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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to Nexon's Third Quarter Earnings Results Call.

After the short presentation by management we will open up the floor to questions. (Operator Instructions).

With that, it is now pleasure to turn the floor over to Mr. [Fumiaki Yamato], general manager of the Corporate [Planning] Department for introductory remarks. Sir, you may begin.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Hello, everyone, and welcome to Nexon's Third Quarter Financial Results Q&A Conference Call. With me today are Seungwoo Choi, CEO and President of Nexon, and Owen Mahoney, CFO.

Before we get started, I like to remind you that today's call will contain forward-looking statements including statements about our results of operations and financial conditions, such as revenues attributable to our key titles, growth prospects, including with respect to the online games industry, our ability to compete effectively, adapt to technologies, and address new technical challenges, use of intellectual property, and the other statements that are not historical facts.

These statements represent our predictions and expectations as to the future events, which we believe are reasonable or based on reasonable assumptions. However, numerous risks and uncertainties could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Information on some of these risks and uncertainties can be found in our earnings release. We assume no obligation to revise or update any forward-looking statements.

Our financial results for Q3, as well as our quarterly letter to shareholders from Seungwoo and Owen, are available on the Company's Investor Relations website at <http://ir.nexon.co.jp>. A replay of this Q&A session will be available on the website following this call.

I'd now like to turn the call over to Seungwoo and Owen for a brief introduction, and then we will begin the Q&A.



Seungwoo Choi - Nexon Co. Ltd. - President, CEO

Thank you, Mr. Yamato. Welcome, everyone. As most of you know, each quarter we post a shareholder letter on our website, along with our financial results, as well as press releases in Japanese, Korean, and English, summarizing the key financial information.

The intent of the shareholder letter is to give investors detail on the Company's performance and outlook in commentary from the management team that you can read at your convenience. The letter is followed by this hosted Q&A call, which offers you the opportunity to ask questions and hear from us directly.

Before we take your questions, I would like to provide a few comments on our Q3 results and where the business is today. Owen will fill in some details on each of these.

First, our results in Q3 were essentially in line with our expectations. Revenues were JPY24.2 billion, about flat year-over-year, and operating income was JPY10 billion which is down about 8% year-over-year. The top line result is 2.8% short of our expectations, but on the operating income line, we beat our projections by about 8.5%. The higher than expected operating income margin of 41% largely reflects our regional mix with a greater proportion of our revenue coming from China.

Second, we're revising our outlook for the full-year 2012. Overall, we have raised our forecast from Q4 as a result of the gloops acquisition, but for our core business we have adjusted our outlook down. Owen will give you the details in a moment. We have made a change in order to reflect a reduction in our expectations for our core PC business primarily as a result of lower expectations in North America and Europe for the Christmas holiday season, as well as our focus in our content updates for Korea and China on engagement over near-term monetization.

Third, while we're revising our Q4 outlook which is based primarily on Tier 2 updates to existing games, we are feeling very good about next year. We are launching the strongest slate of new games we've had in years, possibly ever. This pipeline starts with the launch of Epic of the Three Kingdoms this quarter and will continue next year with several other major launches that we believe will set us up well for 2013 and beyond.

And today we announced that we'll be publishing Dota 2 in Korea and Japan next year. This is a major expansion of our relationship with Valve and a strong addition to next year's already robust pipeline. We are very excited to work with Valve to publish Dota 2 and build on the worldwide momentum of this highly successful franchise.

Lastly I'd like to highlight our acquisition of gloops which we completed the day after the third quarter closed. This truly transformative acquisition makes Nexon the number one independent mobile game developer in the world. By leveraging Nexon's IP, free-to-play knowledge, and international reach, we think we can rapidly scale our mobile business and expand it around the world.

With that, let me ask Owen to provide some additional details on our results and outlook.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Thanks, Seungwoo.

First, our performance in Q3. Our strongest region for the quarter was again China which grew 31% year-over-year. Korea performed largely as we expected, declining by 23% year-over-year. Last year's Q3 was a tough comp, but on top of that, the story in Korea was essentially that we were competing against some very good titles. One of which appears to appeal to a broader user base including players that we target.

