

LINE Q2 2020

Earnings Results

LINE Corporation

July 29, 2020

Disclaimer

This presentation contains forward-looking statements with respect to the current plans, estimates, strategies and beliefs of LINE Corporation (the “Company”). Forward-looking statements include, but are not limited to, those statements using words such as “anticipate,” “believe,” “continues,” “expect,” “estimate,” “intend,” “project” and similar expressions and future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may,” or similar expressions generally intended to identify forward-looking statements. These forward-looking statements are based on information currently available to the Company, speak only as of the date hereof and are based on the Company’s current plans and expectations and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the Company’s control. As a consequence, current plans, anticipated actions and future financial positions and results of operations may differ significantly from those expressed in any forward-looking statements in the presentation. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented and the Company does not intend to update any of these forward-looking statements. Risks and uncertainties that might affect the Company include, but are not limited to:

1. its ability to attract and retain users and increase the level of engagement of its users;
2. its ability to improve user monetization;
3. its ability to successfully enter new markets and manage its business expansion;
4. its ability to compete in the global social network services market;
5. its ability to develop or acquire new products and services, improve its existing products and services and increase the value of its products and services in a timely and cost effective manner
6. its ability to maintain good relationships with platform partners and attract new platform partners;
7. its ability to attract advertisers to the LINE platform and increase the amount that advertisers spend with LINE;
8. its expectations regarding its user growth rate and the usage of its mobile applications;
9. its ability to increase revenues and its revenue growth rate;
10. its ability to timely and effectively scale and adapt its existing technology and network infrastructure;
11. its ability to successfully acquire and integrate companies and assets;
12. its future business development, results of operations and financial condition;
13. the regulatory environment in which it operates;
14. fluctuations in currency exchange rates and changes in the proportion of its revenues and expenses denominated in foreign currencies; and
15. changes in business or macroeconomic conditions.

The information contained in this material are preliminary results as of July 29, 2020, and LINE does not guarantee its accuracy or completeness.

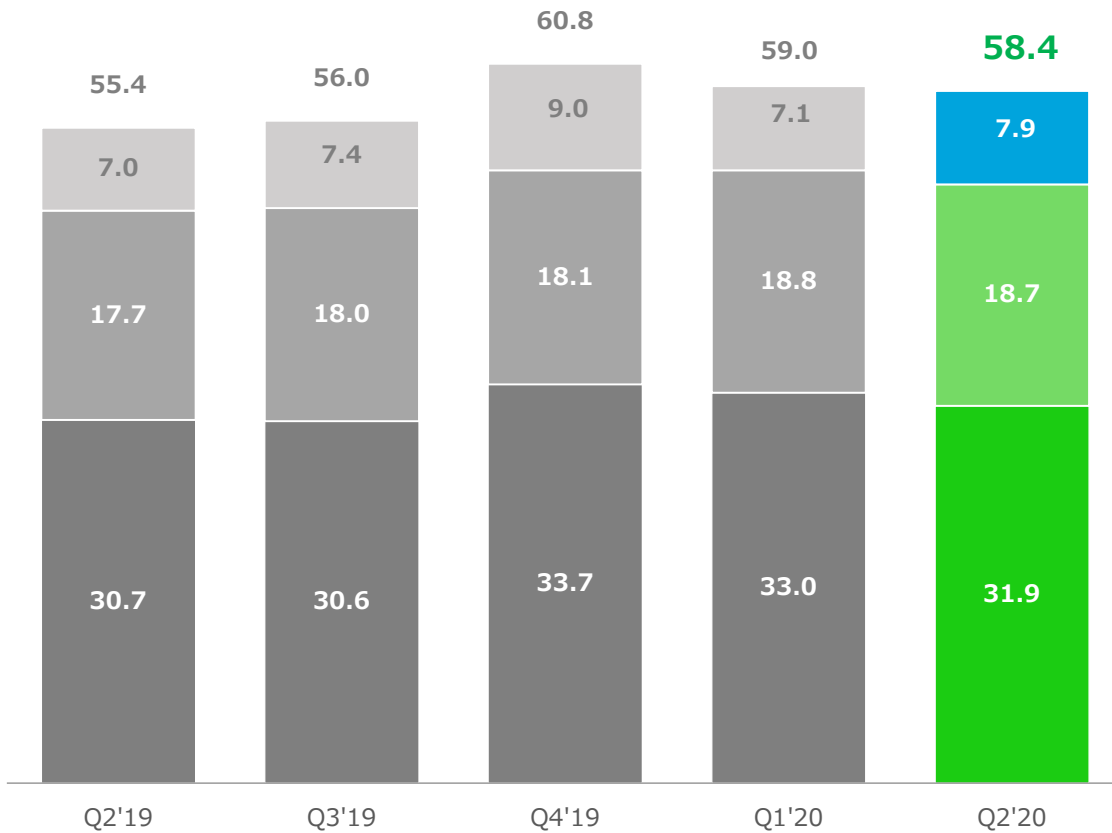
Revenues

Revenues

(bn yen)

- Strategic Business
- Core Business (Communication/Content/Others)
- Core Business (Ads)

