The original disclosure in Japanese was released on Nov. 6, 2013 at 15:00 (GMT+9)

Results Briefing for the Second Quarter of the Fiscal Year ending March 31, 2014

November 6th, 2013

Kakaku.com, Inc.

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Review of Quarterly Business Conditions

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2Q ended Mar. 31, 2013

- Sales remained on a high-growth trajectory by virtue of a sharp increase in *tabelog*'s fee-paying restaurant charges continuing from 1Q. OP margin in 2Q decreased slightly due to office move-related expenses

(Unit: million yen)

	FY2012 1Q	FY2012 2Q	FY2012 1H	FY2013 1Q	FY2013 2Q	Quarterly YoY	FY2013 1H	1H YoY
Sales	5,091	5,245	10,336	6,585	6,790	+29.4%	13,375	+29.4%
Operating income	2,402	2,581	4,984	3,310	3,189	+23.6%	6,500	+30.4%
Ordinary income	2,393	2,552	4,946	3,350	3,208	+25.7%	6,559	+32.6%
Net income	1,449	1,549	2,998	2,066	1,961	+26.6%	4,027	+34.3%
Operating margin	47.2%	49.2%	48.2%	50.3%	47.0%	-	48.6%	-

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Upward revision of company estimates for fiscal year ending Mar. 31, 2014

- The full-year results forecast has been revised, since sales and income exceeded the first-half results forecast thanks to a favorable performance from each service

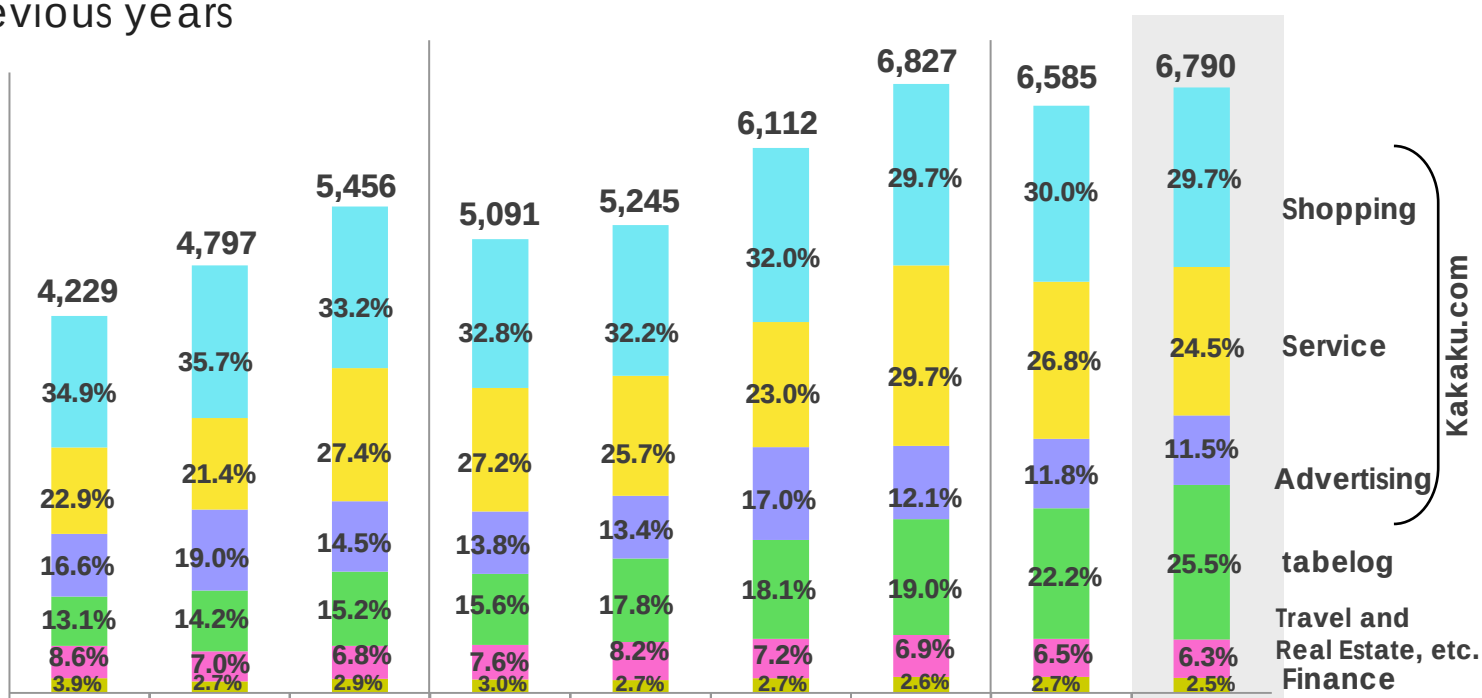
(Unit: million yen)

	Sales	Operating income	Ordinary income	Net income	Operating margin
Previous Forecast (A)	28,000	13,700	13,700	8,400	48.9%
Revised Forecast (B)	**29,200**	**14,350**	**14,350**	**8,800**	**49.1%**
Difference (B-A)	1,200	650	650	400	-
2Q Actual result (Cumulative)	**13,375**	**6,500**	**6,559**	**4,027**	**48.6%**
Progress relative to revised forecast	45.8%	45.3%	45.7%	45.8%	-
(Reference) Progress of previous 2Q relative to previous fiscal year results	44.4%	42.9%	42.6%	42.3%	-

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Quarterly Sales by Business Category (Consolidated)

- 29.4% increase in sales YoY to JPY6,790mn on solid performance from the shopping business and *tabelog*, even though 2Q has been a slack period for the service business in previous years



Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen)

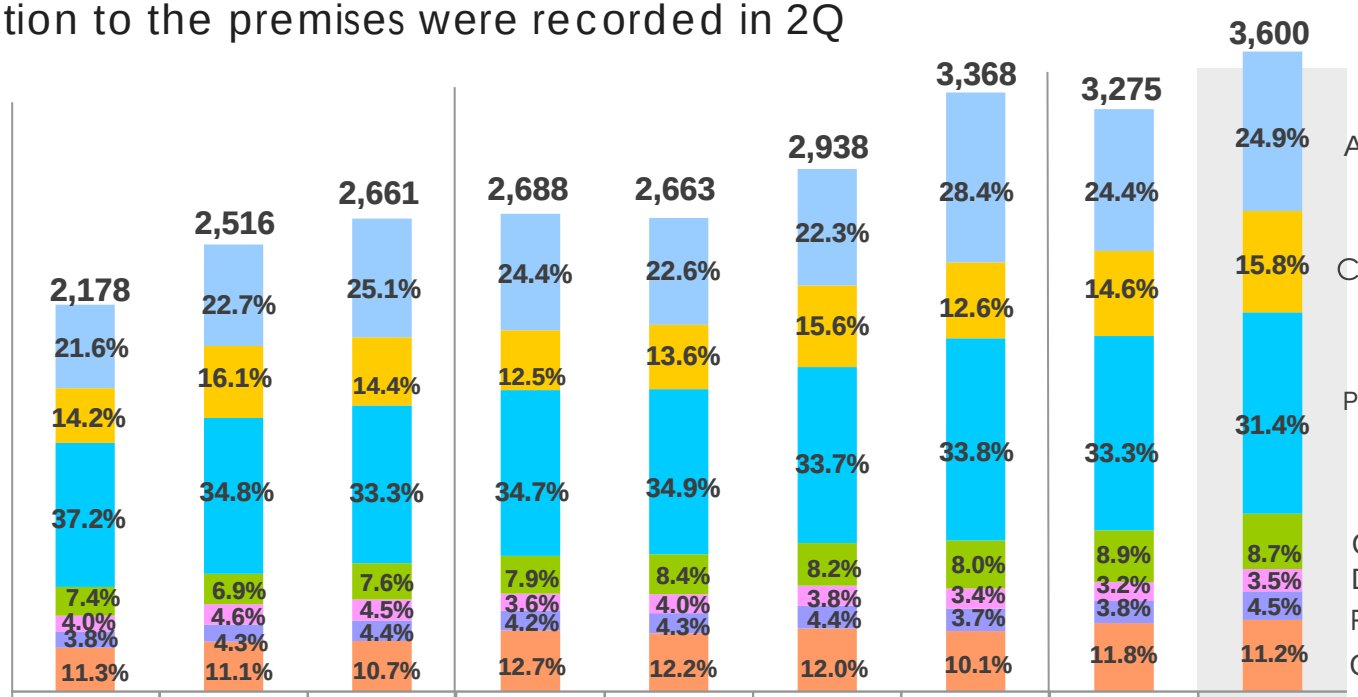
	FY2011			FY2012				FY2013	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Shopping	1,477	1,713	1,811	1,670	1,687	1,952	2,031	1,972	2,014
Service	967	1,024	1,495	1,384	1,347	1,403	2,024	1,762	1,662
Advertising	702	910	788	700	704	1,041	823	779	780
tabelog	552	680	830	796	933	1,108	1,298	1,463	1,733
Travel and Real Estate, etc.	363	338	372	388	428	439	470	426	429
Finance	166	129	157	150	144	166	179	180	169

