kakaku.com

Results Briefing for the Second Quarter of the Fiscal Year ending March 31, 2015

Nov 5th, 2014

Kakaku.com, Inc.

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Review of Quarterly Business Conditions

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2Q ended Mar. 31, 2015 (Quarterly)

- The operating margin, excluding Time Design, was 44.7% in 1Q and 45.0% in 2Q

(Unit: million yen)

	FY3/2014 2Q	FY3/2015 1Q	**FY3/2015 2Q**	QoQ	YoY
Sales	6,790	7,965	**8,551**	+7.4%	+25.9%
Operating income	3,189	3,509	**3,715**	+5.9%	+16.5%
Ordinary income	3,208	3,508	**3,734**	+6.4%	+16.4%
Net income	1,961	2,220	**2,350**	+5.9%	+19.8%
Operating margin	47.0%	44.1%	**43.4%**	-0.7pts	-3.6pts

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FY3/2015 2Q results relative to our forecast

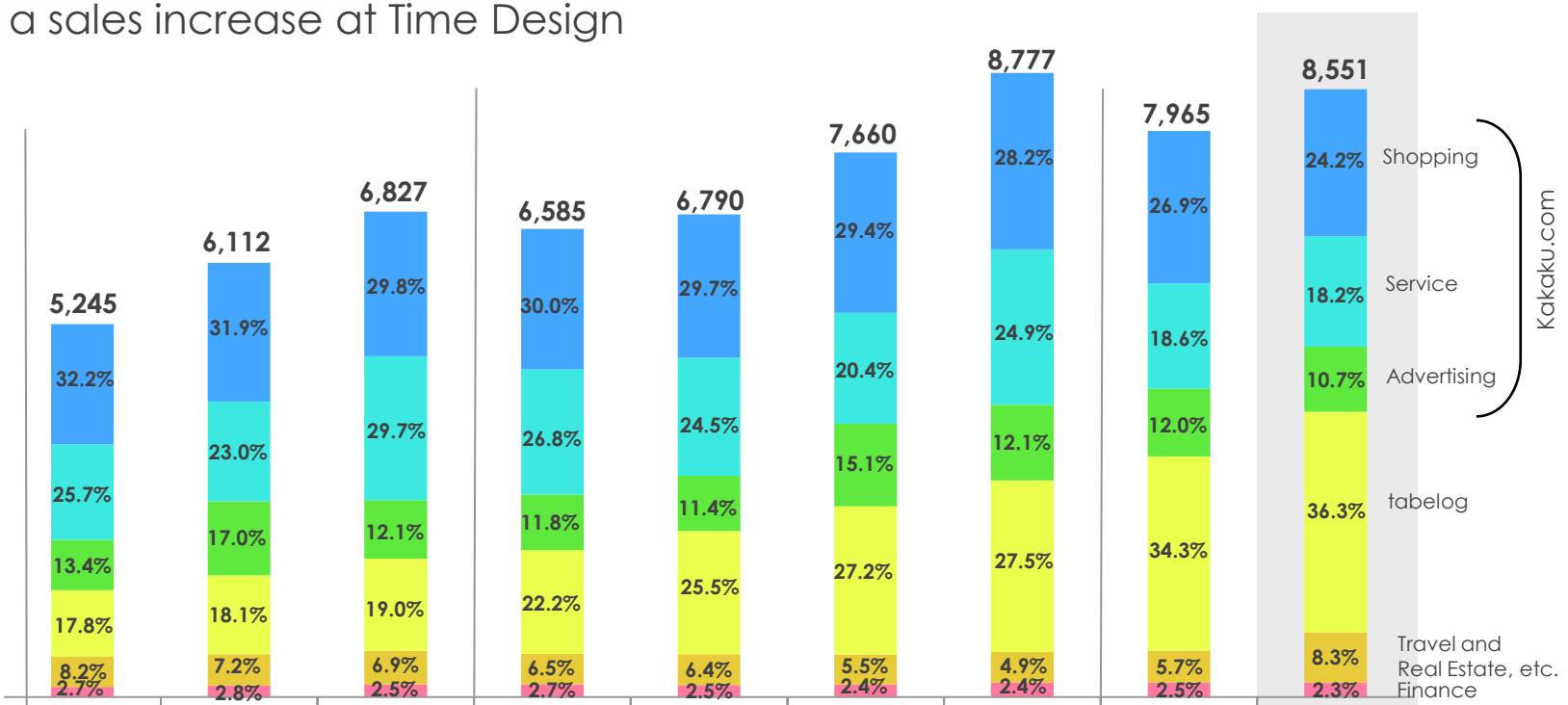
(Unit: million yen)

	FY3/2015 1Q	**FY3/2015 2Q**	**FY3/2015 1H**	Half-year Forecast	Achievement ratio	Full-year forecast	Progress relative to forecast
Sales	7,965	**8,551**	**16,517**	15,300	108.0%	36,500	45.3%
Operating income	3,509	**3,715**	**7,224**	6,950	104.0%	17,300	41.8%
Ordinary income	3,508	**3,734**	**7,242**	6,950	104.2%	17,300	41.9%
Net income	2,220	**2,350**	**4,570**	4,420	103.4%	11,000	41.6%
Operating margin	44.1%	**43.4%**	**43.7%**	45.4%	-	47.4%	-

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Quarterly Sales by Business Category (Consolidated)

- Sales at *tabelog* rose on an increase in both the number of *tabelog* restaurants ARPU
- Sales in the Travel and Real Estate business rose to 1.6 times the prior-year level as a result of a sales increase at Time Design



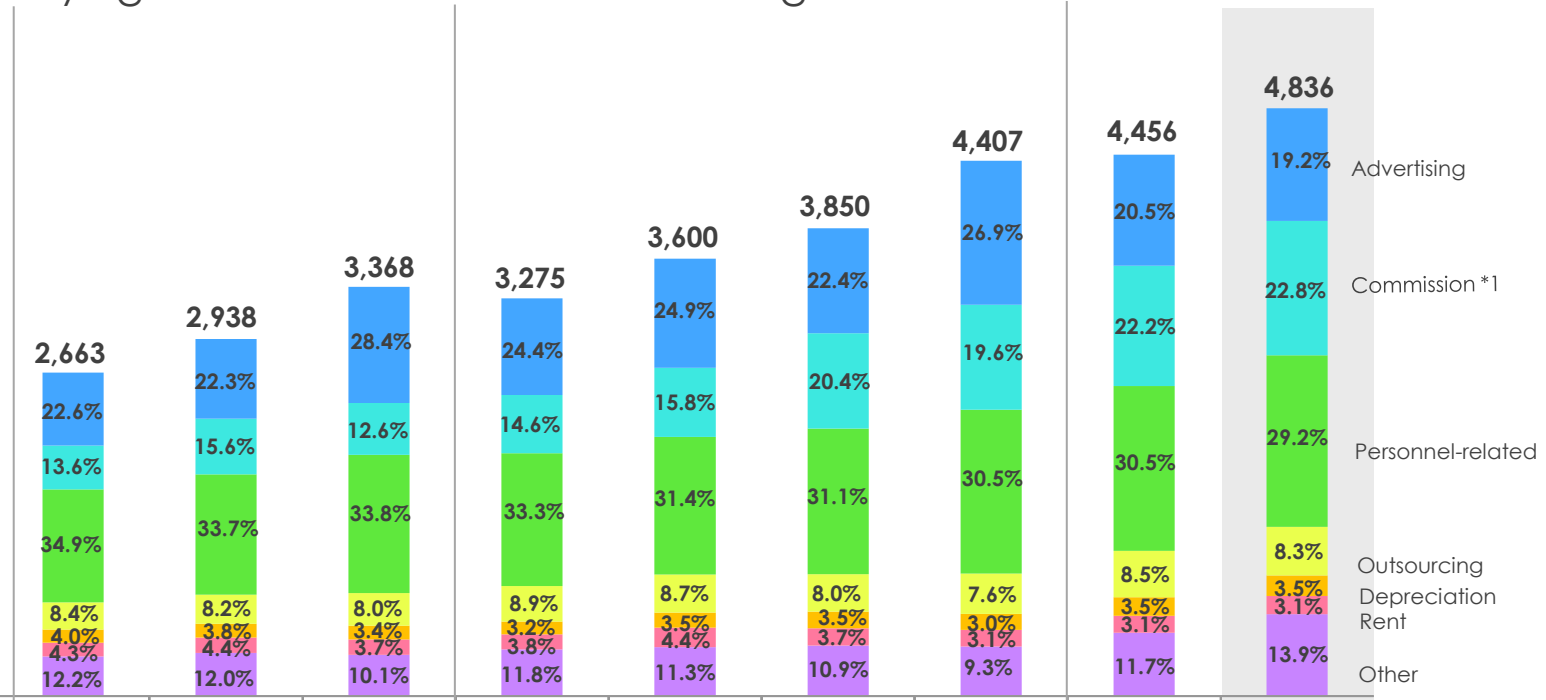
Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen)	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q	FY2013 4Q	FY2014 1Q	FY2014 2Q
Shopping	1,687	1,952	2,031	1,972	2,014	2,253	2,479	2,145	2,066
Service	1,347	1,403	2,024	1,762	1,662	1,560	2,188	1,481	1,555
Advertising	704	1,041	823	779	775	1,159	1,060	953	912
Tabelog	933	1,108	1,298	1,463	1,733	2,084	2,413	2,729	3,104
Travel and Real Estate, etc	428	439	470	426	434	422	429	451	705
Finance	144	166	179	180	169	179	206	204	206

