Presentation meeting for institutional investors and security analysts

FY2014 Results and the 11th Medium-Term Management Plan

FY2014: Fiscal year ended March 31, 2014

May 21, 2014

(TSE 4326)

INTAGE HOLDINGS Inc.

intage
THE INTELLIGENCE PROVIDER

Contents

- FY2014 Results
- Review of the 10th Medium-Term Management Plan
- The 11th Medium-Term Management Plan

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- **FY2014 Results**
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Summary of Income Statements

Year-on-year gains from net sales through net income

(Millions of yen)

	FY2014 Actual (a)	FY2013 Actual	Change YoY	FY2014 Forecasts (b)	a/b
Net Sales	42,508	39,930	+6.5%	43,052	-1.3%
Operating Income	3,505	3,309	+5.9%	3,606	-2.8%
Recurring Profit	3,382	3,213	+5.3%	3,383	-0.0%
Net Income	1,642	1,249	+31.4%	1,861	-11.7%
EPS (Yen)	81.66	62.15	—	92.55	—

(Note) On October 1, 2013 the Company implemented a stock split at a ratio of two shares for each share of common stock. The net income per share for the quarter is calculated assuming this stock split took place at the beginning of the previous consolidated fiscal year.

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Summary of BS and CF

(Millions of yen)

Consolidated Balance Sheets	FY2013	FY2014	Change	Details
Current assets	18,269	21,726	+3,456	Increase in cash and deposits and notes and accounts receivable-trade
Noncurrent assets	11,128	12,013	+884	Posting net defined benefit asset
Total assets	29,398	33,740	+4,341	
Current liabilities	7,729	12,681	+4,952	Increases in short-term loans payable and notes and accounts payable-trade
Noncurrent liabilities	6,174	3,886	2,288	Decreases in long-term loans payable
Total liabilities	13,904	16,568	+2,664	
Shareholders' equity	15,358	16,497	+1,139	Increases in retained earnings
Valuation and translation adjustments	74	527	+453	Increases in foreign translation adjustments and posting remeasurements of defined benefit plans
Minority interests	61	146	+84	
Total net assets	15,493	17,171	+1,677	

Consolidated Cash Flows	FY2013	FY2014	Change	Details
Cash flow from operating activities	3,433	3,612	+178	Increased because while inventories rose, notes and accounts receivable-trade decreased
Cash flow from investing activities	(1,332)	(1,151)	+181	Decreases in payments for purchases of property and equipment
Cash flow from financing activities	(960)	(592)	+367	Increase in proceeds from short-term loans payable
Effect of exchange rate changes on cash and cash equivalents	55	152	+96	
Net increase/(decrease) in cash and cash equivalents	1,196	2,020	+823	
Cash and cash equivalents at beginning of year	4,599	5,906	+1,306	
Increase in cash and cash equivalents resulting from merger	109	—	-109	
Cash and cash equivalents at end of year	5,906	7,926	+2,020	

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Marketing Research and Consulting Segment

(Billions of yen)

Net Sales			Operating Income		
FY2013	FY2014	Change	FY2013	FY2014	Change
28.32	30.57	+7.9%	2.86	3.02	+5.6%

■Net Sales

[Panel Data]