This came during a quarter when we did not have new releases or Tier 1 content updates to our existing games. That's a situation we think we have now addressed for 2013 with our new games pipeline. Performance in our other regions, specifically North America and Europe was disappointing and, as Seungwoo said, came in under plans.

For the outlook for Q4, excluding gloops, we are forecasting a revenue range of JPY21.2 billion to JPY24 billion. Including gloops, we are forecasting a range of JPY27.4 billion to JPY30.7 billion. For the full year, excluding gloops, we are forecasting a revenue range of JPY98.7 billion to JPY101.5 billion. Including gloops, the range for the full-year is JPY104.9 billion to JPY108.2 billion.

This reduced outlook for our core PC non-gloops business reflects our lowered expectations for our US and European businesses in the significant holiday quarter, which is the most active season in the year for these regions. It also reflects our content update focus on engagement over near-term modernization for Korea and China.

Second, I'd like to provide some additional detail about what the gloops acquisition means for Nexon. We believe that going forward mobile will represent between 20% and 25% of our worldwide revenue. gloops also significantly diversifies our regional base of revenues, making Japan our second largest region by revenue after China. On a pro forma basis for Q3, Japan represents 33% of our worldwide revenues.

Finally and probably most importantly, there are significant ways for us to grow the gloops business. The first of those is to combine Nexon's IP with gloops' development capabilities. The second is international expansion, leveraging our substantial publishing, marketing, and business development platforms around the world to expand gloops' already strong and growing revenue line.

Third, we believe we can substantially grow gloops' existing and future games by extending average user lifetimes of those games. These are exciting synergy opportunities for us that we believe will help drive substantial growth for our mobile business well into the future.

Finally, we are very excited about our slate of new titles launching this quarter and through FY '13. And as Seungwoo mentioned, today we are especially happy to announce that we will be publishing Dota 2 in Korea and Japan. This is a major new addition to our slate of upcoming titles. In FY '13, we plan to launch five major new titles, FIFA Online 3, Dota 2, Counter-Strike Online 2, Warface, and Pro Baseball 2K. This is possibly our strongest lineup in history.

Overall, the second half of FY '12 is proven to be slower than the first half largely as a result of our content update schedules and how those updates have been performing in our key markets. Looking ahead though, we have an extraordinary base on which to continue to grow our business, a profitable and diversified core business and a broad bench of internally developed game IP.

In addition, a growing number of IP owners are coming to us for our expertise to bring their games to the free-to-play market. When we add that strength to our very strong slate of new games launching in Q4 and FY '13, as well as our position as the number one independent mobile games developer in the world, we're very confident in our positioning for the future.

With that, we'd like to open up the Q&A session.

Some of you have sent us questions so we'd like to start by going down that list, and then we'll open it up for live Q&A after that.

Let's begin with the first question.

QUESTIONS AND ANSWERS

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

First question is, can you provide some more color regarding the revisions in your Q4 outlook? What are the underlying assumptions behind the low end and the high end of the range? What is the driver for the reduction in OP?



Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Sure, this is Owen. First, to make sure that we're on the same page, I'll be talking about our core PC business not the overall guidance. The overall guidance or outlook for Q4 in the year we raised, but that includes the gloops acquisition, so we're talking about our core PC business which as Seungwoo mentioned and I mentioned we have brought down. To be clear, our regional implied Q4 guidance was JPY26 billion for the quarter.

At the top of our range which is JPY24 billion, we have taken JPY2 billion off the JPY26 billion that we had originally in the implied range. JPY1.2 billion to JPY1.5 billion of that JPY2 billion constitutes North America or is constitute by North America and Europe combined. The rest of this is a little bit of Korea and China.

On the low end of the guidance, it would be from -- primarily from lower performance for content updates that are launching during the course of the quarter in Korea and China, so that's the bracket for our range.

Our thought on Korea and China is that in a market where other products are still getting stronger we want to be very intelligent about the way that we go about doing content updates and focus those content updates on user engagement rather than on near-term monetization. We could focus on monetization, but we think a focus on engagement, based off of experience is the way to play for the long-term.

