



NEXON Co., Ltd.

**Nexon Investor Presentation
FY2012 Q2**



Disclaimer

This presentation is prepared to offer reference information about NEXON group to the investors. NEXON Co., Ltd. (“Nexon”) has not verified and would assume no responsibility for the accuracy, appropriation, or completeness thereof. This presentation does not contain all relevant information relating to Nexon or the sale of its shares, including, without limitation, the information that would be stated under the captions “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” in an annual report. Any investment decision with respect to any shares of Nexon should be made solely upon the basis of the information contained in the disclosure documents and is qualified in its entirety by reference to the detailed information appearing in the disclosure documents.

This presentation includes forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “forecast”, “may”, “plan”, “potential”, “predict”, “seek”, “should”, or “will”, or by other similar terminology. These statements discuss expectations, identify strategies, contain projections of Nexon’s financial condition or results of operations or state other forward-looking information. The forward-looking statements in this presentation are subject to various risks, uncertainties and assumptions about Nexon’s business and results of operations. The expectations expressed in these forward-looking statements may not be achieved, and actual results could differ materially from and be worse than expectations. Potential risks and uncertainties that could cause actual results to differ materially from expectations include, without limitation:

- Continued growth and popularity of Nexon’s key titles;
- Nexon’s ability to maintain favorable relationships with key licensing partners;
- Nexon’s continued ability to offer games in China, through local partners or otherwise;
- Nexon’s ability to compete effectively in the online games industry;
- Nexon’s ability to address hacking, viruses, security breaches and other technical challenges;
- Fluctuations in currency exchange rates;
- Nexon’s ability to maintain and further develop its brand name;
- Effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses;
- Continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model;
- Nexon’s ability to adapt to new technologies;
- Nexon’s ability to enter into licensing arrangements for third-party titles on terms favorable to it;
- Effective defense of Nexon’s intellectual property; and
- Legislative, regulatory, accounting and taxation changes in the countries in which Nexon operates.

Nexon does not intend, and disclaims any duty, to update or revise any forward-looking statements contained in this presentation to reflect new information, future events or otherwise. We caution you not to place undue reliance on the forward-looking statements contained in this presentation.

Cautionary statement

With the exception of the first quarter ended March 31, 2012, all of our three month financial results, beginning with the fourth quarter ended December 31, 2011, are unaudited. We prepare the unaudited consolidated financial information on the same basis as our audited consolidated financial statements.



Sec. ① Business Overview





**A fast-growing provider
of deeply immersive online games with rich
content across a wide variety of genres
for a global audience**

Nexon Overview

Business

Pioneer and Leader
in F2P

Cumulative Customer Account Registrations

Over 1.3 billion

Consolidated Revenue

JPY 22.87 billion

(Q2 2012)

Creativity

Compelling Portfolio
of Games

Number of Game Titles

Over 60

(As of June 30, 2012)

Global Footprint

Millions of Users
Worldwide

Service

Over 100 Countries

Monthly Active Users (MAUs)

77.4 million

(Q2 2012 average)

Pioneer of the Free-to-play (F2P) Model

Free-to-play (F2P): Users play games for free and use virtual currency to purchase in-game items to enhance their playing experience