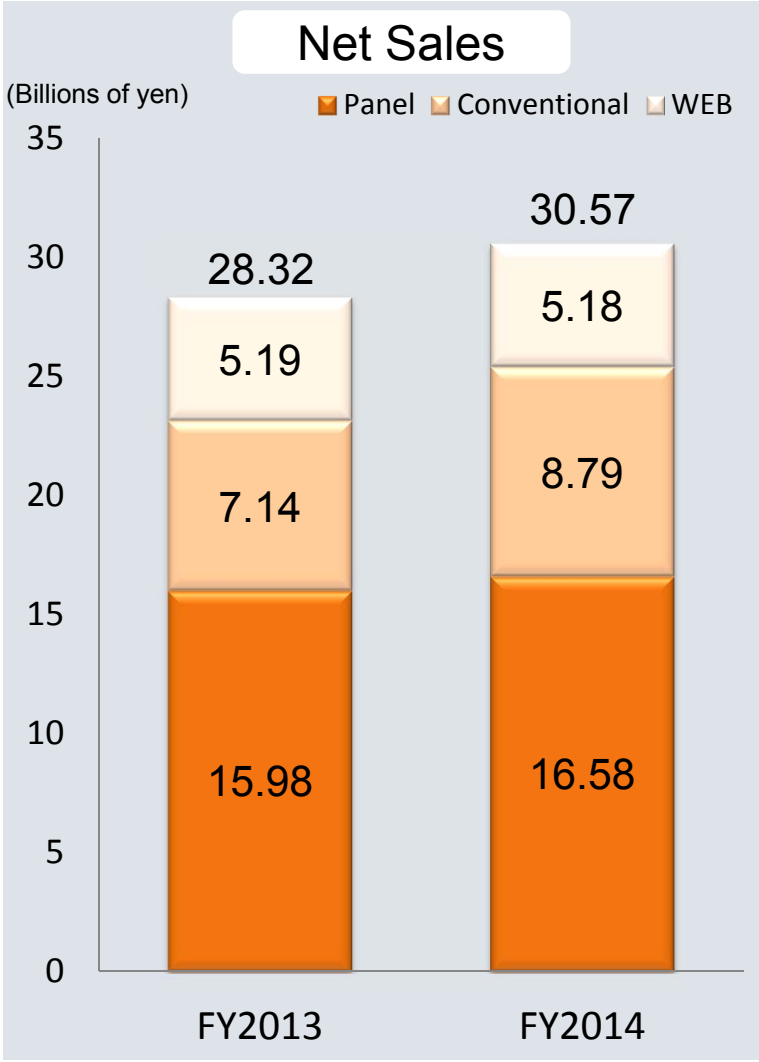
- Sales at INTAGE Inc. (SCI-personal, cross-media) and at JMIRI (prescription data analysis service) were firm.
- Sales of other panel products remained flat

[Custom Research]

- Conventional sales increased with growth at existing overseas subsidiaries and from consolidation of new subsidiaries
- WEB sales were flat with an increase in the number of contracts and a decrease in per-contract sales

■Operating Income

- Decline in investment expenses(SCI-personal investment expenses + SCI closing expenses)



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System Solutions Segment

(Billions of yen)

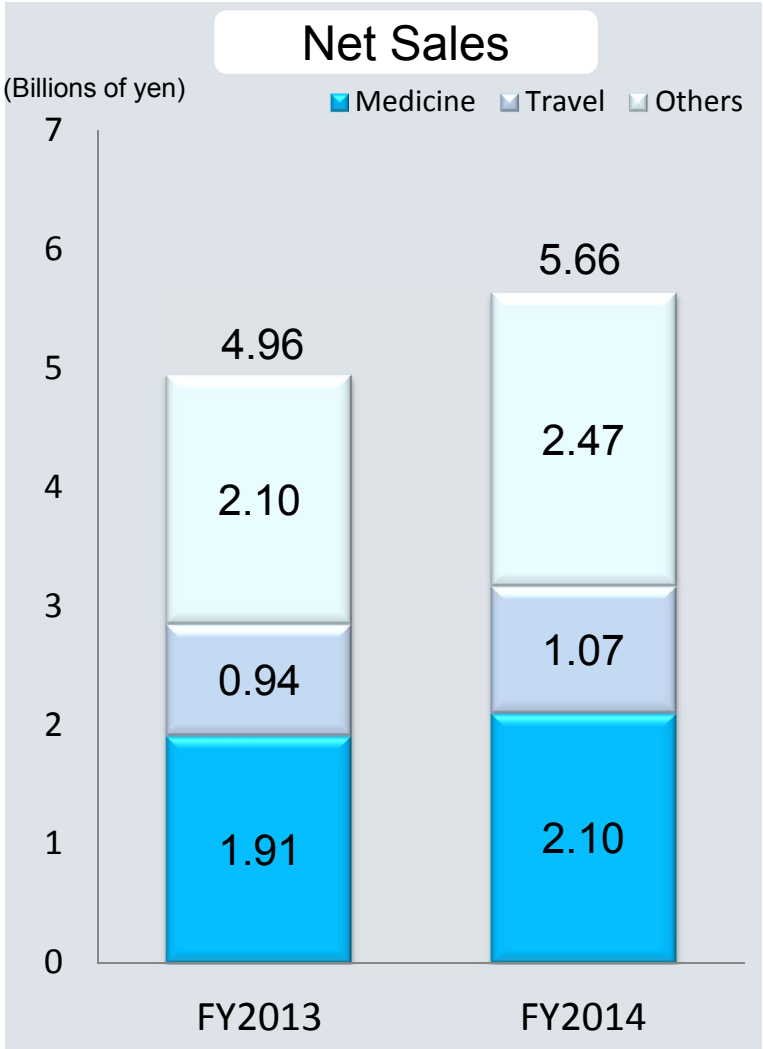
Net Sales			Operating Income		
FY2013	FY2014	Change	FY2013	FY2014	Change
4.96	5.66	+14.0%	0.15	0.48	+222.9%