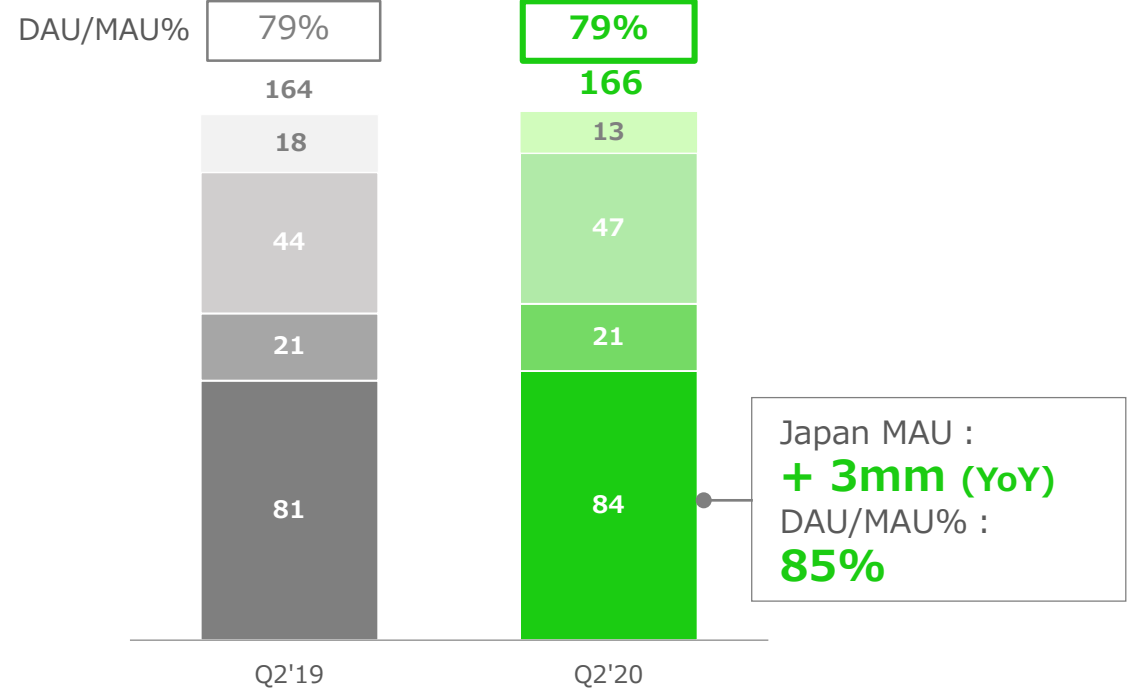
YoY
+ 5.3%



Monthly Active Users | Four Key Markets

(mm users)

- Japan
- Taiwan
- Thailand
- Indonesia



Geographical Revenue Breakdown

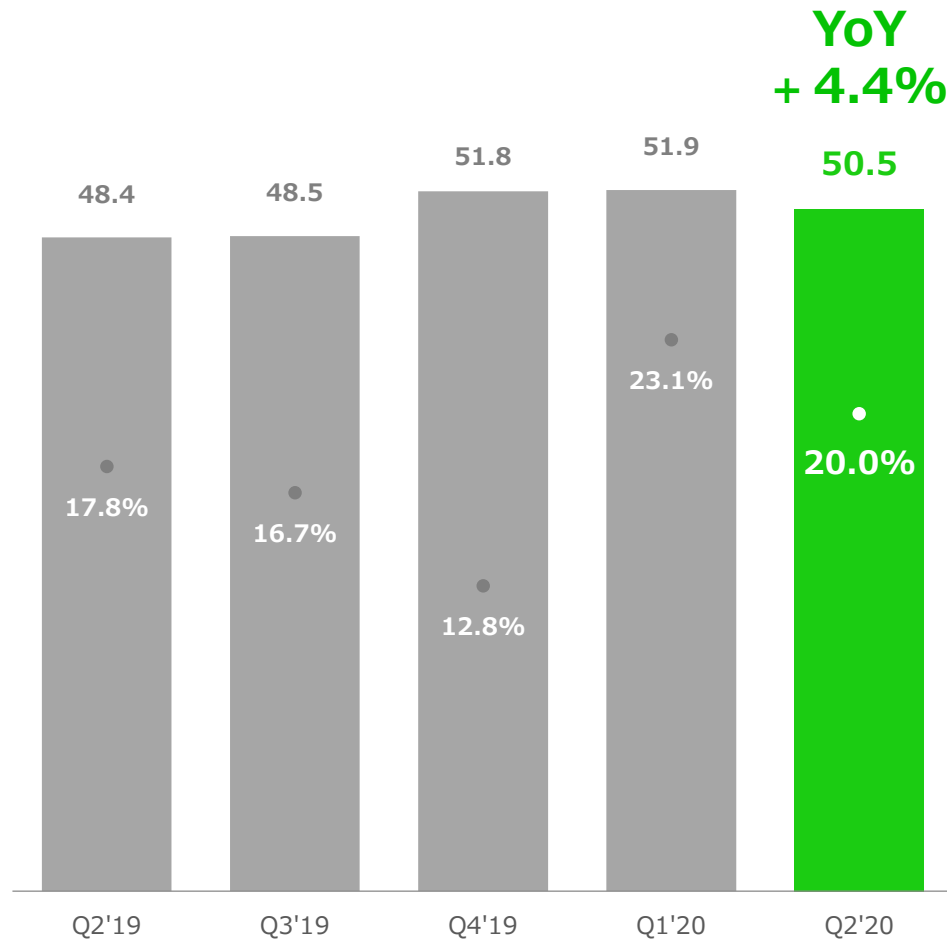
(For Q2 2020)