MapleStory Gameplay



MapleStory In-Game Item Shop

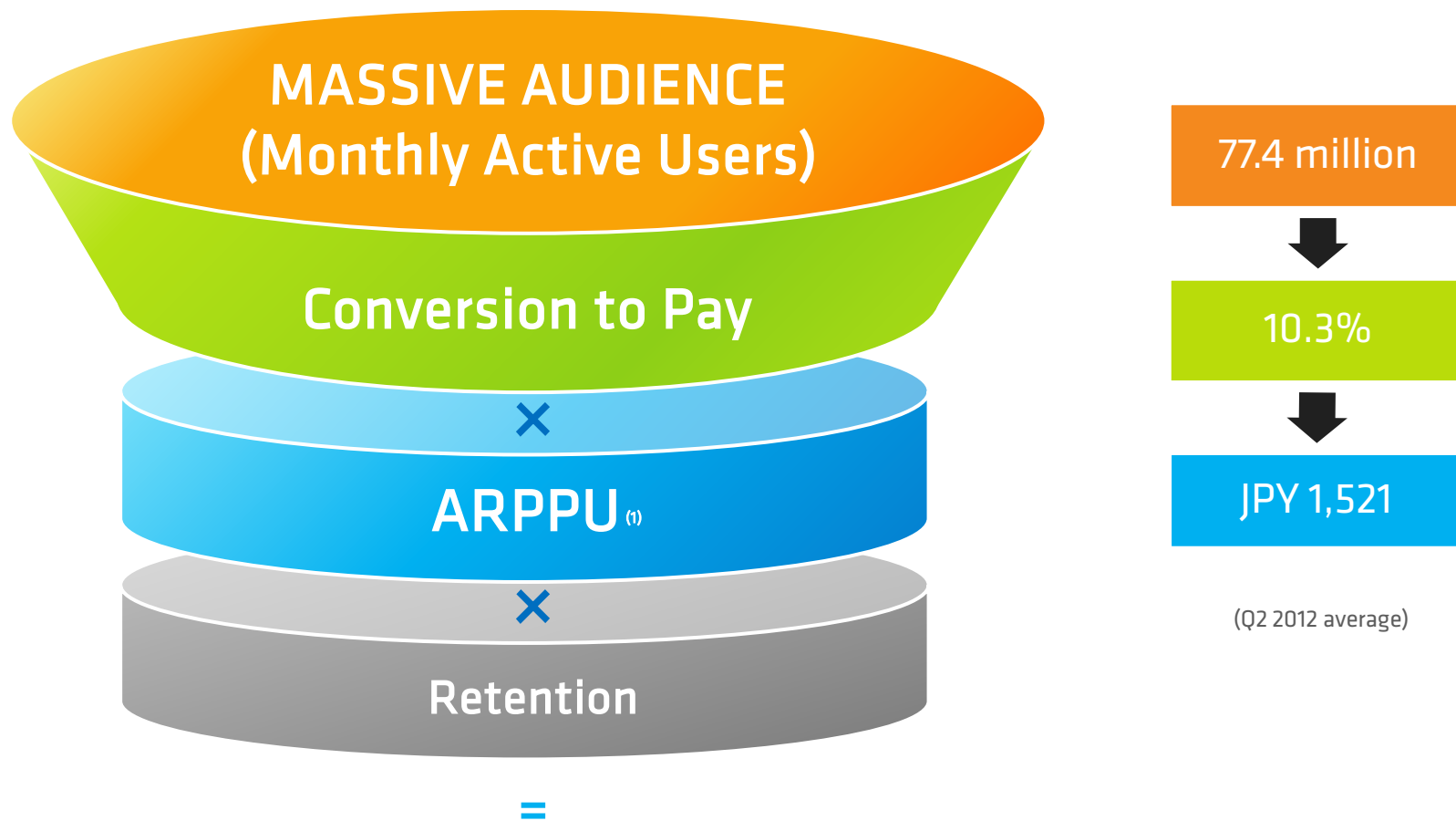


Counter-Strike Online Gameplay



Counter-Strike Online In-Game Item Shop

F2P: Revenue Model

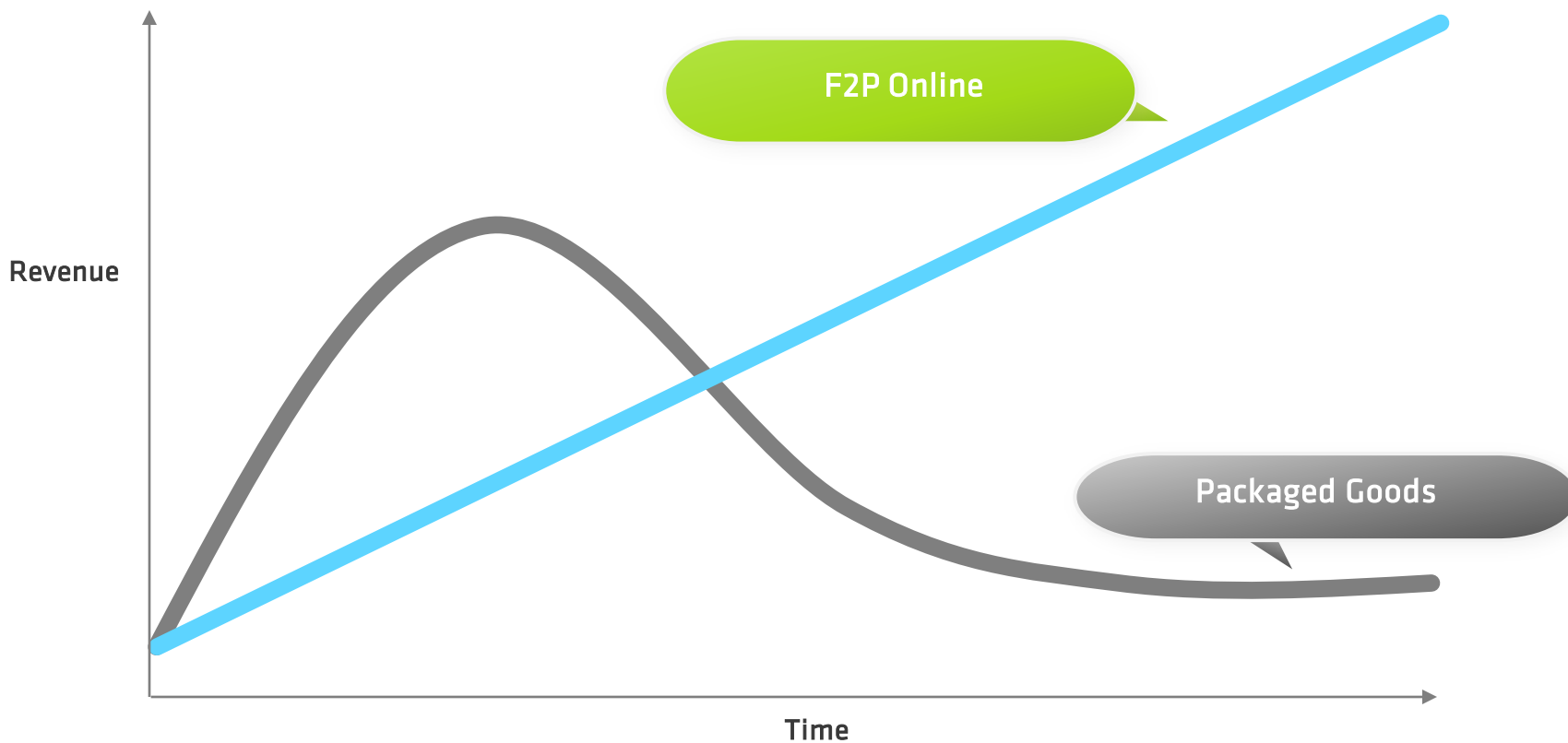


FY2011 Consolidated Revenue: JPY 87.6 billion

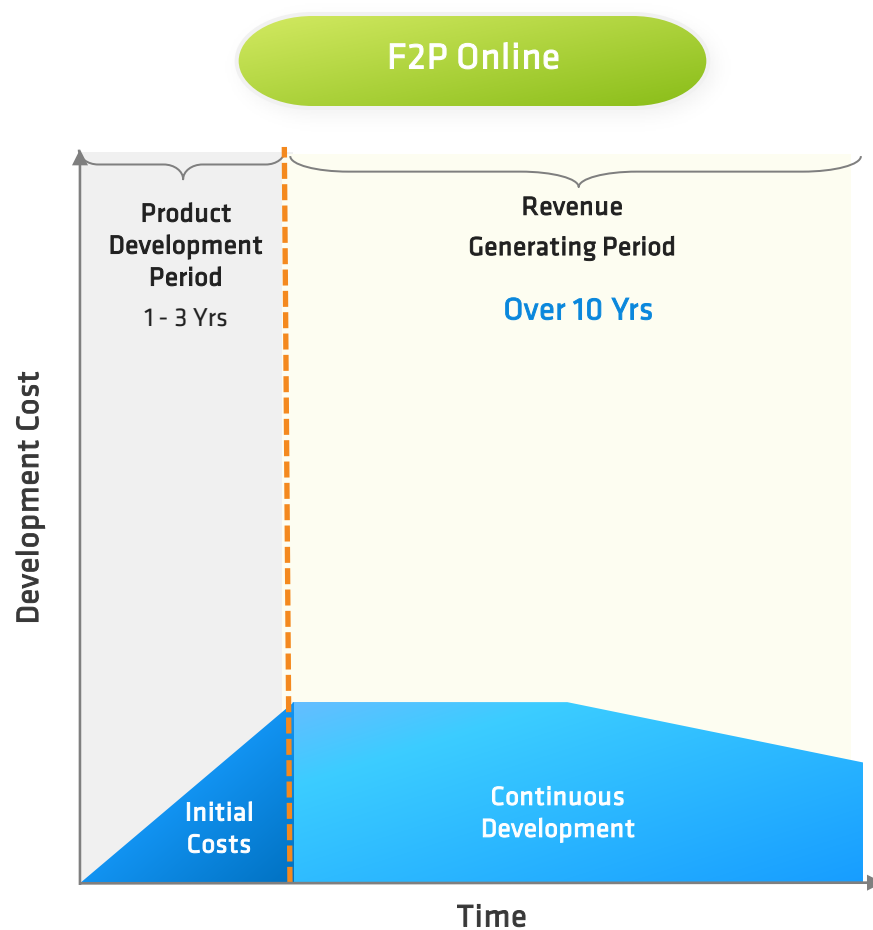
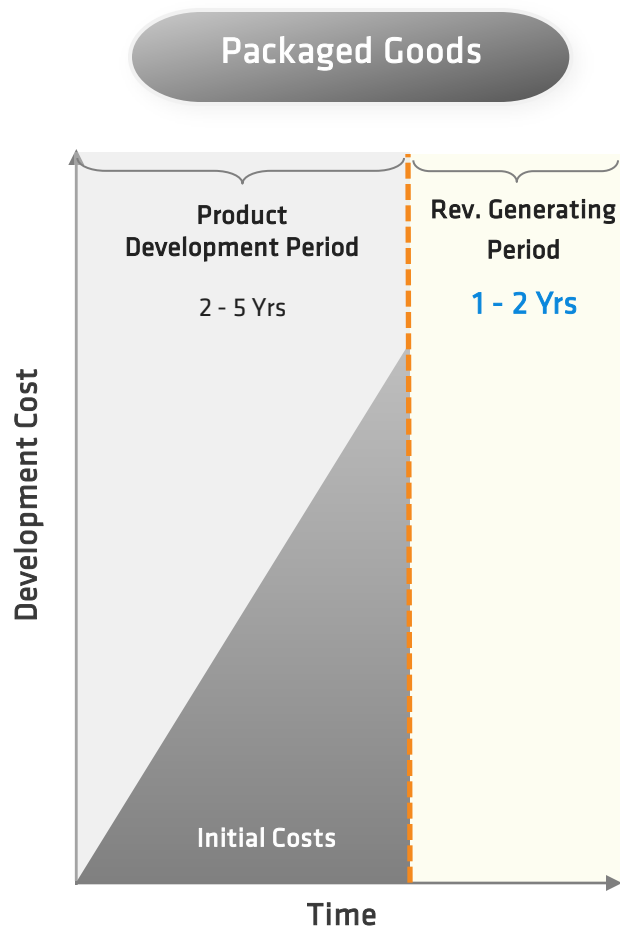
⁽¹⁾ Average Revenue per Paying User

