

# No.1 Global Online Entertainment Company



Nomura Investment Forum 2012

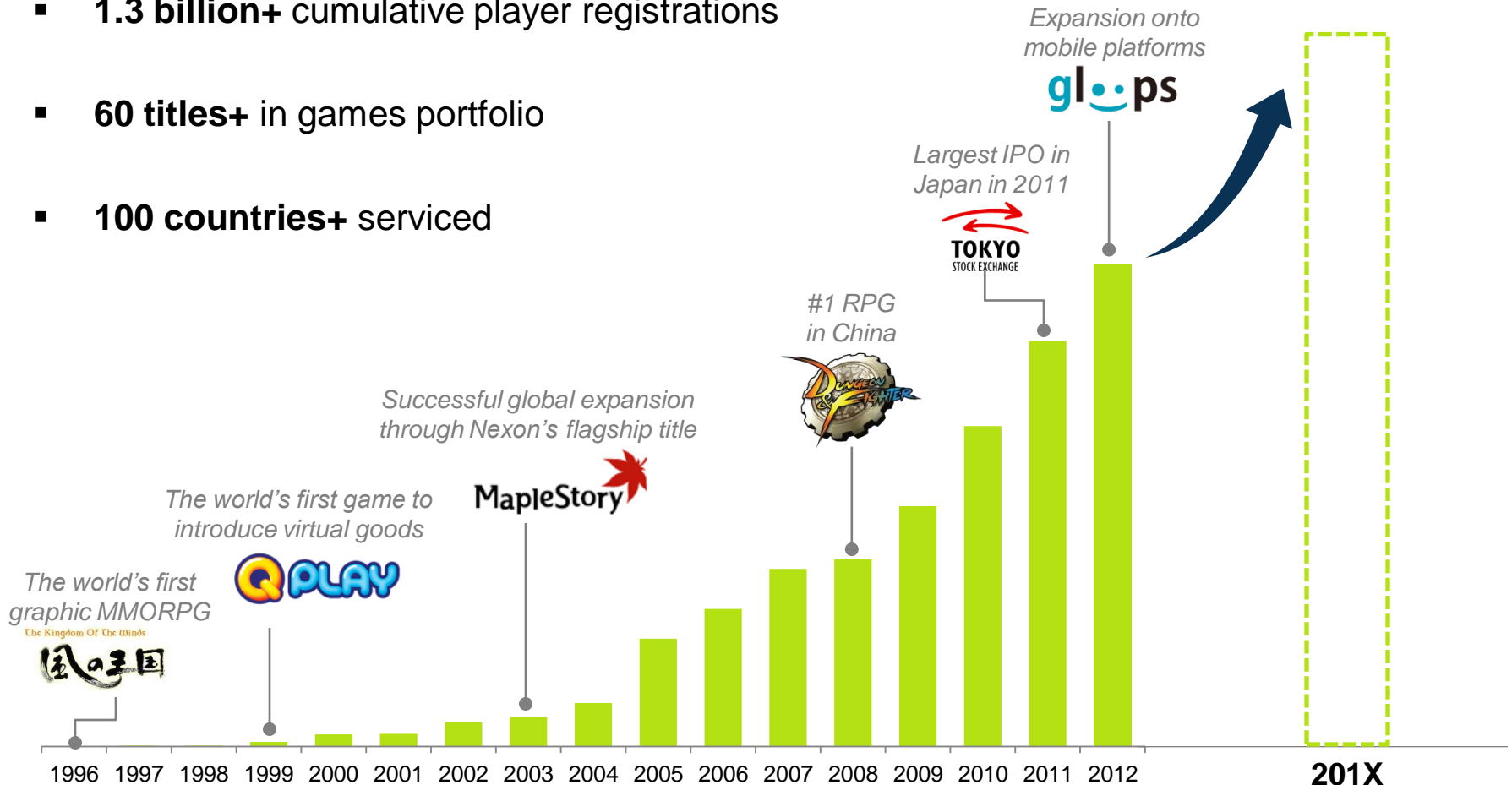
December 3, 2012

President and CEO Seungwoo Choi

# Pioneer of F2P online games

- 10 years+ of revenue growth
- 1.3 billion+ cumulative player registrations
- 60 titles+ in games portfolio
- 100 countries+ serviced