■Net Sales

- Order opportunities increased as customer IT investment grew active
  In particular, development orders rose in Medicine, travel, and others (health information)

■Operating Income

- Income improved from higher sales and from successfully cutting costs



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Drug Development Solutions

(Billions of yen)

Net Sales			Operating Income		
FY2013	FY2014	Change	FY2013	FY2014	Change
6.63	6.27	-5.5%	0.29	(0.005)	—

■Net Sales

[Clinical Development]

- Decline from weak orders at the start of the fiscal year and large burden from leading investment in international businesses

[Drug Information]

- Continued worsening income from price competition, but increased EDC sales and DM works

■Operating Income

- Decline from sales decrease and higher personnel expenses

*EDC (Electronic Data Capture)
DM (Data Management)



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- FY2014 Results
- **Review of the 10th Medium-Term Management Plan**
- The 11th Medium-Term Management Plan

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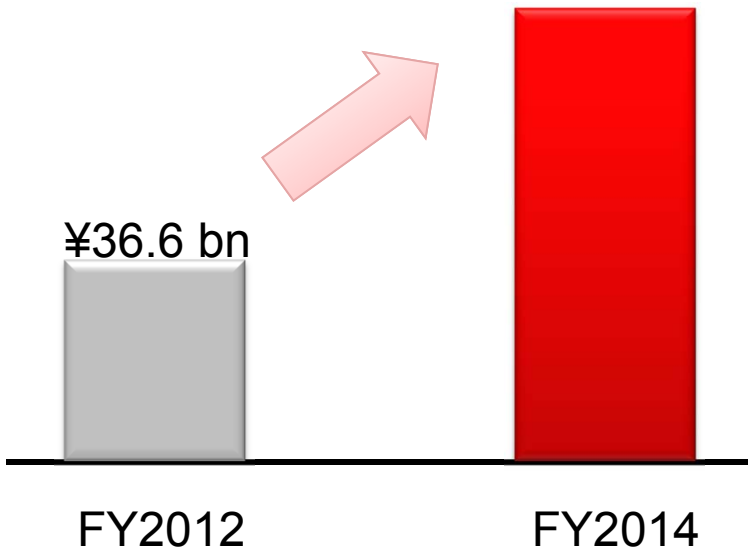
Review of the 10th Medium-Term Management Plan

Net Sales

¥42.5 bn



Achieved increased sales and income for the 21st consecutive period, despite the harsh struggle following the March 11, 2011 earthquake disaster.

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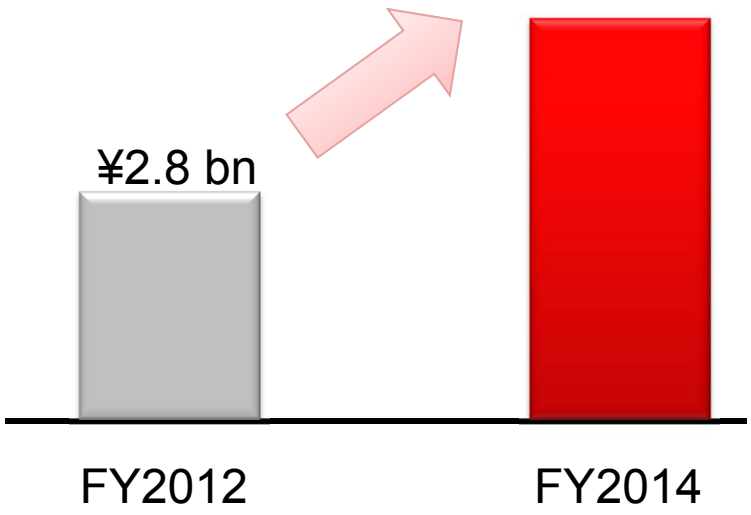
Review of the 10th Medium-Term Management Plan