Note: Effective from FY2012, the basis for presentation of service business sales has been changed from gross sales to net sales. Figures for FY2011 and prior years have been restated on a net sales basis.

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Quarterly Cost Breakdown (Consolidated)

- Approx. JPY100mn in accelerated depreciation and moving-related expenses such as restoration to the premises were recorded in 2Q



*1 Commission = Various commissions paid + Advertising agency commissions

*2 The number of regular employees, with the average number of temporary employees for each quarter shown separately in parentheses

(Unit: Millions yen)

	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2011			FY2012				FY2013	
Advertising	470	570	667	655	601	655	955	797	896
Commission※1	308	405	383	336	361	458	425	478	569
Personnel-related	809	875	887	932	929	989	1,137	1,091	1,131
Outsourcing	161	172	202	211	224	240	269	292	312
Depreciation	88	114	119	95	106	112	113	105	126
Rent	92	96	116	113	114	128	126	124	159
Other	246	280	283	342	326	354	340	385	403
Employee headcount ※2	385(48)	409(56)	416(64)	442(67)	446(74)	464(75)	473(76)	507(80)	532(87)

Jul-Sep 2013 Breakdown of "other" expenses
・Server maintenance JPY120mn
・Goodwill amortization JPY22mn
・Employee recruitment JPY32mn
etc.

Note: Effective from FY2012, the basis for presentation of service business sales has been changed from gross sales to net sales. Figures for FY2011 and prior years have been restated on a net sales basis.

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Operating review by Site

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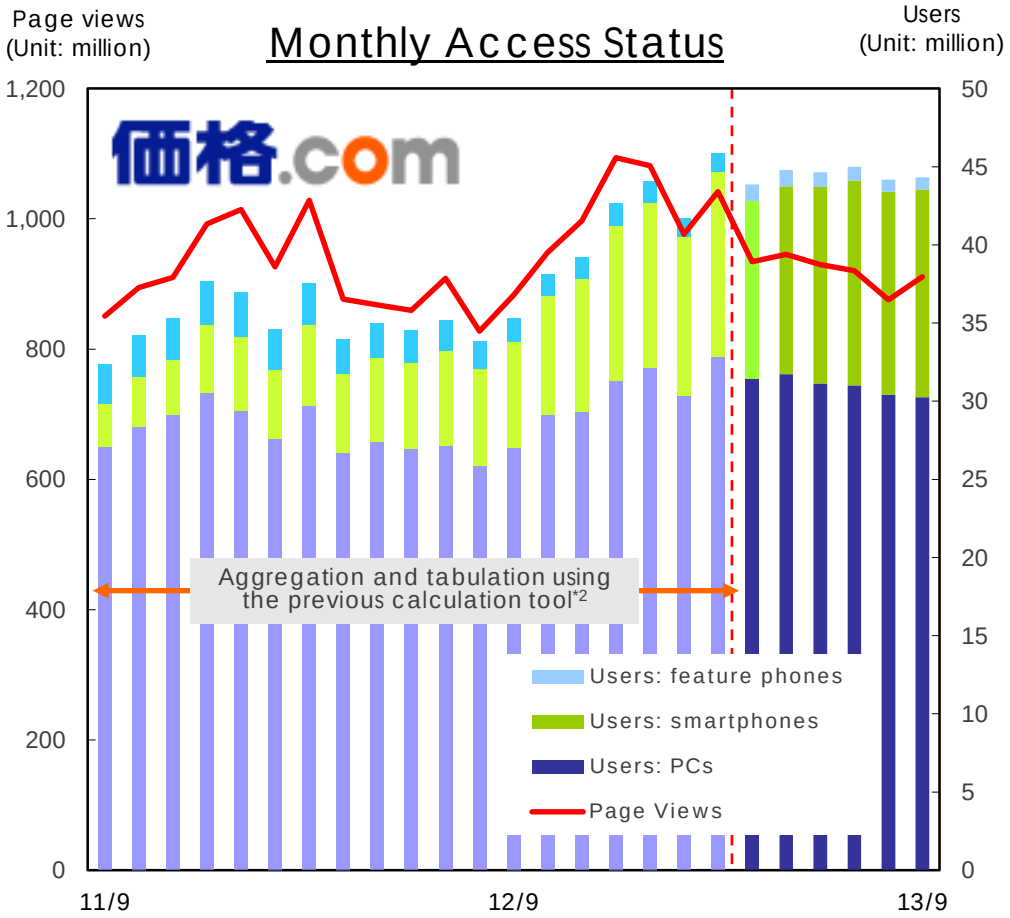
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Access Status of Kakaku.com

Users per month	44.31mn
(PC)	30.26mn
(Smartphone)	13.28mn
(feature phone)	0.77mn
Total page views per month	911.28mnPV (as of end of Sep. 2013)



Monthly Access Status



*1 Monthly user tabulation method: “Users per month” is aggregated and tabulated on a browser or device basis. (company data).

*1 The users per month figure is the number of individual users who visit the site during a given month: that is, the net number of users rather than the number of total visits, with a user who makes more than one visit counted as one user. We consider this an important indicator for accurately determining the number of users interested in the site.

*2 Accompanying updating of the aggregation tool in April 2013, the calculation logic has changed to a PC site, smartphone site, and smartphone application basis. The impact of the change in measurement logic on access status is minor at this time.

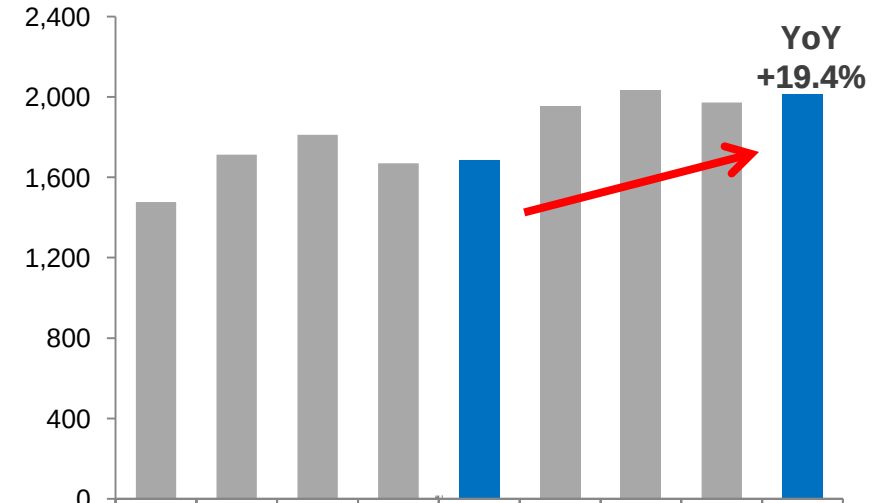
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Review of the Kakaku.com Shopping Business