Japan : 72% / Overseas : 28%

Segment Revenues and Operating Margin

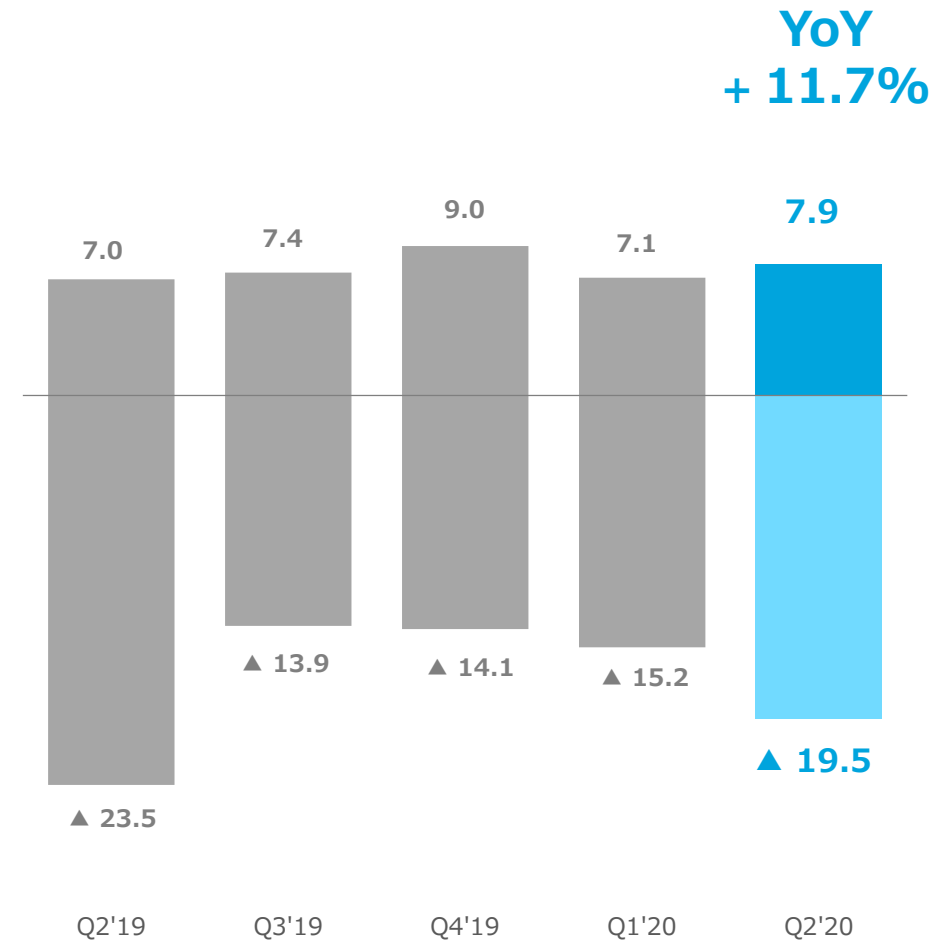
Core | Revenues / Operating Margin

(bn yen)



Strategic | Revenues / Operating Income

(bn yen)



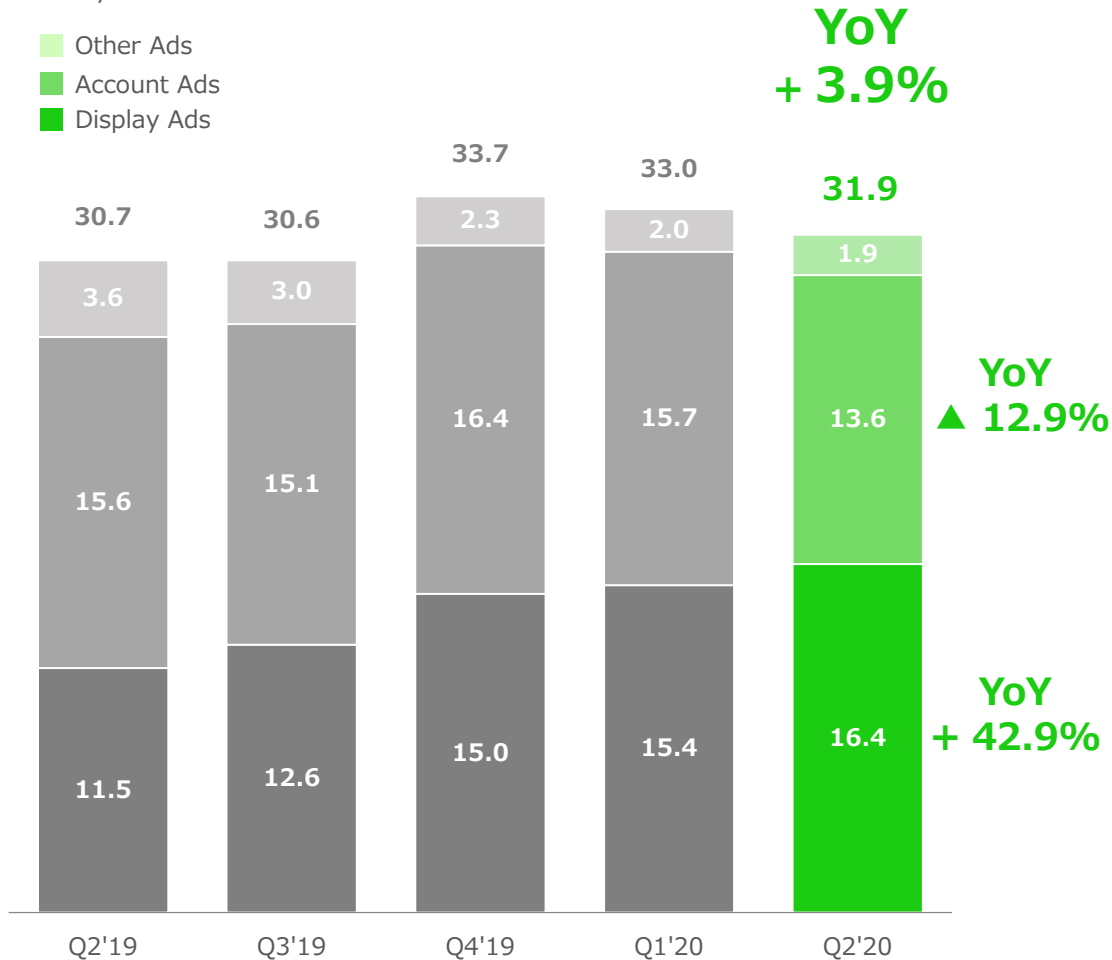
Core Business

Core | Ads

Revenues

(bn yen)

- Other Ads
- Account Ads
- Display Ads



Key KPI

of Official Accounts

	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
# of original Official Accounts	1,183	-	-	-	-
# of original LINE@ Accounts (accounts in thousands)	9,859	-	-	-	-
# of new Official Accounts (accounts in thousands)	9,860*	11,005	11,460	11,889	12,681

*The number of accounts are the sum of original Official Accounts and LINE@ Accounts

of LAP Impressions

(impressions in millions)

Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
37,653	44,208	54,583	63,136	80,594