F2P: Revenue Trend

F2P Model Generates Sustainable Revenue



F2P: Development Cost



The Nexon Advantage

Creativity



Merchandising



Localization

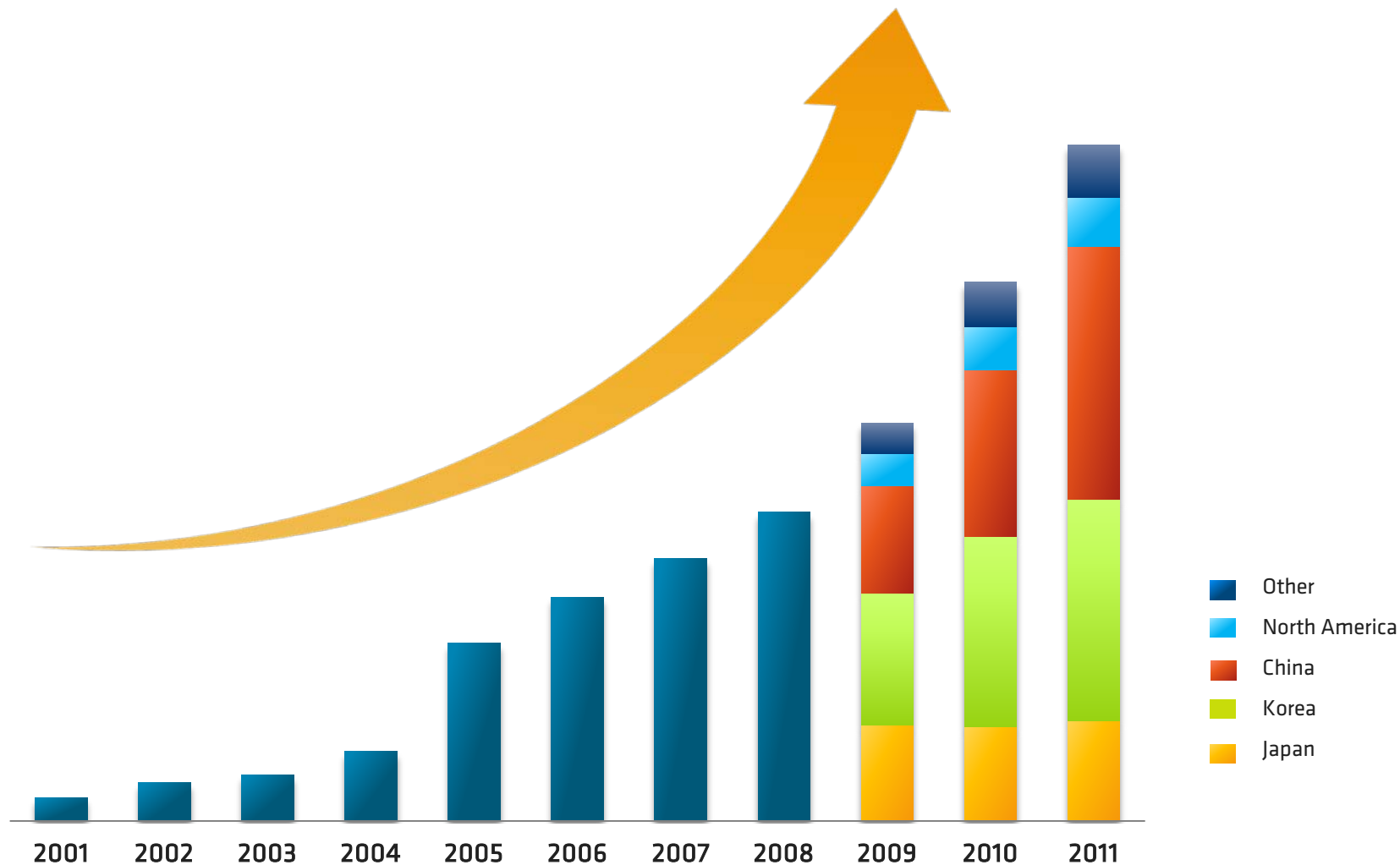
- Rich gameplay
- Global consumer appeal
- Designed for long-term play

- Store display expertise
- Item pricing
- Game balance

- Game content
- Tailored marketing
- Payment systems











Continuous Revenue Growth for over 10 Years



⁽¹⁾ Source of 2001 to 2007 revenue figures is the Audit Report of NXC, Nexon's parent company. Source of 2008 revenue figure is Nexon's unaudited Consolidated Financial Statements. Revenue breakdown by area is available from 2009.

Game Portfolio: Our Key Titles

Title	Year of Launch	Cumulative Gross Revenue ¹
	2005	\$2,000,000,000+
MapleStory 	2003	\$1,500,000,000+
	2004	\$500,000,000+
COUNTER STRIKE ² 	2008	\$400,000,000+
	2004	\$300,000,000+
	2006	\$300,000,000+
	2003	\$100,000,000+
	2008	\$100,000,000+

¹ Cumulative gross revenue over the life of each game as of March 31, 2012 includes revenue received from local publishing partners in areas where Nexon doesn't publish directly (e.g. China), and those generated prior to acquisition by Nexon (*MapleStory* in 2004, *Dungeon & Fighter* in 2008, *Sudden Attack* in 2010, and *Atlantica* in 2010).

² Shared franchise jointly developed by Nexon and Valve.

Growth Drivers

Growth of Existing Titles

MapleStory, mabinogi, ATLANTICA, DYNAMIC FIGHTER, TALES WARRIOR, SUDDEN ATTACK, COUNTER STRIKE ONLINE, CRAZY RACING KARTRIDER