Operating Income

¥3.5 bn



Achieved increased income despite slowdowns in the China and CRO businesses

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Review of the 10th Medium-Term Management Plan

(FY2012 → FY2014)

Operating Income Margin

7.9% → **8.2%**

Overseas Sales

3.3% → **7.1%**

ROE

9.4% → **10.1%**

EPS

¥65.93 → **¥81.66**

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Review of the 10th Medium-Term Management Plan

Strategic Focuses	Results and Issues
Advance sustainable business growth strategies	✓ Released new services (INTAGE Single Source Panel, cross-media) in the panel research field. ✓ Established DOCOMO InsightMarketing, INC. as a joint venture with NTT DOCOMO → Business expansion into the promotions field; secured 4.14 million Mighty Monitors. ✓ Released “Smart,” “Quick” and other research services using smart phone. Ties linking DIM and INTAGE require further attention. ✓ Implemented a change of direction in the CRO business reflecting the changes in competition and the business environment
Advance the global expansion of the INTAGE Group	✓ Established subsidiaries in five Asian counties; constructed the foundation by spreading our presence. ✓ China business decelerated because of the Senkaku Islands issue, and also forced to re-examine growth scenario from higher labor costs and price competitiveness versus competition.
Firmly establish and deepen THE INTAGE WAY	✓ While the importance of THE INTAGE WAY is recognized, the code of conduct and other aspects are not yet firmly established and deepened, so continued education activities are needed.
Foster the development of self-reliant professional personnel	✓ Conducted overseas hiring activities as part of efforts to train personnel who can handle overseas business ✓ Worked to improve capabilities by introducing various training systems, but yet to achieve strengthening of foundations
Implement thorough crisis management and strengthen Group solidarity	✓ Prepared, introduced and executed BCP ✓ Introduced stand-by generators for the data center, for stable continuous operations, considering the earthquake disaster

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The 11th Medium-Term Management Plan





[Basic Policy]

"Renovation and Innovation" as key drivers for growth strategy with our core competency, "Deep insights on people and actionable intelligence for consumer markets"

[Origin = Action Principle]

Understand People/Consumer First, with Thorough Commitment to Intelligence







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The 11th Medium-Term Management Plan [Priority Issues]

Rally

Boost market value by reinforcing mainline businesses

Fruition

Achieve steady growth in the mobile & single source, global and healthcare fields

Challenge & Creation

Seek and establish new business models transcending "research"

Acceleration

Strengthen the management of strategic planning and implementation from optimal perspectives

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The 11th Medium-Term Management Plan [Strategic Point 1]

Rally

Boost market value by reinforcing mainline businesses

- Re-examine and strengthen the business portfolio
- Secure growth potential through complete commitment to sales plan
- Normalize income structure by strengthening management abilities

FY2014 Actions

- Re-examine existing businesses (selection and concentration)
- Achieve profitability at overseas subsidiaries in total
- Re-examine and reinforce KPIs

FY2016 Goal Setting

Optimization of existing businesses based on re-examination of the business portfolio



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The 11th Medium-Term Management Plan [Strategic Point 2]

~Mobile & Single Source Fields~

Fruition

Achieve steady growth in the mobile & single source, global and healthcare fields

- Embody the “mobile shift” and spread cyclic marketing
- Establish cross-media solutions and reinforce sales
- Expand business based on mobile and single source