*LAP: LINE Ads Platform

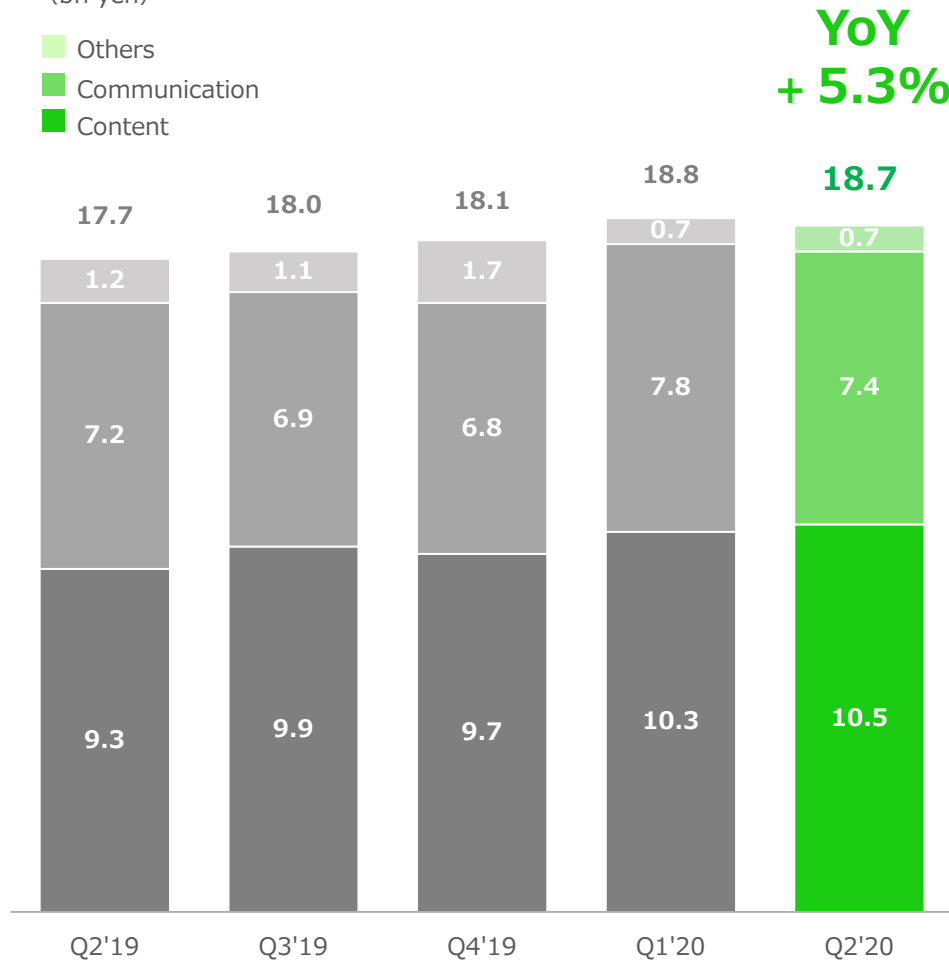
Note: Other Ads include ad revenues mainly from Livedoor Blog, NAVER Matome and LINE Part Time Jobs

Core | Communication / Content / Others

Revenues

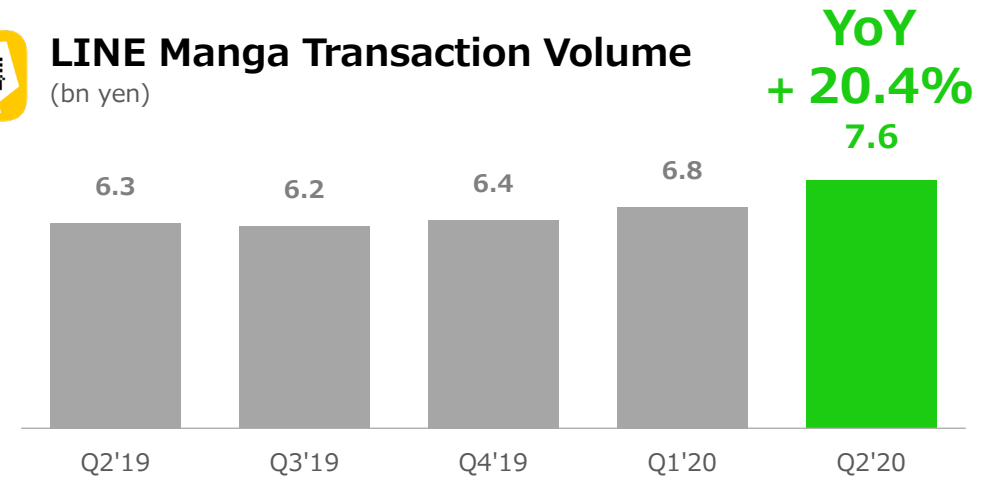
(bn yen)

- Others
- Communication
- Content



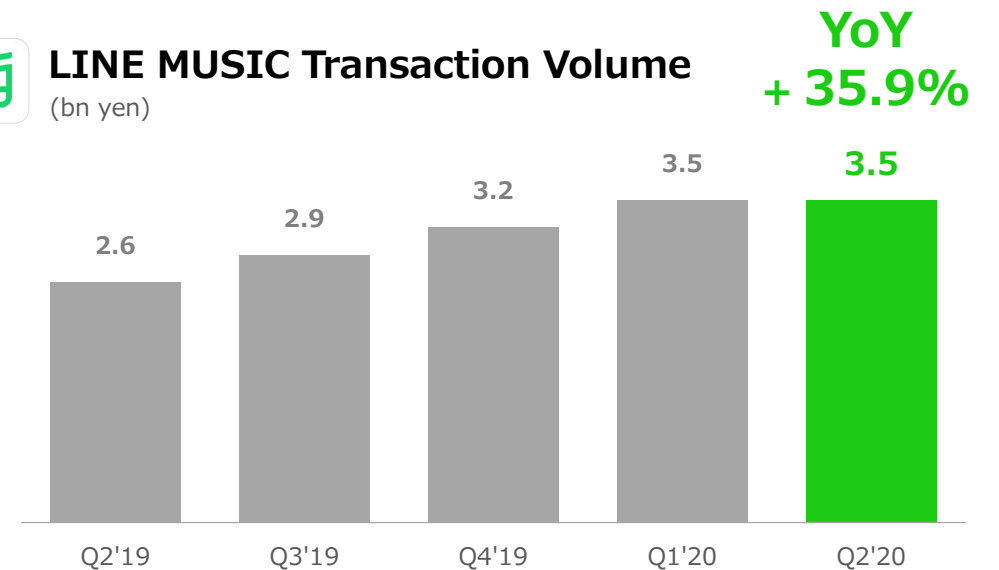
LINE Manga Transaction Volume

(bn yen)