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Quarterly Cost Breakdown (Consolidated)

- The proportion of Other among total costs rose as a result of higher cost of purchases accompanying the sales increase at Time Design



*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: million yen)	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
				FY2013				FY2014	
Advertising	601	655	955	797	896	863	1,184	912	926
Comission*1	361	458	425	478	569	784	865	990	1,104
Person-related	929	989	1,137	1,091	1,131	1,198	1,346	1,356	1,411
Outsourcing	224	240	269	292	312	309	332	380	399
Depreciation	106	112	113	105	126	135	132	154	170
Rent	114	128	126	124	159	143	137	138	150
Other	326	354	340	385	403	416	407	522	673
Employee headcount*2	446(74)	464(75)	473(76)	507(80)	532(87)	553(89)	570(90)	616(90)	639(96)

Jul-Sep 2014 Breakdown of "other" expenses
・Server maintenance **¥146mn**
・TimeDesign cost of goods purchased **¥282mn**
・Goodwill amortization **¥24mn**
・Employee recruitment **¥29mn**
etc.

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Operating review by Site

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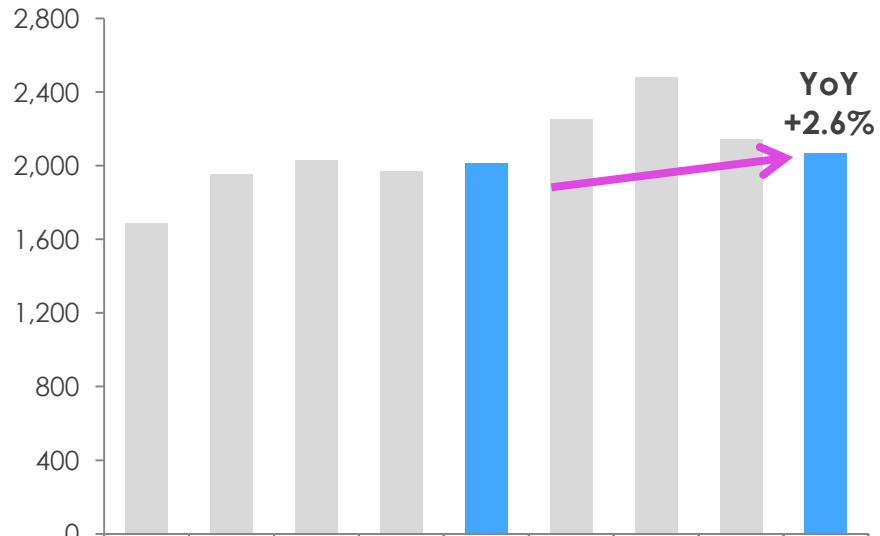
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Kakaku.com Shopping Segment

1Q Topics

- Start of price comparison service for water, tea and other soft drinks (Jul, Aug)
- Start of *Kakaku.com Plus,* a members only service that allows users to obtain after-sales service for purchased home appliances and electronics starting at ¥500 per month (Aug)
- Revision of CPC (Cost per Click) charges for registered shops from six tiers to eight tiers in July
- Launch of online supermarket and grocery delivery comparison service (Sep)

Quarterly Sales Trend (million yen)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2012			FY2013				FY2014	
Shopping	1,687	1,952	2,031	1,972	2,014	2,253	2,479	2,145	2,066

Screenshot of *Kakaku.com Plus*



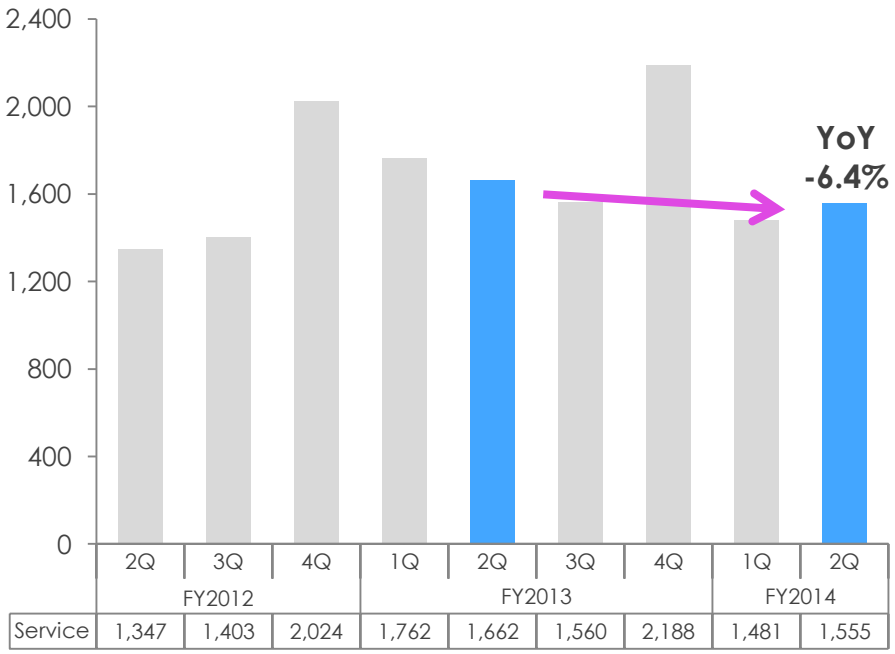
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Kakaku.com Service Segment

1Q Topics

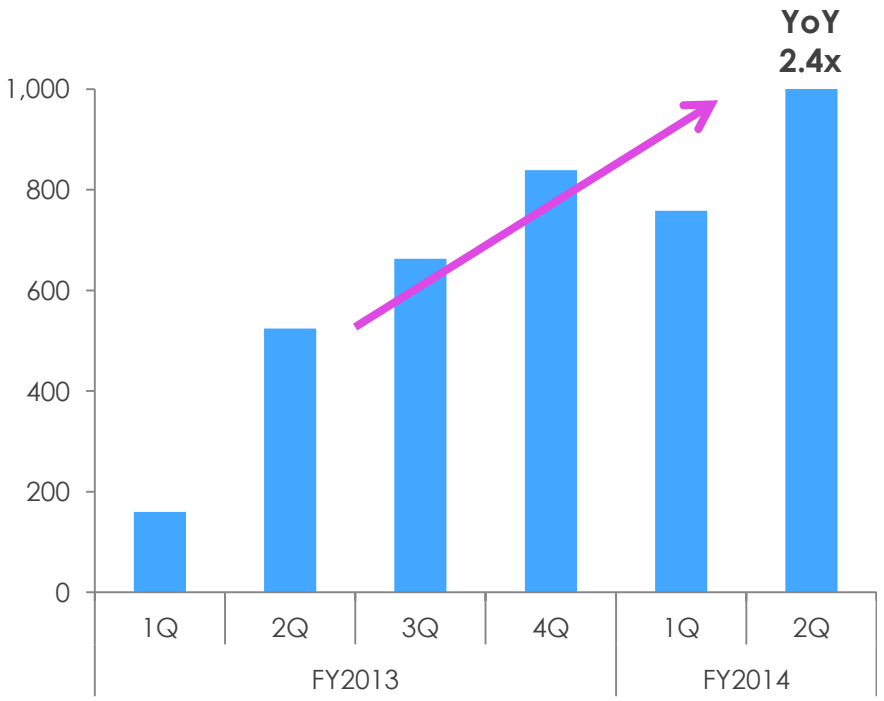
- Start of *low-cost SIM Card Comparison* (Jul)
- Start of home security and house cleaning bundled quotation request service (Aug)
- Steady increase in number of house mortgage applications to a record monthly high in September