Expansion to New Geographies

South Korea, USA, EU, Japan, Indonesia, Brazil, Taiwan

30% CAGR 2009-2011

Introduction of New IP

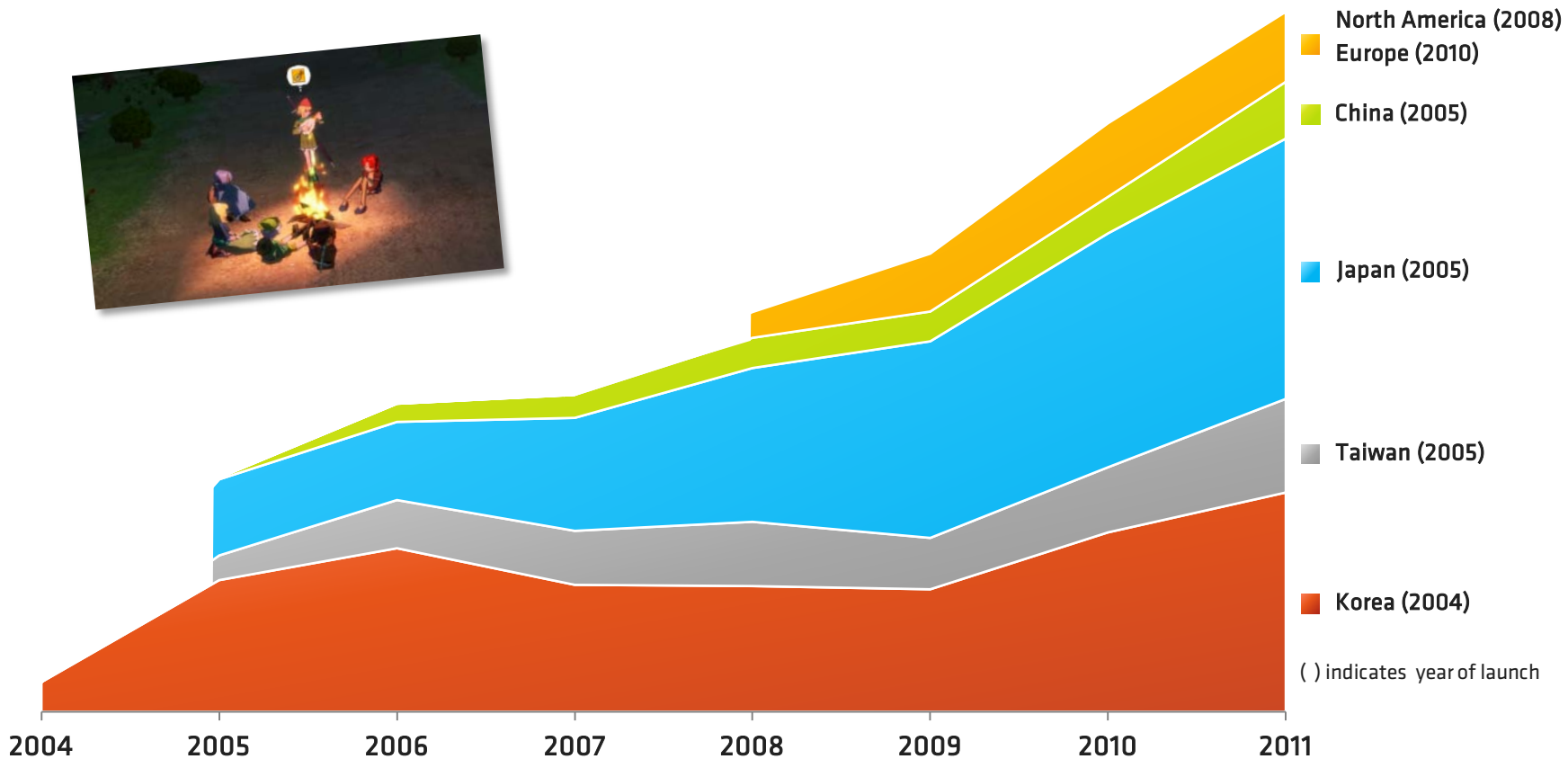
삼국지를 품다
역사가 선택한 전략
COUNTER STRIKE ONLINE 2

Expansion onto New Platforms

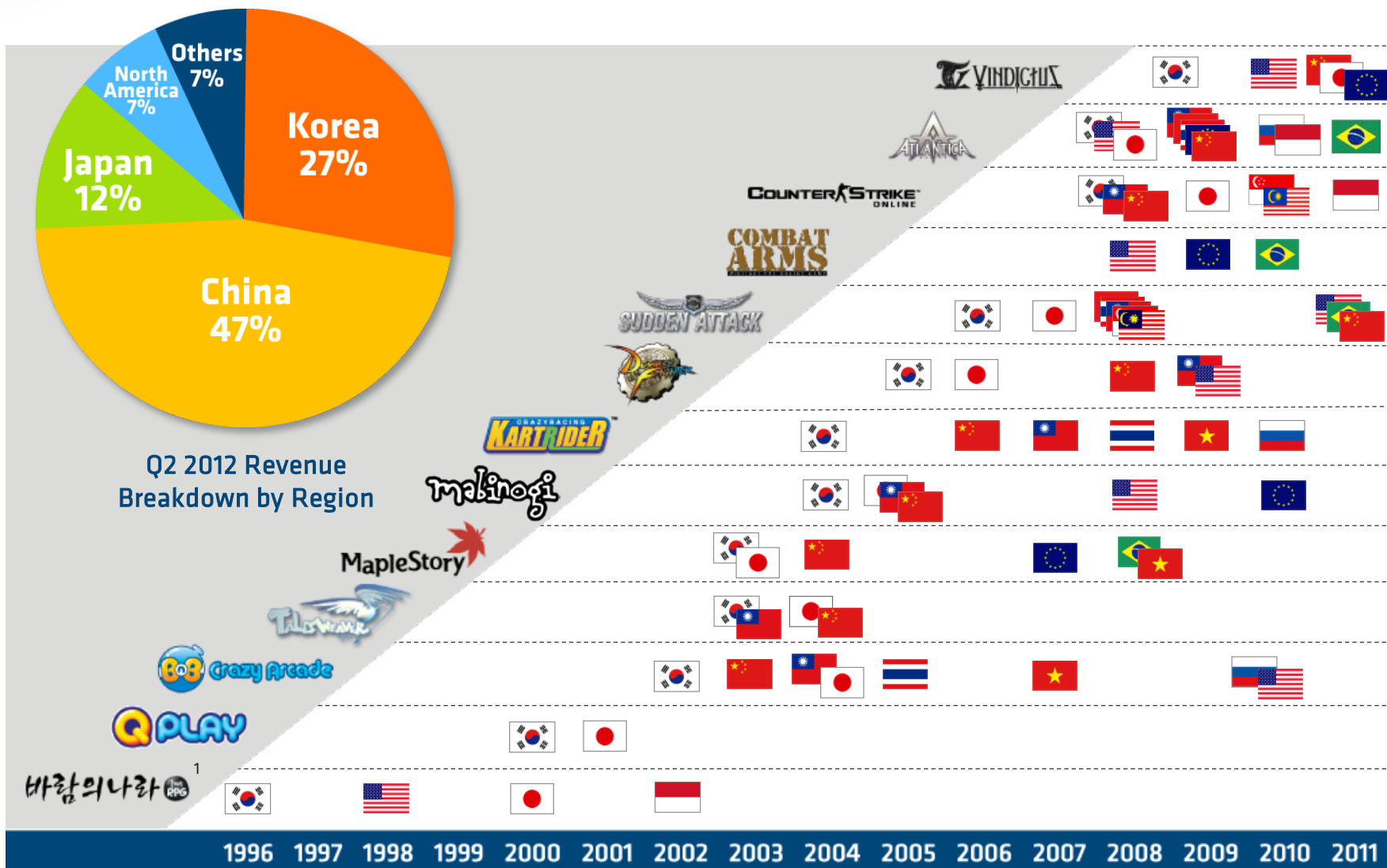
GREE, mobage

Growth Driver: Growth of Existing Titles

“Mabinogi” Revenue by Geographic Market



Growth Driver: Expansion to New Geographies



¹ The Kingdom of the Winds

Growth Driver: Introduction of New IP

- History of developing and identifying breakout IPs early in their lifecycle
- Maximizing value through our global footprint



2004



- Lifetime gross sales of over \$500 million
- 14 million players in Korea (more than 1/3 of population)



2004



- Lifetime gross sales of over \$300 million



2004



- Lifetime gross sales of over \$1.5 billion
- Operates in over 90 countries



2008



- Lifetime gross sales of over \$2 billion
- #2 game in China



2010



- Lifetime gross sales of over \$100 million



2010-2011



- Lifetime gross sales of over \$300 million
- #1 FPS in South Korea for more than five years

Growth Driver: Expansion onto New Platforms





Sec. ② FY2012 Q2 Financial Results Overview



FY2012 Q2 Highlights

■ Met Objectives for Revenue and Operating Income

- Revenue was ¥22.8 billion, up 12% year-over-year, 20% on a constant currency basis
- China revenue was up 38% year-over-year, 49% on a constant currency basis
- Operating Income was ¥10.67 billion, up 24% year-over-year (Operating Margin 47%)