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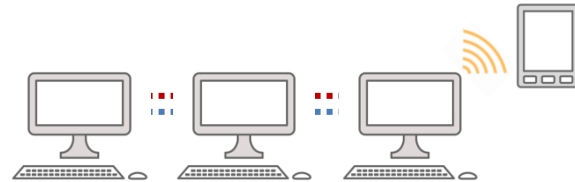
# Transformative trends in the games industry

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Offline



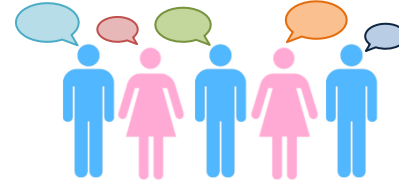
Online



Single Player



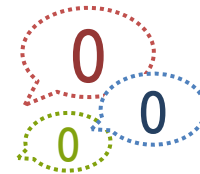
Multiplayer



Pay-to-play

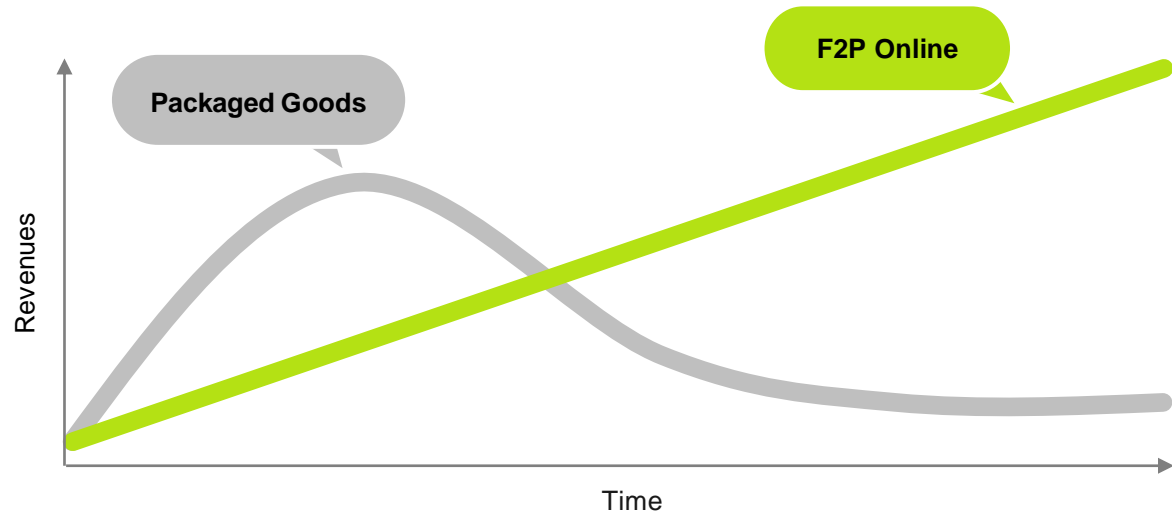


Free-to-play