Quarterly Sales Trend (million yen)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2012			FY2013				FY2014	
Service	1,347	1,403	2,024	1,762	1,662	1,560	2,188	1,481	1,555

Number of applications for mortgage loans



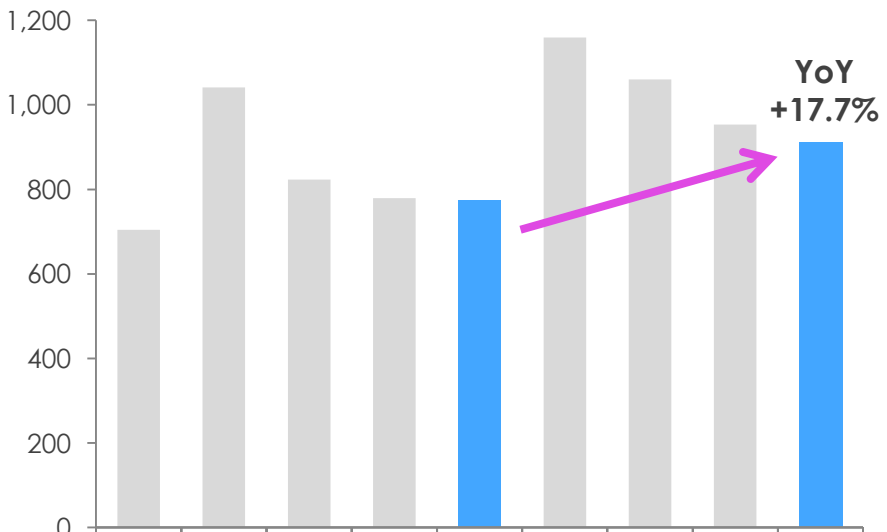
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Kakaku.com Advertising Segment

1Q Topics

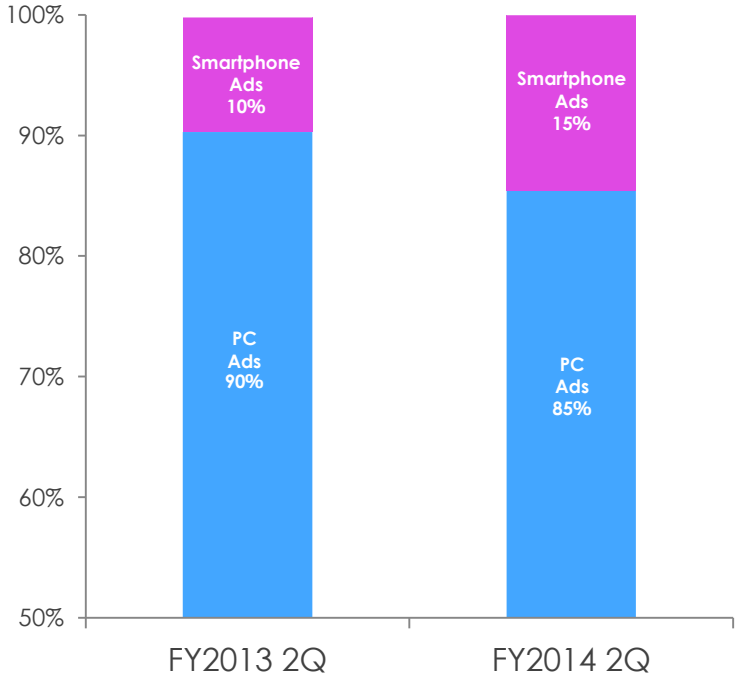
- Solid increase in sales of banner advertising, including tie-up ads
- Increase in the proportion of smartphone advertising among total advertising sales to 15% on higher orders for smartphone advertising

Quarterly Sales Trend (million yen)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2012			FY2013				FY2014	
Advertising	704	1,041	823	779	775	1,159	1,060	953	912

Ad Sales Breakdown by Device



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Restaurant ratings and review site



食べログ

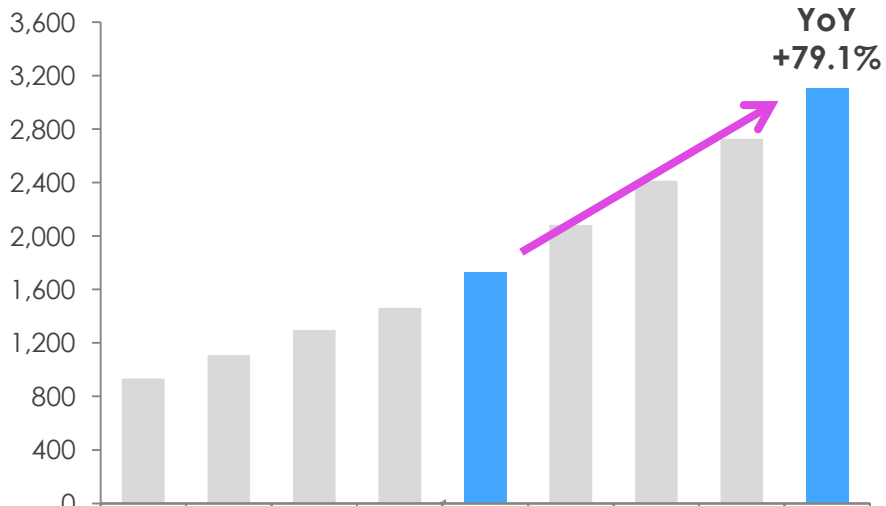
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tabelog

1Q Topics

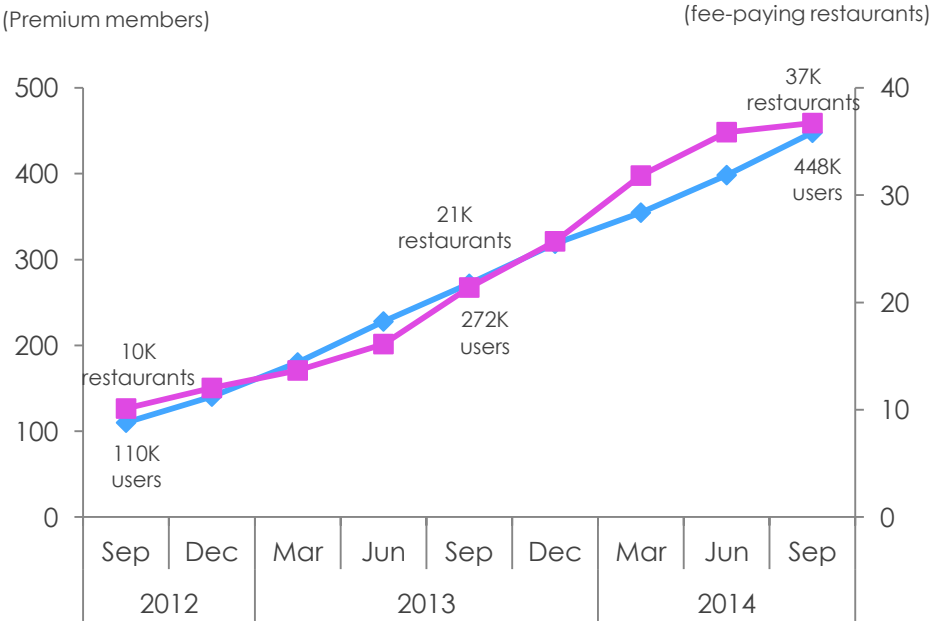
- 1 month free trial offer for *tabelog* app users to enjoy premium membership (Sep)
- Restaurants accepting online reservations exceeded 7K and cumulative number of diners reached 1 million
- Number of fee-paying restaurants now over 39,000 with steady acquisition
- Launch of mook, *Best 100 Delicious Restaurants on Tabelog* by publisher Takarajimasha (Sep)

