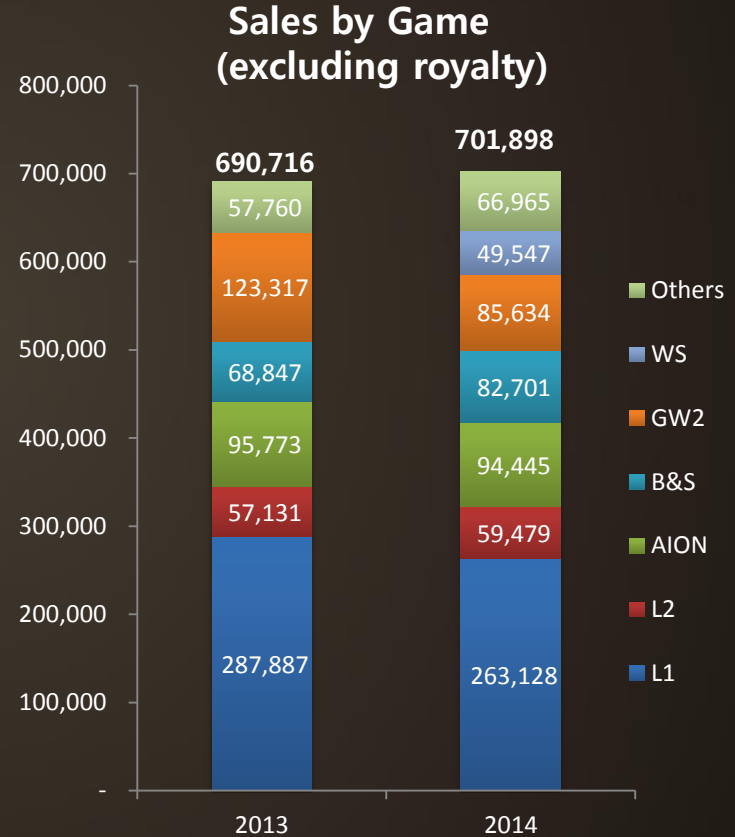
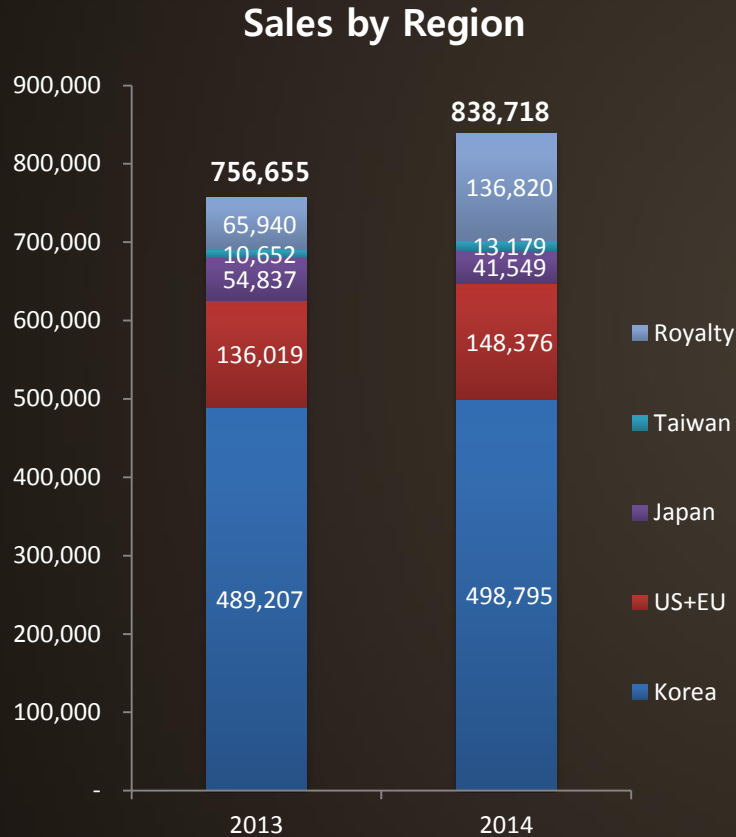