LINE MUSIC Transaction Volume

(bn yen)



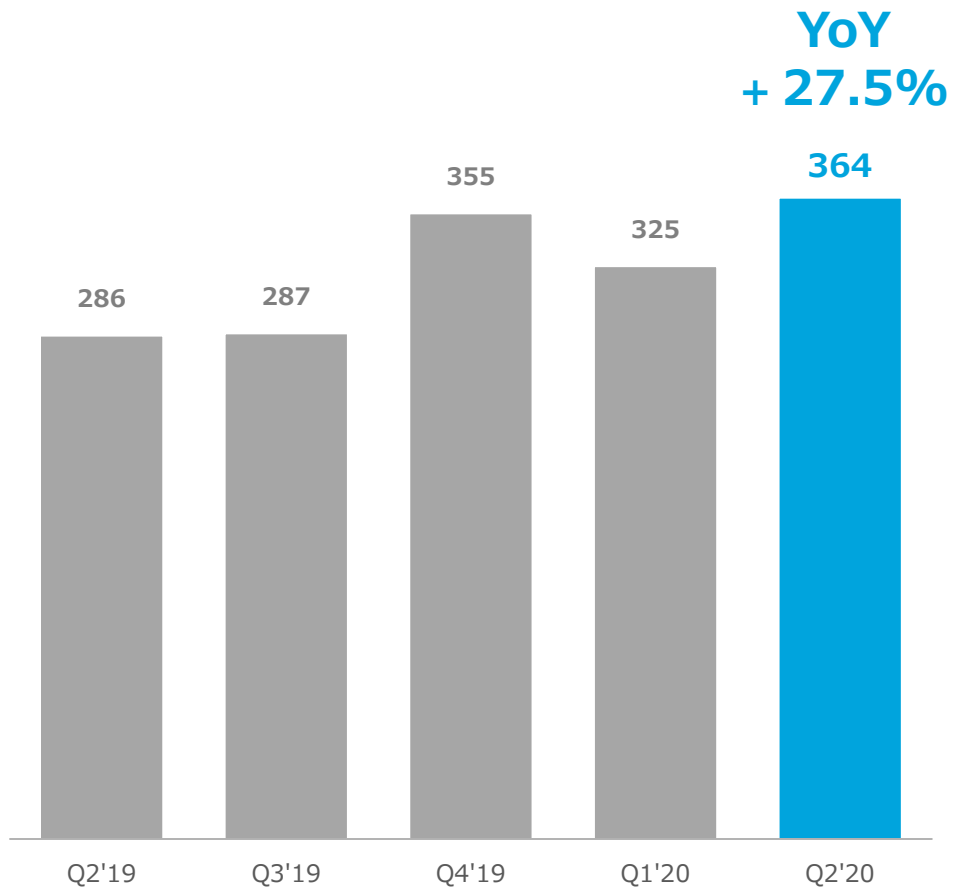
Strategic Business

Strategic | LINE Pay

LINE Pay Global Transaction Volume

(bn yen)

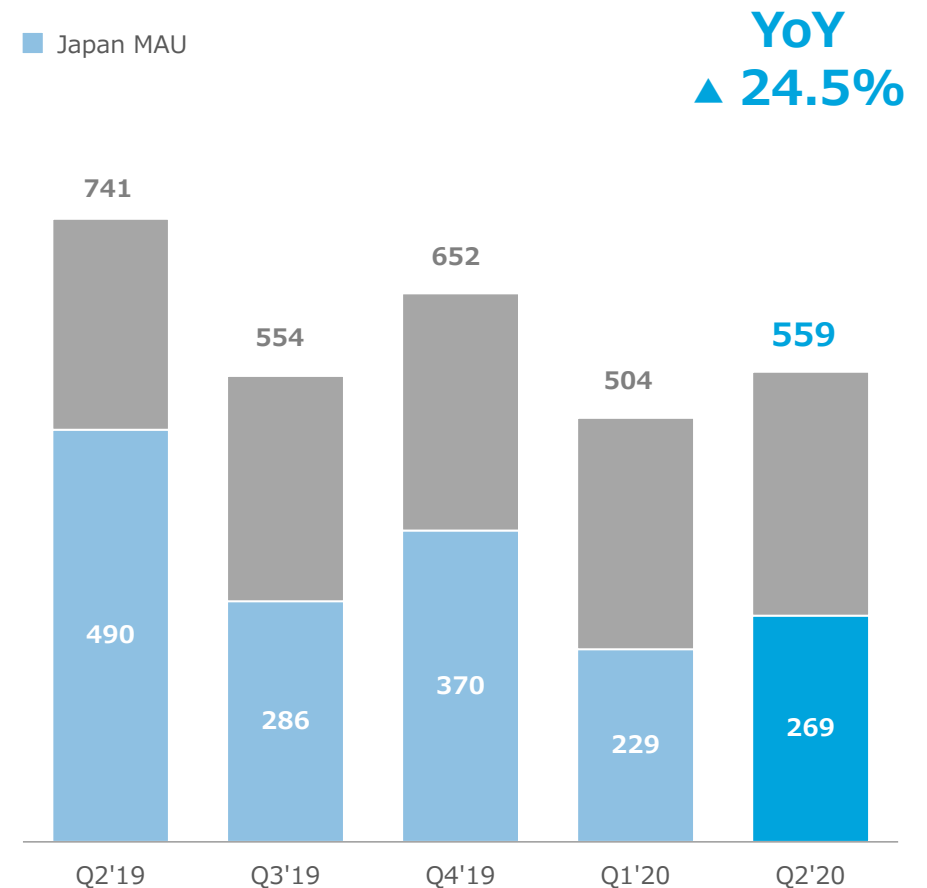
LINE Pay



LINE Pay Global MAU

(10k users)