2Q Topics

- Maintained high growth in shopping search sales, mainly from searches for fashion items and households sundries
- Newly added pharmaceuticals and supplements/health foods categories as price comparison content (Aug, Sep)
- Enhanced content by opening free of charge a “spec information tab” by which manufactures can post product features (Aug)

Quarterly Sales Trend (JPY mn)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2011			FY2012				FY2013	
Shopping	1,477	1,713	1,811	1,670	1,687	1,952	2,031	1,972	2,014

Screenshot of supplements category



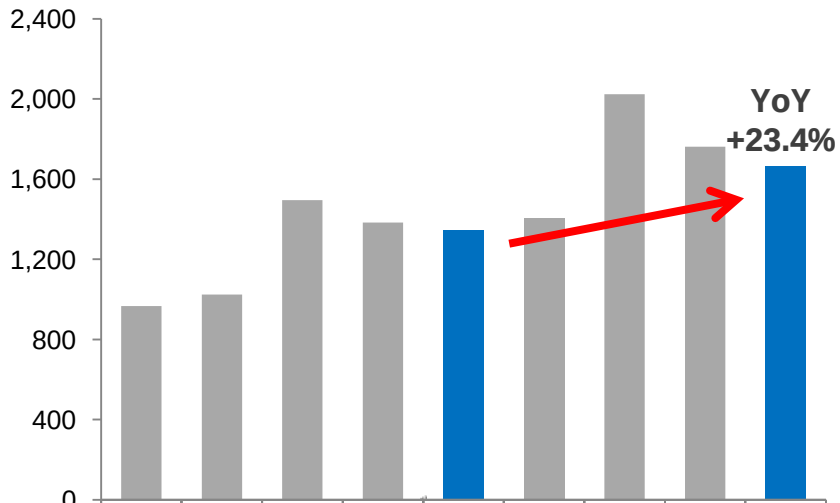
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Review of the Kakaku.com Service Business

2Q Topics

- Although broadband comparison sales were negatively impacted by purchasing restraint due to the launch of the iphone5s and WiMAX2+, service sales increased 23.4% YoY driven by personal finance and auto insurance services
- Launched mobile phone O2O on Oct 1 as content to guide consumers to mobile phone shops
- Released a service for purchasing and valuation of clothing, bags and other brand items (Jul)

Quarterly Sales Trend (JPY mn)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2011			FY2012				FY2013	
Service	967	1,024	1,495	1,384	1,347	1,403	2,024	1,762	1,662

Screenshot of second hand brand items service



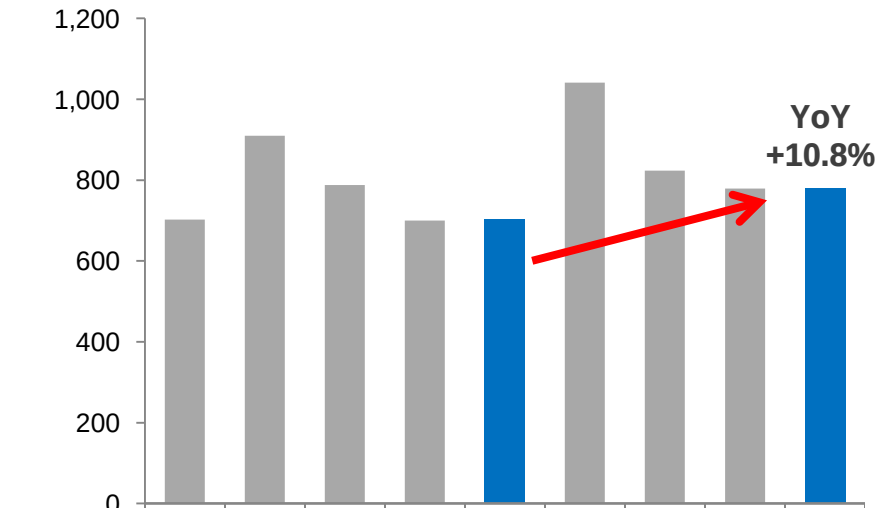
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Review of The Kakaku.com Advertising Business

2Q Topics

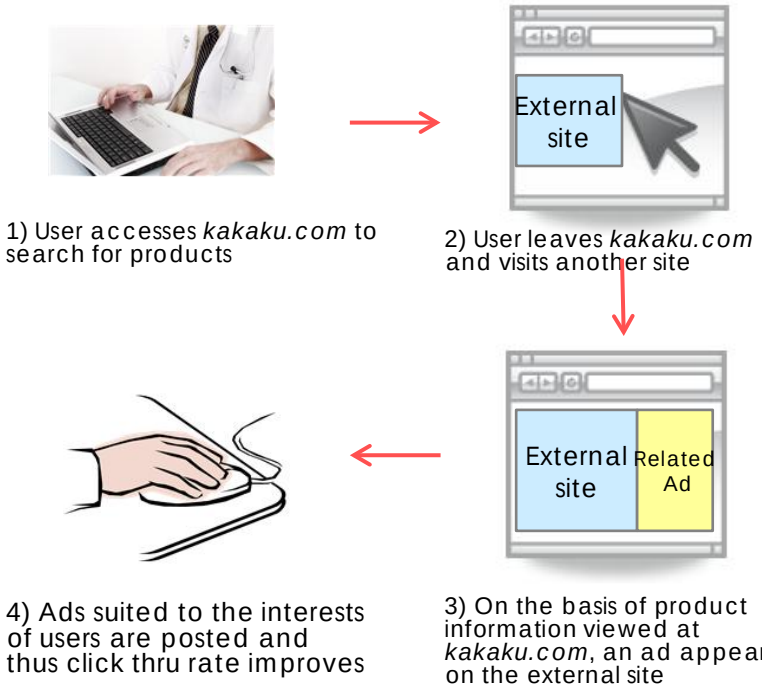
- Ad sales grew10.8%YoY to JPY780mn despite low ad spending season
- Continued efforts to enhance advertising products adapted to advertisers and media by providing targeting ads on external sites

Quarterly Sales Trend (JPY mn)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2011			FY2012				FY2013	
Advertising	702	910	788	700	704	1,041	823	779	780

Method of targeted ads on external sites



1) User accesses *kakaku.com* to search for products

2) User leaves *kakaku.com* and visits another site

3) On the basis of product information viewed at *kakaku.com*, an ad appears on the external site

4) Ads suited to the interests of users are posted and thus click thru rate improves

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Ranking and Review Gourment Site