Now operating profits are going to follow from that. Operating profits that we're showing or that we're forecasting are going to be based off of some title pushback that we had in Q4. And then also on the low end of the range, it's going to be reflected from what we would expect if we had lower China revenues, which would impact our margins.

So next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is what happened in Korea in Q3? How is Q4 looking compared to Q3?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

So, Korea did basically what we expected it to do. And just to remind everybody, Q3 last year we had a pretty tough comp where we picked up publishing rights for Sudden Attack as well as some Tier 1 updates.

This year the content updates were primarily Tier 2 content updates, and we were up against some strong competition on the hardcore side of the market. We saw this developing last quarter when we provided our outlook which is why we update our guidance at that time.

Now again we've seen heavy competition in the past. We were focusing on development or content updates that are around user engagement. And when we did the content update, so that's been our approach during the quarter. As we look forward, again as we come out into Q4 and into FY '13, you know, again we've got one of the strongest, if not the strongest pipeline we've ever had, again Dota 2, FIFA Online 3, and Counter-Strike Online 2.

Additionally, we've just launched Epic of the Three Kingdoms into commercial in the last few days and so we've got high hopes that that will work well.

Just on FIFA Online 3, the early returns from the close beta test that we've done so far have been very, very positive. So, you know, we're hearing very good things from the market so far.

And then, of course, as Seungwoo and I have mentioned before, we just added Dota 2 to this lineup. Dota 2 is a significant expansion to our Valve relationship, and we think that it's going to be very exciting for the market.



Okay. Next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, how is Q4 looking compared to Q3? Can you tell us how October and November has performed?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Sure. So, first of all, it's important to remember that our guidance or our outlook for Q4 reflects our early performance in October and in the beginning of November.

In Korea, we expect that the level of competition will stay high for a couple of quarters and we'll stay focused on customer engagement and monetization. Q4 will also be without Tier 1 updates in Korea. Tier 1 updates being the types of updates that we do about every 12 to 18 months that are major expansions to the games. But again, as we focus on 2013, we think we're set up for a great year.

Okay. Next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, how is China doing? Does Dungeon&Fighter continue to be the main revenue driver for the region? Can you share the upcoming content update schedule including when your next tier one update is?

Seungwoo Choi - Nexon Co. Ltd. - President, CEO

Okay, China, the PC penetration rate is still increasing. Internet penetration rate is still increasing, so with the introduction of new titles we know that the market is still growing. So we should expect to see continued year-over-year growth in China, but probably less than previous quarters.

We do expect to see further growth driven by Dungeon&Fighter and Counter-Strike Online in China. So at the top of the range, we see growth rates that would be similar to Q3. And you should definitely expect to see Tier 1 updates in China beginning next year.

Next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, what is the month and the period for the goodwill amortization related to the gloops acquisition?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

So the period for the amortization -- just so everybody is clear, under JGAAP, we are required to amortize the goodwill of the acquisitions and right through our P&L. The period for that amortization is 12 years. Per quarter that comes out to approximately JPY652 million per quarter. And I say approximately because the final balance sheet isn't launched yet, but it's not going to deviate much from that number.

Okay. Next question please.



Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, could you provide qualitative comments by each region on how you view FY '13 outlook of your business?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Sure. So we haven't provided FY '13 outlook yet that will be for next quarter, so I'll say a little way, but I can talk a little bit about the regions. As we mentioned before, we're very excited about the pipeline especially for games that are coming out in Korea in FY '13. We think it's going to be -- it's going to be a very strong pipeline.

For Japan, we're also very excited about gloops which will contribute in full starting in FY '13 and so we see double-digit growth over the previous year. And, you know, we've got in China, Cyphers will be launching as well. And then, as Seungwoo mentioned, we've got Tier 1 content updates that we'll be launching throughout FY '13, so those are some of the drivers that we think that will be very positive for us in the year.

Next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, can you talk about competition in Korea a little more? Last quarter, you referenced PC cafe data. Can you run through what you are seeing this quarter in terms of market share, time played, et cetera?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Sure. So in terms of competition, what we talked about last quarter and what appeared over the summer were essentially three titles in Korea that were primarily on the hardcore side of the games market. The first was Blade & Soul, the second was Diablo III, and the third was League of Legends.