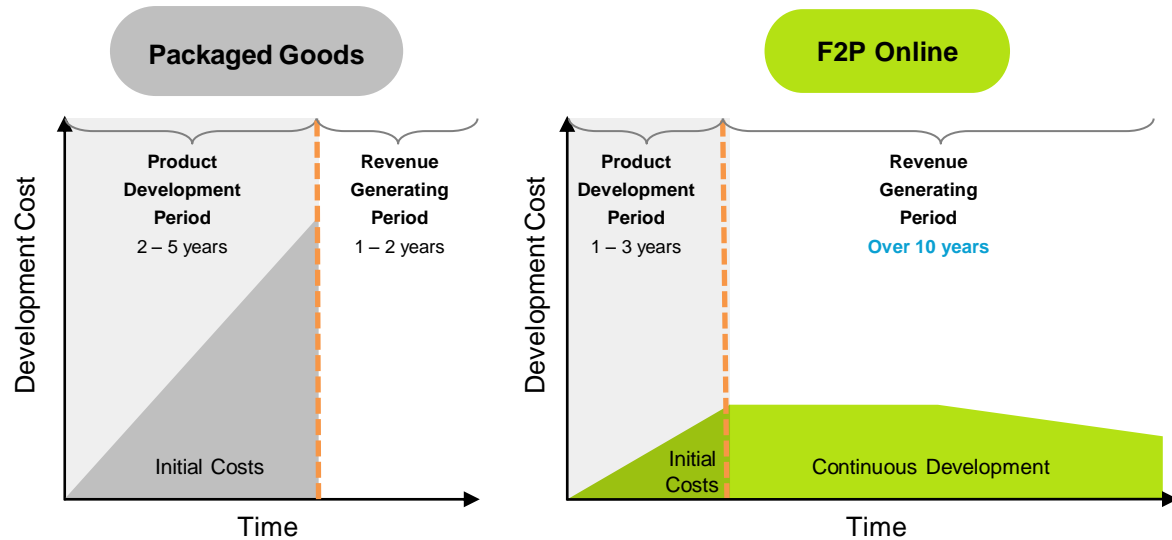


# F2P: Business structure

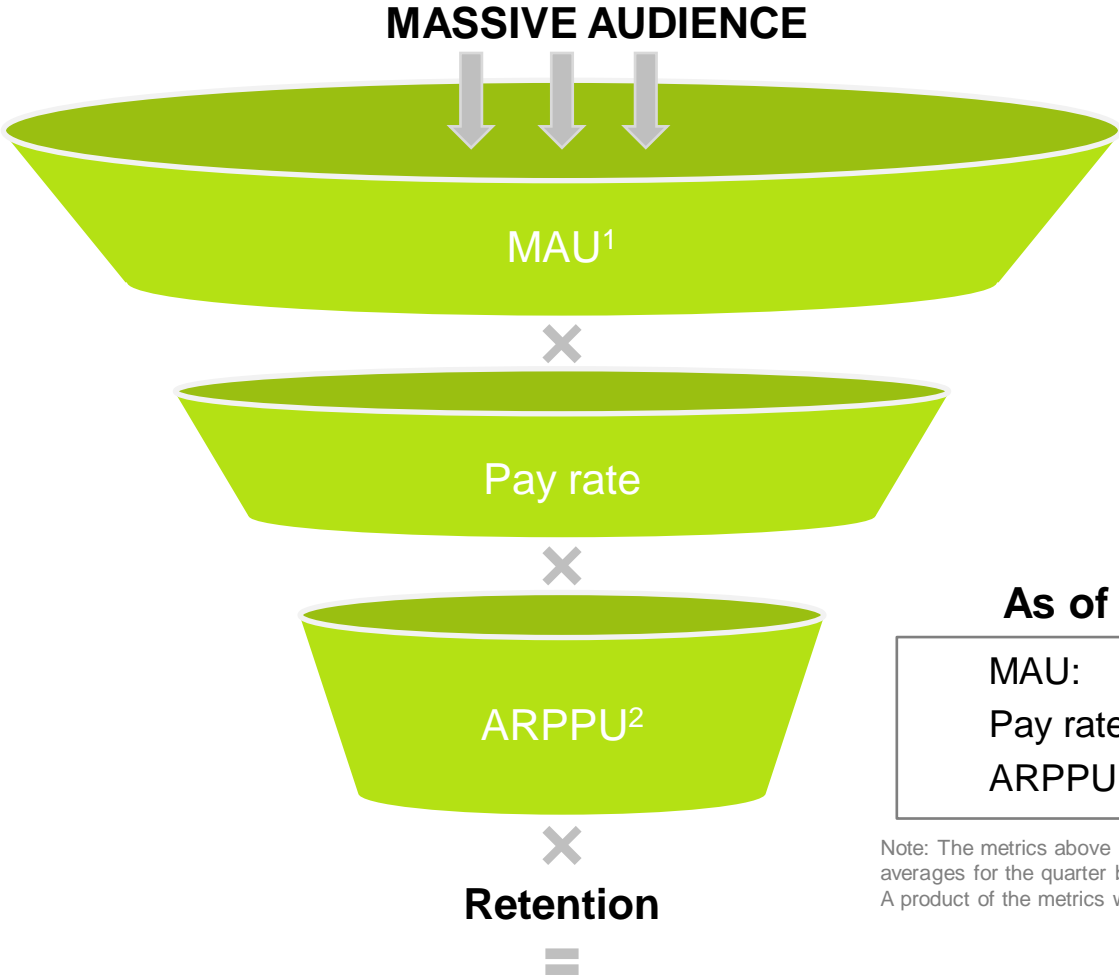
Revenues



Development costs



# F2P: Revenue model



### As of Q3 2012

MAU:	78.8 million
Pay rate:	9.6%
ARPPU:	¥1,729

Note: The metrics above are calculated as monthly averages for the quarter based on total gross revenues. A product of the metrics will differ from actual revenues.