食べログ

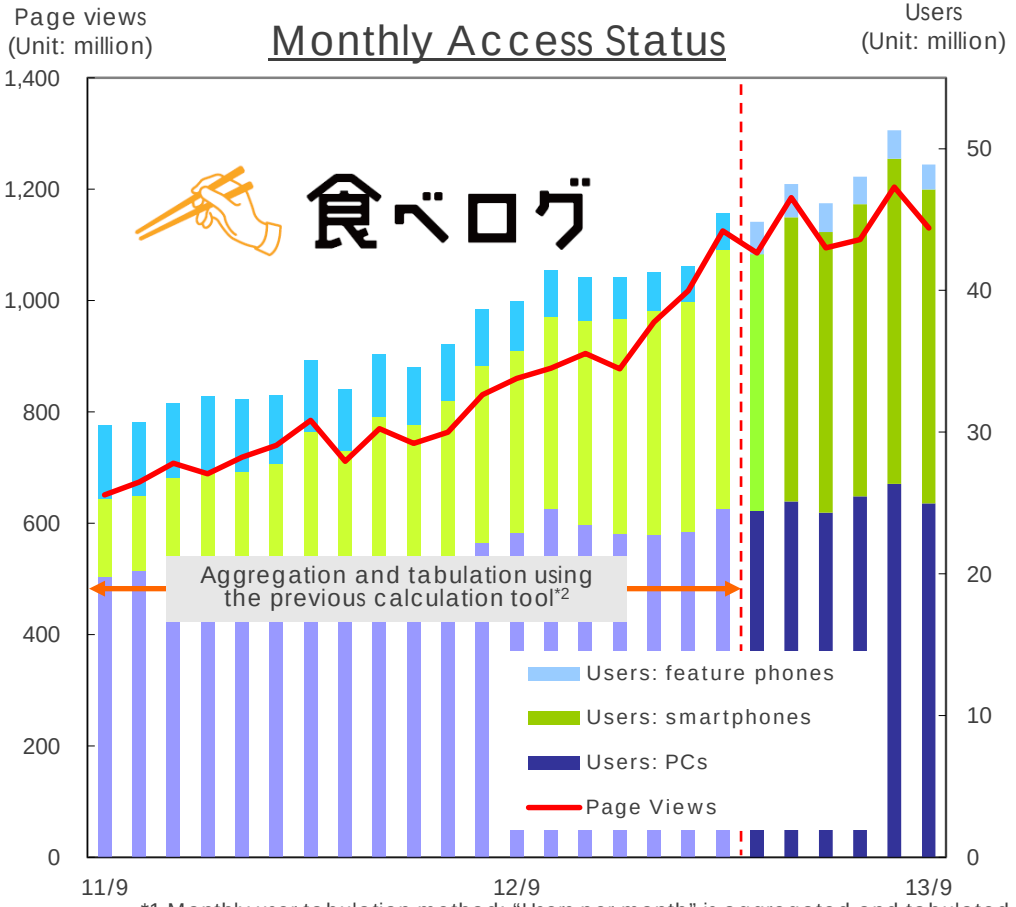
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Access Status of tabelog

Users per month	48.89mn
(PC)	24.97mn
(Smartphone)	22.14mn
(feature phone)	1.78mn
Total page views per month	1,130.08mnPV (as of end of Sep. 2013)



Monthly Access Status



*1 Monthly user tabulation method: "Users per month" is aggregated and tabulated on a browser or device basis. (company data).

	Gourmet site rankings by traffic	URL	Reach(%)
1	tabelog	tabelog.com	15.6
2	Gourmet Navigator	gnavi.co.jp	11.9
3	Hot Pepper Gourmet	hotpepper.jp	9.2
4	livedoor gourmet	livedoor Gourmet	0.4

(Excerpted from a Nielsen Online July 2013 study (Home & Work Data))

*2 Accompanying updating of the aggregation tool in April 2013, the calculation logic has changed to a PC site, smartphone site, and smartphone application basis. The impact of the change in measurement logic on access status is minor at this time.

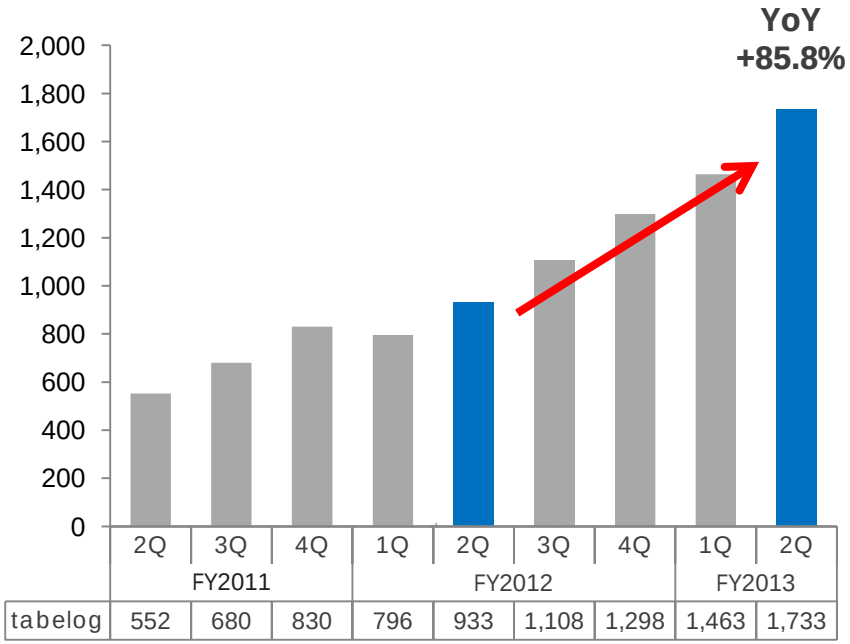
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Summary of the tabelog Business

2Q Topics

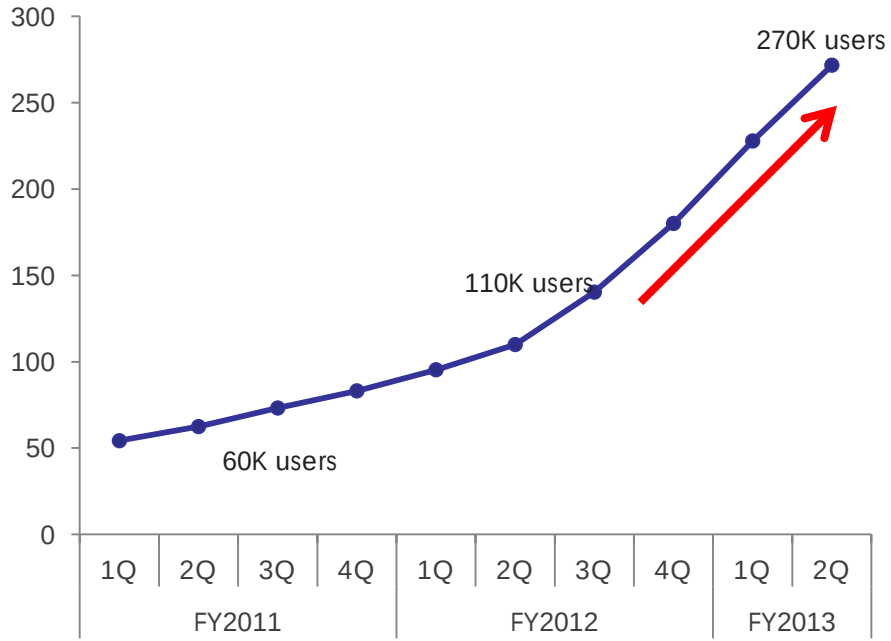
- Steady progress in acquisition of fee-paying restaurants, with the number of fee-paying restaurants exceeded 21K as of end of Sep
- Major improvement to user interface and functions of user page for managing photos and reviews (Jul)
- Despite a slight temporary decrease in profit margin on fee-paying restaurants due to stategic investment costs, improvement in profit margin is expected in 2H of next fiscal year

Quarterly Sales Trend (JPY mn)



	FY2011			FY2012				FY2013	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
tabelog	552	680	830	796	933	1,108	1,298	1,463	1,733

Premium members (in 1000s)



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Travel and Real Estate, etc.

4for travel.jp

スマイティ

PHOTOHITO

映画.com

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Access Status of Travel and Real Estate, etc. Sites

Word-of-mouth Travel Site 4travel

Users per month	5.97mn
(PC)	4.14mn
(Smartphone)	1.71mn
(feature phone)	0.12mn
Total page views per month	41.63mnPV

(as of end of Sep. 2013)



(Acquired in Jan. 2005)

Comprehensive Movie Information Site eiga.com

Users per month	6.91mn
(PC)	5.01mn
(Smartphone)	1.56mn
(feature phone)	0.34mn
Total page views per month	40.88mnPV

(as of end of Sep. 2013)



(Acquired in Apr. 2007)

Real Estate/Housing Information Site Sumaity

Users per month	1.11mn
(PC)	0.83mn
(Smartphone)	0.27mn
(feature phone)	0.02mn
Total page views per month	9.94mnPV

(as of end of Sep. 2013)



(Opened in Sept. 2008)

* Accompanying updating of the aggregation tool in April 2013, the calculation logic has changed to a PC site, smartphone site, and smartphone application basis. The impact of the change in measurement logic on access status is minor at this time.

