



Program: First Up

Bloomberg TV

Guest: NEXON CEO, Owen Mahoney

Interviewer: Ms. Yvonne Mann

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Yvonne Mann: My next guest runs one of the top developers of PC games and shares of Nexon have opened with a rally after reporting results up about 5.31% right now. Owen Mahoney is Nexon's CEO and joins us first on Bloomberg from Tokyo. Mr. Mahoney, thanks so much for joining us this morning. A pretty good report card for third quarter there. Let's say your sales and operating profit and net income beat the consensus here. What do you think is attributed to that?

Owen Mahoney: Well, I'd say that really what was driving it was a couple of things. First of all, Korea, we had a great quarter. We were up year-over-year 64% in Korea and the real story in Korea was our mobile business. We grew our mobile business by ten times compared to a year ago; almost ten times. So it was a very significant increase in our mobile business, and really what we did was based off our product quality. Introducing games that really have a lot of product quality to them and that are played for a long time. You know, we went from essentially last place in the Korean mobile business to second place within the period of 6 months. So that was number one. Number two, China business continued to be stable, and I think people like our pipeline. So we're very happy with the new games that are coming up.

Yvonne Mann: The Company was originally founded in Korea. You mentioned this mobile business; ten times more than last year. I mean talk about how important that really is now in this day and age.

Owen Mahoney: We see a convergence between PC and the mobile platforms over time. Unlike a lot of companies, we don't treat those platforms as very different from a creative perspective. So the types of games we'd like to make are highly-immersive, highly-engaging over a long period of time. And when we do that, we tend to keep players for a long period of time, and that's a strategy that's not widely adopted in the industry, but with the games that we've started to put out, in the last six months since the new management team has taken over, it seems to be working very well for us.



Yvonne Mann: Yeah, you've got some pretty big names there. You've got *FIFA Online*, *Dungeon & Fighter*, *MapleStory*, *Counter-Strike Online* – I know that's a big one. Which is the one with the most success for you right now?

Owen Mahoney: Well, the biggest growers in our Korea business are *Legion of Heroes*, which is what we call a role-playing game, that we introduced a few months ago, and, of course, *FIFA Online* mobile. Those games have been doing very well, but we've got a new game called *Pocket MapleStory*, which we just introduced after the close of the quarter, and that seems to be doing very well for us as well. Outside of Japan, we've got some early success stories as well. We brought *Legion of Heroes* to North America, so that's just started and seems to be getting off to a good start, and then in Japan, we've got a game called *Soul Slash SAGA* on mobile as well. So all those games are doing well and we've got a lot more where those have been coming from.

Yvonne Mann: Owen, which one's your favorite one?

Owen Mahoney: I was just admitting to some of my colleagues earlier this morning that I played several hours of *Legion of Heroes* over last weekend, so I was really enjoying that a lot.

Yvonne Mann: It sounds like they are one of those addictive ones that you just can't, you know, you have to leave it for a while before you can touch it again.

Owen Mahoney: Yes, it's just a lot of fun.

Yvonne Mann: Owen, let's talk about the guidance here in Quarter 4. You said, stronger than street consensus there, Nexon fourth quarter, operating profit forecast, 73.4 to 94.1 million dollars. How are you going to be sustaining all this growth here?

Owen Mahoney: This quarter, Korea was up 64% year-over-year. The reason why we think it's been doing so well is based on a few very simple principles: One is product quality. The second is operations effectiveness. Live games, live online games with thousands and thousands of players, online in the same game world at the same time, requires excellence in operation. We want to take what we have done in Korea and bring it around the world; in Japan, in the U.S., in Europe and other places. We think that's going to drive our growth going forward.



Yvonne Mann: I think I remember that interview with John Dawson you had in August saying that you really have diversified geographically and not just focus on China itself. Owen, thank you so much for joining us. We appreciate your time. Owen Mahoney, CEO of Nexon.