Blade & Soul appears to have a somewhat muted effect in terms of competition, and it's really been on the hard core side of the market which, I think, as most people on the call know where we focus on immersive games that are more broader based and focused on a broader market, so that's been about Blade & Soul.

On Diablo III, it appears to have had a pretty big impact in the market overall, but for a very, very brief period of time. It's sort of gone up and appears to have declined very, very quickly.

League of Legends appears to have a more significant impact overall. We think it's a good product, and we would expect for at least a few more quarters that it's going to be on the rise, so we think that it's having a broader impact on the market.

Our answer to that is very squarely Dota 2. League of Legends is based off of the original Dota. Dota 2 is a extremely well-architected game and has been launched into beta in North America. So we're very excited about that game and think that it's going to do really well.

But, you know, our key titles have still maintained their top positions. This is MapleStory, Dungeon&Fighter, and Sudden Attack. And we have been continuing to focus on user retention and user engagement over near-term monetization. But as we enter Q4 with the launch of Epic of the Three Kingdoms and then through next year we think we're in good position.

Okay. Next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, what's going on in North America and Europe? Why are the sales still declining?



Seungwoo Choi - Nexon Co. Ltd. - President, CEO

In North America and Europe, we have high hopes for these areas since last year, but we're disappointed that these areas are not performing the way we hoped or expected. As we have addressed throughout this year we have had several operational issues we need to fix to grow our user base again and to bring our growth rate back to where it was two years ago that 30% to 60% year-over-year.

So right now, our focus is on fixing the operational side of the business as well as securing good titles for these western markets so that we can return to growing our user base again.

In the meantime, we are cutting our forecast for those two territories because we do not expect the business to turn around yet in Q4.

Next question please.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, why don't you have any of the growing regions offsetting the declining regions? Are they now more correlated? Is global macro slowing affecting all markets or is MMO slowing all together?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

No, we don't see global macro slowing our business and we don't see the MMO market overall slowing. And I would also say that North America, and Europe, and Japan, and Korea, and China, they all operate on very different cadences and have very different -- they have very different ways that the markets operate, so one example that is seasonality, obviously.

In North America, Q4 is by far the largest season, in China, that biggest season is Q1. So that's one area.

And, of course platforms are different. In Japan, for example, it was traditionally console only and then it became a market in which mobile is the biggest platform. In Korea, PC is the biggest platform. And so, you know, those -- they are very different markets and we don't see them operating much more similarly in the near future or right now.

You know, in terms of one operation offsetting, another, I think, North America and Europe, as Seungwoo mentioned have sort of a particular situation which is, you know, we've had some execution issues in North America. We don't want -- as we think about our forecast for the year or for the Q4 period, we don't want to assume that we've turn those execution issues around, which is why we're -- one of the reasons why we're changing our outlook for the Q4 period.

Okay. Next question.

Fumiaki Yamato - Nexon Co. Ltd. - General Manager - Corporate Planning Department

Next question is, can you explain what your mobile strategy is going forward, especially with gloops? What synergy do you foresee? How will you leverage the Company to tackle overseas markets? Do you expect a further M&A in mobile going forward?

Seungwoo Choi - Nexon Co. Ltd. - President, CEO

Okay. First, PC is still the best. PC is still huge, and PC is still growing. There are hundreds of millions of PCs connected to the Internet, and that market is still growing. But we know that mobile is growing faster in some areas, so we think mobile platform is very important to us.



And with the acquisition of gloops, we see three areas of synergies that we can generate. The first would be leveraging Nexon IPs on gloops engines, and second, leveraging our global footprint to expand this business and know-how in global markets. And third, most importantly, leveraging our extensive experience in immersive live game development to extend lifetimes of gloops games, which already enjoy longer lifetimes than most of the mobile games here.

So at the end of the day, we view mobile platform as just another window or gateway to our service. So when it comes to our mobile strategy or our strategy, the most important part is about securing great IPs. Great IPs that are free-to-play and immersive, regardless of platforms, because with the evolution of technology, these mobile devices whether they are phones or tablet, whatever you -- will become much, much more -- much smarter, and will provide us with a new set of opportunities rather than vanishing our business.