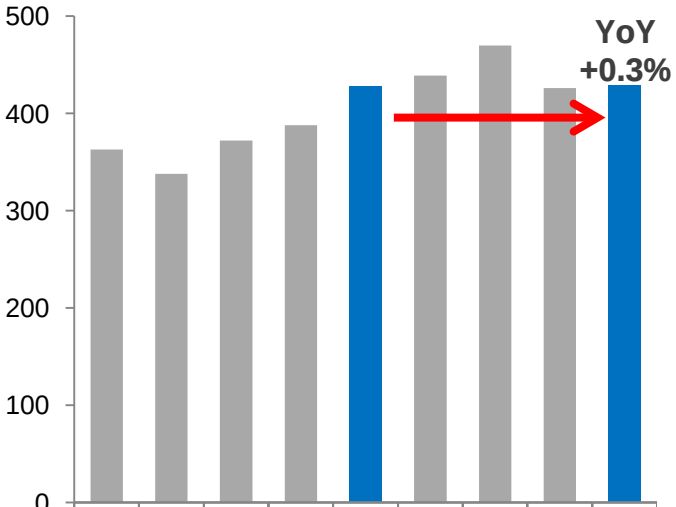
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Review of the Travel and Real Estate, etc. Business

2Q Topics

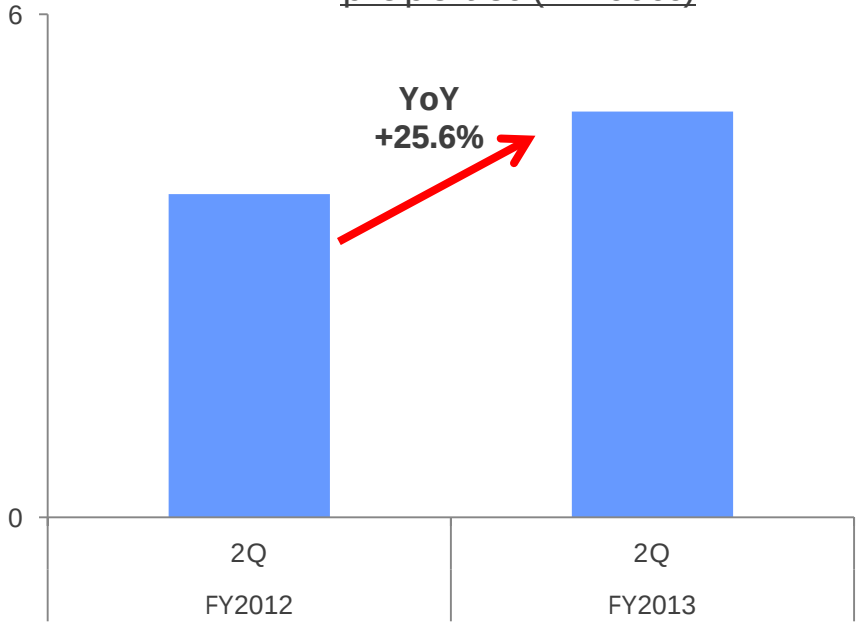
- Despite a 13.7% YoY sales increase in real estate business fueled by a robust increase in the number of users, overall sales increased by only 1.4% due to efforts to continue revamping the 4travel site
- Functional improvement of yoyaQ to enable not only the accumulation of T Points, but also ensure that they can be used more widely
- Favorable growth in the number of *eiga.com* users to a record-high of 7.93 million in July

Quarterly Sales Trend (JPY mn)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2011			FY2012				FY2013	
Tracel and Real Estate, etc.	363	338	372	388	428	439	470	426	429

Sumaity: number of inquiries on rental properties (in 1000s)



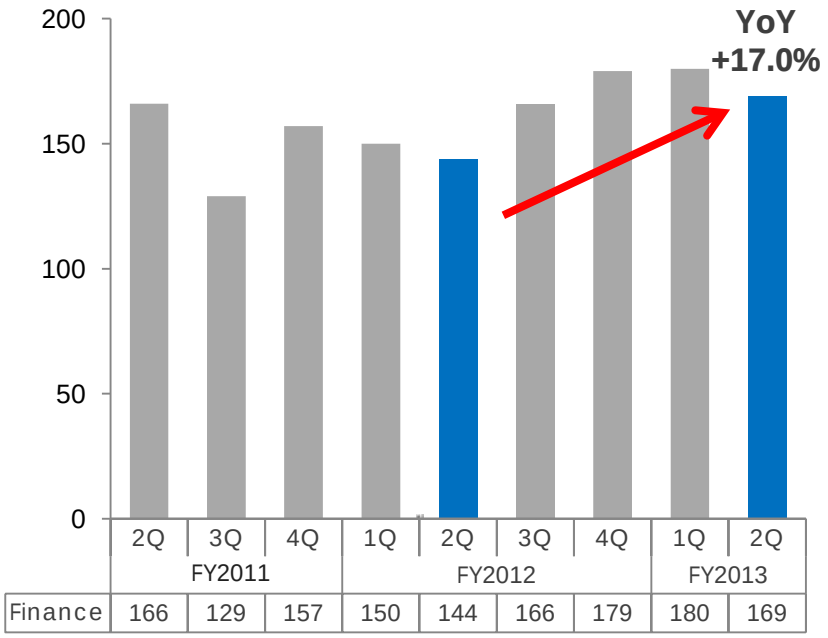
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Review of the Finance Business

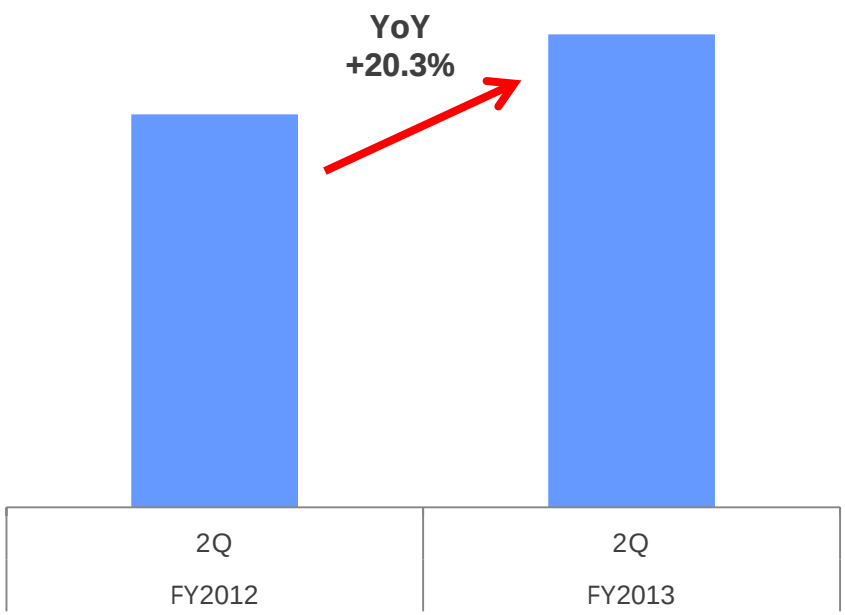
2Q Topics

- The strong trend in sales for insurance business continued, with sales increasing 39.0%YoY. In addition, since finance business sales for 2Q of previous fiscal year include FX business sales, finance business sales increased 0.3%YoY to JPY169mn
- Sales of fire insurance and direct insurance developed favorably due to last-minute housing demand prior to the consumption tax increase and expansion of fire insurance coverage needs, such as coverage against breakage and soiling due to erratic weather.