■ Active Quarter on the Strategic Front

- Acquisition of mobile game developer inBlue Inc
- Purchased 14.7% of NCsoft Corporation, making us the largest shareholder
- After the end of Q2, partnership with Electronic Arts Inc. to publish FIFA Online 3 in Korea

■ Key Metrics

- MAUs: 77.4 M
- Pay Rate: 10.3 %
- ARPPU: ¥1,521

■ Headwinds from Currency Fluctuations

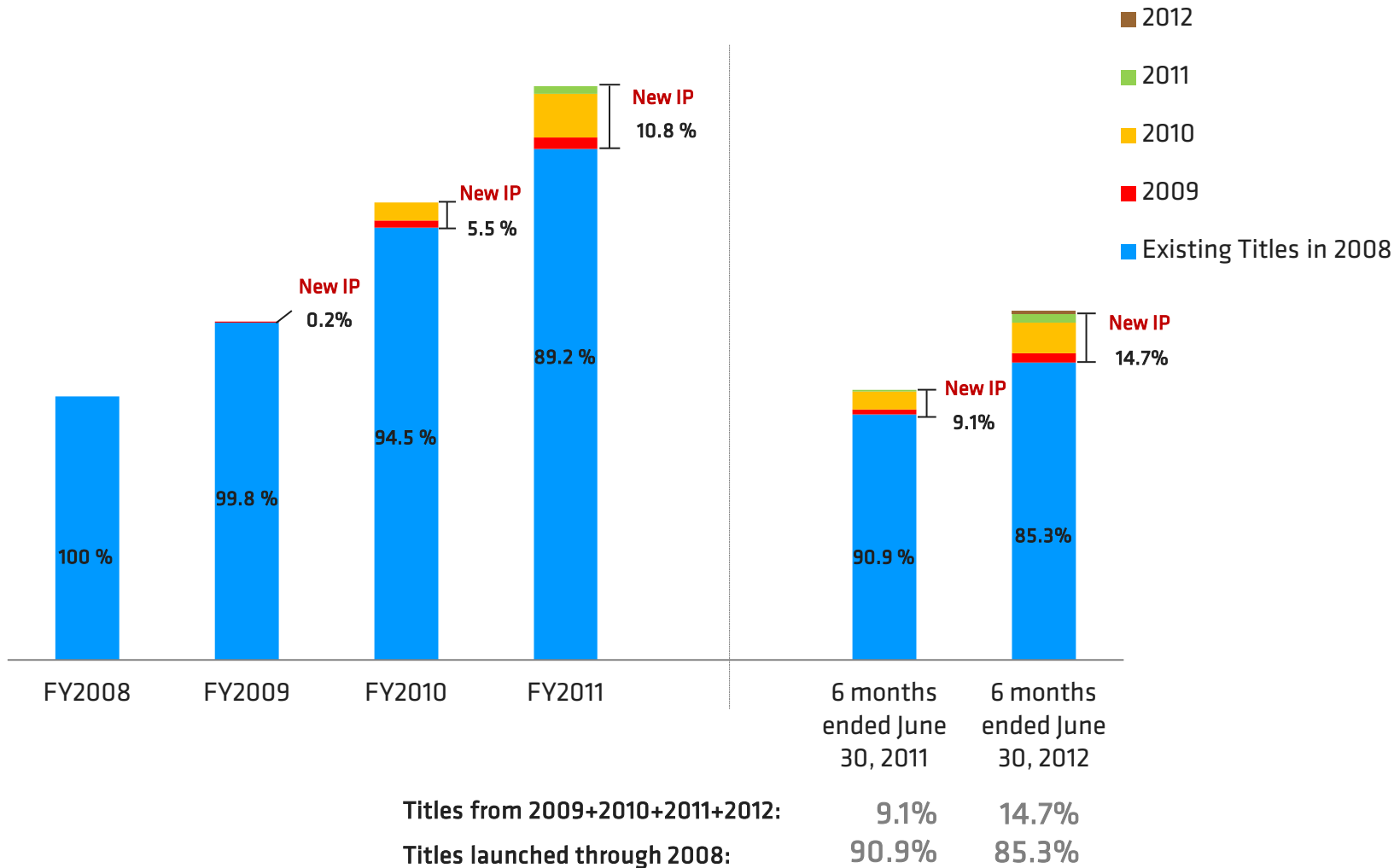
- Over ¥1.6 billion negative impact to revenue due to stronger Japanese yen

Financial Results Summary

(In Millions of ¥)	FY2011					FY2012		
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	YOY
Revenue	20,809	20,456	24,156	22,190	87,613	30,377	22,876	12%
Operating Income	9,340	8,605	10,948	9,354	38,249	17,384	10,678	24%
Ordinary Income	10,154	7,953	10,170	8,627	36,905	17,677	9,368	18%
Income Before Tax	10,241	7,193	9,984	8,082	35,500	16,502	9,234	28%
Net Income	7,586	5,120	7,232	5,815	25,755	12,377	6,768	32%
Depreciation & Goodwill Amortization	2,628	2,699	2,553	2,433	10,316	2,504	2,548	-6%

FY2012 Q2 Financial Results Overview

Revenue Breakdown by New and Existing Titles



Recently Launched Games

Vindictus (Mabinogi Heroes)

- RPG / Launched in December 2009
- Market : Korea, NA, EUR, China, Japan, Taiwan (OBT)
- China's 2011 Golden Plume Awards : Annual Best Games Election

Cyphers

- RPG / Launched in June 2011
- Market : Korea, Taiwan (OBT)
- Korean Game Awards : Grand Prize and Popularity Prize (2011)

Pipeline

Epic of the Three Kingdoms

- 3D MMORPG based on the novel *The Three Kingdoms*, playable on PC, iPhone and iPad
- Planning 2012 launch in Korea

FIFA Online 3

- Industry-leading soccer franchise co-developed with EA
- Expecting closed beta in 2012