Quarterly Sales Trend (million yen)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2012			FY2013				FY2014	
tabelog	933	1,108	1,298	1,463	1,733	2,084	2,413	2,729	3,104

Premium members (in 1,000s) and fee-paying restaurants (in 1,000s)



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Travel, Real Estate and others













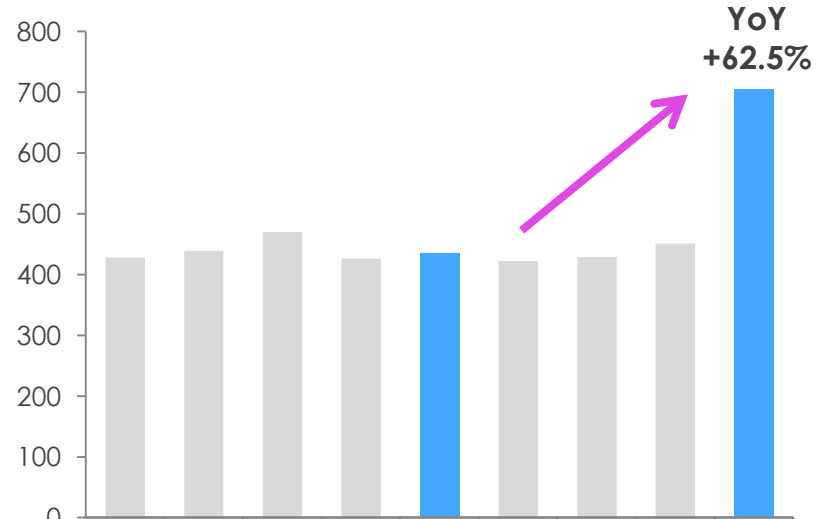
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Travel and Real Estate and other businesses

1Q Topics

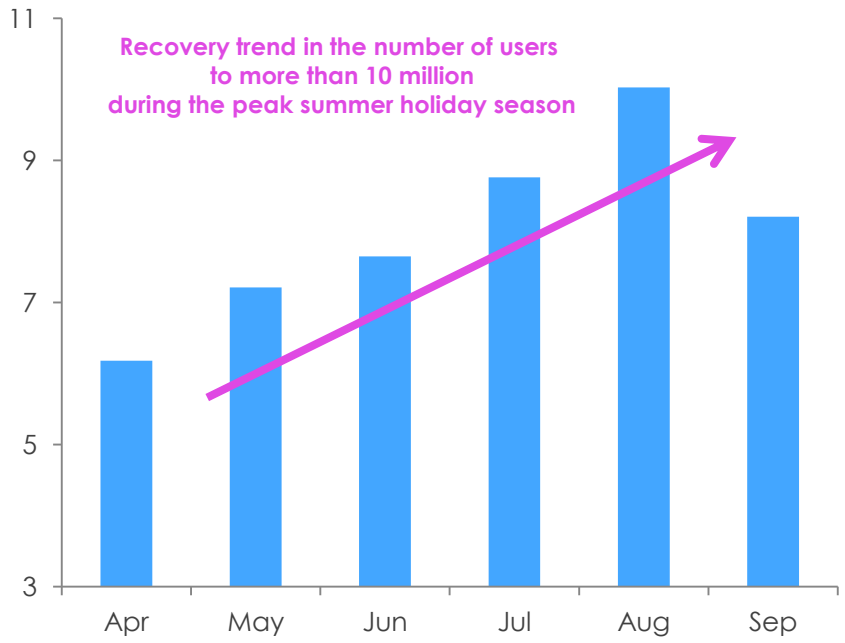
- Robust growth in Travel and Real Estate business sales due to increase in reservations in dynamic package trips offered by Time Design, a fully consolidated subsidiary from 1Q
- Monthly number of *4travel* and *eiga.com* users exceeded 10 million (Jul, Aug)
- Launch of *Sumiyasui Machi* in *Sumaity*, a new content that offers various local information on neighborhoods (Sep)
- *eiga.com* starts linkage with ticket booking service of multiplex cinema franchises in 222 locations (Sep)

Quarterly Sales Trend (million yen)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2012			FY2013				FY2014	
Tracel and Real Estate, etc.	428	439	470	426	434	422	429	451	705

4travel monthly smartphone users (millions)



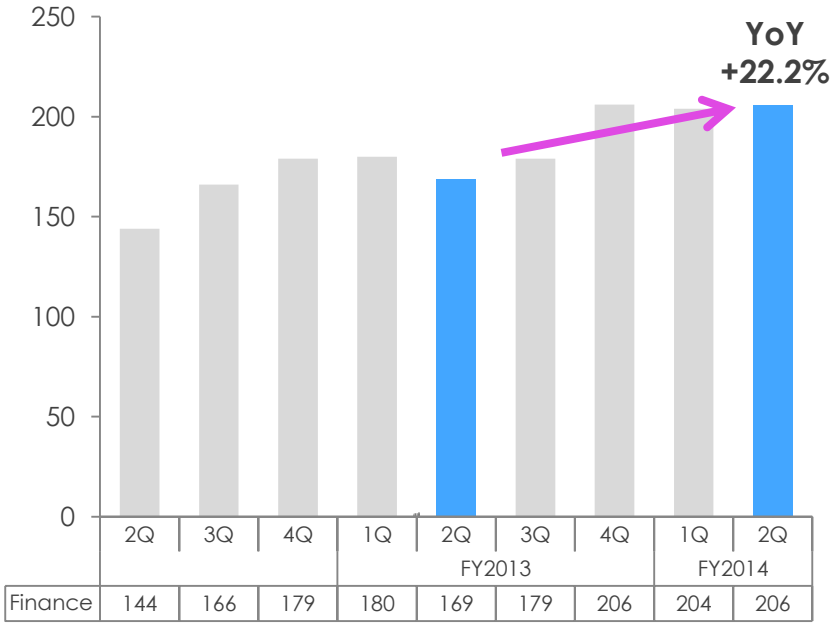
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Finance Segment

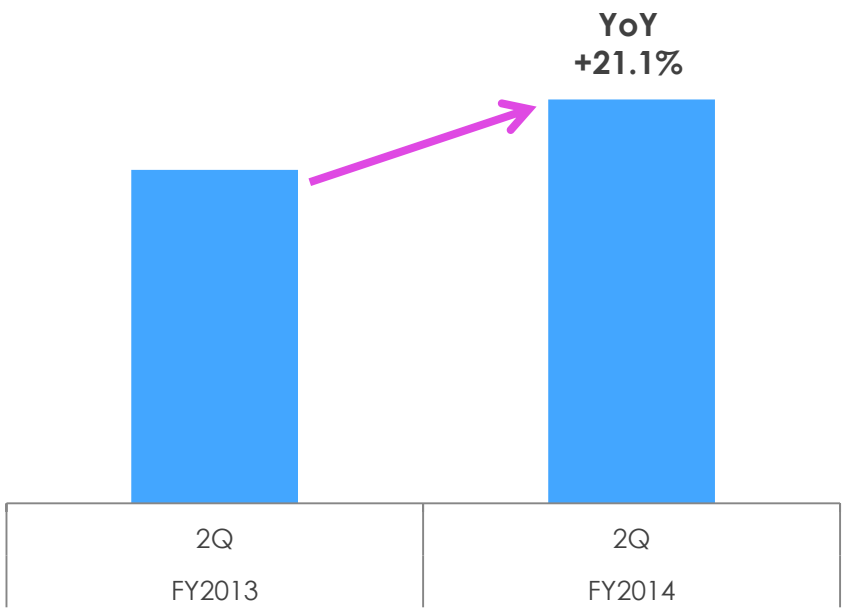
1Q Topics

- Opening of first *Kakaku.com Insurance* street-level shop in Ebisu (Aug)
- 2Q saw increase in user traffic mainly in non-life insurance. Strong growth in online contracts for overseas travel insurance due to summer travel season as well as fire insurance contracts

Quarterly Sales Trend (million yen)