Quarterly Sales Trend (JPY mn)



Number of fire insurance contracts



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Business strategy for fiscal year ending March 31, 2014

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Expansion of target area for online restaurant reservations

- Planned provision during FY2013 of an online restaurant reservation service for casual restaurants such as Japanese-style bars
- Strategies linkage with *tabelog* and aim to create an environment that makes it possible to efficiently draw traffic

Present

cena

Coverage area: Fine dining restaurants with an average unit price of JPY6,000 or more

Potential restaurants: **Approx. 15,000**

Future

cena

Fine dining restaurants with an average unit price of JPY6,000 or more

+

Reservation service for casual restaurants (Untitled)

Casual restaurants with an average unit price of JPY2,000 or more

Approx. 300,000

Potential for a **20**-fold increase

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CPC revision in the shopping business

Background to the charge revision

- The previous four-stage click unit price structure was revised on the basis of recent consumption trends and purchasing behavior and revised to a more flexible and detailed six-stage click unit price structure on Nov 1, 2013

Price per click	Main changes
Added 35 yen	Air conditioners / Tires / Studless tires ⇒35yen for products with high unit prices and seasonality
30yen	Monitors/Displays / Lenses / Car navigation / Heaters/Stoves ⇒30yen for products with high unit prices and conversion rates
25yen	
20yen	
Added 15yen	Cosmetics / Pharmaceuticals ⇒15yen for low-priced cosmetics and pharmaceuticals with low unit prices and conversion rates
10yen	

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Measures for 2H

価格.com
(Kakaku.com)

- Conversion to a site where users not only compare products, but one where they always find something they want

食べログ
(tabelog)

- Increase in the number of fee-paying restaurants
- Development of one-stop, integrated platform for everything from restaurant selection to reservation

スマイティ
(sumaity)

- Building of a foundation for content useful in real estate selection

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Reference Data

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Segments and Business Description

Segment	Site Category	Business Category	Business Description
Internet Media	Kakaku.com	Shopping	• Commission income from registered shops based on the number of clicks and sales performance
		Service	• Commission income based on factors including the number of broadband line contracts • Commission income based on estimate and requests for information materials for car insurance, finance, and used car searches
		Advertising	• Advertising income from banners, text advertisements, and advertisements associated with site content and search keywords on Kakaku.com
	tabelog	tabelog	• Income from tabelog (income from advertisements for restaurants and for regular clients, income from a pay-per-use business targeting individuals, etc.)
	Other	Travel and Real Estate, etc.	• Income from operated sites such as yoyaQ.com, 4travel, and Sumaity
Finance		Finance	• Commission income from a *general independent insurance* agency business for life insurance, non-life insurance, etc. *Operated by Kakaku.com Insurance, Inc.

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Operated Website User Profile

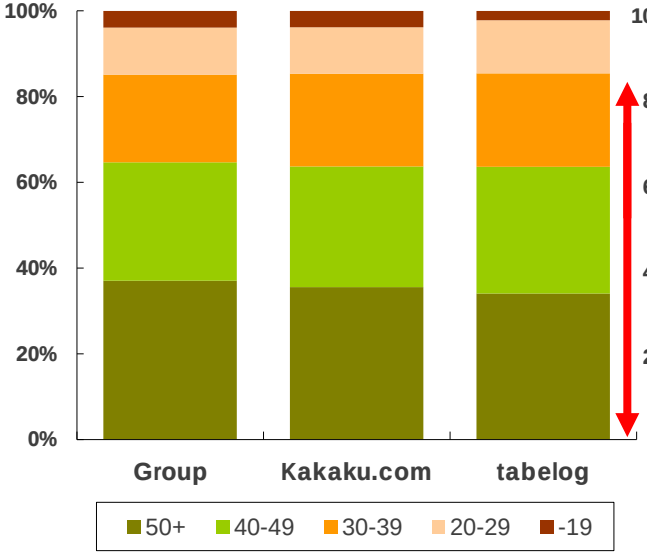
- A high proportion of users age 30 and over. Used by people with purchasing power
- More male users than female users. Expected increase in female users
- High proportion of access from Greater Tokyo area residents. Expected increase in users from outlying areas