So we're very excited about the acquisition of gloops, but we're also very excited about the mobile platform itself.

Next question please.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

And that's it for the questions submitted via email, so now we'd like to open up the call for any additional questions.

Operator?

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session for our phone participants. (Operator Instructions). Your first question comes from the line of Mia Nagasaka from Morgan Stanley. Please ask your question.

Mia Nagasaka - Morgan Stanley - Analyst

Hi. Thank you very much for taking my questions. I have three questions.

The first question is regarding to gloops. If my memory is correct I recall that last fiscal year on an annual basis gloops revenue was about JPY24 billion. I just wanted to confirm that do you expect double-digit growth on the revenue side? And shall I go on to the second and then third question?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Mia, if it's okay with you, we'll handle them one at a time. Does that work?

Mia Nagasaka - Morgan Stanley - Analyst

Okay, sure.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Okay. So in terms of forward outlook, other than what we've provided for Q4, we haven't provided forward outlook for gloops. We think that they're on a very good growth trajectory, and as we said in the comments, we think that we can make that growth trajectory even better, so we're going to withhold though anything that might end up in FY '13 planning or FY '13 outlook until we're prepared to do that.



Mia Nagasaka - *Morgan Stanley - Analyst*

Okay. Thank you. My second question is regarding to your strategy on the smartphone, I recall that at the analyst meeting at the beginning of this fiscal year you were talking that in Korea you target to launch more than 20 titles and 10 titles in Japan. Has this changed given gloops acquisition? And do you have any updates on this?

Owen Mahoney - *Nexon Co. Ltd. - CFO, CAO*

What I'd say is the titles that we've put out relative to that objective has continued to pace. But as you've seen from our results so far it hasn't resulted in, you know, the kind of revenue that gloops brings to us.

Right now, we are talking -- we've got the teams working closely together, that is the gloops teams with our existing mobile teams working together in terms of how we manage the pipeline of new games. And as we said before, we're very excited because we think that we can bring some Nexon IP or a lot of Nexon IP to the gloops development machine.

They have already had a very strong pipeline of new games. They are planning to launch 10 new games themselves in FY '13, but there's a lot of excitement about taking that I.P. that we have the game IP and bringing it to gloops for their development capability. So we'll see how that goes, but we think there's a lot of opportunity and that's part of our plan.

Mia Nagasaka - *Morgan Stanley - Analyst*

Okay. Thank you. And my last question is on November the 8th, I realized that you had a press release regarding to the investigation. And I'm not that familiar with the details, so can you talk about the background and any comments on this?

Owen Mahoney - *Nexon Co. Ltd. - CFO, CAO*

Sure. I assume you're talking about the investigation in Korea?

Mia Nagasaka - *Morgan Stanley - Analyst*

That's right.

Owen Mahoney - *Nexon Co. Ltd. - CFO, CAO*

Okay. So there has been an investigation among a group of companies. Nexon is one of them in which the police in Korea became concerned that that group of companies was delivering private information to payment processor -- private information of customers to payment processors, and they've passed that investigation over to the prosecutor's office.

Our strong position is that that information is -- was -- we only pass that information over when there's consent of the customer, and so we don't think that the investigation is going anywhere. And even if it did, the impact on our -- our cost impact would be de minimis, so that's what we know as of now.

Mia Nagasaka - *Morgan Stanley - Analyst*

Okay, great. Thank you.



Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Thank you.

Operator

Thank you. Our next question comes from the line of Masaru Sugiyama from Goldman Sachs. Please ask your question.

Masaru Sugiyama - Goldman Sachs - Analyst

Hi, Seungwoo, Owen. This is Masaru from Goldman. We've seen --.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Hi.

Masaru Sugiyama - Goldman Sachs - Analyst

Hi there. We've seen many Japanese social gaming companies attempt to launch businesses in North America. Some have built sizable revenue, but in many cases, cost is preceding the revenue. With consolidation of gloops and the synergies to be realized, how do you think Nexon will be able to differentiate from other Japanese social gaming companies in mobile and tablet markets outside of Japan?