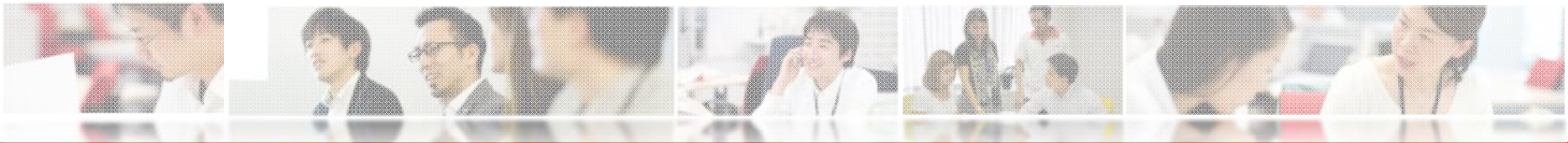
FY 2014 Actions

- Advance comprehensive strategy with cyclic marketing at the core
- Establish MCA* Business Unit within INTAGE Inc.→ Collection of resources and intensive investment in new business fields
- Establish competitive advantages in Custom Research systems operations

FY2016 Goal Settings

✓ Spread of “cyclic marketing” solutions
✓ Establish foundation of media communications business

*MCA: Media Communications Analytics



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The 11th Medium-Term Management Plan [Strategic Point 2]

~Global Field~

Fruition

Achieve steady growth in the mobile & single source, global and healthcare fields

- Establish global logistics
- Strengthen sales force of local subsidiaries
- Strengthen governance of local subsidiaries overseas

FY 2014 Actions

- Establish new regional office in Bangkok
  →Unified management of Group companies in ASEAN and India
- Introduce mobile research using smart phones in China and Thailand

FY2016 Goal Settings

- ✓ Achieve an overseas sales ratio of 10%, and normalize the income structure
- ✓ Overseas development of domestic solutions
- ✓ Achieve profitability at INTAGE CHINA



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The 11th Medium-Term Management Plan [Strategic Point 2]

~Healthcare Field~

Fruition

Achieve steady growth in the mobile & single source, global and healthcare fields

- Expand market share using patient (consumer) originated marketing model in accordance with changes in the healthcare environment and needs
- Take on the challenge of new business incubation, including DTC

FY 2014 Actions

- Pass resolution on the business transfer of ASKLEP Inc. (expected June 2), and examine restructuring and integration of the healthcare business of the Group
- Establish division for development of new business fields → Begin examinations of new businesses

FY2016 Goal Settings

- ✓ Complete Group healthcare reorganization
- ✓ Establish new businesses
- ✓ Develop healthcare business overseas



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The 11th Medium-Term Management Plan [Strategic Point 3]

Challenge & Creation

Seek and establish new business models transcending “research”

- Advance innovation at each operating company
- Develop new businesses led by INTAGE HOLDINGS
- Conduct resource management

FY 2014 Actions

- Develop new businesses by INTAGE HOLDINGS; start incubation function efforts
- Promote of M&A and alliances in priority investment fields

FY2016 Goal Settings

- ✓ Complete targeting of new business fields
- ✓ Secure resources for the more effective development of the Group’s contents



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The 11th Medium-Term Management Plan [Strategic Point 4]

Acceleration

Strengthen the management of strategic planning and implementation from optimal perspectives

- Reorganize Group formation
- Strengthen Group strategy and governance
- Implement Group HRM strategy efforts

FY 2014 Actions

- Implement capital policies toward enhancing corporate value
- Initiate optimum human resource allocation within the Group

FY2016 Goal Settings

- ✓ Establish the overall Group as an offensive formation
- ✓ Have the shared services company begin providing services outside the Group



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FY2015 Earnings Forecasts

Because the Company's subsidiary ASKLEP Inc. will turn over certain businesses to a new company, the consolidated business forecast needs to be adjusted for the assets and other items to be transferred until that transfer is completed, and at the present point in time the amount of the impact on business performance is unconfirmed.

So the performance forecast will be released as soon as the performance outlook becomes clear.

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Basic Policy on Earnings Distribution

- **The Group's basic policy is to distribute earnings in consideration of the balance between dividends and retained earnings, based on the consolidated results.**
- **INTAGE HOLDINGS considers the return of earnings to shareholders to be one of its highest management priorities.**

	Year-end Dividends	Payout Ratio (Consolidated)	DOE (Consolidated)
	Yen	%	%
FY2013	25.00	40.2	3.4
FY2014	27.50	33.7	3.4
FY2015 (Forecast)	30.00	—	—

(Note) On October 1, 2013 the Company implemented a stock split at a ratio of two shares for each share of common stock. For that reason, the amounts of the year-end dividend for FY2013 consider said stock split.

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