Users Age 30 and Over: Approx. 80%

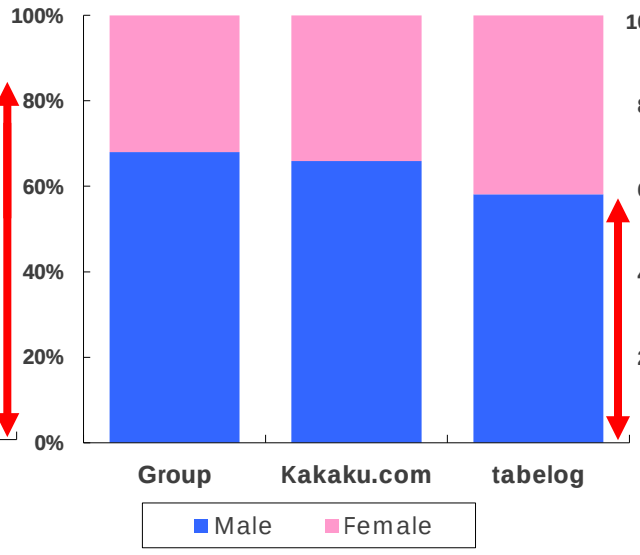
Male Users: Approx. 60%

Kanto Area Residents: Approx. 60%

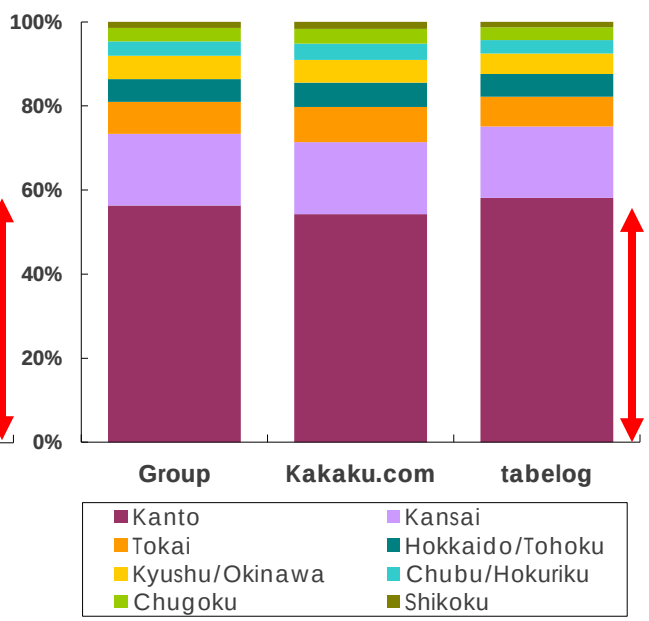
Age Distribution



Male-Female Ratio



Area of Residence

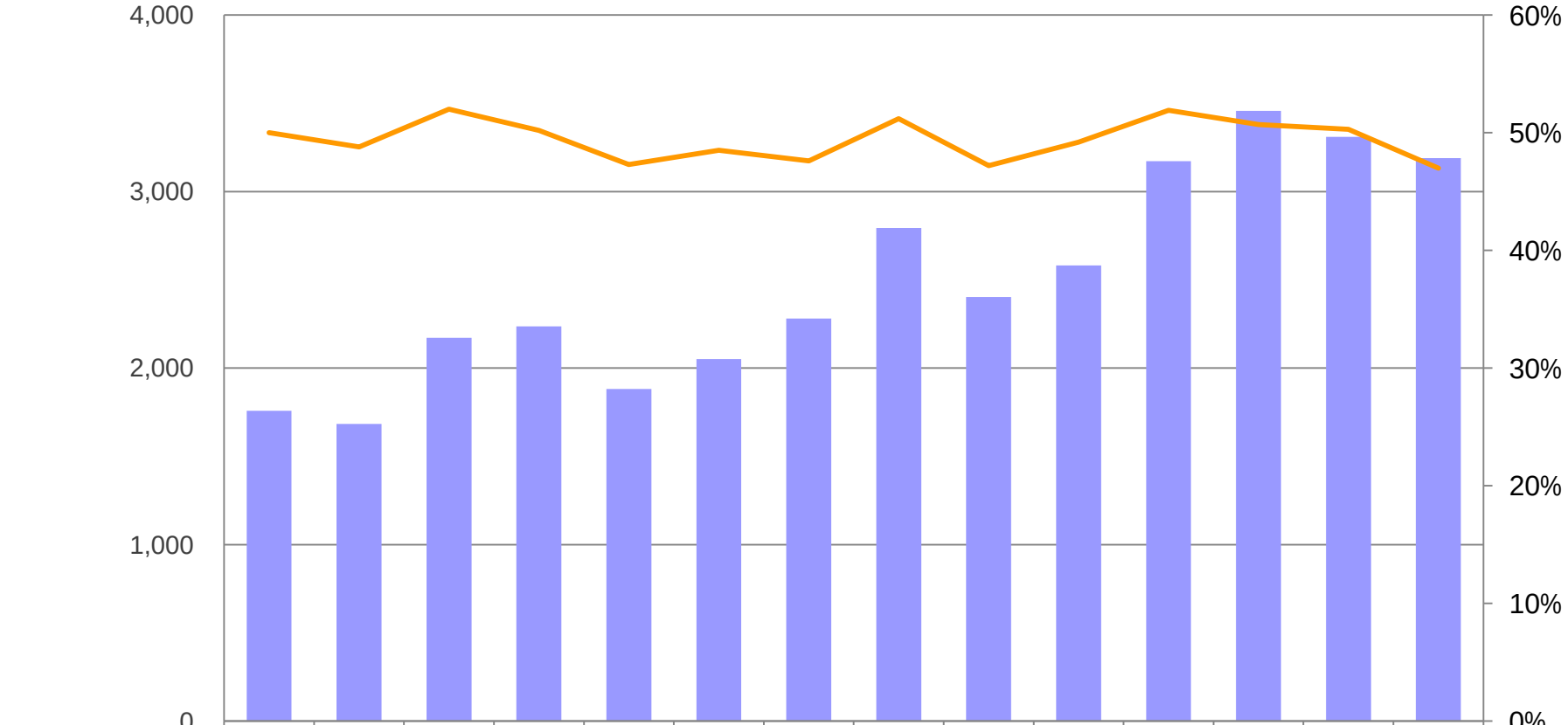


Age distribution and male-female ratio: Excerpted from a Nielsen Online June 2013 study (Home & Work Data)
Area of residence: Kakaku.com internal data (June 2013 survey)

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Operating Income by Quarter (Consolidated)

(Unit: million yen)

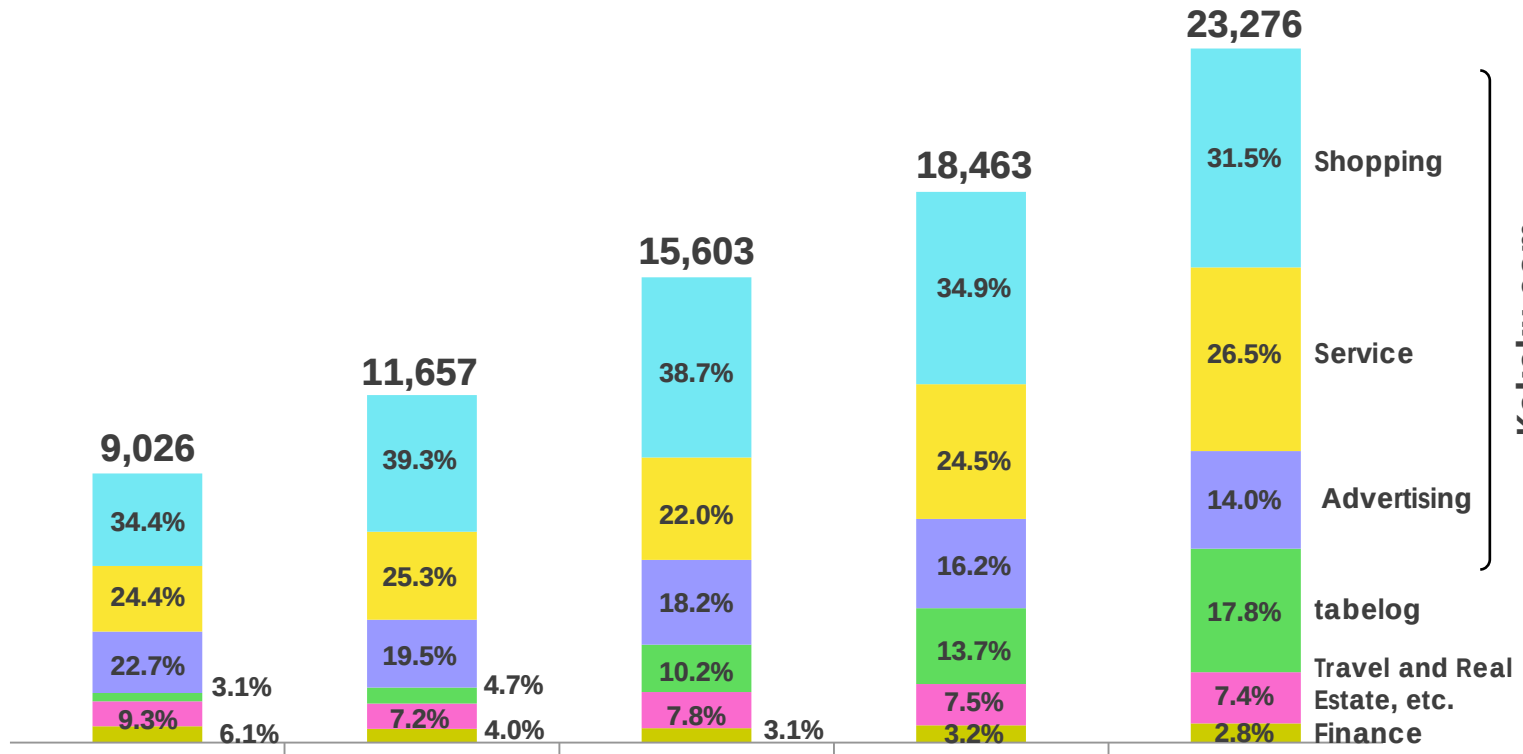


	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2010				FY2011				FY2012				FY2013	
Operating income	1,758	1,683	2,171	2,237	1,882	2,051	2,281	2,794	2,402	2,581	3,173	3,458	3,310	3,189
Operating margin	50.0%	48.8%	52.0%	50.2%	47.3%	48.5%	47.6%	51.2%	47.2%	49.2%	51.9%	50.7%	50.3%	47.0%

Note: Effective from FY2012, the basis for presentation of service business sales has been changed from gross sales to net sales. Figures for FY2011 and prior years have been restated on a net sales basis.