## FY2011 Consolidated Revenue: ¥87.6 billion

<sup>1</sup> Monthly Active Users  
<sup>2</sup> Average Revenue per Paying User

# Core strengths of Nexon

## “CREATIVITY + GLOBALIZATION”

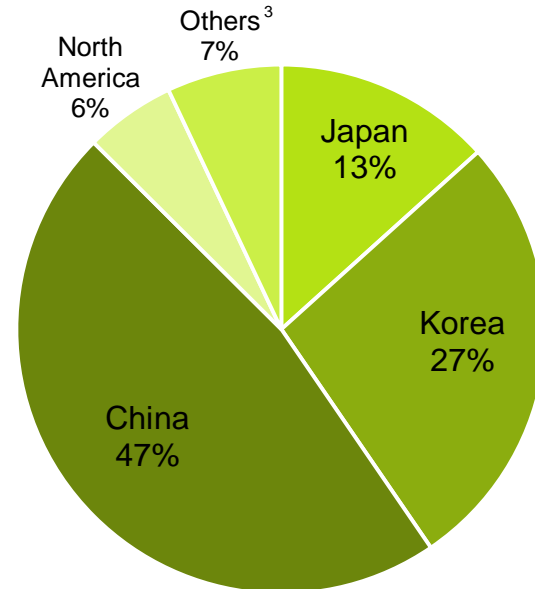
*Innovation and industry-leading experience in live operations sustaining diverse, long-lasting franchises*

*Global network enabling distribution of games to over 100 countries*

### Key franchises and cumulative gross revenue<sup>1</sup>

	2005~	¥160,000,000,000+
	2003~	¥120,000,000,000+
	2004~	¥40,000,000,000+
	2008~	¥32,000,000,000+
	2004~	¥24,000,000,000+
	2006~	¥24,000,000,000+

### Q3 2012 revenue by region<sup>2</sup>



<sup>1</sup> Cumulative gross revenue from end-users over the life cycle of each game. It 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, and *Sudden Attack* in 2010)

<sup>2</sup> Based on the region in which revenues originate. Not a presentation of our revenues according to Nexon entities.

<sup>3</sup> Others: Europe, other Asian countries, and South American countries.