Number of fire insurance contracts



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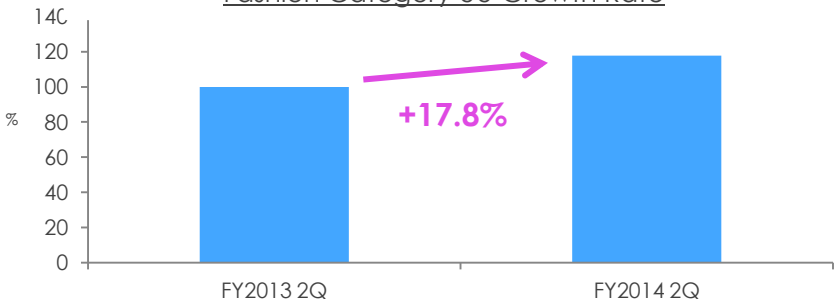
Current Initiatives

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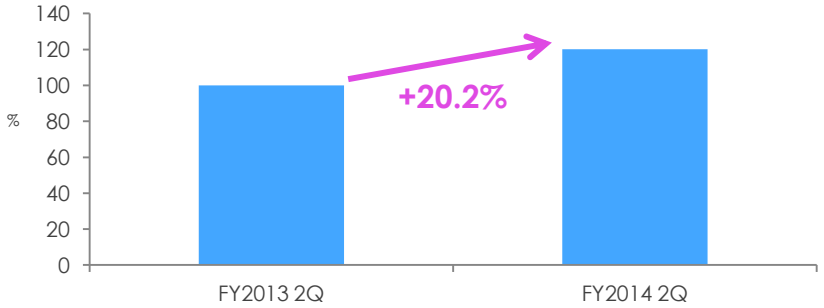
Kakaku.com

- Steady increase in unique users for fashion and health/beauty category, especially on smartphones
- Increase frequency of use on *Kakaku.com* by strengthening consumer goods categories, starting from fashion category

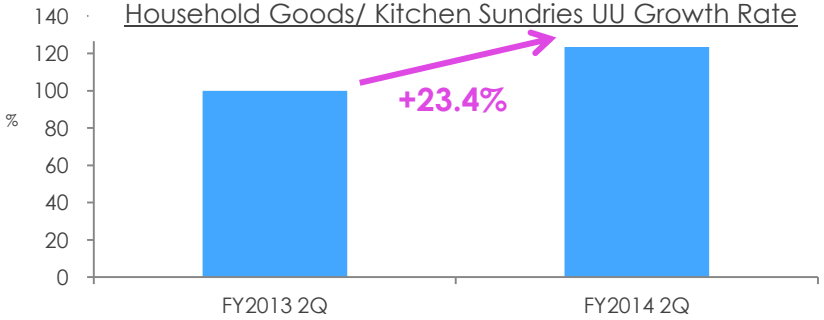
Fashion Category UU Growth Rate



Beauty/ Health Category UU Growth Rate



Household Goods/ Kitchen Sundries UU Growth Rate



Update in Fashion Category





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tabelog

Upgrade of Reservation management tool for Online Reservations

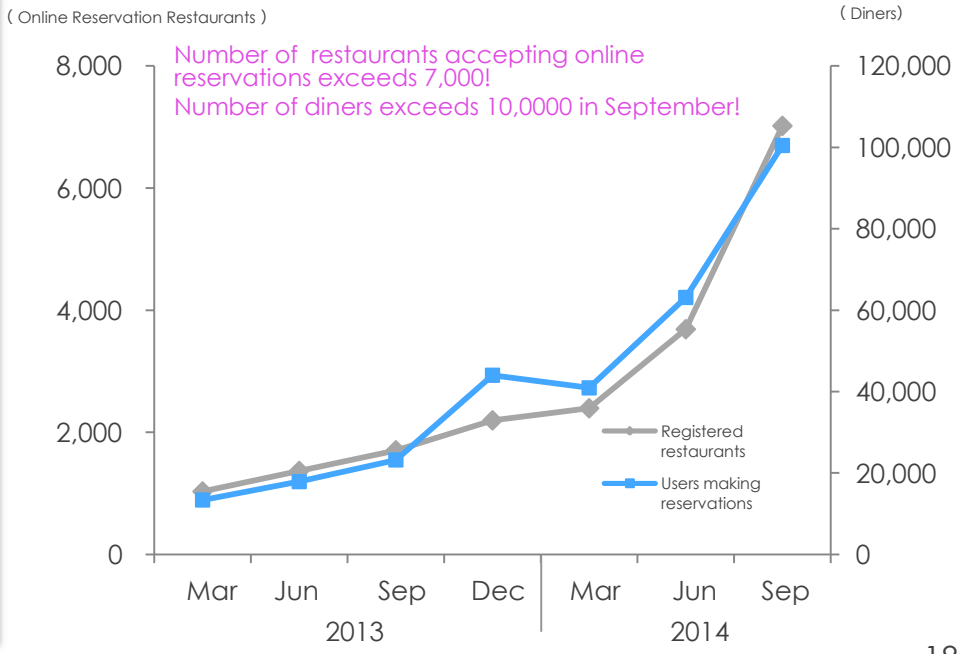
- Offers a simple reservation management structure that enables restaurant owners to easily add phone reservations and different online booking services
- Timetable display visually makes it easier to understand reservation situation
- Addition of function to turn on/off online reservations by each table

Steady Increase in Number of Registered Restaurants Accepting Online Reservations

- Sharp increase in restaurants offering online reservations since the implementation of online reservation function as part of the advertising plan, reaching 4 times the prior-year level
- Continue to promote spread of online reservations by making improvements to reservations management and by adding modifications to allow users to easily book online



Number of Online Reservation Restaurants and Diners



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Real estate businesses

- Start of provision of content summarized for each municipality and train station, such as user reviews of livability and living infrastructure of communities, statistical data of public institutions and *tabelog* information
- Easily search and compare information needed to make housing decisions by areas and neighborhoods all in one page





Posting of *tabelog* and *4travel* information by area

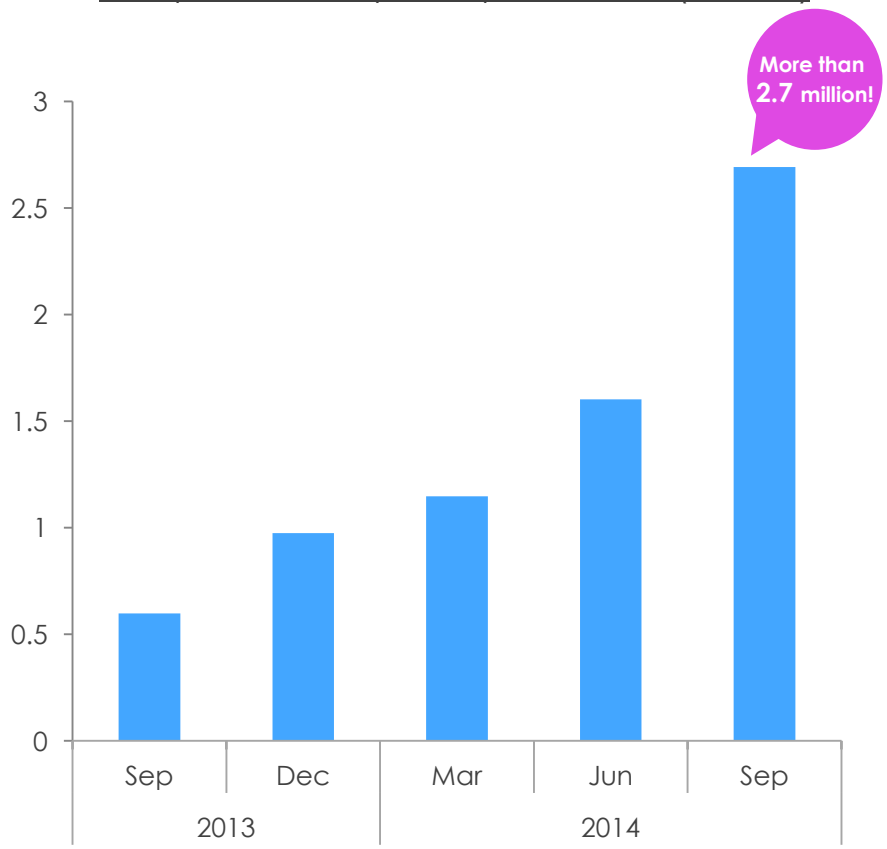
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Overseas businesses