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Sales Contribution by Business by Fiscal Year (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

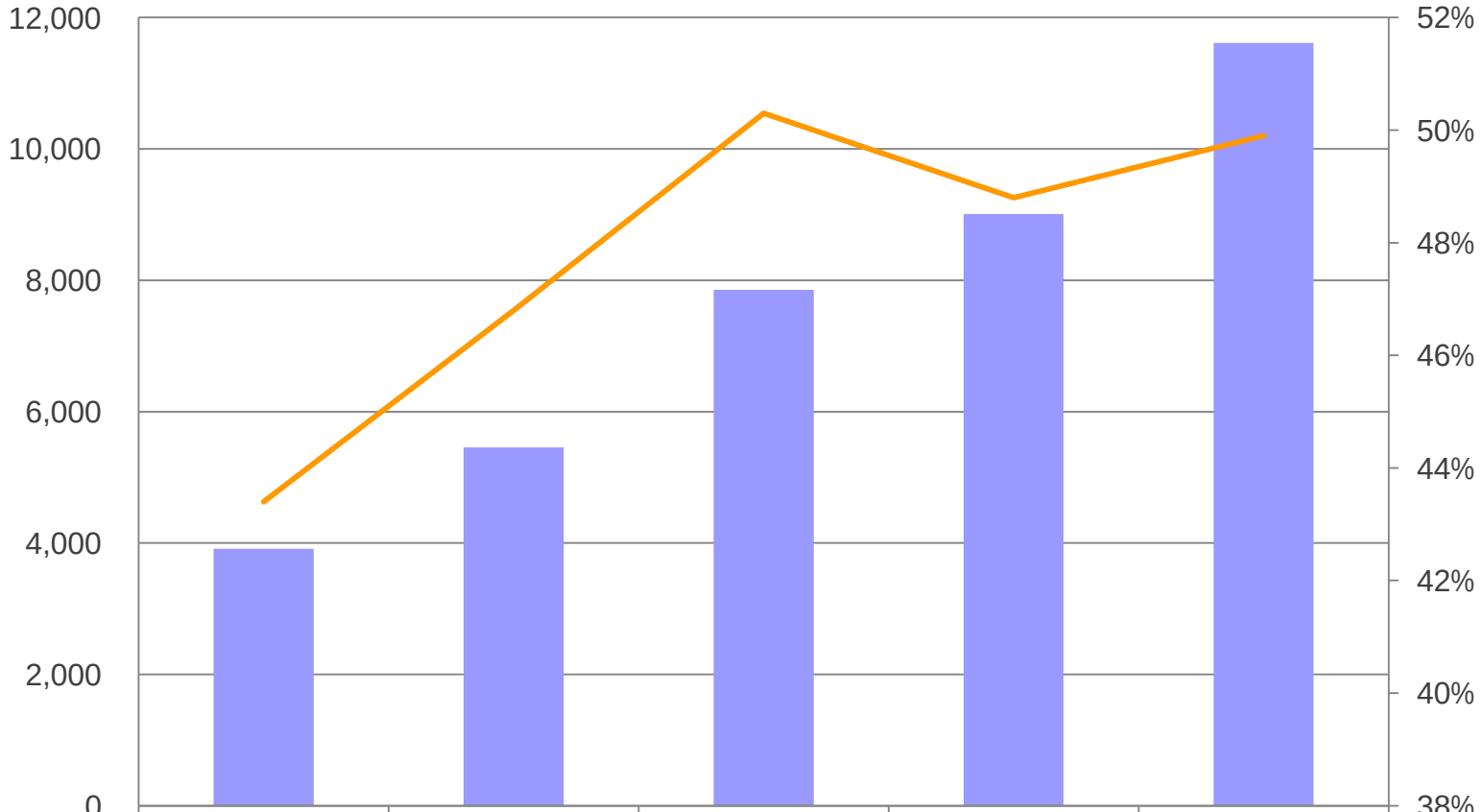
(Unit: million yen)	FY2008	FY2009	FY2010	FY2011	FY2012
Shopping	3,105	4,581	6,043	6,445	7,342
Service	2,199	2,951	3,426	4,520	6,160
Advertising	2,050	2,271	2,848	2,988	3,269
tabelog	283	541	1,584	2,539	4,136
Travel and Real Estate, etc.	839	844	1,213	1,384	1,726
Finance	547	466	487	585	641

Note: Effective from FY2012, the basis for presentation of service business sales has been changed from gross sales to net sales. Figures for FY2011 and prior years have been restated on a net sales basis.

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Operating Income by Fiscal Year (Consolidated)

(Unit: million yen)



	FY2008	FY2009	FY2010	FY2011	FY2012
Operating income	3,914	5,456	7,854	9,010	11,616
Operating margin	43.4%	46.8%	50.3%	48.8%	49.9%

Note: Effective from FY2012, the basis for presentation of service business sales has been changed from gross sales to net sales. Figures for FY2011 and prior years have been restated on a net sales basis.

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Services Provided by the Kakaku.com Group

◆Customer Purchasing Support Site

Kakaku.com http://kakaku.com/

This site provides price, product, and word-of-mouth information on various products and services, including PCs and home appliances, broadband and mobile phone charges, food and drink, interior goods, and cosmetics.

◆ Website for last-minute discounts at hotels and Japanese-style inns

yoyaQ.com http://yoyaq.com/

This is a service for reserving rooms at hotels and Japanese-style inns at bargain rates, mainly for plans discounted due to last-minute cancellations or other special reasons.

◆ Ranking and Review Gourmet Site

tabelog http://tabelog.com/

This site provides reliable restaurant rankings by rating restaurants on a scale of one to five based on word-of-mouth and reviews collected from users who actually visited them. An information service for member restaurants is also popular.

◆Real Estate/Housing Information Website

Sumaity http://sumaity.com/

This site provides information on rental properties, apartments and houses for sale. Offers comprehensive reference data such as area information and loan simulations, allowing users to house-hunt tailored to individual needs.

◆Photo Community Site

PHOTOHITO http://photohito.com/

Based on the concept “Connecting people with photos,” the site provides a place for people to share their favorite photos. As the service links to Kakaku.com, which provides extensive product data on cameras and lenses, allowing users to search for cameras and lenses used to shoot photos posted on PHOTOHITO and to search for photos shot with particular cameras and lenses.

◆ Fashion Coordinator Site for Women

Dre‘Che http://dreche.com/

This site enables users to search for fashion coordination posted by users by categories such as “Item” and “Brand.” Users can search for fashion trends from rankings based on the number of posts. It is also convenient for obtaining information before shopping or searching for items to coordinate with the user’s wardrobe.

◆ Word-of-mouth Travel Site

4travel http://4travel.jp/

Based on the concept “Collaborative online travel guide,” this site provides information on domestic and international travel posted by users. Services such as comparing/reviewing of hotels, tours, flights as well as travel blog service for posting travel memories on the web are all offered free of charge.

(Operated by consolidated subsidiary 4travel, Inc.)

◆ Comprehensive Movie Information Site

「eiga.com」http://eiga.com/

This site provides wide-ranging movie information, including information on the latest films from Hollywood and Europe, reviews by professional critics and our editorial staff, as well as reviews posted by users.

(Operated by consolidated subsidiary eiga.com, Inc.)

◆Insurance Selection Consulting Service

http://hoken.kakaku.com/

Offers a wide range of insurance, including life insurance, non-life insurance, car insurance, and travel insurance. Experienced and impartial consultants propose products suited to customer needs selected from a number of providers. Inquiries are welcomed via Internet, phone, or agencies.

(Operated by consolidated subsidiary Kakaku.com Insurance, Inc.)

◆ Photo Sharing App for Food

tabera http://camera.tabelog.com/

Unique to tabelog, this photo sharing application for food lovers is based on the concept “Sharing of everyday dining experiences.” A unique image-editing function is used to enhance the visual appeal of dishes in photos shared with other users. Photos can be easily shared together with restaurant information from tabelog on Twitter or Facebook.

◆ Cooking Support Appl

recipom http://recipom.com/

“Link to your refrigerator” is the concept behind this cooking support app, which enables users to manage and match the contents of their refrigerators with food recipes. By registering the contents of their refrigerators, users can search for recipes that use ingredients on hand and easily plan meals by combining recipe choices.

◆ Wine Share/Management App

Vinica http://vinica.me/

This is a free camera app that allows users to share their favorite new wines with friends and record tasting reviews. Users can follow their favorite users and friends to view the wines they have tried.

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Company Profile

Company name	Kakaku.com, Inc.
Address	EBISU IMARK GATE, 3-5-7, Ebisu minami, Shibuya-ku, Tokyo 150-0022
Founded	December 1997
URL	http://corporate.kakaku.com/
Share Listing	The First Section of Tokyo Stock Exchange
Stock Code	2371
Related Companies	

Kakaku.com Insurance, Inc.	URL: http://hoken.kakaku.com/insurance/company.html
4travel, Inc.	URL: http://4travel.jp/
eiga.com, Inc.	URL: http://eiga.com/

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