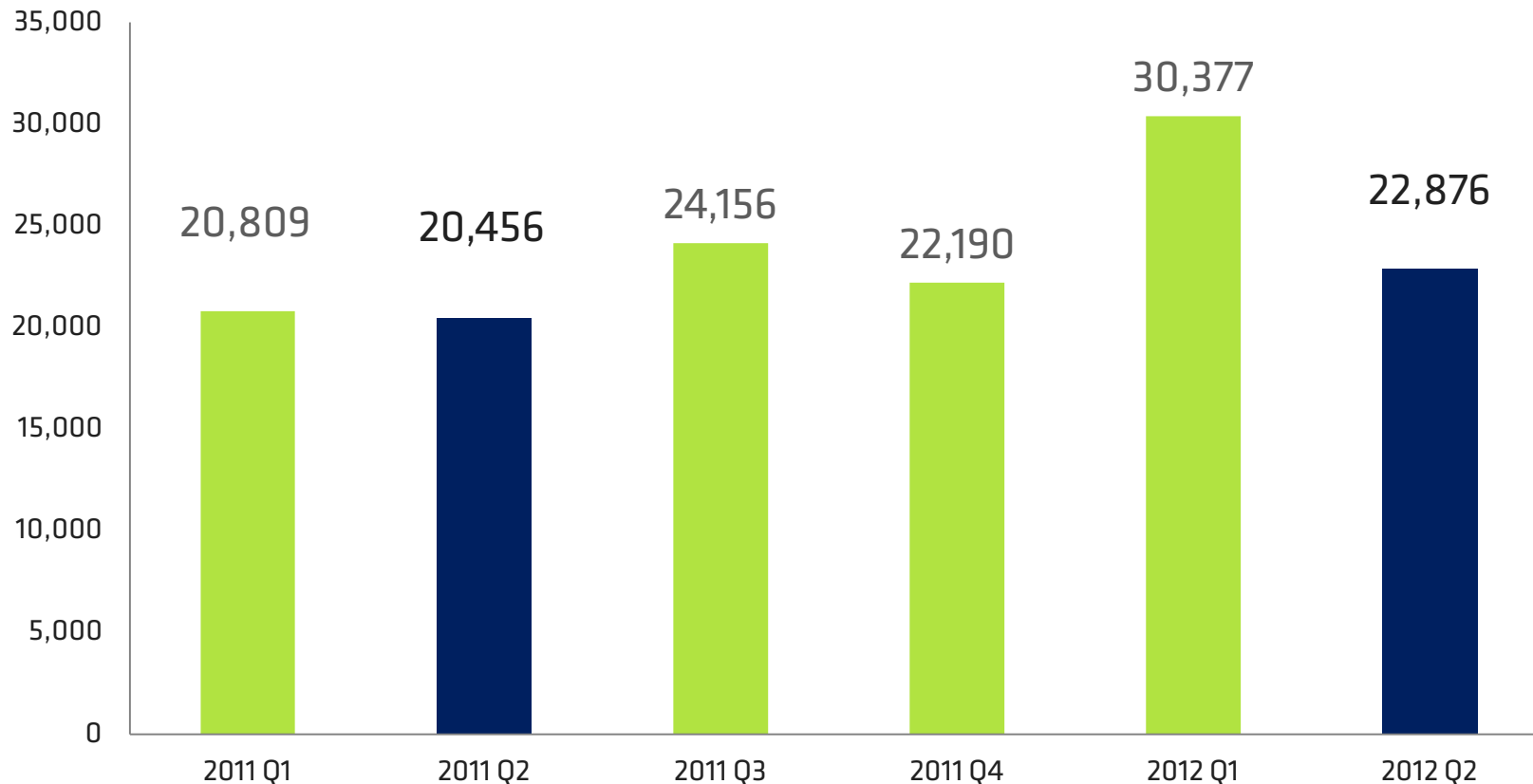
Counter-Strike Online 2

- FPS / Co-developed with Valve
- Closed beta in Korea starts August 2012

FY2012 Q2 Financial Results Overview

Revenue

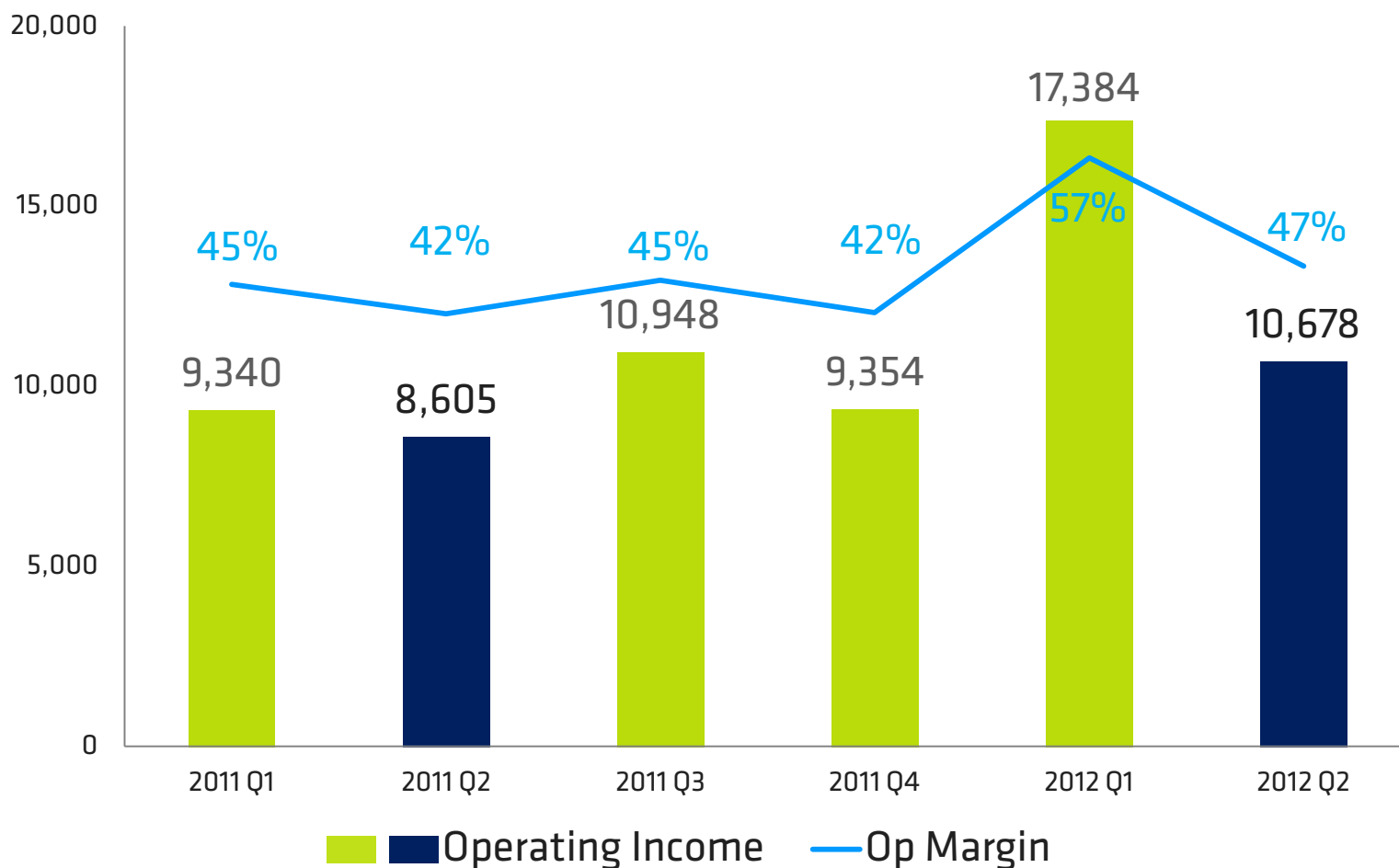
(in Millions of ¥)



FY2012 Q2 Financial Results Overview

Operating Income/Margin

(in Millions of ¥)



FY2012 Q2 Financial Results Overview

Revenue by Region

(In Millions of ¥)	2011 Q2	2012 Q2	As Reported Percent Change	Constant Currency Percent Change ²
Korea	6,237	6,251	0%	9%
China	7,805	10,737	38%	49%
Japan	3,214	2,826	-12%	-12%
North America	1,511	1,515	0%	4%
Europe and Others ¹	1,688	1,545	- 8%	1%
Nexon Total	20,456	22,876	12%	20%

¹ Others: United Kingdom, other Asia countries, and South American countries.

² Constant currency percent change is the growth rate had the currency rate not changed from Q2 2011. Rates used: 1,340 Korean won/100 Japanese yen, 12.53 Japanese yen/Chinese yuan and 82.04 Japanese yen/U.S. dollar.