# Key themes to drive future growth



# Strong presence in growing China market

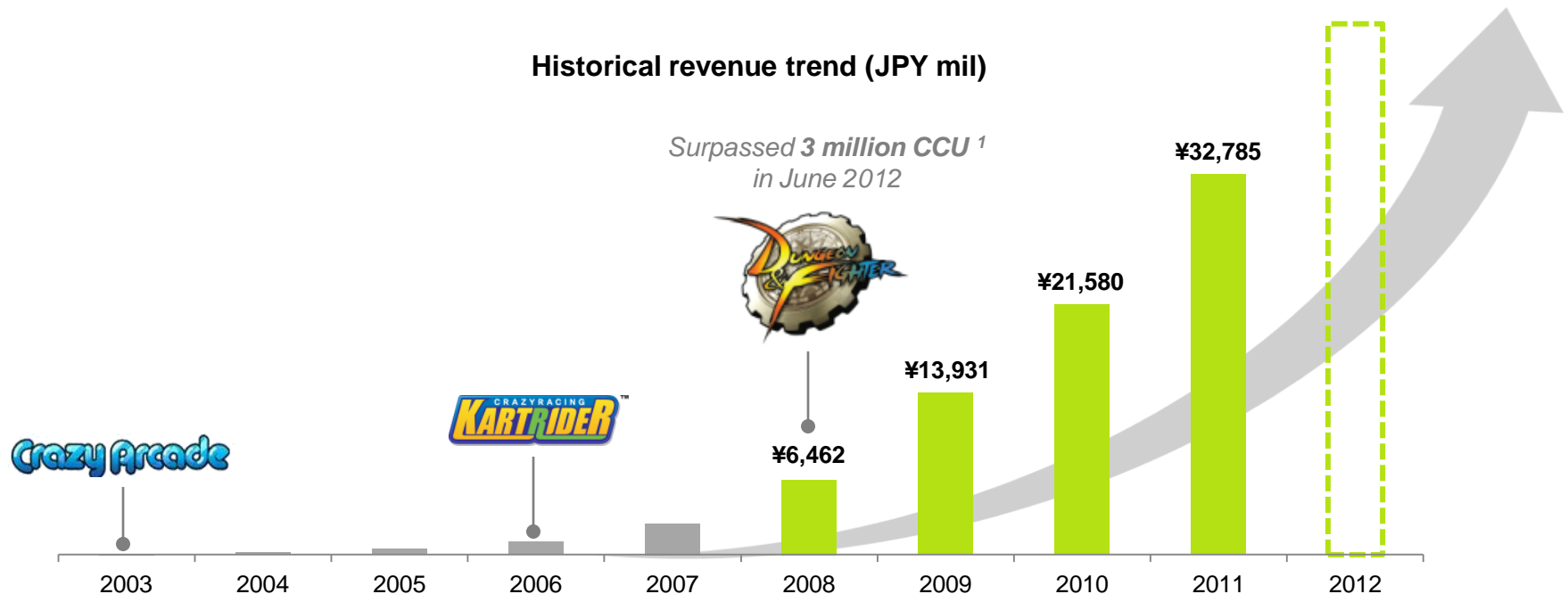
- Nexon has achieved strong growth in China since entering the market in 2003
- Proved to be a consistent market leader—*Crazy Arcade BnB* (2003), *KartRider* (2006), and *Dungeon&Fighter* (2008), which is currently the #1 RPG and #2 title overall among PC online games
- Scheduled to launch award winning action MMO *Cyphers* in 2013

## Top PC Online Games in China

#	Title	Publisher	Developer
1	Cross Fire	Tencent	Smilegate
2	<b>Dungeon&amp;Fighter</b>	<b>Tencent</b>	<b>Nexon</b>
3	Fantasy Westward Journey	NetEase	NetEase
4	Tian Long Ba Bu 3	SohuChangyou	SohuChangyou
5	Westward Journey Online II	NetEase	NetEase