Seungwoo Choi - Nexon Co. Ltd. - President, CEO

Well, what's different -- what differentiates us from others is that we have actual experience of bringing contents to other territories. And we have a large database telling us what kind of games do better than others. So based upon that experience, we would love to take gloops games out to North America, not only in North America but all parts of the world. But we do not want to rush this process because right now gloops is more focused on Japan market whereas our teams that -- was it Mia mentioned, they're focused on global launching.

So I think we still need more time to understand each other better. And with that understanding, as we mentioned, there are a lot of leverages that we can use to take gloops games to international markets. And we actually do that. We know we can do better than others because of the actual experiences that we have had in the past.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

And this is Owen, just to add onto what Seungwoo said, you know, we've noticed that some of the companies that go to international markets in all platforms, I think as you're referencing, spend very heavily in marketing upfront. And we found over time that we can be prudent in the way that we go about doing marketing. We can be -- we can find the appropriate ways to find customers and it's because we have a large base of users already that allows us to access those users in marketing, but we can be, you know, cost-effective in a way that we go about doing it.

And fortunately, the gloops team thinks very similar as we're looking at it. So we're looking forward to proceeding with our plan.

Masaru Sugiyama - Goldman Sachs - Analyst

Thank you very much. Can I ask another question?



Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Sure.

Masaru Sugiyama - Goldman Sachs - Analyst

Could you elaborate on the cooperation with NCsoft on Mabinogi 2 and how it is going to come out going forward?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Yes, sure. Briefly, the other day we announced that TJ Kim and a team there will be advising on the development of Mabinogi 2 arena, and so those teams will start collaborating together. We're very excited about this because as we said before, we think TJ Kim is one of the best development people in our entire industry. And he and his team have just extraordinary development challenge, so this is the first in what we think will be a variety of different collaborations. In this case, it's a creative collaboration, and so we're excited about it and we hope to be announcing more types of commercial relationships of that sort in the future.

Masaru Sugiyama - Goldman Sachs - Analyst

Thank you very much.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Thank you. Next question please.

Operator

Thank you. Our next question comes from the line of Stephen Ju from Credit Suisse. Please ask your question.

Stephen Ju - Credit Suisse - Analyst

Hi, Owen. So sorry if this has already been addressed, but I'm just wondering about your go-to-market strategy for Counter-Strike Online for the Chinese as well as the Southeast Asian markets, whether you will be picking a partner or one will be announced soon, or whether you'll go direct?

And in terms of the operating system mix for mobile, I'm just kind of curious as to the mix between iOS and Android at this point, and what was that probably about, you know, a quarter, two quarters ago? Thanks.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Okay. So I'll take the second question first. On iOS and Android, it's really -- it's right now in our main markets where our revenue comes from for gloops and inBlue and so on. It's less an issue of iOS and Android and more an issue of DeNA and Gree, and we don't break those out.

But, you know, depending on which market you're talking about, you're going to talking about different platforms being relevant. Frankly, our revenue from mobile prior to the acquisition of gloops was very small, but gloops has a very strong relationship with DeNA. And so, you know, we think that both DeNA and Gree will be important partners for us in the future. But especially in the case of gloops, they've had an extraordinarily positive relationship between the two companies which we intend to continue to experience.



Going back to CSO in China, the current version of CSO is through our partner Tiancity, and we have three partners in China. One is Tencent, one is Shanda, and one is Tiancity, and Tiancity handles Counter-Strike Online. And we'll make announcements as we bring that game out to other -- CSO2 as we go forward.

Stephen Ju - *Credit Suisse - Analyst*

Thank you.

Operator

Thank you.

Operator

Yes. (Operator Instructions). Your next question comes from the line of Haruka Mori from Barclays. Please ask your question.

Haruka Mori - *Barclays Capital - Analyst*

Thank you for taking my question. I have two quick questions, one is on US and Europe. How long do you think it takes until these regions recover the growth rate you had a couple of years ago? Do you expect that kind of growth in next year? That's my first question.

Owen Mahoney - *Nexon Co. Ltd. - CFO, CAO*

Okay. So, Mori-san, the answer to that question is we've been, as we mentioned before, disappointed in our ability to return to the kind of growth rates that we saw. You know, previously as you recall our businesses in both of those regions were growing at a, you know, 35% to 50% or 60% cliff year-over-year. And so we want to get back on those types of growth rates. We don't have an outlook for when that happens but we are, as a management team, very focused on that exact question.