LINE Pay

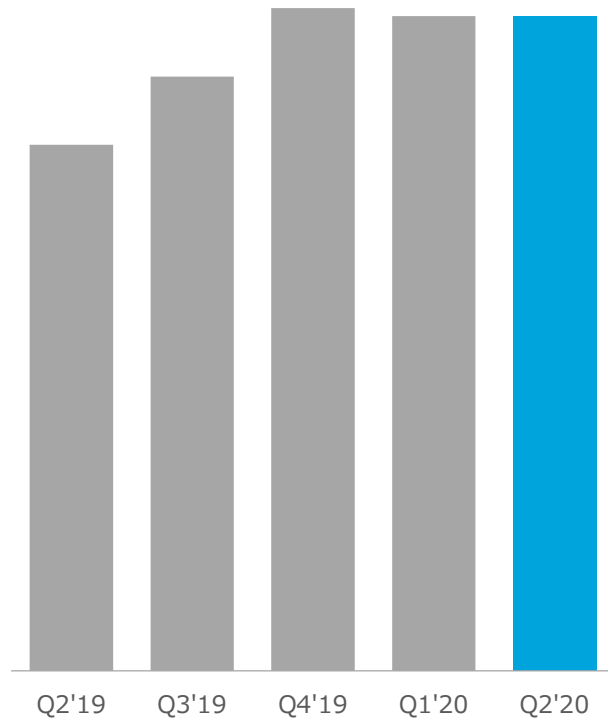


Strategic | O2O/commerce

Shopping-related Transaction Volume



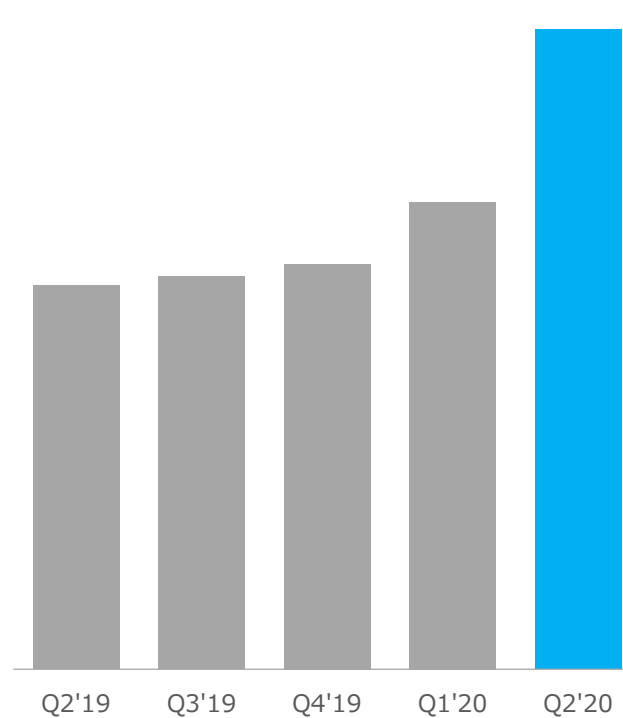
YoY
+ 24.3%



Gourmet-related Transaction Volume



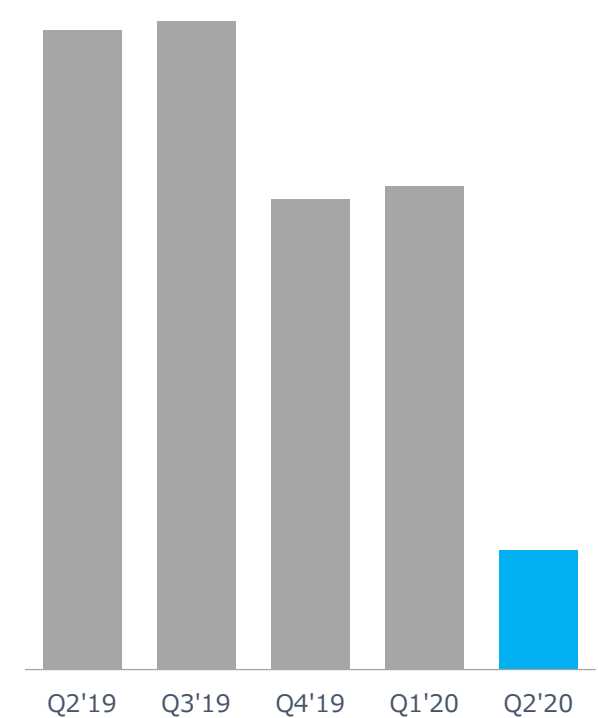
YoY
+ 66.8%



Travel-related Transaction Volume



YoY
▲ 81.2%



Note: The shopping-related transaction volume includes LINE Shopping and SHOPPING GO
The gourmet-related transaction volume includes LINE Delima and LINE Pockeo
The travel-related transaction volume is the sum of past reservations and estimates based on past reservations

Finance Section

Earnings Summary (Q2 2020)

(mm yen)	Q2'19	Q1'20	Q2'20	Growth rate	
				Y/Y	Q/Q
Revenues and other operating income	56,689	59,220	59,903	5.7%	1.2%
Revenues	55,437	58,968	58,378	5.3%	-1.0%
Operating income	-13,924	-4,356	-9,594	N/M	N/M
Margin(%)	-24.6%	-7.4%	-16.0%	8.5%p	-8.7%p
Core Revenue	48,407	51,854	50,526	4.4%	-2.6%
Core Operating income	8,595	11,970	10,112	17.7%	-15.5%
Margin(%)	17.8%	23.1%	20.0%	2.3%p	-3.1%p
Strategic Revenue	7,030	7,114	7,852	11.7%	10.4%
Strategic Operating income	-23,496	-15,192	-19,524	N/M	N/M
Common Revenue	1,252	252	1,525	21.8%	505.2%
Common Operating expense	275	1,386	1,707	520.7%	23.2%