Source: Duowan Research. Based on monthly revenue as of September 2012

## Historical revenue trend (JPY mil)



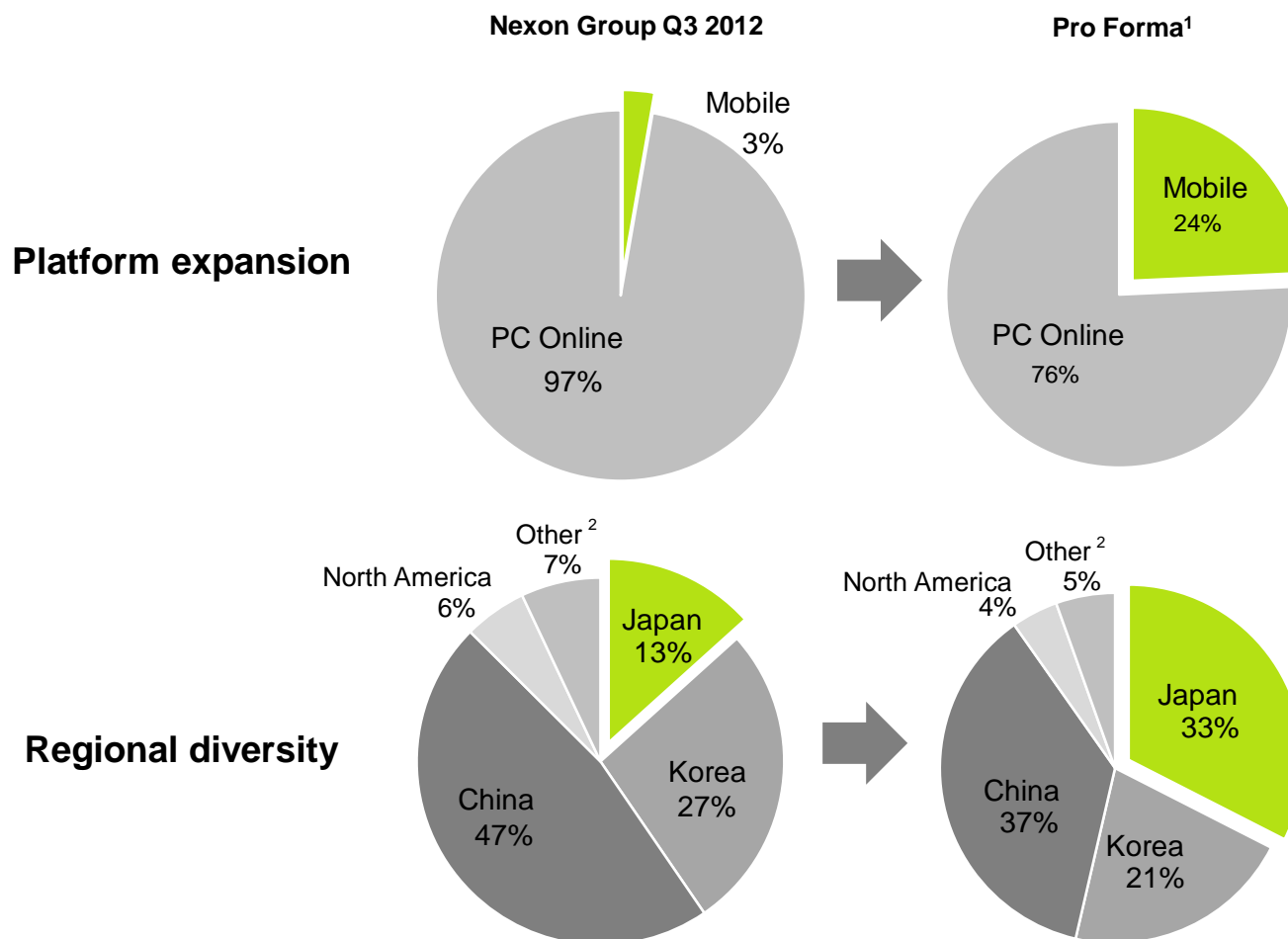
Note: Represents our revenues which originate in China. Not a representation of our revenues from entities in China.

<sup>1</sup> Concurrent users



# Accelerating Nexon's mobile strategy

## Proforma impact due to the gloops acquisition



<sup>1</sup> For illustrative purposes only.

Based on Nexon's Q3 2012 revenue and gloops' unaudited quarterly revenue for the 3 months ended September 30, 2012.

<sup>2</sup> Others: Europe, other Asian countries, and South American countries.

# Strong pipeline

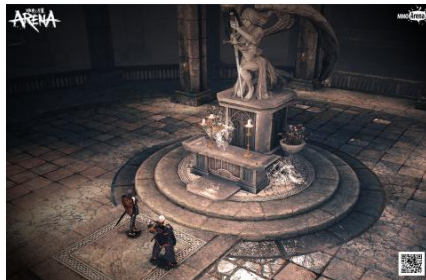
## DOTA 2

- Sequel to the pioneer of “multiplayer online battle arena” games which inspired *League of Legends*



## ARENA

- First collaborative project with NCsoft
- Large scale fantasy MMORPG



## FIFA ONLINE 3

- F2P game based on popular “FIFA” soccer game series
- Positive feedback and high retention rates from beta test



## COUNTER STRIKE 2™ ONLINE 2

- Sequel to one of Nexon’s top global FPS titles
- Co-developed with Valve



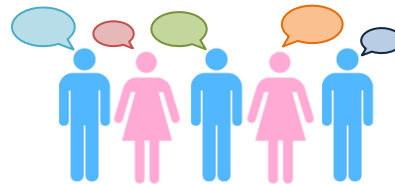
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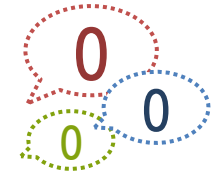
**Online**



**Multiplayer**



**Free-to-play**



**Global leader in online entertainment**



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