But in the meantime, we thought it was prudent to not assume that we have gone through the hardest part of making sure we solved that problem yet. And we're coming up on the Christmas season, and Christmas in North America and Europe is by far the largest season. So that was what our thinking was there.

Seungwoo Choi - *Nexon Co. Ltd. - President, CEO*

And if I may add a little to Europe, Europe is taking longer than expected because we are planning to transfer our staff from Korea to Europe, most of them. But, you know, we found out that --.

Owen Mahoney - *Nexon Co. Ltd. - CFO, CAO*

Our European staff -- Europe focused staff.

Seungwoo Choi - *Nexon Co. Ltd. - President, CEO*

Yes, to Europe.



Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Yes.

Seungwoo Choi - Nexon Co. Ltd. - President, CEO

But we cannot dispatch everybody at once because of the visa issue, so we have to divide them into several groups and dispatch them one by one.

So until they are all there in Europe settled down, we rather, you know, have a very solid publishing platform before we start bringing new contents to Europe. So, I wouldn't say anything about next year, but when everything is in place we should be ready to launch new products right away.

Haruka Mori - Barclays Capital - Analyst

Okay. Thank you. My second question is on gloops. Especially the international expansion, are you expecting contribution from gloops' international expansion sometime soon, maybe next year?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

You know, our hope is that we can start to feel the effects or the positive effects of international expansion next year. We're working very closely with the team or the teams are working very closely together, and we feel very similarly about the opportunities so --.

Haruka Mori - Barclays Capital - Analyst

So, okay. Then what's your main target country in Asia?

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Well, I'm going to withhold that until we're prepared to talk about FY '13 if that's okay with you, Mori san.

Haruka Mori - Barclays Capital - Analyst

Okay. Thank you.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Thank you.

Operator

Thank you. I will now take the last question and it comes from the line of Thomas Kwon from Daiwa Securities. Please ask your question.



Thomas Kwon - Daiwa Securities - Analyst

Okay. So thank you for this opportunity. So my first question is about the commercial launch schedule for the new big titles for China market. I think your company has great pipeline for the next year for Korea, but besides the Cyphers, which titles will be commercialized in China throughout the 2013? I know that there might be many moving parts in the game published in China, but a lot of schedule with timelines would be appreciated.

My second question is about the Dota 2. I think that there might be some gamer cannibalization among your games and even the NCsoft titles. When your company starts to publish that is the AOS title in Korea -- as you have experienced from the case of League of Legends. Could you talk about this issue or is there any comments, there might be any management concern about that? Thank you.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

So, Thomas, this is Owen. Thanks for your question. Just so I'm clear on your second question, you're asking I believe about whether Dota 2 will cannibalize other Nexon games? Is that correct?

Thomas Kwon - Daiwa Securities - Analyst

Yes, that's what I'm saying,

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Okay. So, look, we think that overall we've got, as we said before, just an extraordinary lineup for next year. We'll see how it plays out. It's unclear about exactly how much cannibalization happens between products, but what we want to do is be on the side of games that are going to do really well, so we, you know, that's how we're going to focus. And we think that Dota 2 is an extraordinary win there.

Going back to your first question relative to China, the title that we've announced relative to China, the next one that we've announced is Cyphers. As for future titles, you know, we'll leave that for future dates.

Dungeon&Fighter, I should reiterate, has done -- you know, continues to be the number one and number two product in the China market. It continues to do extraordinary well. That and CSO, Counter-Strike Online in China both continue to do quite well in that market. We have announced Cyphers and, you know, when we're ready to we'll be announcing additional products for that market.

I should also note that for existing games, all of our existing games in China, we will be having Tier 1 content updates happening in FY '13.

Operator

That's all the questions we have then with that, we have come to the end of Nexon's Q3 Conference Call. We thank you for your participation and you may all disconnect now.

Owen Mahoney - Nexon Co. Ltd. - CFO, CAO

Thank you very much, everyone.

Seungwoo Choi - Nexon Co. Ltd. - President, CEO

Thanks very much, everyone.



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