Note: Common revenue includes other revenues. Common operating expense is mainly share-based compensations

Operating Expenses

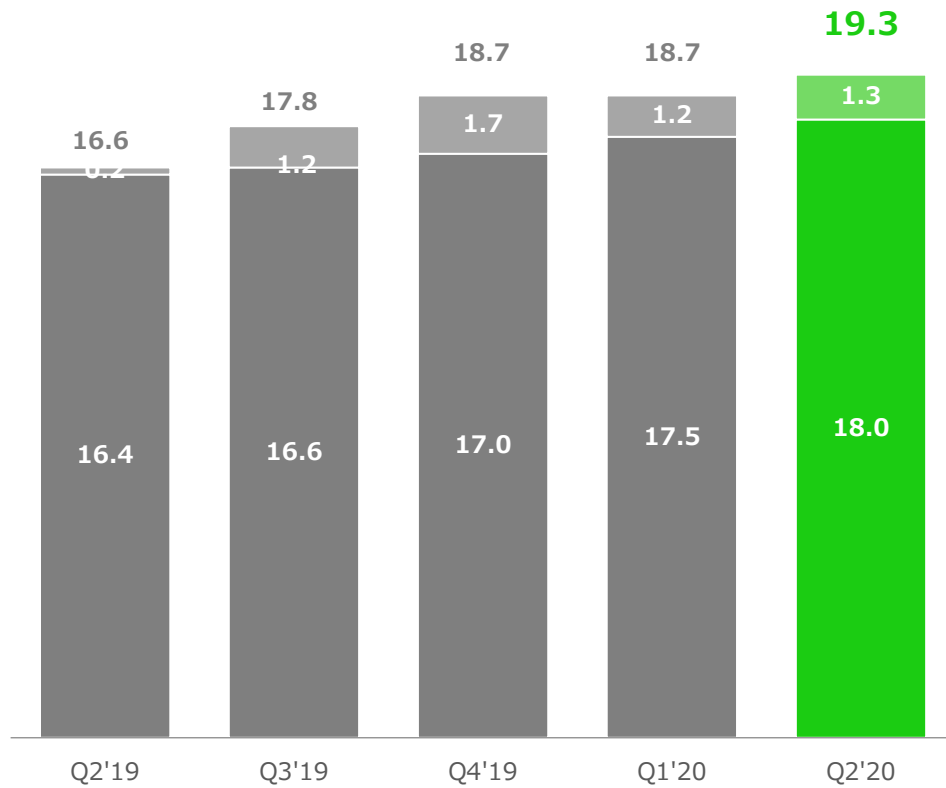
(mm yen)	Q2'19	Q1'20	Q2'20	Growth rate	
				Y/Y	Q/Q
Revenues and other operating income	56,689	59,220	59,903	5.7%	1.2%
Operating expenses	70,613	63,576	69,497	-1.6%	9.3%
Payment processing and licensing	8,367	10,137	10,314	23.3%	1.7%
Sales commission	4,370	2,785	2,023	-53.7%	-27.4%
Employee compensation	16,585	18,705	19,306	16.4%	3.2%
Marketing	13,109	4,789	6,342	-51.6%	32.4%
Infrastructure and communication	2,590	2,699	2,902	12.0%	7.5%
Outsourcing expense	11,017	11,304	11,669	5.9%	3.2%
Depreciation and amortization	5,386	6,487	6,622	22.9%	2.1%
Other operating expenses	9,189	6,670	10,319	12.3%	54.7%
Operating income	-13,924	-4,356	-9,594	N/M	N/M
<i>Margin(%)</i>	-24.6%	-7.4%	-16.0%	8.5%p	-8.7%p
Pre-tax income	-17,220	-10,082	-13,526	N/M	N/M
Corporate tax	-86	-492	-422	N/M	N/M
Net income from continuing operations	-17,306	-10,574	-13,948	N/M	N/M
Net income	-17,311	-10,574	-13,948	N/M	N/M

Employee Compensation & Marketing

Employee Compensation

(bn yen)

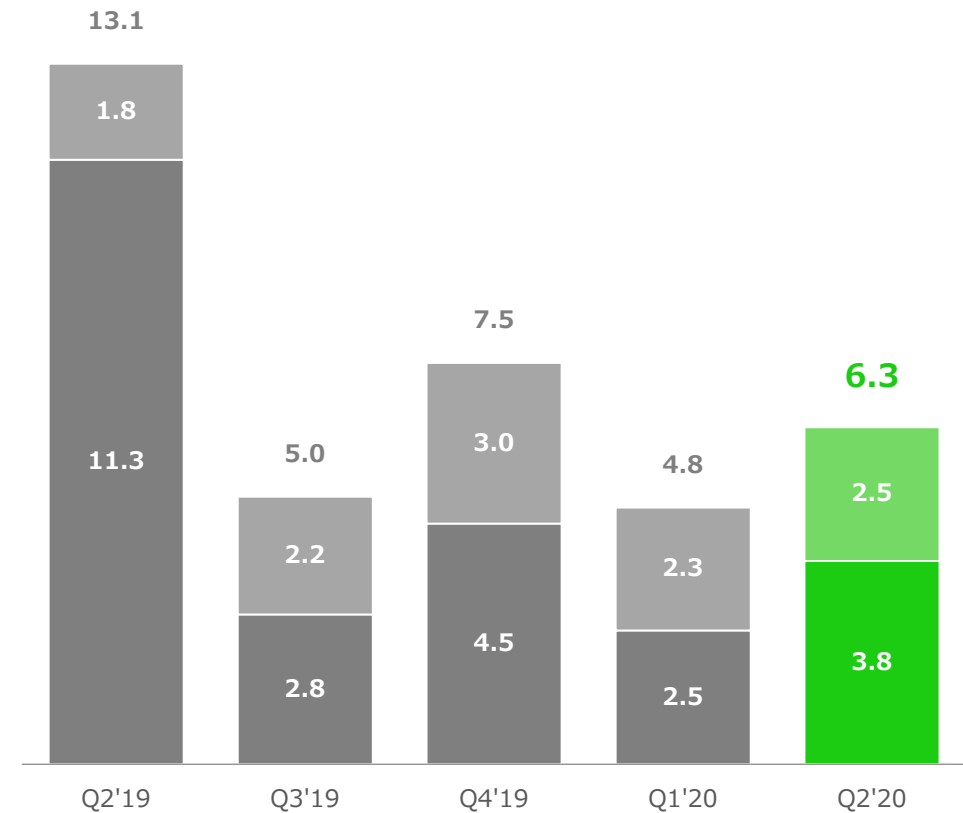
- SBC
- Salary · Others



Marketing

(bn yen)