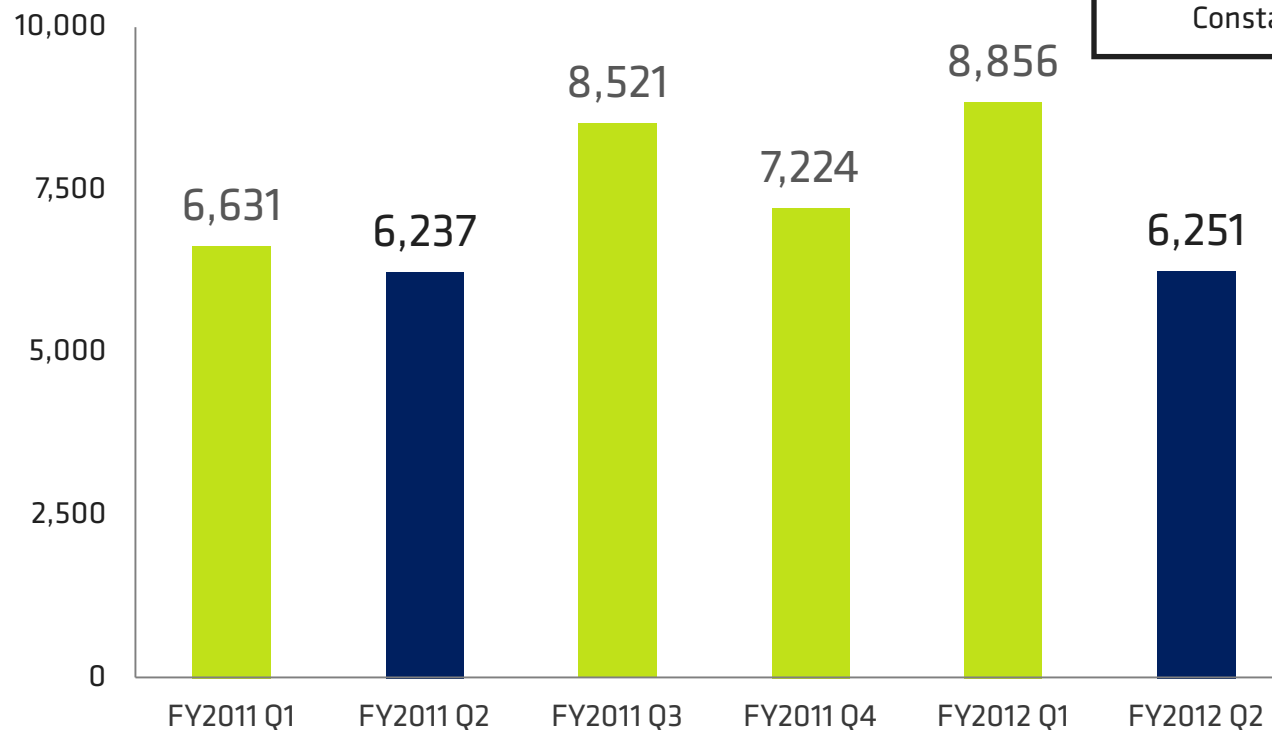
Sec.③ FY2012 Q2 Regional Results



FY2012 Q2 Results: Korea

- Live game updates were made in most of our games and were supported by marketing campaigns
- *Dungeon&Fighter*: Pincer Operation update
- *Sudden Attack*: Ace Mode and Shoot Out Mode updates
- *Mabinogi*: Maestro of Battlefield : Bard update
- Launched six new smartphone games

(In Millions of ¥)



Q2 Revenue YoY % Change

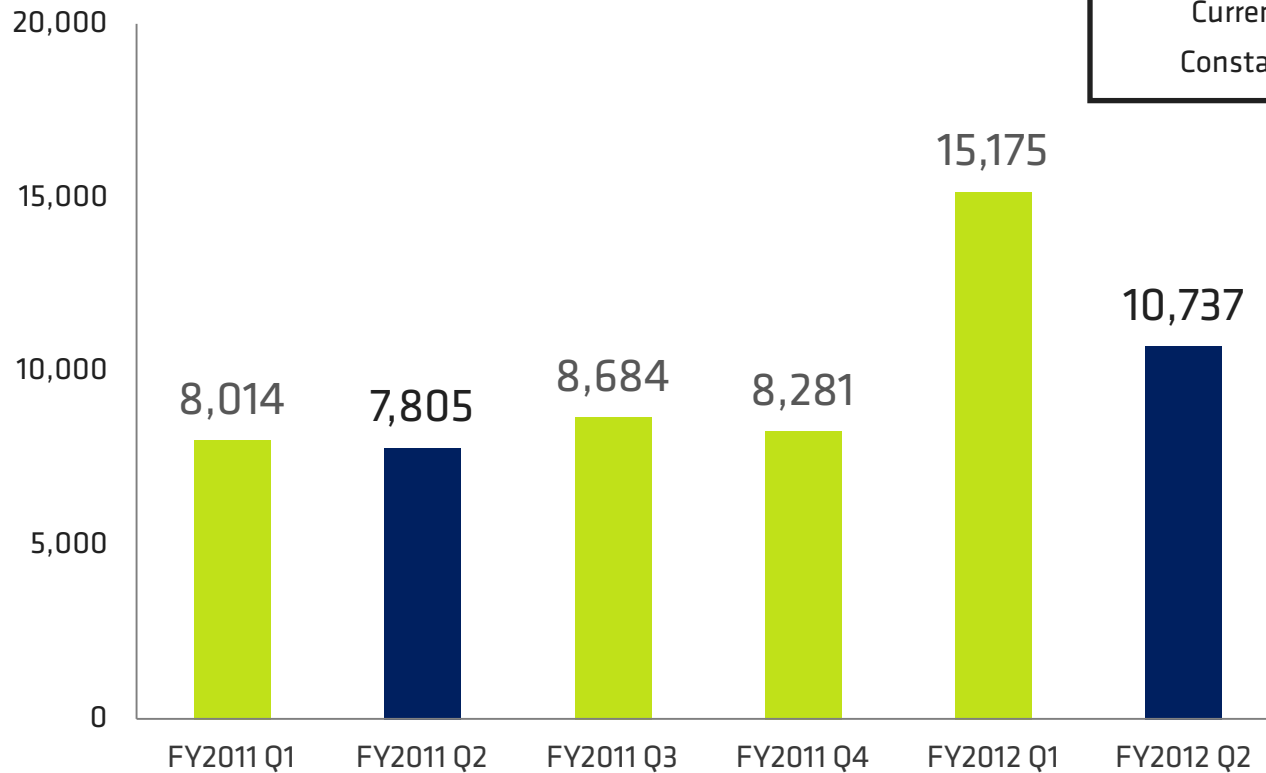
Current Currency Basis: 0%

Constant Currency Basis: 9%

FY2012 Q2 Results: China

- *Dungeon&Fighter*, *Counter-Strike Online* and *KartRider* contributed to growth
- *Counter-Strike Online*: Launched several patches to enhance gameplay
- *KartRider*: Labor Day update - new Ghost Mode, Shaeffer Z7 update - new kart body

(In Millions of ¥)