Priceprice

- Total user traffic for the Philippines, Indonesia and Thailand expanded to nearly 3 million users
- Addition of motorcycle category in September

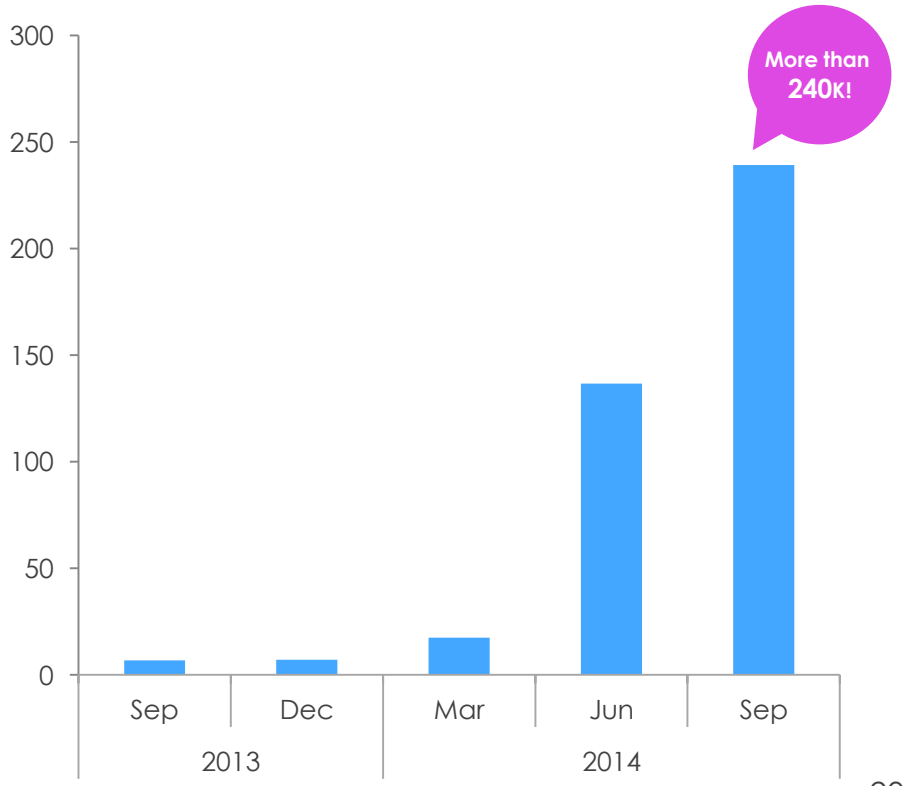
Priceprice monthly smartphone users (millions)



Tabélog

- Number of registered restaurants to reached 240,000
- Addition of easy-to-understand summary information that provides an overview of restaurants. Display of reviews and photos posted on other sites by API linkage

Number of Registered Restaurants (in 1,000s)



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Other Businesses　Kinarino

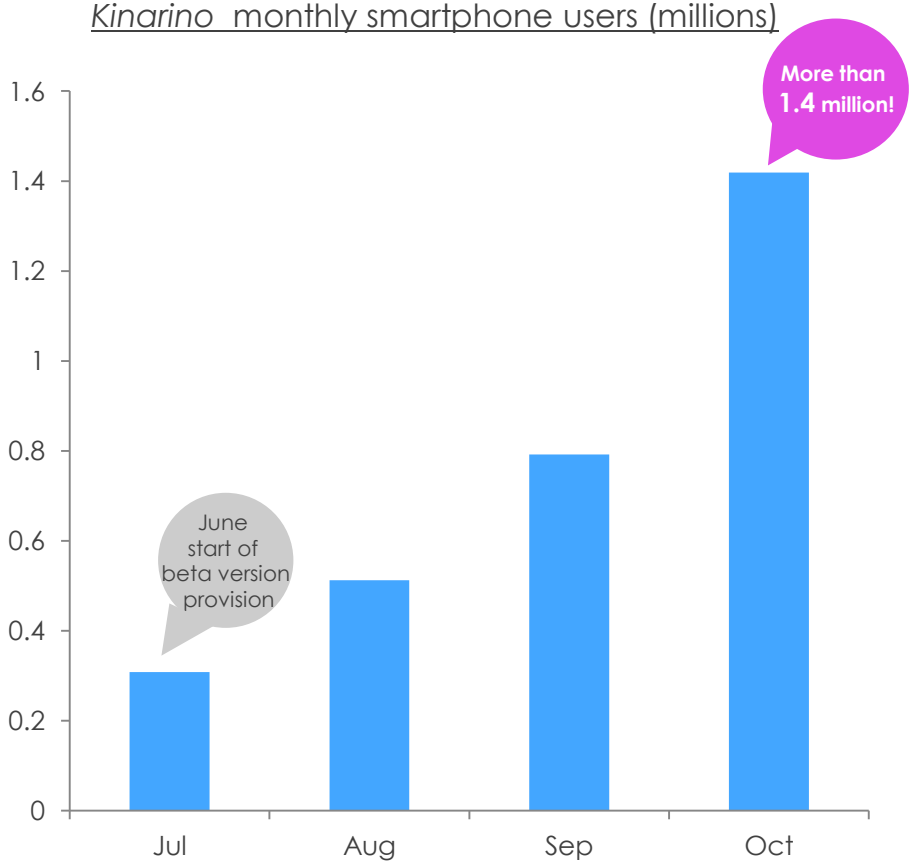
Curation service with a theme of “beautiful and gentle lifestyle”

- Provides information on lifestyle in categories such as fashion, daily necessities, gourmet, recipes and interior décor for women who enjoy simple and natural way of living



Log in or create an account to save favorites and share them with friends

Kinarino　monthly smartphone users (millions)



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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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Access Status of Kakaku.com and tabelog

Products and services comparison site

Kakaku.com 価格.com

Users per month	46.72mn
(PC)	27.74mn
(Smartphone)	18.52mn
(Feature phone)	0.46mn
Total page views per month	870.16mnPV

(as of end of Sep. 2014)



(Opened in May. 1997)

Restaurant ratings and review site

tabelog 食べログ

Users per month	60.75mn
(PC)	24.53mn
(Smartphone)	35.09mn
(Feature phone)	1.13mn
Total page views per month	1,405.14mnPV

(as of end of Sep. 2014)



(Opened in Mar. 2005)

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Access Status of Travel, Real Estate, and others

User-generated travel guide
4travel

Users per month	8.21mn
(PC)	4.20mn
(Smartphone)	3.94mn
(feature phone)	0.06mn
Total page views per month	62.08mnPV

(as of end of Sep. 2014)



(Acquired in Jan. 2005)

Movie discovery platform
eiga.com

Users per month	8.52mn
(PC)	2.54mn
(Smartphone)	5.74mn
(feature phone)	0.24mn
Total page views per month	60.29mnPV

(as of end of Sep. 2014)



(Acquired in Apr. 2007)

Online residential estate portal
Sumaity

Users per month	1.42mn
(PC)	0.97mn
(Smartphone)	0.44mn
(feature phone)	0.01mn
Total page views per month	9.55mnPV

(as of end of Sep. 2014)



(Opened in Sept. 2008)

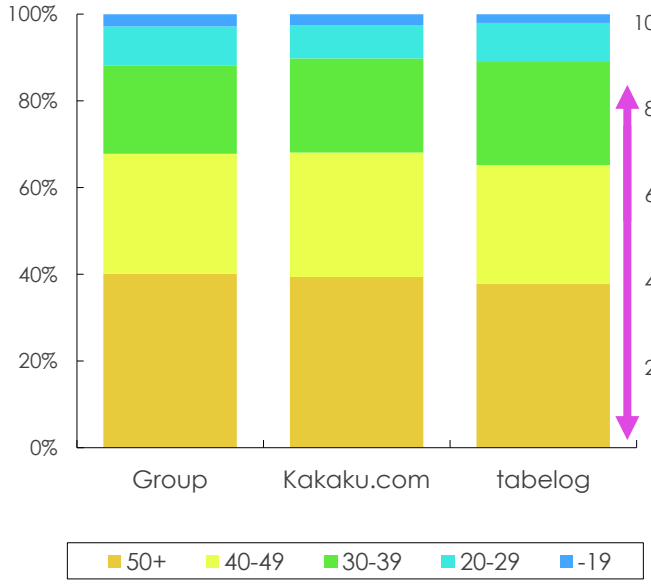
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Operated Website User Profile