- Overseas
- Japan

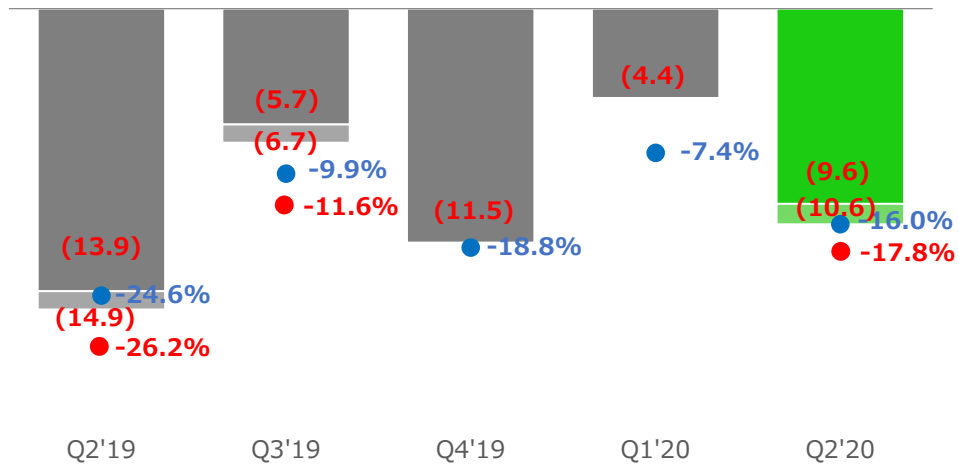


Operating & Net Income

Operating Income (Margin)

(bn yen)

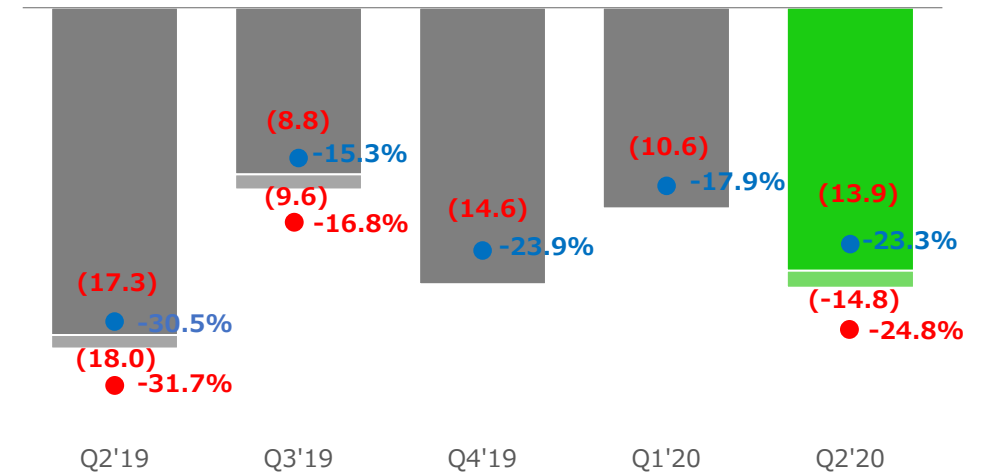
- Operating income
- OP margin (%)
- Operating income (excl. one-time)
- Operating margin (excl. one-time) (%)



Net Income (Margin)

(bn yen)

- Net income
- Net margin (%)
- Net income (excl. one-time income)
- Net margin (excl. one-time income) (%)



Appendix

Revenues and Other Operating Income (past 5 quarters)

(mm yen)	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Revenues and other operating income	56,689	57,435	61,097	59,220	59,903
Revenues	55,437	55,942	60,783	58,968	58,378
Core Business	48,407	48,526	51,830	51,854	50,526
Ads	30,676	30,572	33,741	33,044	31,862
Account Ads	15,620	15,051	16,393	15,665	13,609
Display Ads	11,456	12,560	15,015	15,356	16,370
Others	3,600	2,961	2,333	2,023	1,883
Communication	7,174	6,948	6,770	7,763	7,435
Content	9,337	9,865	9,650	10,340	10,526
Others	1,220	1,141	1,669	707	703
Strategic Business	7,030	7,416	8,953	7,114	7,852
LINE FRIENDS	4,674	4,911	5,141	2,909	2,489
Fintech/AI/Commerce	2,356	2,505	3,812	4,205	5,363
Other operating income	1,252	1,493	314	252	1,525

Operating Expenses (past 5 quarters)

(mm yen)	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Operating expenses by segment	70,613	63,140	72,573	63,576	69,497
Core business	39,812	40,428	45,205	39,884	40,414
Strategic business	30,526	21,345	23,098	22,306	27,376
Common	275	1,367	4,270	1,386	1,707
Operating expenses by account	70,613	63,140	72,573	63,576	69,497
Payment processing and licensing	8,367	9,236	9,468	10,137	10,314
Sales commission	4,370	3,573	3,798	2,785	2,023
Employee compensation	16,585	17,797	18,693	18,705	19,306
Marketing	13,109	4,958	7,456	4,789	6,342
Infrastructure and communication	2,590	2,765	2,758	2,699	2,902
Outsourcing expense	11,017	10,501	11,273	11,304	11,669
Depreciation and amortization	5,386	5,754	6,413	6,487	6,622
Other operating expenses	9,189	8,556	12,714	6,670	10,319

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