L1 : Lineage 1 GW2 : Guild Wars 2
B&S : Blade and Soul WS : Wildstar

2. Sales Breakdown(Yearly)

(Unit : KRW in MN)

- The contribution of Korea sales increased led by a rebound in legacy game earnings
- L1 and B&S generated strong and stable performance, while growth potential of L2 and AION was confirmed



L1 : Lineage 1
B&S : Blade and Soul
GW2 : Guild Wars 2
WS : Wildstar

3. Cost Breakdown

(Unit : KRW in MN)

Full-year sales grew 11% YoY, but operating expenses increases were limited to +2% YoY

-Annual labor cost declined 1% YoY to W309bn.

-Marketing costs increased YoY, due to G-star, Wildstar's release and B&S Taiwan launch

In 4Q14, operating expenses rose 13% QoQ to W148bn

-Year-end adjustments to labor cost and an increase in marketing activities, such as G-Star, are the main drivers

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	QoQ	YoY	2013	2014	YoY
Labor Cost	82,898	78,487	76,842	71,789	81,712	14%	-1%	311,348	308,830	-1%
Variable expense	15,233	10,836	12,021	11,323	13,302	17%	-13%	53,429	47,481	-11%
- Payment processing fee	5,622	5,380	5,963	6,143	6,368	4%	13%	26,047	23,855	-8%
- Royalty expense	4,073	3,922	3,261	3,001	2,994	0%	-26%	15,528	13,177	-15%
- Box production fee	1,054	350	1,230	334	405	21%	-62%	3,317	2,318	-30%
- Other variable	4,483	1,185	1,567	1,845	3,534	92%	-21%	8,537	8,131	-5%
Marketing expense	5,759	3,606	14,790	5,789	8,556	48%	49%	20,854	32,741	57%
D&A	9,517	9,246	9,443	9,837	8,454	-14%	-11%	35,543	36,979	4%
Others(*)	39,875	31,451	35,767	31,540	35,740	13%	-10%	130,247	134,498	3%
Sub Total	153,280	133,627	148,862	130,277	147,764	13%	-4%	551,420	560,530	2%

* 4Q14 Others includes Bandwidth costs(4,664), Rent(1,868), Wage for outsourced staff(6,937), and Outsourced R&D(2,711)

4. Summary B/S & P/L

(Unit : KRW in MN)

B/S

	2013	2014
Current Assets	785,505	1,019,546
Cash & cash equivalents	123,331	202,757
Short-term financial instruments	378,576	498,597
Account receivables	81,390	89,755
Others	202,207	228,437
Non-current Assets	694,017	679,280
Investment assets	292,078	290,628
Tangible assets	248,310	240,839
Intangible assets	112,105	94,559
Others	41,524	53,254
Total Assets	1,479,522	1,698,826
Current Liabilities	251,845	245,386
Borrowings	3,430	-
Payables	22,559	27,943
Current tax liabilities	40,042	34,787
Other provisions	6	490
Others	185,808	182,166
Non-current Liabilities	68,913	77,845
Defined benefit obligations	45,945	54,045
Long-term employee benefits	4,873	4,776
Others	18,096	19,023
Total Liabilities	320,759	323,232
Capital Stock	10,957	10,965
Other Paid-up Capital	119,618	123,297
Other Components of Equity	(6,122)	(7,942)
Retained Earnings	1,016,785	1,234,257
Non-Controlling Interests	17,524	15,018
Total Stockholders Equity	1,158,763	1,375,595
Total Liabilities and Stockholders Equity	1,479,522	1,698,826

P/L

	2013	2014
Sales	756,656	838,718
Cost of Sales	220,452	220,277
Gross Profit	536,204	618,441
Selling & Administrative Expense	330,969	340,253
Operating Income	205,235	278,188
Other Income	41,417	40,035
Other Expense	30,430	29,214
Income before Income Tax Expense	216,222	289,009
Income Tax Expenses	57,527	61,490
Net income	158,696	227,519
Non-Controlling Interests	(60)	(2,439)
Equity Attributable to the owners of the Parent Company	158,756	229,958

Thank you!

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