- 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

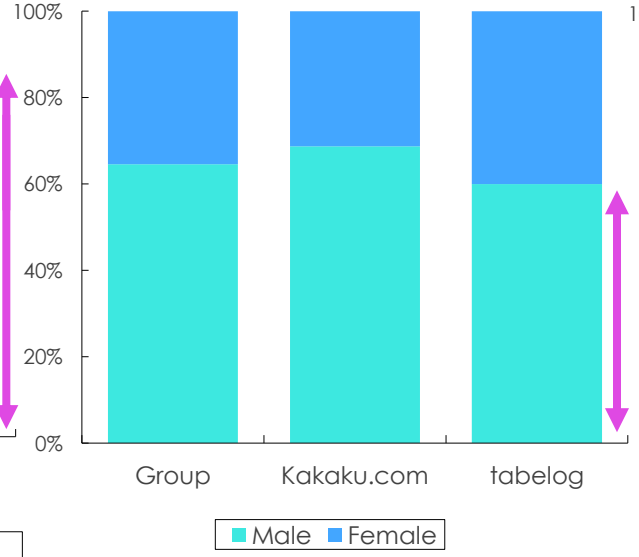
Users Age 30 and Over: Approx. 80%

Age Distribution



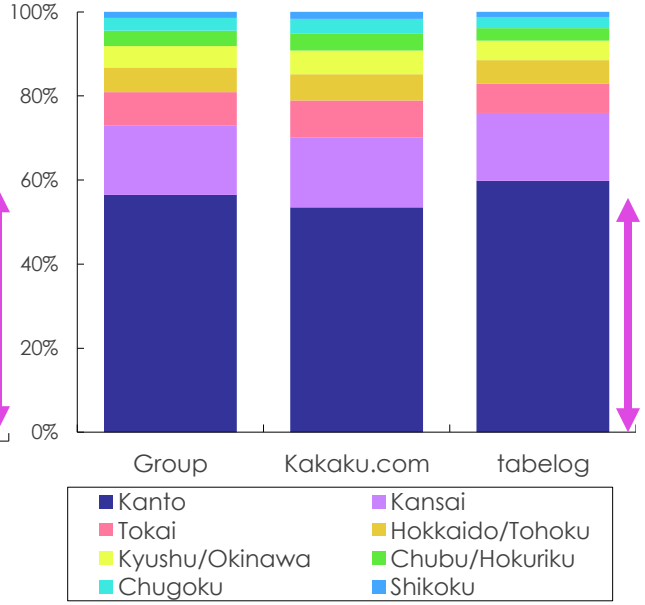
Male Users: Approx. 60%

Male-Female Ratio



Kanto Area Residents: Approx. 60%

Area of Residence

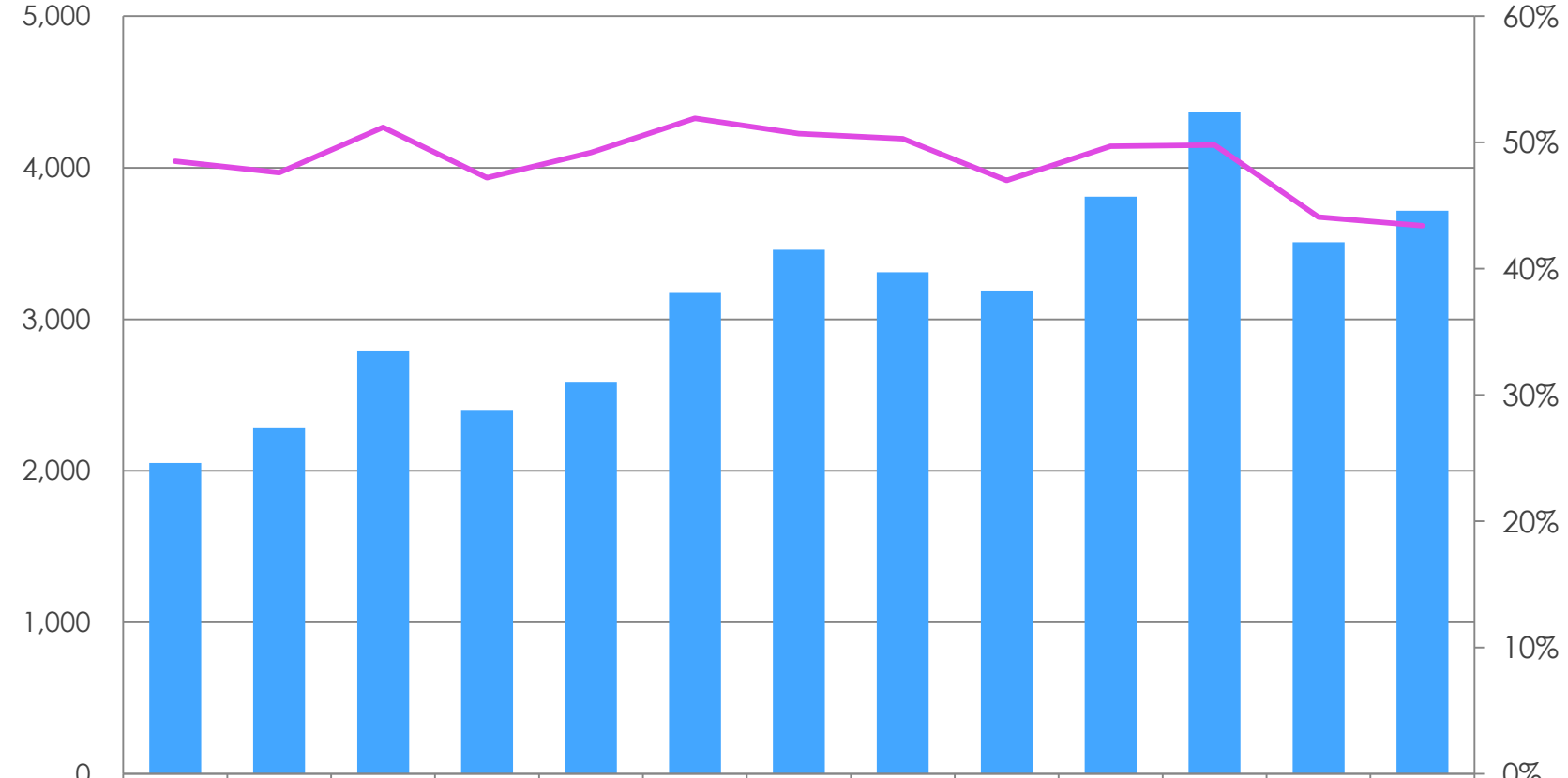


Age distribution and male-female ratio: Excerpted from a Nielsen Online Sep 2014 study (Home & Work Data)
Area of residence: Kakaku.com internal data (Sep 2014 survey)

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Operating Income by Quarter (Consolidated)

(Unit: million yen,%)