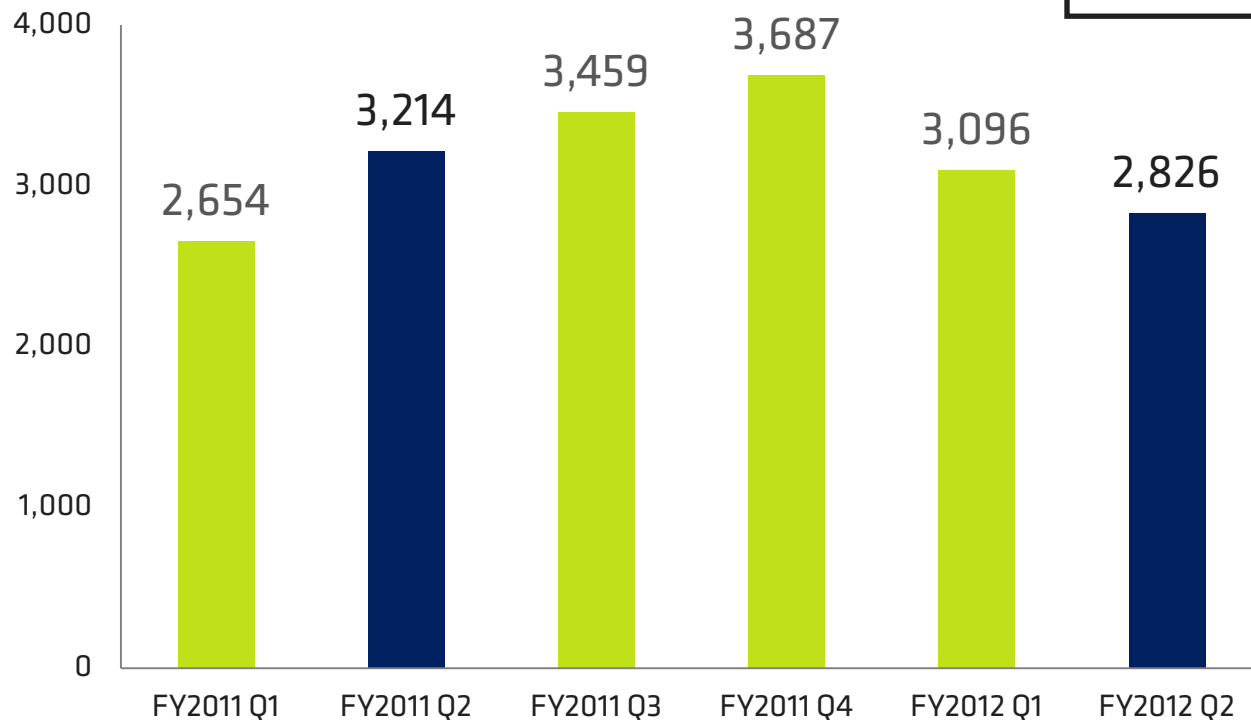


Q2 Revenue YoY % Change
 Current Currency Basis: 38%
 Constant Currency Basis: 49%

FY2012 Q2 Results: Japan

- *MapleStory*: Justice update – Phantom character
- *Dungeon&Fighter*: Innovation update – Male Mage character
- *KartRider*: Started service on April 26
- Increasing focus on mobile platforms

(In Millions of ¥)



Q2 Revenue YoY % Change

-12%

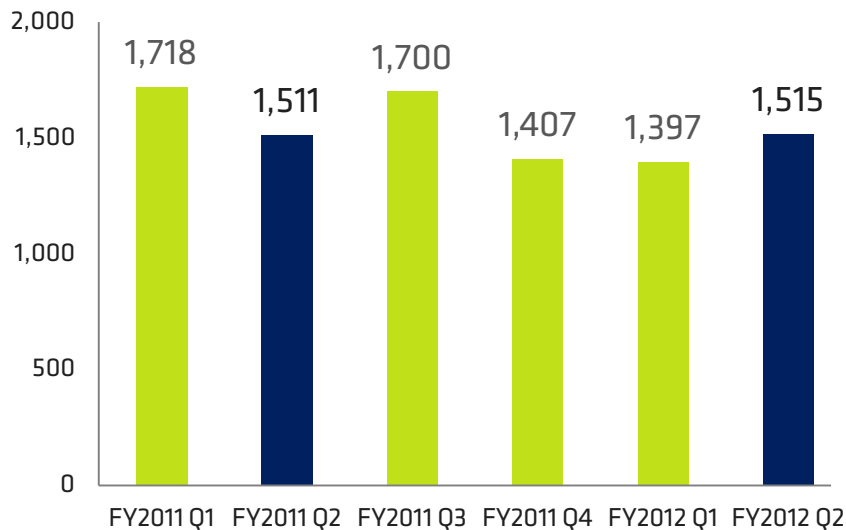
FY2012 Q2 Results: North America and Other

North America

- Achieved greater stability in game service
- *MapleStory*: Two updates, celebrated 7th anniversary
- *Mabinogi*: Fighter's Way update
- *Dungeon Fighter Online*: Omen of the Apocalypse update
- *Vindictus*, *Dungeon Fighter Online*, *Atlantica Online* on STEAM platform

Q2 Revenue YoY % Change
 Current Currency Basis: 0%
 Constant Currency Basis: 4%

(In Millions of ¥)

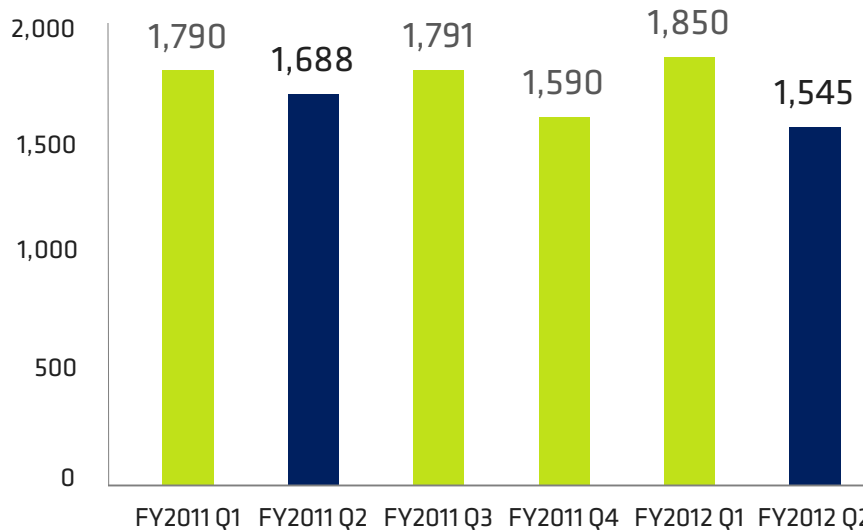


Other

- *MapleStory* (Europe): First part of Legends update
- *Combat Arms* (Europe): New map, new MVP system, weapons
- Updates for *MapleStory* and *Counter-Strike Online* in Taiwan
- Updates for *Atlantica Online* in Indonesia

Q2 Revenue YoY % Change
 Current Currency Basis: -8%
 Constant Currency Basis: 1%

(In Millions of ¥)





Sec.④ FY2012 Q2 Outlook



Current Outlook

(In Millions of ¥ except per share data)

	FY2011 2Q (actual)	FY2012 2Q (estimates on May 10th)	FY2012 2Q (actual)	YOY (%)	FY2011 3Q (actual)	FY2012 3Q (estimates on Aug. 9th)	YOY (%)	FY2011 Full Year (actual)	FY2012 Full Year (estimates on Aug. 9th)	YOY ¹ (%)
Revenue	20,456	22,595	22,876	12%	24,156	24,943	3%	87,613	104,334	19% (22%)
Operating Income	8,605	9,295	10,678	24%	10,948	9,249	-16%	38,249	47,082	23%
Ordinary Income	7,953	-	9,368	18%	10,170	9,190	-10%	36,905	46,043	25%
Net Income	5,120	6,843	6,768	32%	7,232	6,598	-9%	25,755	32,737	27%
EPS ² (in Yen)	14.51	15.91	15.63	-	20.39	15.30	-	71.65	75.88	-

¹ Figure in parenthesis is calculated on a constant currency basis.

² EPS figures are adjusted retrospectively to reflect the 1:100 stock split executed in July 21, 2011.

Current Strategic Initiatives

- Enhance and Extend Our Existing Game Franchises
- Broaden Our Portfolio through New Game Introductions
- Expand Our International Business
- Bring Our Games to New Platforms and Devices





Nexon Investor Presentation FY2012 Q2