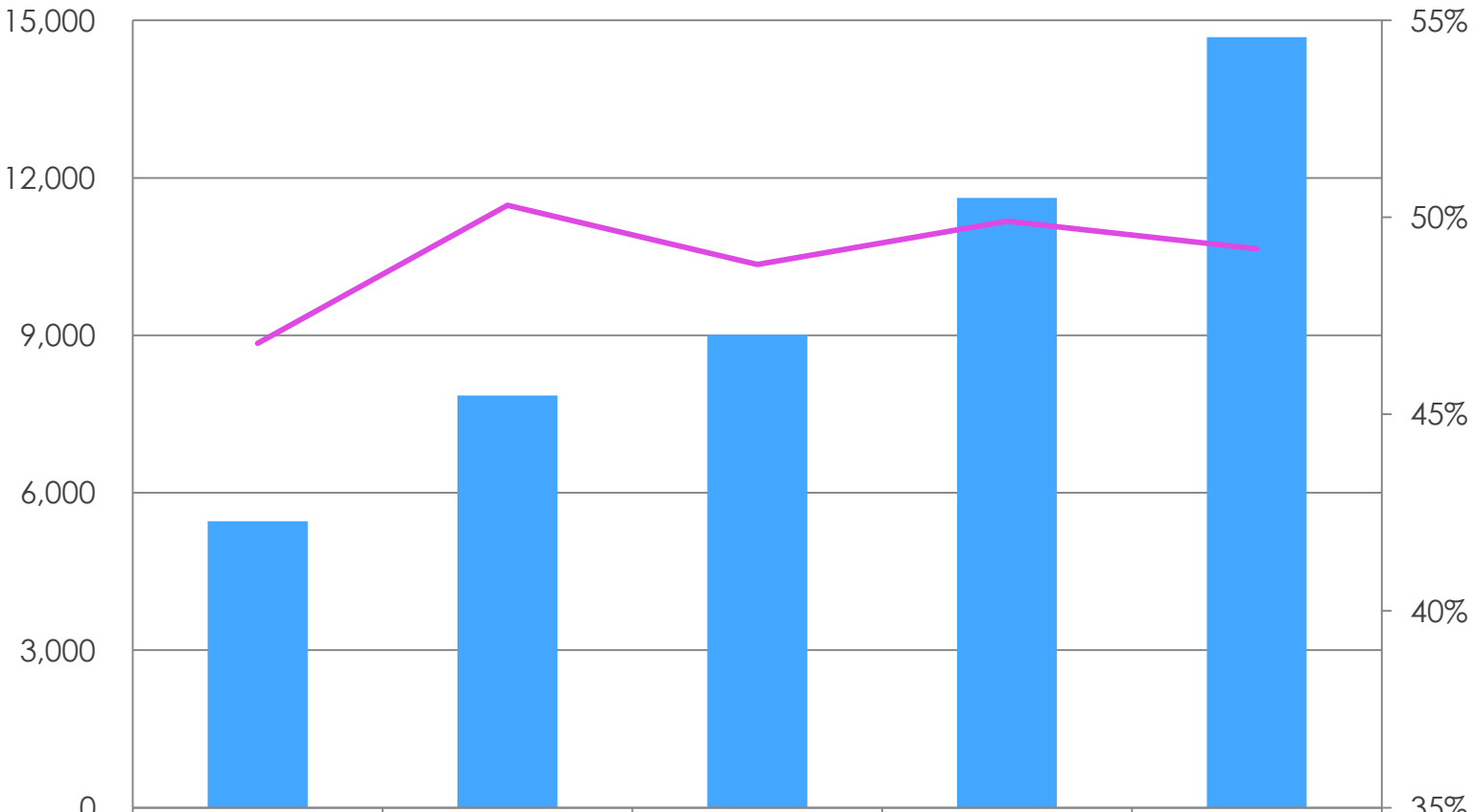
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2011			FY2012				FY2013				FY2014	
Operating income	2,051	2,281	2,794	2,402	2,581	3,173	3,458	3,310	3,189	3,810	4,369	3,509	3,715
Operating magin	48.5%	47.6%	51.2%	47.2%	49.2%	51.9%	50.7%	50.3%	47.0%	49.7%	49.8%	44.1%	43.4%

※Tabelog Inc. and Time Design Co., Ltd., are included in consolidated accounts from FY3/2015 1Q.

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Operating Income by Fiscal Year (Consolidated)

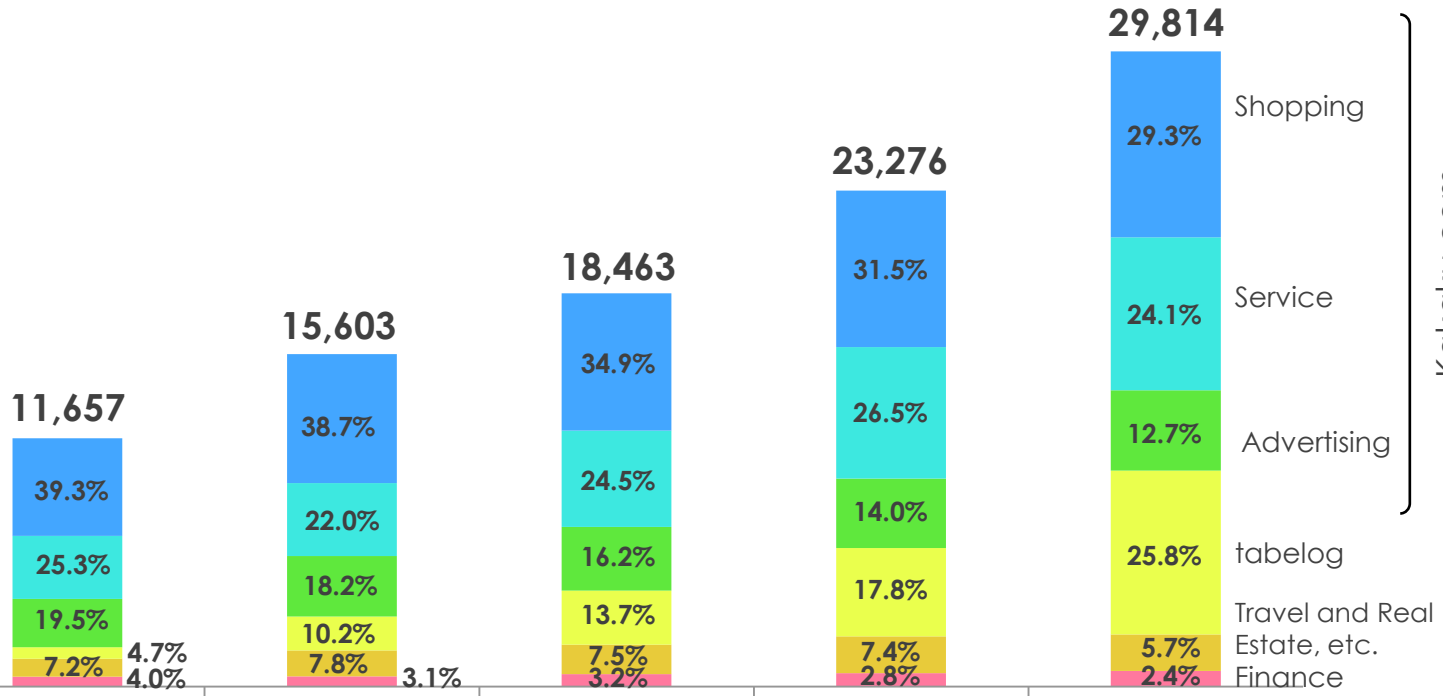
(Unit: million yen,%)



	FY2009	FY2010	FY2011	FY2012	FY2013
Operating income	5,455	7,854	9,010	11,616	14,680
Operating margin	46.8%	50.3%	48.8%	49.9%	49.2%

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Sales Contribution by Business by Fiscal Year (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen,%)

	FY2009	FY2010	FY2011	FY2012	FY2013
Shopping	4,581	6,043	6,445	7,342	8,721
Service	2,951	3,426	4,520	6,160	7,173
Advertising	2,271	2,848	2,988	3,269	3,774
tabelog	541	1,584	2,539	4,136	7,695
Travel and Real Estate, etc.	844	1,213	1,384	1,726	1,712
Finance	466	487	585	641	735

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Services Provided by the Kakaku.com Group

◆Customer Purchasing Support Site

Kakaku.com http://kakaku.com/ 価格.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/ 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.

◆ Restaurant Ranking and Review Site

tabelog http://tabelog.com/ 食べログ

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/ スマイティ

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/ PHOTOHITO

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.

◆ Word-of-mouth Travel Site

4travel http://4travel.jp/ 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/ 映画.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/ kakaku.com insurance

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/ 食べラ

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 App

recipom http://recipom.com/ レシぽん

"*Recipom* is a free app that supports daily meal preparation. It allows users to easily and confidently search over 80,000 delicious recipes provided by professionals, including cooking schools and culinary researchers.

◆ Wine Share/Management App

Vinica http://vinica.me/ vinica

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.

◆Online semi-made-to-order bra service

All For Me https://allforme.jp/ All For Me

The concept is targeted at women fed up with bra shopping. Unlimited selection of designs in all sizes! *All For Me* allows women to design bras as they please by combining their preferred combination of colors and styles for each bra component..

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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/?lang=en
- 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/
Time Design Co. Ltd.	URL: http://www.timedesign.co.jp/
Tabélog, Inc.	URL: http://www.tabelog.us/

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